



INCREASING TRANSPARENCY AND IMPROVING BUDGET LITERACY

VIDEO CONFERENCE

OCTOBER 13, 2021

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This presentations covers:

1. The budget as a communication tool
2. Observations on the South African experience
3. Principles of clear budget communications

The budget as a communications tool



What's in a name?

Budget

From the Latin *bulga* (to bulge) came *bouge* in Middle French, meaning a bag; or *bougette*, the diminutive.

Non, ce n'est pas une baguette.



In the early 18th Century, the ministers of the British Crown carried their expenditure plans to Parliament in a large leather bag, which was referred to as the budget.

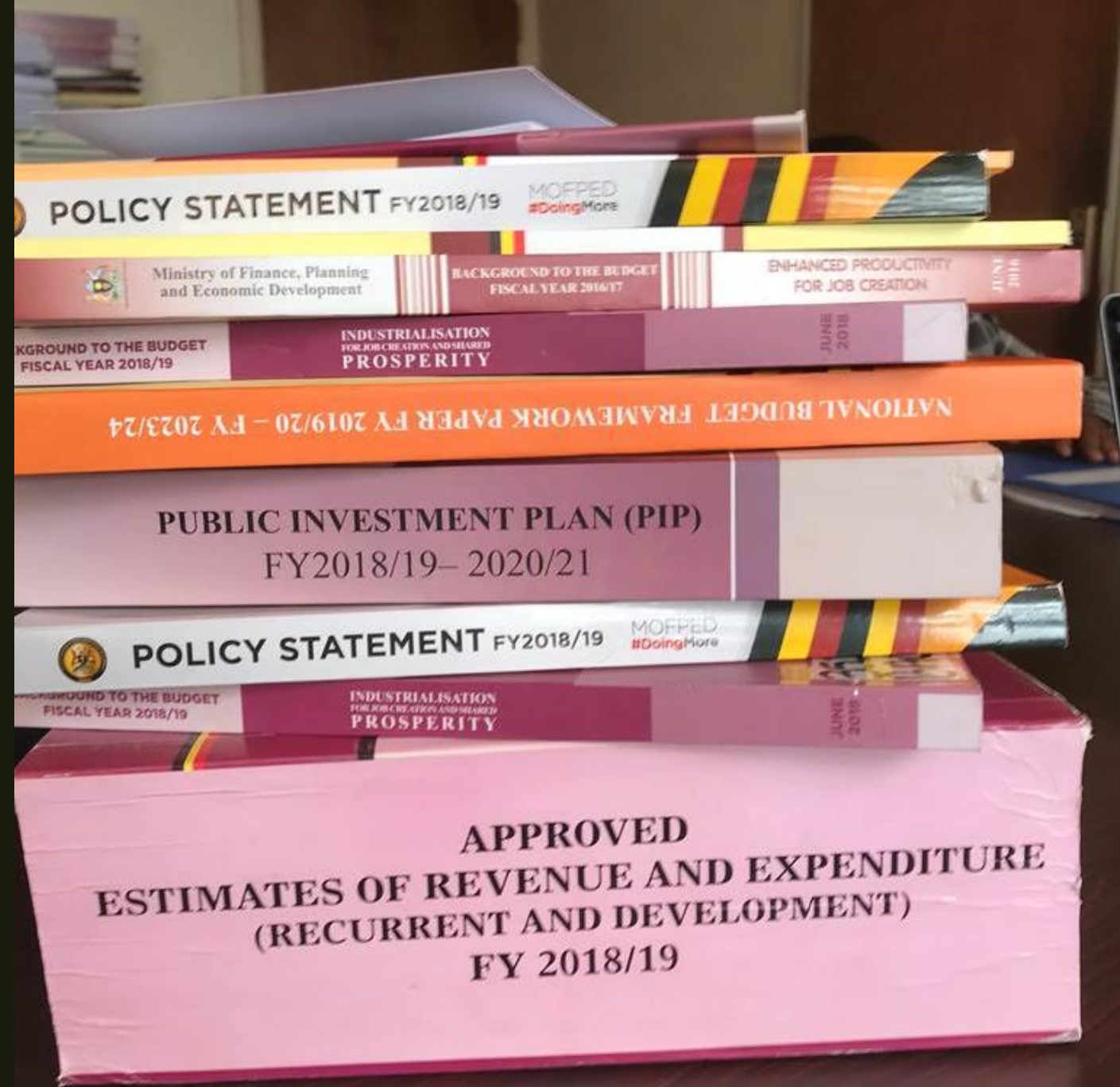
– Webber and Wildavsky

Purpose of budget documentation

To provide a comprehensive, relevant, timely, and reliable overview of the government's financial position and performance, and set out the fiscal projections.

CLEAR □ **CREDIBLE** □ **COMPARABLE** □ **ANALYTICAL** □
RELEVANT

**But are you
communicating?**



What is transparency?

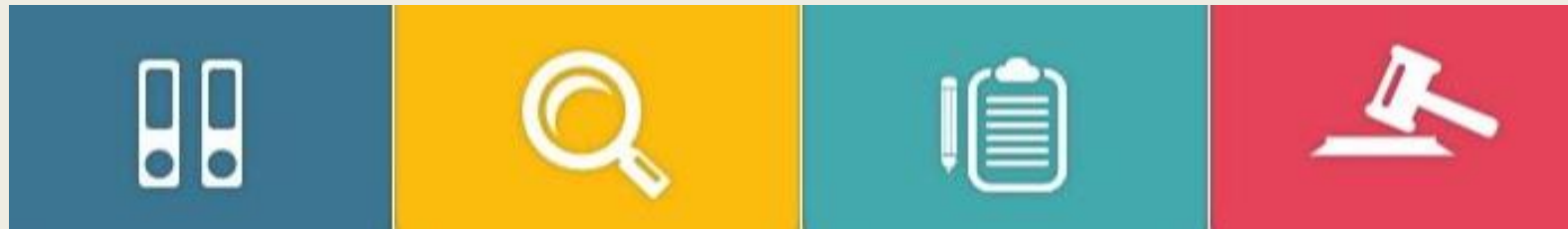
The quality of something that makes it easy to understand -- Oxford

Printing or Posting \neq Transparency

Comprehensiveness \neq Clarity

Compliance \neq Policymaking

Data \neq Direction



Building credibility capital

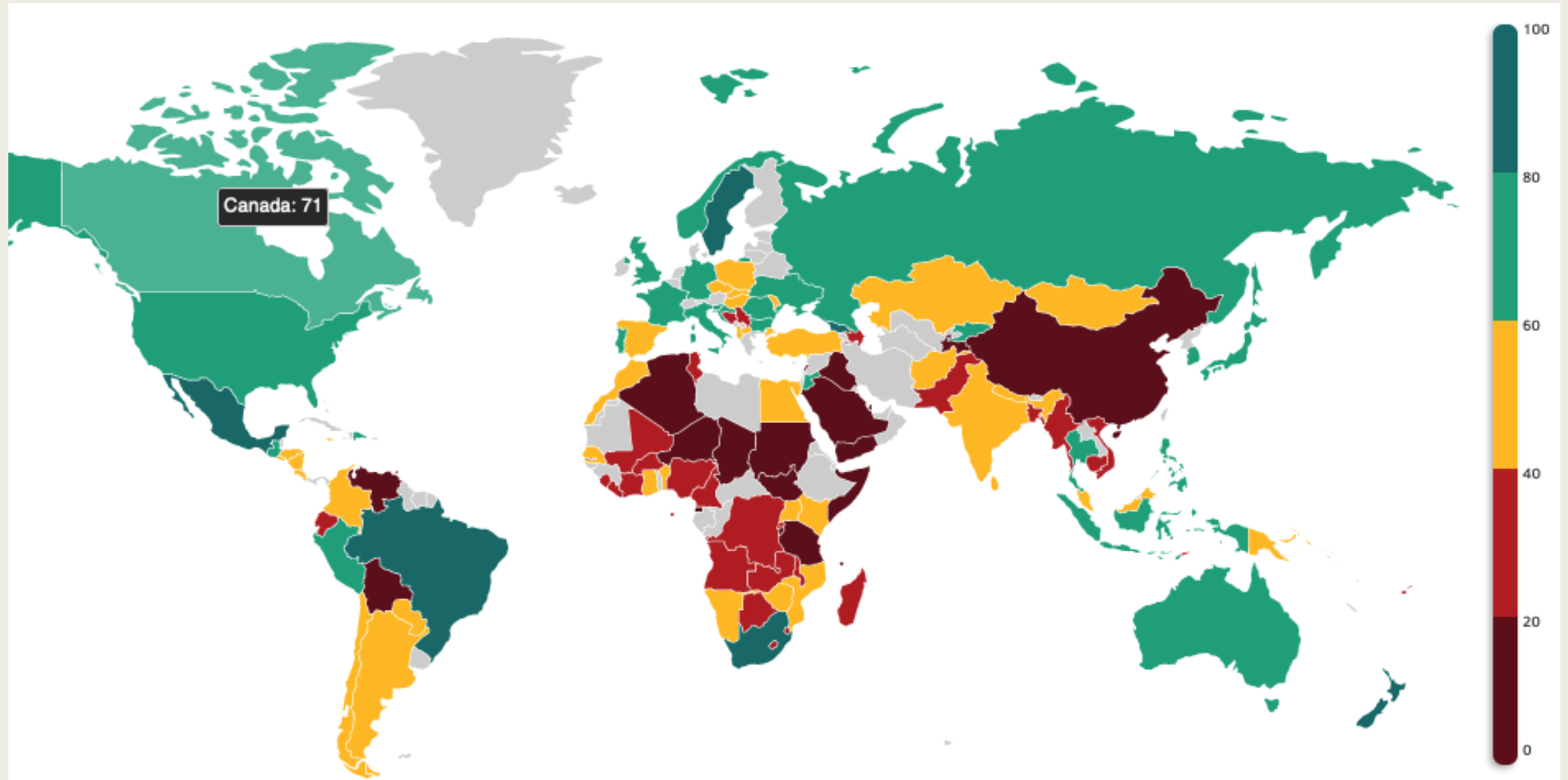
Strong budget rules and institutions, backed by **clear communication** and **fiscal transparency**, enhance credibility. That, in turn, improves access to credit and secures more room for maneuver in times of crisis.

