

Budget Review

2004



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National Treasury

Republic of South Africa

18 February 2004



ISBN: 0-621-35036-2

RP: 18/2004

The *Budget Review* is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

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Printed by Formaset Printers

Foreword

The 2004 Budget welcomes the dawn of a second decade in South Africa's nascent democracy, supported by economic and social policies reoriented to improve the lives of all South Africans. Our country has undergone a remarkable transformation since 1994. As we celebrate ten years of freedom this year, South Africans have much to be proud of. Reduced inflation and lower interest rates, well-diversified financial markets, healthy public finances and a favourable environment for trade and industrial development are established features of the South African economy. Today, we have a budget that addresses the needs of all South Africans, but in particular the poor.

But there is still much to do. Too many South Africans are trapped in the 'second economy', an economy characterised by poverty, poor educational standards, disease and unemployment. The divide between the haves and the have nots is too large. The challenges that lie ahead are immense, but we face them with the confidence that we will overcome these legacies, we will bridge these divides.

This budget is but one step in meeting these challenges. Our history has taught us that it takes many small steps to walk a mile. In crafting this budget, we draw extensively on *Towards a Ten Year Review* produced by the Presidency and the broad developmental vision spelt out in the State of the Nation address. The 2004 Budget prioritises increased infrastructure investment, targeted income support to the poor, health and education spending and allocations aimed at improving the quality of services delivered by Government to the people.

This is my first budget at the helm of the National Treasury. My predecessor, Maria Ramos played an oversight role for much of the period during which this budget was put together. I would like to thank her for her invaluable input and for being a pillar of strength and support in my first month of office. Tribute also goes to Ismail Momoniat who acted as Director General of our department from November to the end of January. His keen attention to detail and excellent sense of the 'bigger picture' has enhanced the quality of this Budget.

But a bigger thanks goes to the many hundreds of dedicated Treasury officials, national and provincial colleagues, employees of the South African Revenue Services, Statistics South Africa, the Financial and Fiscal Commission and the South African Reserve Bank. A debt of gratitude goes to members of Cabinet, the Ministers' Committee on the Budget, the Deputy Minister of Finance and Minister Trevor Manuel, who, so far, has been kind to me in this first month.



Lesetja Kganyago
Director-General: National Treasury

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