

# Medium Term Budget Policy Statement

2006

National Treasury  
Republic of South Africa

25 October 2006



ISBN: 0-621-36901-2  
RP : 239/2006

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# Foreword

This is the tenth *Medium Term Budget Policy Statement*. It is appropriate to recall what we said when we introduced the first such statement in December 1997: “This is a significant step in increasing transparency, openness and cooperative government. For too long, budgets have been made behind closed doors.”

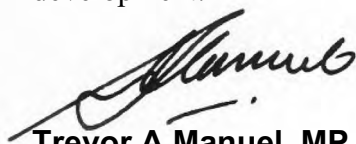
No longer are South African budgets made behind closed doors. In fact, an international coalition of nongovernmental organisations has recently recognised our country as a leader in budget transparency. We can add this to our collective accomplishments in 12 years of democracy. Our budget documentation continues to support an energetic interaction between Parliament and the Executive in reviewing our economic and social priorities. It also provides citizens and taxpayers with information about the services they pay for, and the data required to analyse and monitor government policy and spending choices.

The *Medium Term Budget Policy Statement* is guided by the obligations of government embodied in legislation and oversight by Parliament, and by the policy direction and political mandate as expressed in the State of the Nation Address. In that address earlier this year, President Mbeki declared that “South Africa has entered its Age of Hope.” The President placed the accelerated and shared growth initiative – AsgiSA – at the centre of our national expectations of a higher, shared growth path.

We can say with confidence that economic growth in South Africa is set to continue on a strong upward trajectory for years to come. As the 2006 *Medium Term Budget Policy Statement* demonstrates, our economy has moved to a higher growth path sustained by sound macroeconomic management, continued expansion in public expenditure, rising business and consumer confidence, and strong public and private sector investment.

Government’s investment programme is given further impetus by preparations for the 2010 FIFA World Cup, which are well underway. The 2007 medium-term expenditure framework, which extends to 2009/10, provides all of the resources that government will dedicate to ensuring that the first soccer World Cup on African soil will be a resounding success.

In addition to the focus on infrastructure development, we are able to plan for increased spending on education and health, which are the foundations of a productive nation. The social security net also grows at a steady rate to cater for the most vulnerable members of our society, and additional resources are proposed to fight crime. All this is made possible by the sound public finance management record of government. This *Medium Term Budget Policy Statement* is another milestone on our road to reconstruction and development.



**Trevor A Manuel, MP**  
**Minister of Finance**

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