

Budget Review

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Foreword

The world economy is recovering from “the great recession”, but the return to growth is both uneven and fragile. The two-speed recovery is marked by dynamic growth in emerging markets and an anaemic performance in developed countries. To counteract the effects of the recession, many countries deployed extraordinary fiscal and monetary policies to stimulate growth. These measures will have to be withdrawn carefully to prevent a relapse.

In South Africa, the economy is growing and has begun to create jobs, but it will be some time before we are able to replace the 1 million jobs lost during 2008-2009. As we set out on a New Growth Path for sustainable job creation, we have to rebuild our defences to ensure that we can withstand future crises.

As recent events around the world have demonstrated, fiscal mismanagement can make social programmes, no matter how progressive, unaffordable.

To create jobs and eliminate the scourge of poverty, we have to create confidence in our economy. Building that confidence requires long-term fiscal planning, predictable actions and credible policies. The fiscal space that enabled us to respond to the recession was not something that we borrowed from ourselves: it is what we have borrowed from our children – and our children’s children. We would not be good parents if we did not repay our children and their descendants. To support sustainable job creation and healthy public finances, the 2011 fiscal stance builds on three principles: countercyclicality, long-term debt sustainability and inter-generational equity.

This is the first budget since Cabinet Ministers signed delivery agreements with the President. It has been a tough balancing act and a considerable change-management project for the National Treasury. The burden was not borne by us alone: the Ministers’ Committee on the Budget (MinComBud) worked diligently, providing political guidance in the minefield that is the prioritisation of priorities. A special word of thanks goes to Minister Gordhan, who chaired the MinComBud with immense political skill. Thanks also to Deputy Minister Nene, whose calm character brought sobriety to an otherwise turbo-charged Treasury team.

Age in the National Treasury is not measured by birthdays, but by budgets. This is the 15th budget that I have been a part of since joining the National Treasury, and the eighth since I was appointed Director-General. I have been privileged to be part of this amazing team of people – the staff of the National Treasury – who continue to define excellence in public service. We have moved from adhering to global best practice to setting the international benchmarks for budget transparency. Your diligence, dedication, commitment and professionalism have ensured that once again, we have produced high-quality budget documents.

On behalf of the National Treasury, I have the honour of presenting the 2011 Budget documentation to Parliament and the people of South Africa.

Realeboga! Pula nala!



Lesetja Kganyago
Director-General: National Treasury

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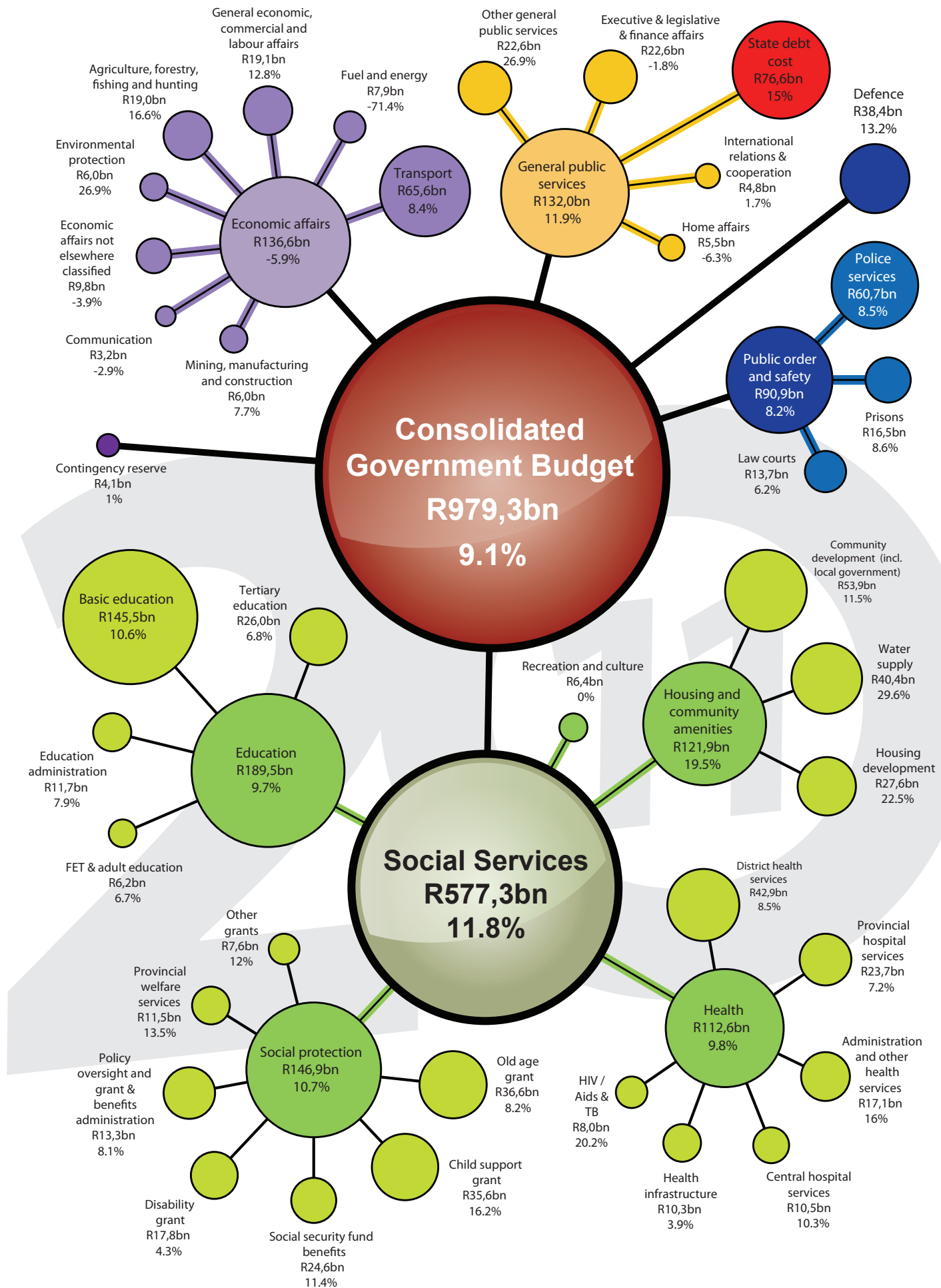
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Note: Consolidated government expenditure in R billion, percentages reflect growth relative to 2010/11 estimated outcome.