-- IMF blog summarizing October 2021
Fiscal Monitor

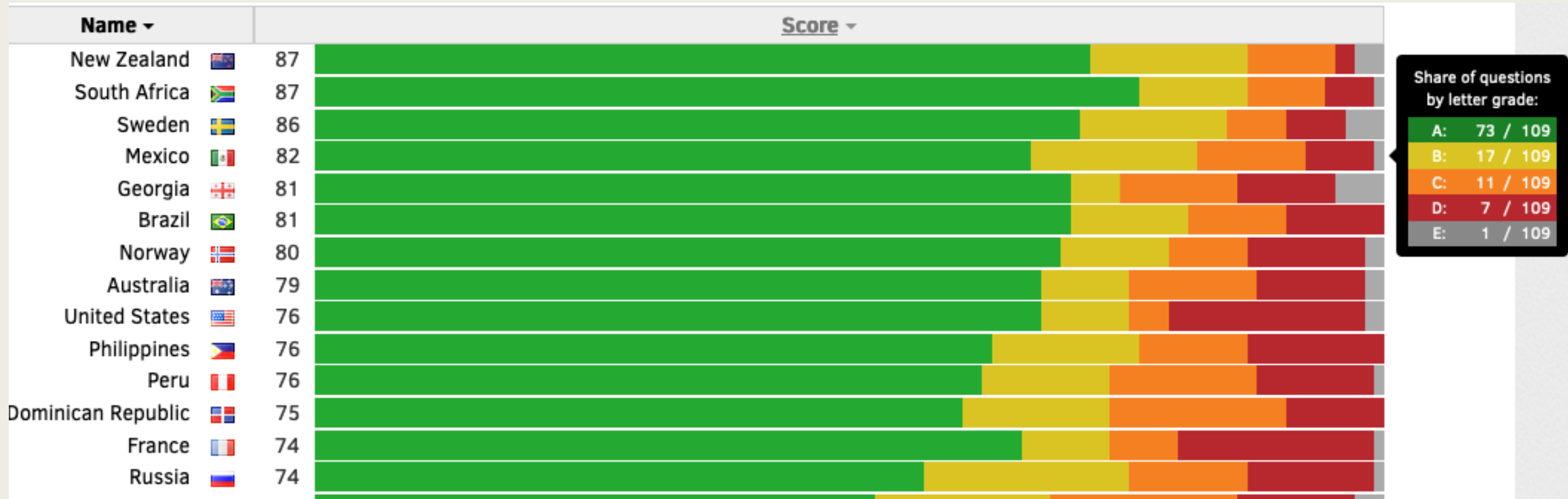
THE SOUTH AFRICAN EXPERIENCE



Open Budget Index (2019)



Transparency, oversight, participation



South Africa's main budget documents

Medium Term Budget Policy Statement

- Tabled in Parliament each October
- Policy framework for three-year spending plans
- Generally 45-50 pages, with 20 pages of appendices

Budget Review

- Tabled each February in Parliament
- Sets out the budget proposal for the year ahead
- Covers economic and fiscal policy considerations
- Accompanied by spending plans and legislation
- About 100 pages of text, 100 pages of supplementary materials and tables

What do journalists need?

- Credible numbers in accessible narrative
- Accurate assessment of economic and fiscal position
- Clarity (not jargon)
- Interesting facts, comparisons
- “So what?” and “what’s next?”
- Clear policy position and trade-offs
- Headlines*

Budget day

- 6am lockup – journalists given access to the budget documents in a closed room under strict embargo (no reporting).
With coffee!
- 11:00am press conference with finance minister, treasury and central bank officials
- 2pm budget speech

For the press, a resource

DAILY MAVERICK

At the same time, the Treasury offers tax benefits to those who can afford to contribute to pension funds. According to the National Treasury's latest **Budget Review**, about R100-billion in benefits is given to retirement funds.

fin24

The **Budget Review** said total consolidated spending is expected to amount to R6.16 trillion over the next three years or R2 trillion each year over the medium term, with the majority of the spending going towards social services.

REUTERS

South Africa is likely to absorb extra financial struggling power utility Eskom with new measures in the next **Budget Review**, with cuts an option, ratings agency Moody's said.

Bloomberg

An allocation of 10.3 billion rand (\$708 million) has been made to buy and dispense the shots through March 2024, the Treasury said Wednesday in the 2021 **Budget Review**. A further 9 billion rand could be drawn from contingency reserves and emergency allocations if needed as the final costs remain uncertain,

ING

Budget shows better tax revenues and reaffirms spending cut plans
In a broader EM context, the fiscal damage caused by Covid-19 has been among the largest in South Africa, with the National Treasury forecasting a budget deficit of 14.0% of GDP for 2020/21, lifting gross debt to 63.3% of GDP (vs 63.3% in Mexico).

BROOKINGS

The National Treasury's **Budget Review** 2020 noted that, although there have been large tax increases over the last five years, the gap between projected and collected revenue has continued to expand. Improving the efficiency of tax collection by building the capacity of the South African Revenue Service and strengthening policies to reduce fiscal leakages is, thus, key.

Transparency and the budget

FRIDAY 26 FEBRUARY 2016 BusinessDay

The Bottom Line

Pravin Gordhan did his duty by us all

I DON'T know whether to be more or less nervous about the country after Wednesday's budget.

On one hand, Finance Minister Pravin Gordhan made it all look so easy. He didn't raise the income tax I have to pay and he seems to have found enough other tax revenue, and sufficient spending cuts, to dramatically speed up what economists like to call "fiscal consolidation" — a fancy term for lowering the budget deficit as measured against the gross domestic product (GDP).

Where his predecessor, Nhlanhla Nene, was going to wrestle down spending only slowly to bring the deficit to 3% of GDP by 2018-19, Gordhan outlined a plan to get it down to 2.4% in the same time frame. It is a big number and a big deal.

A 3% deficit is what you're supposed to have, for instance, before you're admitted to the European Union (EU). It is because the Greeks lied about their deficit before joining the EU that creditors are now so suspicious of them and lend only on the most

But then you read the Budget Review, a document of blinding transparency (and a lasting testament to the honest endeavour of the Treasury) and you worry.

It isn't, as the review reveals, that our total national debt (excluding local government and state-owned companies) now stands at R2,055.7bn (R2-trillion) or that it will rise to R2,606.9bn in the next two years.

It isn't because, as the review reveals, that SA Airways (SAA) actually used (as in spent) R6bn in government guarantees in just this financial year.

It isn't because economic growth in SA is going to continue sliding this year, while other developing economies will grow.

And it isn't because the rating agencies and markets didn't fall to their knees in awe at the budget.

It is because the African National Congress (ANC), and much of the government, especially Pres-



Peter Bruce

Twitter: @bruceps

THICK END OF THE WEDGE

ident Jacob Zuma, will not have even remotely appreciated what Gordhan was able to do for them. Instead, they resent him and the Treasury.

Two days before the budget, Zuma told journalists that he still believed Des van Rooyen, whom he briefly appointed after firing Nene, was the best qualified man for the job, a real slap in the face for Gordhan at the worst possible time.

Fortunately, perhaps, the review also makes it possible to calculate exactly what that catastrophic decision is costing us.

To borrow money to fund welfare, infrastructure, and (increasingly) public sector salaries, the government issues bonds, which it has to pay back.

Normally, you would do that by

growing your economy and by collecting the extra taxes that flow from the growth, as companies make more profit and pay more salaries to be taxed.

The yield, or return, on a South African government 10-year bond spiked alarmingly the moment Zuma fired Nene.

It isn't a capitalist plot, as some idiots suggested at the time. It is just a fact of the debt market. That yield spike settled back a bit after Gordhan was appointed (again), but at a much higher level, and, again according to the review, the increase (to SA) in paying off that debt has risen by R15.3bn over the next two years.

That then is the official calculation of what Zuma's decision is costing the government (let alone the rest of us with higher interest rates and inflation).

Excluding weekends and 13 public holidays, I get to 248 working days in SA a year. Two years makes it 496 days.

Divide R15.3bn by 496 days and you arrive at R30.8m per day to pay for what Zuma did on December 9 last year.

That's now. It could get worse if the currency and growth slides and the yield on our bonds rises.

It isn't the end of the world. Some people thrive on high-yield bonds even beyond the point where the bonds are downgraded to junk status by the international rating agencies.

You can still raise money, but it costs you more and more until you have to go to the International Monetary Fund for help in paying your debts, and by then it has cost your your sovereignty.

The scariest part of this is that we now know, partly thanks to a wonderful article by the outgoing editor of Business Day, Songezo Zibi, in this newspaper's budget supplement yesterday, that Nene was fired just hours after a December 9 Cabinet meeting had discussed the outlines of the budget he had begun to plan to present himself on Wednesday.

Ministers grumbled. They didn't like it. They weren't being

allocated enough money, expenses were being squeezed, and Zuma was irritated there wasn't enough money to press ahead with his grand and absurdly expensive nuclear power ambitions. Nor was Nene budging on his refusal to allow SAA to get into more debt.

