

MEDIUM TERM BUDGET POLICY STATEMENT 97 - FOREWORD

The fundamental objective our Government pursues is the creation of a democratic, non-racial, non-sexist and prosperous society.

To this end and very early in its life, it adopted the Reconstruction and Development Programme (RDP) as the policy framework within which it would work to achieve this objective.

Subsequently, Government elaborated the Growth, Employment and Redistribution Strategy as one of its principal instruments for the realisation of the policy objectives contained in the RDP.

These three categories – the fundamental objective, the policy framework and the principal instruments – represent the stable policy base which will inform Government activity for a long time to come.

Naturally, from time to time, adjustments will be made to the practical programmes emanating from this base, to respond to the changing realities of our economy and society and the world environment.

The Budget is one of the further principal instruments available to Government to advance the objectives contained in our policy base.

It gives practical expression to our ambitions and priorities. It indicates the limits of what we can do immediately, while further strengthening our possibilities to build a better life for all, on a sustainable basis.

Thus, while reflecting short-term year-on-year decisions, it creates the conditions for our future medium and long-term programmes.

To make it possible to engage in a rational and focused process of resource allocation stretching beyond the immediate, our Government decided to evolve a Medium Term Budget Policy Statement.

The Budget Policy Statement does not constitute a new policy. It is the operational plan in the sphere of the national budget, designed to give effect to the objectives already spelt out in our established policy base.

We publish this Budget Policy Statement both to indicate Government's views on this issue and to enable broad participation in the decision-making process affecting our medium-term budget perspectives.

We believe that these decisions should be taken in partnership:

- partnership within the national government, as we decide our priorities collectively;

- partnership among the national and provincial governments, as we address our reconstruction and development needs together;
- partnership with our legislatures, as we discharge our responsibilities to the people who elected us; and
- partnership between government and the people, as we give substance through the budget to our agreed social goals.

Consistent with our established policy base, this Budget Policy Statement highlights our shared commitments:

- meeting the basic needs of the people;
- accelerating infrastructure development to address these needs and to reorient the budget towards development rather than consumption expenditure;
- laying the basis for sustained economic growth, development and job creation;
- development of our human resources;
- ensuring the safety and security of the citizen and the state; and
- transforming the organs of government to reflect the developmental and people-centered nature of our democratic state.

In addition to these and other objectives, the budget process must also reflect the constraints within which policy is implemented. It takes account of the likely evolution of the economy and therefore the resources available to the public sector.

It rests on a review of the implications for services of spending trends and policy choices, within the framework of what is affordable.

This Budget Policy Statement thus sets the context for Government's deliberations on the budget.

In addition, it constitutes a further step in the direction of transparency and accountability in the budget process. It empowers the nation as a whole to participate in the discussion in the run-up to the next Budget, by ensuring that there is a shared understanding of the social, economic and fiscal policy framework within which the Budget is framed.

It is a further step towards more inclusive policy making and the reinforcement of the partnership within Government and throughout the nation.

Accordingly, on behalf of our Government, I commend this Medium Term Budget Policy Statement to the people.

Trevor A Manuel, MP
 Minister of Finance
 2 December 1997