



**MINISTRY: FINANCE**  
**REPUBLIC OF SOUTH AFRICA**

## **Clarity on comments attributed to the Finance Minister on 3 October 2011**

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This serves to clarify the comments attributed to the Minister of Finance during his speech at a Gala dinner hosted by SACCI on Monday, 3 October 2011.

The Minister of Finance was quoted as saying that the growth projections at the time of the February Budget were “far too ambitious”.

This statement has been misinterpreted and thus creates an impression that the National Treasury’s forecasts were “far too ambitious” and way outside the general consensus forecasts.

The Minister was, in fact in the context of the current unpredictable macroeconomic environment, referring to South Africa’s ability to reach a growth level of 7% required by government to bring down unemployment.

Minister Gordhan said “.....at the moment, however, 7% is not possible for South Africa. The speed limit of the economy is much lower. Our growth projections at the time of the Budget, and before the current market turmoil, were for the economy to grow by 5% a year over the next three years. To make 7% a reality will require a concerted effort to assess where the bottlenecks and binding constraints to growth exist.”

It should be noted that the National Treasury’s macroeconomic forecasts have been in most instances in line with market forecasts, despite the difficult forecasting environment.

Unlike other institutions that revise their forecasts on a continuous basis, the National Treasury only publishes its forecasts during the tabling of the Budget in February and at the time of tabling the Medium Term Budget Policy Statement.

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