So Zuma, oblivious to the dangers that people such as Nene and Gordhan keep from the door, fired him. Van Rooyen's only public statement on the job he was given was that he would make the Treasury "more accessible". Go figure.

I thought Gordhan did a wonderful job on Wednesday. Yes, we may still be downgraded to junk status by the rating agencies. The markets wanted not only consolidation, but structural reform — less stringent labour laws, more privatisation — but it is ridiculous to have expected that of him.

Perhaps a downgrade would do us some good. It would show us what economic hardship really looks like. Unable to imagine bankruptcy or understand the need to manage money carefully, the ANC may actually need to experience what it would feel like to default on pensions or social security grants before the scales fall from its eyes.

Gordhan and the Treasury, meanwhile, face years of hostility from their own colleagues. In the Budget Review, he promises to literally block payments for unauthorised appointments in government departments. Tenders, will be squeezed through a new Office of the Chief Procurement Officer.

He is setting himself up for nothing but pain, but he is going to do his duty. Hopefully, the debt markets will appreciate the scale of what he promised to do.

His colleagues in the party, the leeches and the crones on whose backs Zuma has survived, will not thank Gordhan for at least pulling us back from the fiscal cliff downgraded or not. Instead, they will continue to plot behind his back and do their best to push him over that cliff.

before joining the EU that creditors are now so suspicious of them and lend only on the most grotesque terms.

But then you read the Budget Review, a document of blinding transparency (and a lasting testament to the honest endeavour of the Treasury) and you worry.

It isn't, as the review reveals, that our total national debt

Transparency & integrity

“The national budget process is highly transparent and respected globally.”

– Leon Myburgh, South African Reserve Bank



Polling question

What are the main audiences for your core budget documents? Select one.

- a) Parliament
- b) Financial markets
- c) Journalists
- d) Government departments
- e) Multilateral financial institutions
- f) Rating agencies
- g) NGOs
- h) The public
- i) Economists
- j) All of the above



Our approach to the South African budget

- Start with clear thinking. What is the Treasury trying to say?
- Communicate goals and allocations, policy shifts and new initiatives, and successes and challenges
- Write for a non-technical audience, using clear, accessible language. Streamline, using appendices for detail. Support with tables, graphs, visual summaries.
- Budget as policy and planning tool.

PRINCIPLES OF CLEAR BUDGET COMMUNICATION



Principles of clear budget communication

- Think about your reader
- Write clearly and to the point
- Structure documents logically
- Ensure main policy documents are concise
- Omit unnecessary detail
- Prefer concreteness to abstraction
- Reduce density
- Use visual elements effectively
- Provide sufficient analysis
- Tell a story

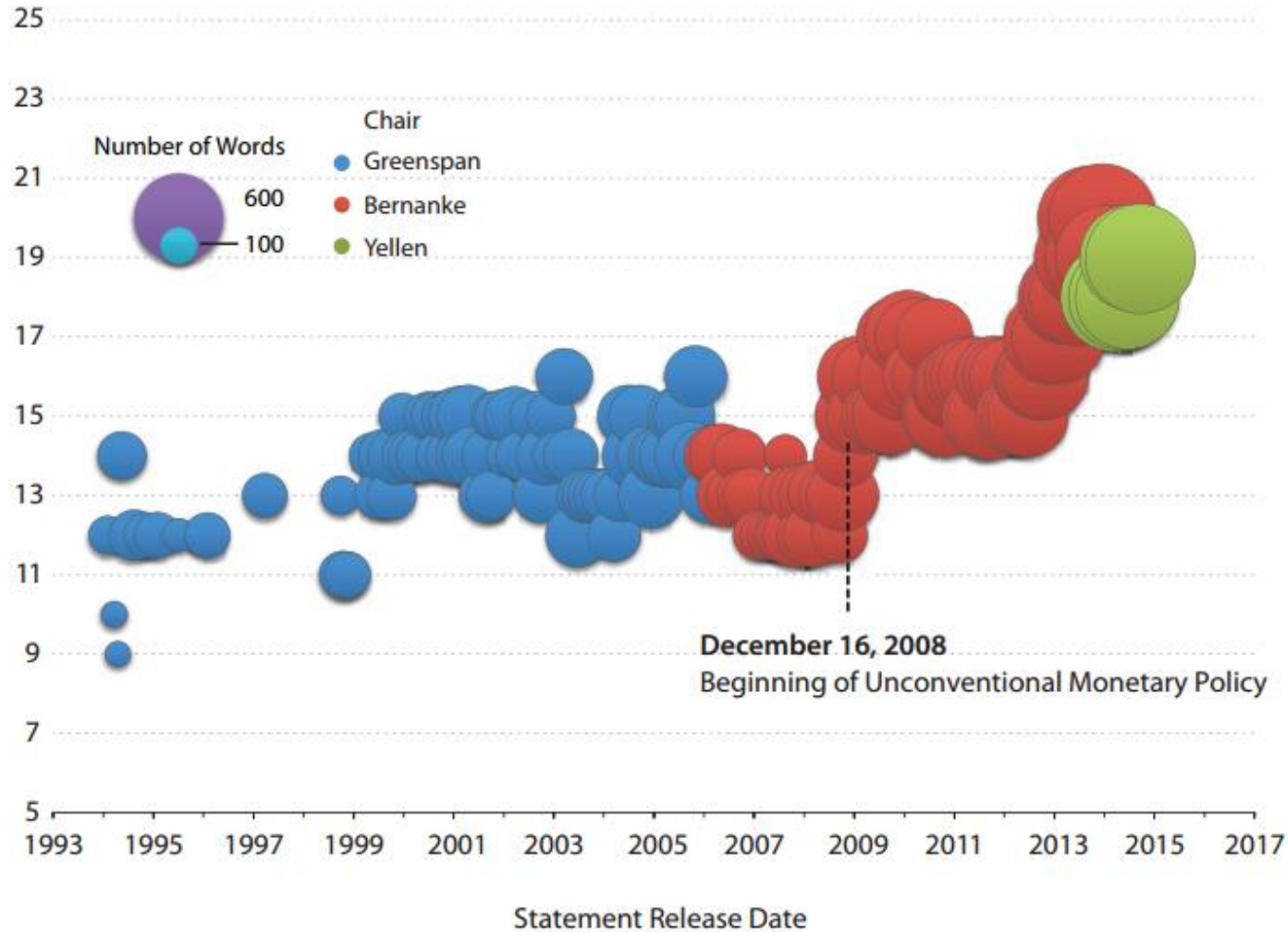


Audience: Think about your reader

- Who is the budget written for? There are various target audiences, but what's the goal?
- Convey economic ideas clearly for the non-specialist.
- Written in your own words.
- Not written for “those who will understand”.

FOMC Statements: Reading Grade Level and Length

Flesch-Kincaid Reading Grade Level

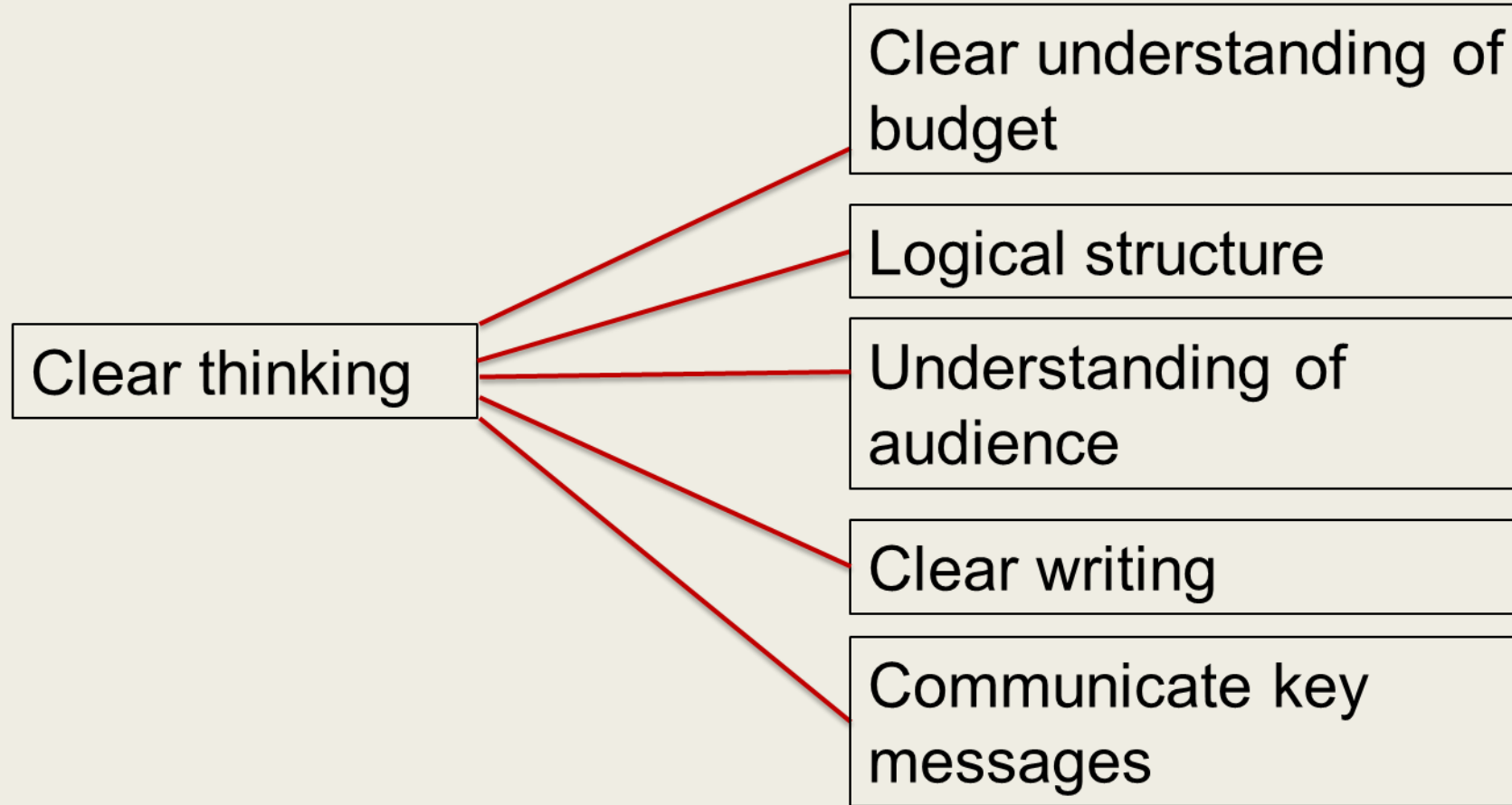


Linguistic inflation at the Federal Reserve

Audience: Avoid an overly technical approach

Lower deficits and lower gross financing needs have eased tensions on the domestic capital market. Figure 6 shows that the net issuance of domestic government paper hit a low point earlier in 2018, in constant price terms. This was accompanied by a decline in interest rates across the maturity spectrum. Interest rates at issuance fell by 10 percentage points over the past two years. Lower interest rates and net issuances had positive effects on the fiscal accounts by reducing interest payments.

