



**B U S A**  
**BUSINESS UNITY SOUTH AFRICA**

**MEDIA STATEMENT – IMMEDIATE RELEASE**  
**MEDIUM TERM BUDGET POLICY STATEMENT (MTBPS)**

BUSA believes that the medium term budget policy statement provided an accurate assessment of prevailing economic conditions in South Africa. The challenges confronting our economy are not insurmountable. However, they do require our collective response. Critical to this response, is the need is to drastically improve efficiency in government spending. “Failure, to improve efficiency in government spending will delay South Africa’s economic recovery and prolong the need for government borrowing. It is important that all relevant parties are held accountable for government performance. We are encouraged by the firm government commitment to improving efficiency” said Jerry Vilakazi BUSA CEO.

The policy statement must be evaluated in the context of prevailing global and domestic economic conditions. The size of the government borrowing programme estimated to be R285 billion or 11.8 per cent of GDP for 2010 before accelerating to 41 per cent by March 2013 necessitates a clear strategy on reducing government debt in the long run. We welcome the statement that the borrowing programme is intended to support investment, and not consumption led expenditure.

The introduction of longer term review of public expenditure is fully supported. This should help identify leakages and eliminate wastage. Indeed, the commitment to policy continuity, albeit with flexibility to exploit “opportunities for doing things differently” signals policy direction and is welcomed by BUSA.

BUSA anticipates greater details on the social security and retirement fund reform and the introduction of National Health Insurance. We believe that public debate and consultations on these areas are now overdue, especially given the competing priorities which must be financed alongside the reforms.

BUSA also welcomes the steps taken in respect of exchange control and additional assistance for small business. It generally sees the overall message of the MTBPS as providing a balanced and clear view as to how public finances and economic policy are to be approached over the next couple of years.

Ends

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