

Budget Review

2006



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2006

National Treasury

Republic of South Africa

15 February 2006

ISBN: 0-621-36398-7
RP: 09/2006

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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Foreword

South Africa entered 2006 with a level of optimism befitting our young democracy, balanced by the sober reflection of how much more we need to achieve. While we continue to make progress, the pressing challenges of social and economic development are a constant reminder of how much farther we need to travel.

Over the past year we have further defined these challenges and moved ahead with determination to address them. The accelerated and shared growth initiative and the foundation of South Africa's new social security agency are two recent and important steps taken to address the dual challenges of economic growth and social development.

The 2006 Budget takes advantage of the robust economic growth we have experienced in 2004 and 2005 to provide significant funding for a wide range of government programmes. These allocations support more rapid growth, and improve the breadth and quality of public services.

The national budget is always a work in progress – a snapshot of the fiscal and economic aspirations of our society at any given time. This process needs continuous attention and renewal. In line with previous budgets, the 2006 *Budget Review* reflects innovation and change.

The process of developing the budget incorporated a variety of improvements in 2005, including the development of a capital budgets committee to better assess infrastructure spending plans, and more extended reviews of policy. The latter have been reflected in revisions to chapter formats, with a fuller description of the policy behind government expenditure decisions in Chapter 6. The consolidated national and provincial numbers have been enhanced to better demonstrate the expenditure of public entities. And as in previous *Budget Reviews*, we have tried to improve the transparency of our discussion of policy, revenue and expenditure in support of ever-greater accountability.

The *Budget Review* benefits immeasurably from the prodding, questioning and views of colleagues inside and outside the National Treasury and its sister institutions – the South African Revenue Service and Statistics South Africa – along with the South African Reserve Bank, the Financial and Fiscal Commission, and government in general.

Minister of Finance Trevor Manuel and Deputy Minister of Finance Jabu Moleketi have provided vigorous and thoughtful leadership and guidance to the efforts of the National Treasury in all of its endeavours. A special note of appreciation goes out to members of Cabinet and the Ministers' Committee on the Budget for their unflagging support and commitment to a sound budget process.



Lesetja Kganyago
Director-General: National Treasury

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