Write clearly and to the point

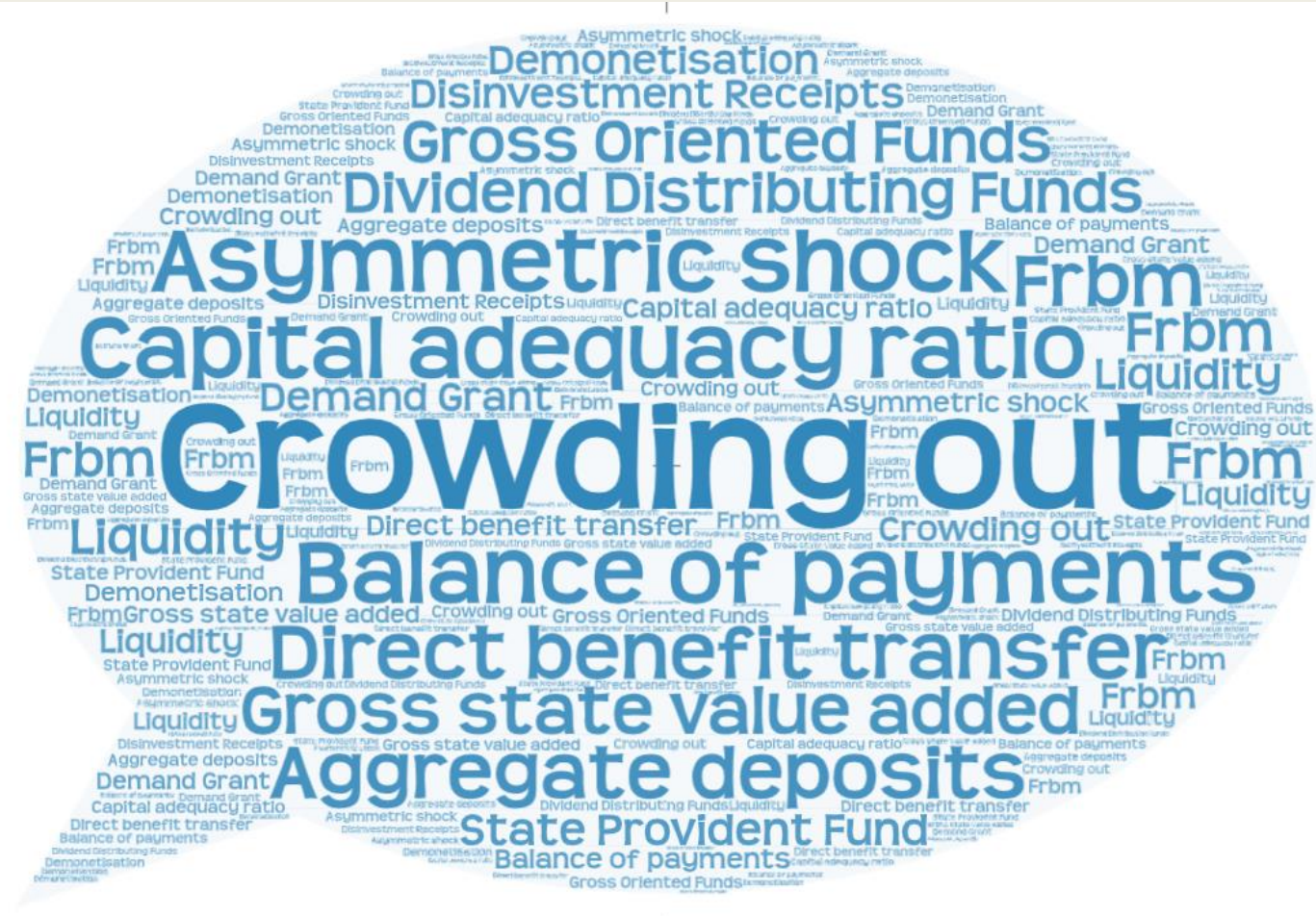


Write clearly and to the point

The main objective of the Scheme is to encourage faster adoption of Electric vehicles by way of offering upfront incentive on purchase of Electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles.

The scheme encourages people to use electric cars by offering a purchasing incentive and establishing charging stations.

What is jargon?



Avoid jargon

During 2018-19, the **growth rate of monetary aggregates** reverted to their long-term trend after experiencing an unprecedented behaviour in 2016-17 led by **demonetisation** and again in 2017-18 due to the process of **remonetisation**. **Reserve Money (M0)** as on March 31, 2019, recorded a growth of 14.5 percent over the previous year. The source of expansion in **M0** was mainly driven by **currency in circulation**.

Explain technical terms

In Chapter 7 we look at risks that could affect the balance sheet directly via **balance sheet transactions** (e.g. lending to the private sector or issuing debt to purchase assets, as when 'bailing out the banks'), **balance sheet transfers** (when the government assumes the liabilities of a private sector entity, either in the real world or through a statistical reclassification) and **valuation effects** (e.g. the effect of currency movements on the sterling value of the foreign exchange reserves).

Structure documents logically

2016 National Budget Statement	Revised structure for 2017
<ol style="list-style-type: none"> 1. Motion 2. Introduction 3. Arrears Clearance 4. Economic overview 5. Budget Framework 6. Revitalising Agriculture 7. Advancing Beneficiation/Value Addition 8. Encouraging Private Sector Investment 9. Unlocking the Potential of SMEs 10. Infrastructure Development & Utilities 11. Social Services 12. Development Partner Support 13. Financial Sector Stability 14. Government Finances 15. Revenue Measures 16. Governance and Performance Management 17. Anti-Corruption Thrust 18. Sustainable Development Goals 19. Conclusion <p>Annexures</p>	<p>Foreword (Minister or Permanent Secretary)</p> <ol style="list-style-type: none"> 1. Overview 2. Economic outlook 3. Fiscal framework 4. Debt and external payment arrears 5. Expenditure proposals 6. Revenue measures 7. Spending plans 8. Structural policy initiatives <p>Annexures:</p>

Quantity versus quality

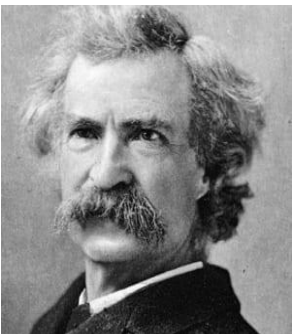
Brevity is the
sister of talent
(Chekhov)



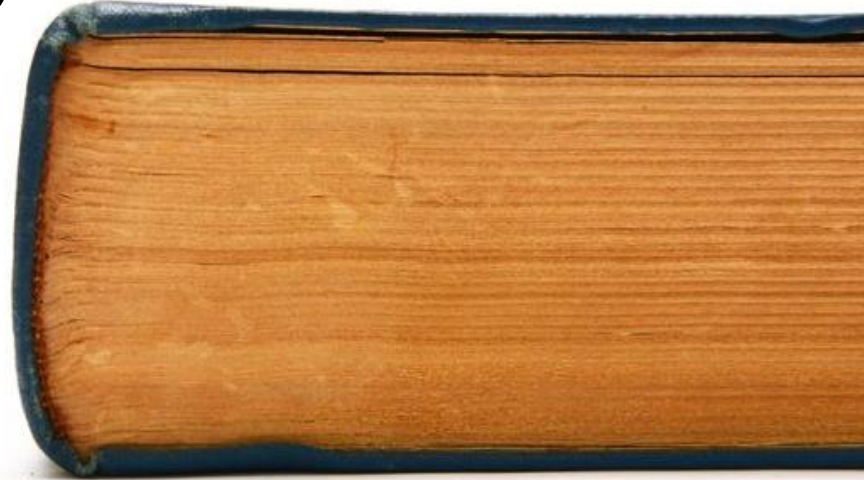
Brevity is the soul of wit
(Shakespeare)



I didn't have time to write a
short letter, so I wrote a long
one instead. (Twain)



“Budget at a Glance”



