

# **Budget Review**

**2001**



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**National Treasury**

**Republic of South Africa**

21 February 2001



ISBN: 0-621-30598-7  
RP: 27/2001

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# Foreword

The 2001 Budget builds on the platform established by five years of sound fiscal policy and economic reform. Government's fiscal priorities now shift more squarely to improving the efficiency of spending, increasing capital expenditure and ongoing tax reform.

The Budget is tabled in Parliament against the backdrop of a steady recovery in economic growth. Last year the economy grew at its fastest rate since 1996. This positive trend is set to continue, led by increased competitiveness, strong export growth, and improved inward investment.

The large increase in capital expenditure elaborated in this Budget focuses on social infrastructure, spearheading Government's effort to overcome poverty. This is supported by a range of investment enhancing and pro-poor tax proposals, increased skills funding, further consolidation of social service provision and improved spending on the criminal justice system. Provinces and local government receive marked increases in development funding.

This will be accompanied by a declining public sector borrowing requirement, falling interest rates and inflation, and a lower tax burden. Government remains on track to meet its inflation target of between 3 and 6 per cent by 2002.

The Budget sets out how these plans will be accommodated within the prudent fiscal framework put in place since 1994. The budget deficit will remain below 2,5 per cent of GDP. Public finances will receive a particular boost by the restructuring of state owned assets, which will finance a large part of next year's deficit and bring much-needed foreign direct investment.

The key to reducing poverty and unemployment is increased investment. This Budget is a clear signal that Government will play its part through infrastructure and capital expenditure, through continued investment in people, and by pursuing fiscal policies that create an environment conducive to domestic and foreign investment.

The Budget is compiled by a dedicated team of professionals in the National Treasury. Their commitment to public service makes the Budget possible. To them and their families a big word of thanks. A special word of thanks goes to the South African Revenue Service as well as our colleagues in the nine provincial treasuries, who work with us to make the Budget a reality.

Thanks are also due to Statistics SA, the South African Reserve Bank, the Financial and Fiscal Commission and our colleagues in all government departments for their contributions.

**Maria Ramos**  
**Director-General: National Treasury**



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