

CHECK AGAINST DELIVERY



Minister of Finance

Nhlanhla Nene

Friday, 25 July 2014

Response to the Debate On The Appropriation Bill

Honourable members,

South Africa's budget supports the implementation of the National Development Plan. Government has ensured that the priority programmes identified in the manifesto of the African National Congress, which are now being translated into a medium term strategic plan, are funded.

Nevertheless, economic weakness and the rising burden of public debt reinforce the importance of ensuring the sustainability of fiscal policy over the period ahead. Rising global interest rates have increased the cost of servicing our debt, commodity prices have declined and the depreciation of the rand has pushed up inflation. The fiscal space built up in the 2000s has diminished.

The period ahead will therefore, not be easy. To ensure that the fiscus remains sustainable, we remain committed to three principles that are the backbone of our fiscal stance: countercyclicality, debt sustainability and intergenerational fairness.

Over the next three years, government will stabilise the growth of public debt, and then begin to rebuild fiscal space. This will be achieved by remaining within the expenditure limits we have set in the medium term framework. Expenditure will continue to grow and the real value of our social spending will be maintained. But the fiscal limits will be far stronger. The need to ensure value for money and effective allocation of resources is even more paramount.

Our challenge is to transform the ample resources made available in this appropriation into real change in the lives of ordinary South Africans. So let us all – government, private sector, labour and civil society at large - roll up our sleeves in partnerships for change and build the country of our dreams.