517 pages

Opening chapter
is **36 pages**
of tables

**Keep it
concise**

Be concise, but provide context

**Budget
at a glance**

2 pages

No narrative

BUDGET AT A GLANCE				
(Taka in Crore)				
Description	Budget 2020-21	Revised 2019-20	Budget 2019-20	Actual 2018-19
Revenue and Foreign Grants				
Revenues (Statement I)	3,78,000	3,48,069	3,77,810	2,51,879
Tax Revenue	3,45,000	3,13,068	3,40,100	2,25,957
NBR Tax Revenue	3,30,000	3,00,500	3,25,600	2,18,616
Non-NBR Tax Revenue	15,000	12,567	14,500	7,342
Non-Tax Revenue	33,000	35,002	37,710	25,921
Foreign Grants/1 (Statement V)	4,013	3,454	4,168	1,677
Total :	3,82,013	3,51,523	3,81,978	2,53,556
Expenditure				
Operating Expenditure	3,48,180	2,95,280	3,10,262	2,38,110
Recurrent Expenditure (Statement III)	3,11,190	2,74,907	2,77,934	2,17,807
of which	63,801	57,664	57,070	49,461
Domestic Interest	58,253	52,796	52,797	46,015
Foreign Interest	5,548	4,868	4,273	3,446
Capital Expenditure/2 (Statement IV)	36,990	20,373	32,328	20,302
Net Outlay for Food Account Operation/3 (Statement VIII)	567	654	308	4,233
Loans & Advances (Net)/4 (Statement VIA)	4,210	3,294	937	- 1,708
Development Expenditure	2,15,043	2,02,349	2,11,683	1,51,055
Scheme/5 (Statement X)	2,522	1,833	1,463	184
Non-ADP Special Project (Statement VIA)	4,722	4,846	5,315	2,795

#RSABUDGET2020 HIGHLIGHTS

www.treasury.gov.za | #RSA Budget | #RSABudget2020

REPUBLIC OF SOUTH AFRICA
Ministry of Finance and
Treasury
Tel: (012) 315 5757
www.treasury.gov.za

BUDGET2020/21 BUDGET EXPENDITURE

www.treasury.gov.za | #RSA Budget | #RSABudget2020

REPUBLIC OF SOUTH AFRICA
Ministry of Finance and
Treasury
Tel: (012) 315 5757
www.treasury.gov.za

BUDGET FRAMEWORK

- Low growth has led to a R63.3 billion downward revision to estimates of tax revenue in 2019/20 relative to the 2019 Budget. Debt is not projected to stabilise over the medium term, and debt service costs now absorb 15.2 per cent of main budget income.
- Over the next three years, the 2020 Budget proposes total reductions of R261.1 billion, which includes a R160.2 billion reduction to the wage bill of national and provincial departments, and national public entities.
- Reallocations and additions total R111.1 billion over the medium term, of which R60 billion is set aside for Eskom and South African Airways.
- These measures narrow the consolidated deficit from 6.8 per cent of GDP in 2020/21 to 5.7 per cent in 2022/23, with debt rising to 71.6 per cent of GDP over the same period.
- Along with faster economic growth, fiscal sustainability will require targeted reduction of specific programmes, and firm decisions to rein in extra-budgetary pressures, including reform of state-owned companies and the Road Accident Fund (RAF).

SPENDING PROGRAMMES

- Total consolidated spending will amount to R1.95 trillion in 2020/21, R2.04 trillion in 2021/22 and R2.14 trillion in 2022/23.
- The bulk of spending is allocated to learning and culture (R396.4 billion), social development (R309.5 billion) and health (R229.7 billion).
- The fastest-growing functions over the medium term are economic development, community development and social development.
- Debt service costs remain the fastest-growing expenditure item, followed by capital expenditure.

TAX PROPOSALS

- Above inflation increase in the personal income tax brackets and reliefs.
- Limit corporate interest deductions to combat base erosion and profit shifting as well as restricting the ability of companies to fully offset assessed losses from previous years against taxable income.
- Increase of 25c per litre to the fuel levy, which consists of a 16c per litre increase in the general fuel levy and a 9c per litre increase in the RAF levy.
- Increase the annual contribution limit to tax-free savings accounts by R3 000 from 1 March 2020.
- Increase excise duties on alcohol and tobacco by between 4.4 and 7.5 per cent. Also, government will introduce a new excise duty on heated tobacco products, to be based at a rate of 75 per cent of the cigarette excise rate with immediate effect.
- Government will increase the cap on the exemption of foreign remuneration earned by South African tax residents to R1.25 million per year from 1 March 2020.

TAX REVENUE, 2020/21

R546.8 bn	Personal income tax
R360.6 bn	VAT
R230.2 bn	Corporate income tax
R112.7 bn	Customs and excise duties
R91.8 bn	Other
R83.4 bn	Fuel levies

MACROECONOMIC OUTLOOK - SUMMARY

Percentage change	2019	2020	2021	2022
	Estimate	Forecast	Forecast	Forecast
Household consumption	1.1	1.1	1.3	1.6
Gross fixed-capital formation	-0.4	0.2	1.3	1.8
Exports	-2.1	2.3	2.6	2.8
Imports	0.2	1.8	2.5	2.8
Gross domestic product	0.3	0.9	1.3	1.6
CPI inflation	4.7	4.5	4.6	4.6
Current account balance (% of GDP)	-3.4	-1.4	-3.5	-3.7

CONSOLIDATED GOVERNMENT FISCAL FRAMEWORK

R billion/percentage of GDP	2019/20	2020/21	2021/22	2022/23
	Revised estimate	Medium-term estimates	Medium-term estimates	Medium-term estimates
Revenue	1 517.8	1 583.9	1 682.8	1 791.3
Expenditure	1 843.5	1 954.4	2 040.3	2 141.8
Budget balance	-325.6	-370.5	-357.5	-349.7
Gross domestic product	5 157.3	5 428.2	5 759.8	6 126.3

CONSOLIDATED GOVERNMENT EXPENDITURE BY FUNCTION, 2019/20-2022/23

R billion	2019/20	2020/21	2021/22	2022/23	2019/20-2022/23
	Revised estimate	Medium-term estimates	Medium-term estimates	Medium-term estimates	Average annual growth
Learning and culture	385.6	396.4	417.8	434.2	4.0%
Health	222.8	229.7	244.0	257.6	5.1%
Social development	284.5	309.5	320.1	340.9	6.2%
Community development	201.7	212.3	228.2	242.2	6.3%
Economic development	198.9	211.5	228.2	240.9	6.6%
Peace and security	214.4	217.0	211.1	228.8	3.2%
General public services	66.3	70.0	71.2	74.1	3.7%
Payments for financial assets	65.2	73.6	44.3	27.3	-
Allocated expenditure	1 638.5	1 720.2	1 776.9	1 843.9	4.1%
Debt service costs	205.0	229.3	258.5	290.1	12.3%
Contingency reserve	-	5.0	5.0	5.0	-
Consolidated expenditure	1 843.5	1 954.4	2 040.3	2 141.8	5.1%

CONSOLIDATED GOVERNMENT EXPENDITURE

R1.95 TRILLION



ECONOMIC DEVELOPMENT

Economic regulation and infrastructure	R106.3 bn
Industrialisation and exports	R19.0 bn
Agriculture and rural development	R28.3 bn
Job creation and labour affairs	R21.4 bn
Innovation, science and technology	R16.4 bn



PEACE AND SECURITY

Police services	R106.1 bn
Defence and state security	R51.4 bn
Law courts and prisons	R49.6 bn
Border affairs	R9.9 bn



GENERAL PUBLIC SERVICES

Public administration and fiscal affairs	R47.3 bn
Executive and legislative organs	R14.6 bn
External affairs	R8.2 bn



DEBT-SERVICE COSTS

Social security funds	R88.0 bn
Old age grant	R83.1 bn
Child support grant	R69.8 bn
Other grants	R35.0 bn
Provincial social development	R13.1 bn
Policy oversight and grant administration	R10.0 bn

R1.15 TRILLION

SOCIAL SPENDING

Basic education	R246.6 bn
University transfers	R44.8 bn
National Student Financial Aid Scheme	R37.1 bn
Skills development levy institutions	R31.0 bn
Education administration	R17.8 bn
Technical & vocational education and training	R13.4 bn



LEARNING AND CULTURE

District health services	R102.0 bn
Central hospital services	R44.7 bn
Provincial hospital services	R37.6 bn
Other health services	R35.4 bn
Facilities management and maintenance	R10.1 bn



HEALTH

Municipal equitable share	R74.7 bn
Human settlements, water and electrification programmes	R55.7 bn
Public transport	R44.7 bn
Other human settlements and municipal infrastructure	R37.2 bn



COMMUNITY DEVELOPMENT

Social security funds	R88.0 bn
Old age grant	R83.1 bn
Child support grant	R69.8 bn
Other grants	R35.0 bn
Provincial social development	R13.1 bn
Policy oversight and grant administration	R10.0 bn



SOCIAL DEVELOPMENT

Highlights from South Africa

Remove unnecessary detail, reduce density

ORIGINAL

Because of poor rainfall last year and in spite of less water in the dam, through Sujalam Sufalam Yojana and Sauni Yojana, the water reservoirs have been filled by lifting water from the Narmada canal. By filling Aji-1 and Nyari-1 for Rajkot city, Aji-3 and Ranjit Sagar for Jamnagar City, Veri-1 for Gondal city, Machchhu-2 for Morbi city, Machchhu-1 for Wankaner city and Bhandar-1 reservoir for Jetpur, Gondal and other areas, Sukhbhadar reservoir for Ranpur city and Tapar dam for Kutchchh, with Narmada water, the drinking water requirements of the people of these areas have been met satisfactorily.

