

# Medium Term Budget Policy Statement

2010

**National Treasury**  
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To obtain additional copies of this document, please contact:

Communications Directorate  
National Treasury  
Private Bag X115  
Pretoria  
0001  
South Africa

Tel: +27 12 315 5526  
Fax: +27 12 315 5126

The document is also available on the internet at: [www.treasury.gov.za](http://www.treasury.gov.za)

# Foreword

As the storm clouds of the economic recession recede, the debate this country most urgently needs is about the economy. In framing this debate, we must remind ourselves of how Oliver Tambo outlined his vision for the post-apartheid economy: “Our starting point is what any economy should serve – people.”

The impact of the economic crisis of 2008-2009 has been profound. Government managed to cushion the impact of the recession on our economy through a large expansion in the fiscal deficit to protect and increase social spending, and to invest in infrastructure. While these measures could not prevent substantial job losses and a sharp fall in business investment, without such steps the effects of the downturn would have been much worse.

The National Treasury forecasts that real economic growth will rise to 4.4 per cent by 2013. Unless we grow much faster and more inclusively, many of the people who lost their jobs during the recession and millions of other South Africans, particularly our youth, will struggle to find employment.

We need to aim higher to give our people the future that they deserve. Some of our developing-country peers have broken their binding constraints on economic growth and are now leading the global recovery, with growth rates approaching 10 per cent. We aspire to join this dynamic group of high-growth economies. To do this we must urgently and honestly identify those features of our economy that hold back economic development.

Development is not just about reforming the broader economy. Government, too, must adjust to the challenges before us. The 12 outcomes identified by government provide us with the opportunity to significantly improve the performance of public spending. We must act with urgency to ensure that smart spending choices have the maximum effect on the quality of public services.

South Africa’s success in delivering the 2010 World Cup illustrates our ability to unite as a nation behind a common goal. We must draw on that experience and work to transform this economy into one that can grow fast enough to create the jobs that we need.

To move forward we need to develop a national consensus, and the sense of urgency required to propel South Africa onto a new growth trajectory. In doing so we will give hope to all our people and help to usher a dynamic new era of economic development.

A handwritten signature in black ink that reads "Pravin Gordhan". The signature is written in a cursive style and is underlined with a single horizontal stroke.

**Pravin J Gordhan**  
**Minister of Finance**

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