
1. TAKING THE RDP INTO THE 21ST CENTURY

THE RDP AND THE BUDGET

Policy framework	<p>The 1998 Budget provides an expenditure framework for taking the Reconstruction and Development Programme into the 21st century.</p> <p>As explained in the <i>Medium Term Budget Policy Statement</i> published in December last year:</p> <ul style="list-style-type: none">◆ The <i>Reconstruction and Development Programme</i> (RDP) is the policy framework within which Government pursues the objective of creating a democratic, non-racial, non-sexist and prosperous society;◆ The <i>Growth, Employment and Redistribution Strategy</i> (GEAR) is one of the principal instruments for the realisation of the policy objectives contained in the RDP;◆ The Budget gives practical expression to the policies and programmes through which Government builds on this strategic framework.
Estimate of Expenditure	<p>As in the past, the expenditure estimates for the 1998/99 year are set out in detail in the first print of the <i>Estimate of Expenditure to be defrayed from the National Revenue Fund</i> (the “White Book”). The main appropriations come before Parliament to be voted. Once these and any supplementary proposals announced by the Minister of Finance are approved by Parliament, they are published in the second and final print (the “Blue Book”).</p>
Statutory appropriations	<p>The first print Estimate includes certain amounts directly charged to the National Revenue Fund in terms of statute that do not require a Parliamentary vote. These include commitments in respect of state debt and the salaries of political office-bearers. With effect from 1998/99, the equitable share of revenue assigned to provinces in terms of the Constitution and determined in the Division of Revenue Bill of 1998 will be a direct charge to the National Revenue Fund, replacing transfers formerly included in the Finance vote.</p>
Medium term expenditure framework	<p>The 1998/99 appropriations are summarised in this Review, together with forward estimates for the 1999/00 and 2000/01 years. These comprise the <i>medium term expenditure framework</i> (MTEF). They are the initial spending estimates within which the more detailed 1999 Budget will be compiled. Government departments must plan their spending programmes and</p>

accommodate proposed policy changes within this medium term expenditure envelope.

The MTEF is the outcome of a cooperative process, in which political office-bearers and officials of national and provincial departments have examined the expenditure implications of policy commitments, considered the options available for meeting these commitments and made sometimes difficult choices between competing priorities. The advice of the Financial and Fiscal Commission (FFC) has played a cardinal role, particularly in the evolution of provincial financing arrangements. Deliberations in the National Economic Development and Labour Council (NEDLAC) have contributed to the budget process. The work of the Parliamentary Portfolio Committee on Finance is crucial, both in its oversight of the integrity of the budget and in translating these proposals into law.

Budget priorities

The 1998 Budget and the three-year MTEF estimates give effect to our shared commitments:

- ◆ meeting the basic needs of the people;
- ◆ accelerating infrastructure development;
- ◆ laying the basis for sustained economic growth and job creation;
- ◆ developing our human resources;
- ◆ ensuring the safety and security of the citizen and the state; and
- ◆ transforming the organs of government to reflect the developmental and people-centred nature of our democratic state.

MEDIUM TERM EXPENDITURE PRIORITIES

Meeting basic needs

Reprioritisation of the Budget

The MTEF continues the reprioritisation of the Budget in favour of basic needs and the equitable delivery of social services. The National Budget and provincial estimates provide for:

- ◆ expenditure on welfare services and social grants of R19,8 billion in 1998/99, R20,7 billion in 1999/00 and R22,2 billion in 2000/01;
- ◆ expenditure on health services of R25,1 billion in 1998/99, increasing to R28,1 billion in 2000/01;
- ◆ Spending on housing programmes and subsidies of over R 3,6 billion annually;
- ◆ spending on land redistribution and land reform programmes of R685 million in 1998/99, increasing to R967 million in 2000/01;

- ◆ allocations to regional water schemes and related services of R1 247 million in 1998/99, increasing to R1 517 million in 2000/01; and
- ◆ allocations for poverty relief projects, rising from R500 million in 1997/98 to R800 million in 2000/01.

Social security

Social security spending is strongly redistributive. Household survey data indicate that social grants, currently paid to over 3 million beneficiaries, are a crucial source of income to poor households, particularly in rural areas, and this represents Government's primary investment in poverty alleviation.