EDITED

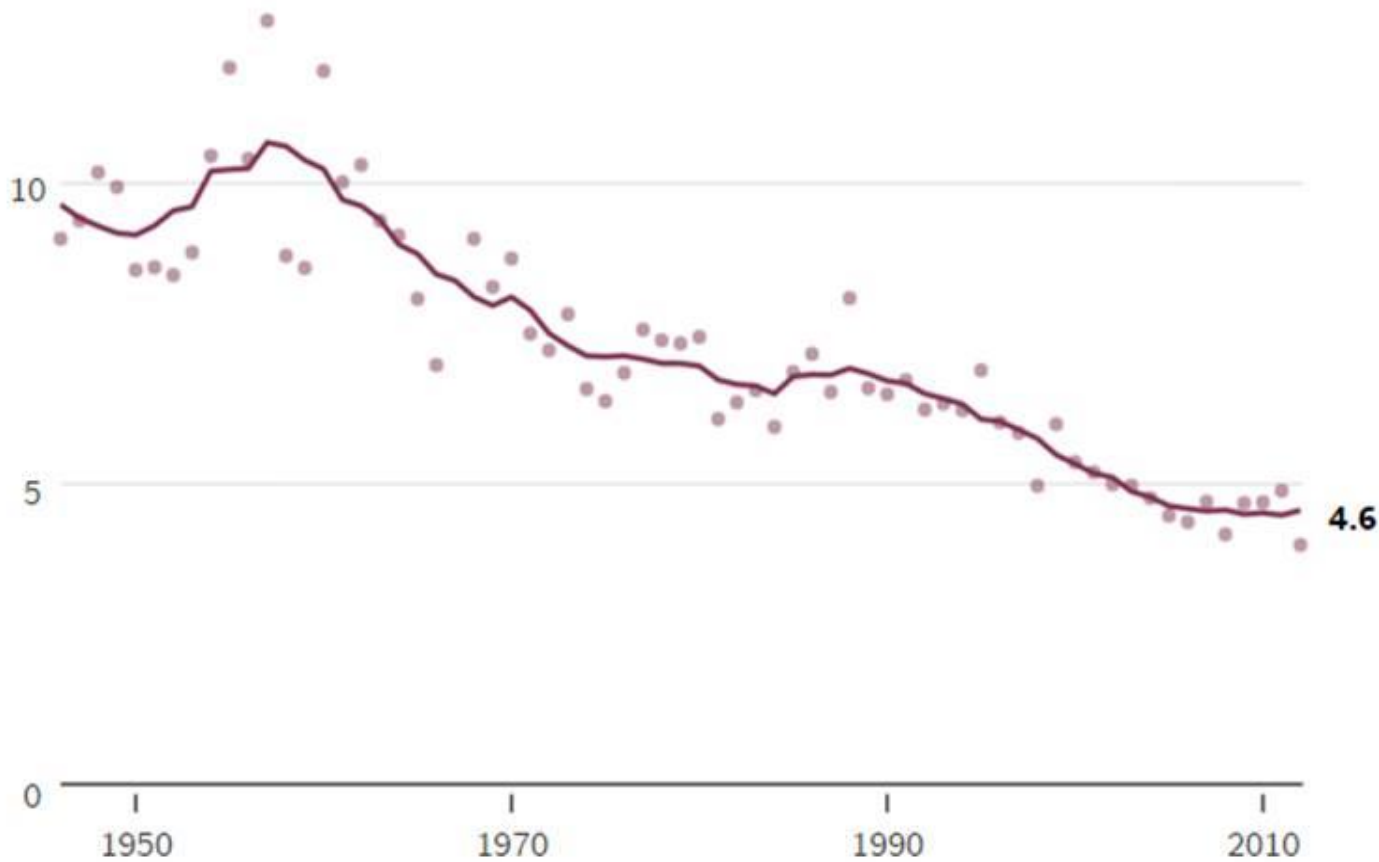
Following poor rainfall last year, the Sujalam Sufalam Yojana and Sauni Yojana water schemes filled depleted reservoirs by lifting water from the Narmada canal. This ensured that all communities had access to safe drinking water.

**Prefer
concreteness
to
abstraction**

At the World Bank, a Shortage of Concrete (Language)

A computer analysis of more than 65 years of the bank's annual reports found a sharp decline in factual precision, replaced by what the researchers call management discourse, a bureaucratic gobbledygook whose meaning is hard to decipher.

– *New York Times*, April 14, 2016



Source: Stanford Literary Lab

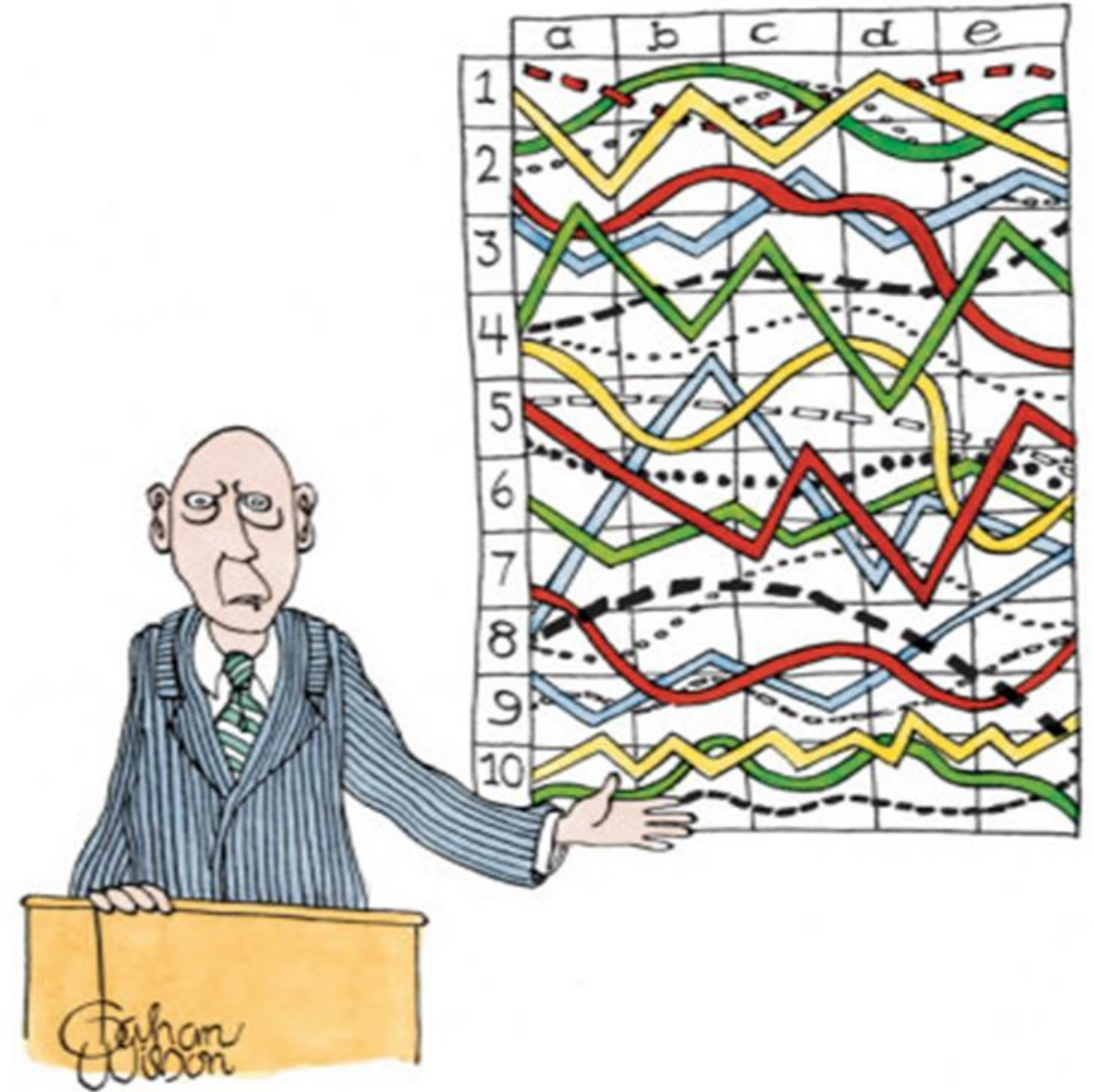
Lost time

The number of temporal adverbs — like “now,” “recently” and “later” — per thousand words in World Bank reports

Use tables
and charts
to reinforce
your points



**Don't
overcomplicate
images**



*"I'll pause for a moment so you can
let this information sink in."*

New Zealand: overview & outlook

Budget 2018 overview

Our priorities

Budget 2018 makes significant investment in the Coalition Government's key priorities, building on the 100-Day Plan.



Rebuilding critical public services



Enhancing and protecting our natural resources



Promoting economic development and supporting the regions



Enriching New Zealand's culture and identity



Taking action on child poverty, housing and homelessness

New investment in Budget 2018

Total net new operating spending in Budget 2018

\$2.8b

a year on average over the forecast period

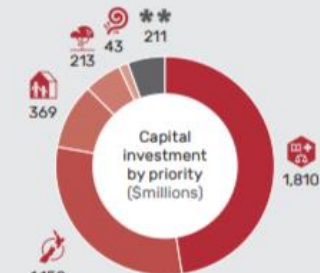
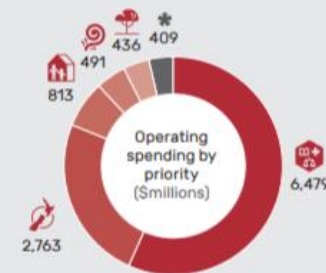
\$11.4b

over the forecast period

Total net new capital investment in Budget 2018

\$3.8b

in total



* This reflects a net increase of \$409 million from operating tagged contingencies and revenue and reprioritisation initiatives. See Table 1 of the Summary of Initiatives document.

** This reflects a net increase of \$211 million from capital tagged contingencies and revenue and reprioritisation initiatives. See Table 2 of the Summary of Initiatives document.

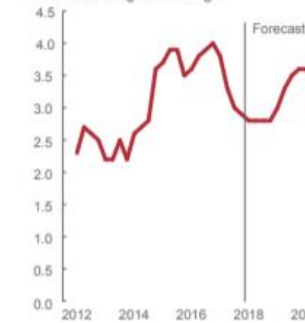
Economic outlook

The outlook for the economy is positive

The Treasury forecasts economic growth of about 3.0 per cent per year on average over the period to June 2022. The New Zealand economy is forecast to grow at a rate faster than that expected for our major trading partners.

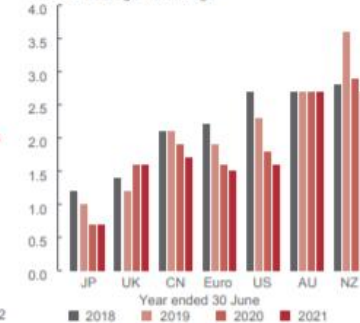
Economic growth (real GDP)

Annual average % change



Trading partner growth forecast

Annual average % change

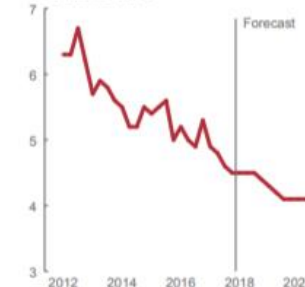


Sources: Stats NZ, The Treasury

Unemployment is expected to remain steady over 2018 before falling to 4.1 per cent in late 2019, in line with the Government's target of reducing the unemployment rate to 4.0 per cent by the end of this parliamentary term. Wage growth is forecast to be higher than inflation each year and to gradually rise to 3.4 per cent in 2022.

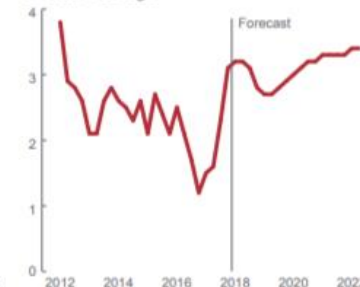
Unemployment rate

% of labour force



Hourly wage growth

Annual % change



Sources: Stats NZ, The Treasury

South Africa: medium-term outlook

Figure 1.1 Ten-year change in debt-to-GDP ratio

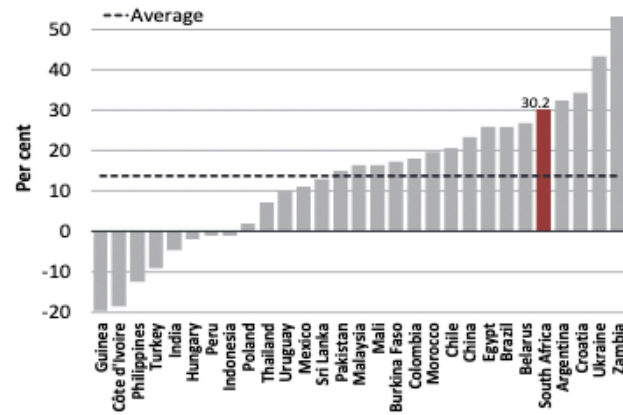


Figure 1.2 Real GDP growth



Figure 1.3 Main budget revenue and spending

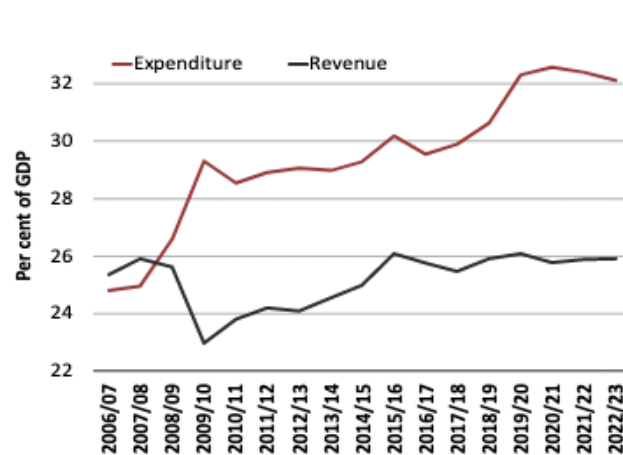
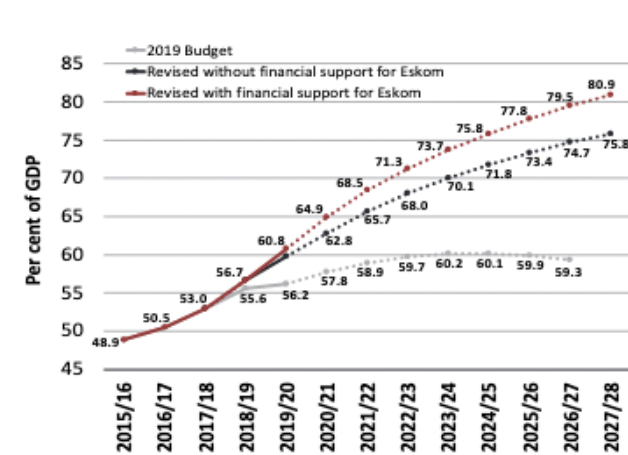


Figure 1.4 Debt-to-GDP outlook



Source: IMF World Economic Outlook, April 2019, and National Treasury

Use tables effectively



■ In-year spending adjustments

Main budget non-interest spending has increased by a net R36 billion in the current year. This amount consists of R145 billion added to spending for the fiscal response to the pandemic. This amount is partially offset by R109 billion from the items shown in Table 2.2. The expenditure ceiling, which excludes adjustments to the skills development levy, increases by R44.1 billion in 2020/21 compared with the 2020 Budget estimate.

Table 2.2 Revisions to main budget non-interest expenditure

R million	2020/21
Main budget non-interest expenditure (2020 Budget Review)	1 536 724
Proposed upward expenditure adjustments	145 000
Proposed downward expenditure adjustments	-100 885
National departments' baseline suspensions	-54 403
Repurposing of provincial equitable share	-20 000
Provincial conditional grant suspensions	-13 848
Local government conditional grant suspensions	-12 633
Other adjustments	-8 109
National Revenue Fund payments	13
Downward revisions to skills development levy	-2 122
Lower skills development levy due to 4-month holiday	-6 000
Revised non-interest expenditure	1 572 730
Change in non-interest expenditure from 2020 Budget	36 006

Source: National Treasury

Provide analysis

Analysis helps your reader make sense of vast amounts of information



(1) बजट का सार:- निम्नांकित विवरण वर्ष 2016-17 के लेखे, वर्ष 2017-18 के बजट अनुमान तथा पुनरीक्षित अनुमान और वर्ष 2018-19 के बजट अनुमान दर्शाता है।

क्रमांक	विवरण	#	(जब तक अन्यथा उल्लेख न हो, अंक ₹ करोड़ में)			
			2016-2017 लेखा	2017-2018 (A) बजट अनुमान	2017-2018 (Δ) पुनरीक्षित अनुमान	2018-2019 बजट अनुमान
1	राजस्व प्राप्तियां (2+3+4)		123306.79	139115.67	135072.29	155886.47
2	कर राजस्व (2.1 + 2.2)		90257.75	101401.53	97190.63	114145.16
	2.1 राज्य कर		44193.78	50295.21	46337.58	54655.24
	2.2 केन्द्रीय करों में हिस्सा		46063.97	51106.32	50853.05	59489.92
3	कर भिन्न राजस्व		9086.51	11679.74	9520.66	10933.78
4	केन्द्र से सहायता अनुदान		23962.53	26034.40	28361.00	30807.53
5	पूंजीगत एवं अन्य प्राप्तियां (6+7+8+9)		27397.36	30387.20	29194.58	30812.20
6	विविध पूंजीगत प्राप्तियां/ऋण एवं अग्रिम की वसूली		796.26	5149.82	5139.37	4018.52
7	लोक ऋण (7.1 - 7.2)		24922.00	24391.68	22642.11	25342.48
	7.1 प्राप्तियां		29847.41	33937.95	28453.29	37840.00
	7.2 भुगतान		4925.41	9546.27	5811.18	12497.52
8	आकस्मिकता निधि - (असमायोजित राशि)		0.00	0.00	0.00	0.00
9	लोक लेखा - शुद्ध		1679.10	845.70	1413.10	1451.20
10	कुल प्राप्तियां (1+5)		150704.15	169502.87	164266.87	186698.67
11	राजस्व व्यय (14+17)		119537.37	134519.27	134496.76	155623.92
	11.1 व्याज भुगतान एवं ऋण परिशोधन खर्च		9079.49	11540.73	11964.95	12867.29
12	पूंजीगत परिव्यय (12.1+12.2)		32229.25	35435.19	29798.03	31061.32
	12.1 पूंजीगत व्यय (15.1 + 18.1)		27288.32	31412.02	28154.77	29342.83
	12.2 ऋण एवं अग्रिम (15.2 + 18.2)		4940.93	4023.17	1643.26	1718.49
13	आयोजनेतर व्यय (14+15)		75943.80			
14	राजस्व व्यय (11.1 सहित)		73267.74			
15	पूंजीगत परिव्यय (15.1+15.2)		2676.06			
	15.1 पूंजीगत व्यय		129.29			
	15.2 ऋण एवं अग्रिम		2546.77			
16	आयोजना व्यय (17+18)		75822.82			
17	राजस्व व्यय		46269.63			
18	पूंजीगत परिव्यय (18.1+18.2)		29553.19			
	18.1 पूंजीगत व्यय		27159.03			
	18.2 ऋण एवं अग्रिम		2394.16			
19	कुल व्यय (11+12)		151766.62	169954.46	164294.79	186685.24
20	पुनर्प्राप्तियां		2935.33	6063.54	5046.34	5459.68
21	वित्तियोग की राशि (7.2+19+20)		159627.36	185564.27	175152.31	204642.44
22	वर्ष का शुद्ध लेनदेन		-1062.47	-451.59	-27.92	13.43
23	अंतिम शेष		-52.98	-128.25	-80.90	-67.47
24	राजस्व आधिक्य (1-11)		3769.42	4596.40	575.53	262.55
25	प्राथमिक घाटा (19-11.1)-(1+6)		18584.08	14148.24	12118.18	13912.96
26	राजकोषीय (वित्तीय) घाटा (19-(1+6))		27663.57	25688.97	24083.13	26780.25
27	सकल राज्य घरेलू उत्पाद (वर्तमान मूल्यों पर)		640484	735246	690038	826106
28	राजस्व आधिक्य का प्रतिशत जी.एस.डी.पी. से		0.59%	0.63%	0.08%	0.03%
29	राजकोषीय घाटा का प्रतिशत जी.एस.डी.पी. से		4.32%	3.49%	3.49%	3.24%

* प्रथम मसौदाका संशोधन के पर कमालपुनः 2/बजट/2017-18/126 दिनांक 21/2/2018 के संशोधन के अन्तर्गत।

* अग्रिम अनुमान (अन्तर्गत वर्ष 2011-12), ++ अधिसूचित

+ विद्युत वितरण कंपनियों को उदय योजना अन्तर्गत ₹7568 करोड़ (₹ 4011 करोड़ राजस्व + ₹ 3557 करोड़ पूंजीगत) को सहायता।

++ विद्युत वितरण कंपनियों को उदय योजना अन्तर्गत ₹4622 करोड़ (₹ 611 करोड़ राजस्व + ₹ 4011 करोड़ पूंजीगत) का समायोजन।

+++ ₹7361 करोड़ ऋण उदय योजना अंतर्गत शामिल।

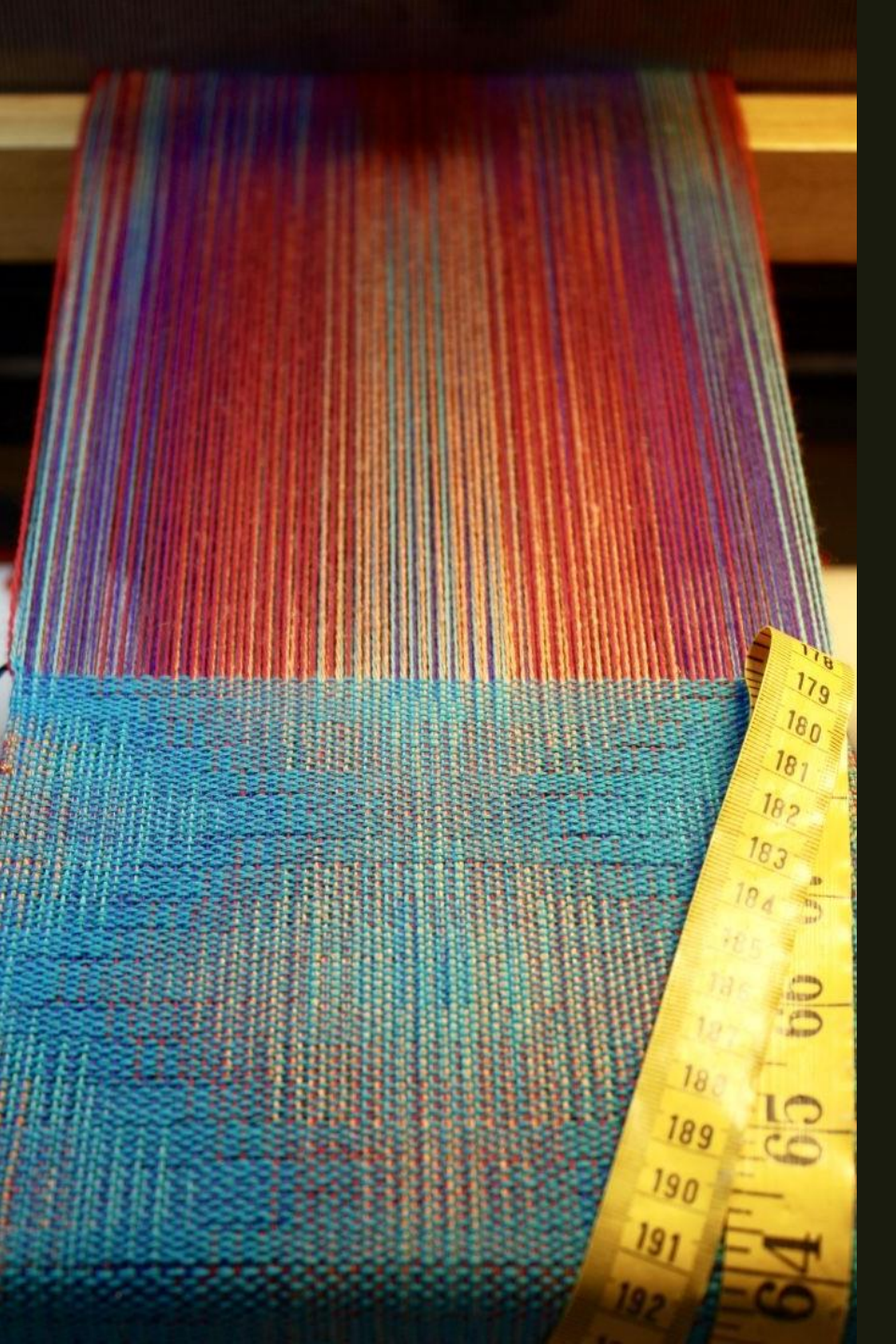
(A) वर्ष 2017-18 से आयोजना एवं आयोजनेतर मद के विभेदिकरण को समायोजित।

\$ राज्य जी.एस.टी. के अन्तर्गत केन्द्र सरकार से प्राप्त होने वाली जीतपूर्ति शामिल।

Data ≠
analysis

Telling the budget story





Building your narrative

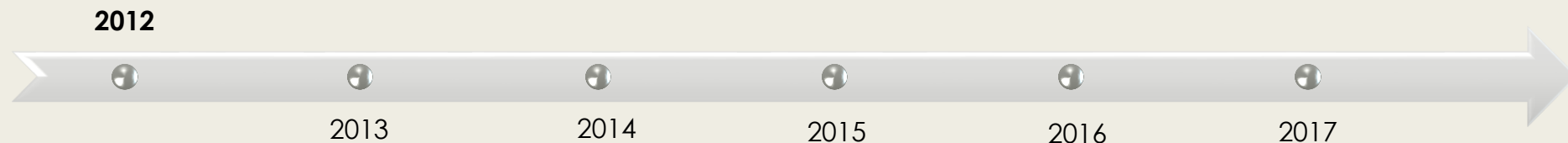
- Identify the central theme of the report
- Break the narrative into a logical sequence
- Use the identified theme as a guiding thread for the reader – weave it throughout the narrative
- Remember: data on its own is not a story

Shaping long-term fiscal policy

South Africa, 2012 Medium Term Budget Policy Statement

The narrowing of fiscal space, in combination with the erosion of the link between budget inputs and social outputs, implies the need for additional measures to secure the country's fiscal footing and improve the quality of spending. Over the next three years spending growth will remain stable and well contained...

If, however, the substantial risks to the outlook materialise and the economic environment deteriorates, realising these fiscal objectives will require a reconsideration of current spending and revenue plans. In a lower-growth scenario, an appropriate balance between spending restraint and new revenue initiatives would be necessary.



Shaping long-term fiscal policy

South Africa, 2014 MTBPS

The 2012 Medium Term Budget Policy Statement pointed out that if the economic and fiscal outlook were to deteriorate, a reconsideration of expenditure and revenue plans would be warranted. In the 2013 Budget, government trimmed its spending plans and reduced the unallocated contingency reserve. Eight months ago, the 2014 Budget stated that additional measures to ensure fiscal sustainability would be required if the economic outlook were to worsen.

That turning point has been reached.

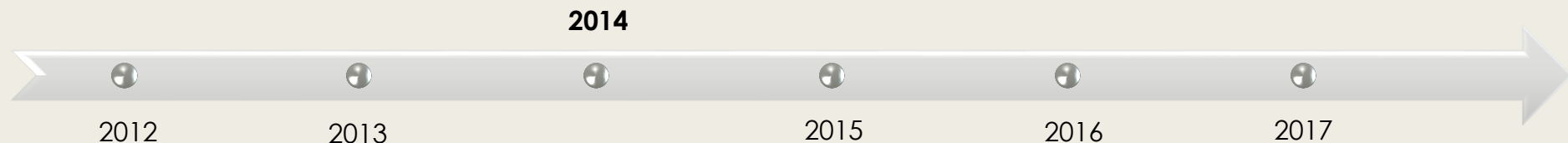


Shaping long-term fiscal policy

2014 MTBPS continued...

Government proposes a series of measures to narrow the deficit and stabilise debt over the medium term. The five elements of the fiscal package are as follows:

- Reduce growth in spending. Government will lower its 2014 Budget expenditure ceiling by R25 billion over the next two years.
- Adjust tax policy and administration. Proposals will be introduced in the 2015 Budget to generate additional revenue of at least R27 billion over the next two years.
- Strengthen budget preparation. Government will place greater emphasis on longer-term planning and efficient resource allocation, within a fiscal framework that links aggregate expenditure and economic growth beyond the medium term.
- Freeze government personnel headcounts. Government will also review funded vacancies.



Recap

1. Think about your readers
2. Write to the point
3. Use a logical structure
4. Keep documents concise
5. Omit unnecessary detail
6. Prefer concreteness to abstraction
7. Reduce density
8. Use visual elements
9. Provide sufficient analysis
10. Tell a story



Q&A



THANK YOU