Developmental welfare services

The Government has adopted a developmental approach to welfare services, including promotion of income-generating projects and community-based services. Where communities or non-governmental organisations are able to provide more appropriate and cost-effective services, institutional services will be phased down and subsidies for residential and other services will be reoriented on a sustainable, equitable basis.

Health services

A White Paper on the Transformation of the Health Care System was published in April 1997. Government envisages a health system in which the public and private sectors, non-governmental organisations, communities and households will have distinct roles, with an equitable distribution of financial, human and physical resources. Proposals have been put forward to address nutritional needs, maternal, child and women's health issues, HIV/AIDS and other communicable diseases. Government aims to improve the management of public hospitals and strengthen the links between hospital services and primary health care.

Free health care

Free public health care for pregnant women and children under six years was introduced in 1994. This has led, amongst other things, to increased use of antenatal health services, contributing to fewer pregnancy complications.

Primary school nutrition programme

The primary school nutrition programme provides morning meals, with an energy content of about 30 per cent of a child's daily requirement, to an estimated 4,9 million children in areas where poverty is worst. Primary school childrens' learning capacity and school attendance benefit, and this programme contributes to general health development and alleviates hunger. Approximately 11 000 employment opportunities have been created and over 30 000 volunteers are utilised.

Disability strategy

Concerted efforts have been made by the health departments to eradicate backlogs in providing wheelchairs and hearing aids to those who need them. Some 25 400 cataract surgeries were performed during 1997. Other initiatives focused on the needs of disabled people include the development of guidelines for housing for disabled persons eligible for housing subsidies, and a review currently in progress of the criteria for access to disability grants. A White Paper setting out an Integrated National Disability Strategy was published by the Office of the Deputy President in November 1997.

Land reform

Three major land reform programmes have been initiated:

- ◆ redistribution of land – to meet the need for land, and to reverse the unequal racial geography of the country;

- ◆ restitution of land rights – to restore land which was taken from people by apartheid after 1913; and
- ◆ tenure reform – to provide secure land tenure and to resolve overlapping and conflicting rights and claims to the same land.

By the end of 1997, land redistribution transfers had been completed in 89 projects, involving 87 695 beneficiaries and 324 486 hectares of land.

Implementing restitution has proven more complex than initially anticipated. Eighteen restitution cases had been resolved by the end of 1997. Approximately 27 000 people have recovered about 150 000 hectares of land which were taken from them during the apartheid years. During 1997 the law was amended to remove procedural delays and it will now be possible to accelerate the resolution of claims.

During 1997 the Extension of Security of Tenure Act was enacted. The protection this affords to those who live on land which belongs to someone else, and the establishment of dispute resolution procedures, brings significant benefits to at least 6 million people in rural areas.

Housing development A new Housing Act was passed in November 1997. This provides for a sustainable housing development process through which the right to adequate housing reflected in the Constitution can be realised. An Urban Development Framework was also published in 1997, containing a vision of our urban future and setting out the various Government programmes aimed at achieving that vision.

More than 385 000 houses have been built or are under construction under the housing subsidy scheme, and 700 000 subsidies have been reserved. The scheme now allows for a range of tenure options in both urban and rural areas, and can be used in a greater variety of ways by qualifying low-income beneficiaries. It can be applied on an individual or on a co-operative basis, for the refurbishment of old housing stock or the production of new dwelling units.

Water services The RDP water and sanitation programme will bring 25 litres of potable water per person to all communities by the year 2004. Over 1 020 water supply projects have been identified, are underway or have been completed, bringing safe water to 8,9 million people and sanitation to about 100 000 people. Over 1 200 000 previously unserved people have already been supplied with water.

Community based public works The community based public works programme adopted in 1994 aims to contribute to infrastructural development through labour-based construction, especially targeting women. It creates temporary jobs while providing assets that add to income-generating capacity and improve accessibility of remote communities. Over 900 projects have been implemented, mainly in poor rural communities, creating some 41 650 person-years of employment.

Working for water The working for water programme clears invading alien plants, such as wattles, pines and gums, from water catchment areas. Labour-intensive methods are used and as these projects are mainly located in areas of extreme poverty this is a valuable poverty relief initiative. Some 38 000 jobs have been created, mainly benefiting women. This is an investment in protecting water

resources and the natural environment, while providing jobs and incomes to poor communities.

Accelerating infrastructure development

Investing in infrastructure

Investment in infrastructure builds economic capacity and enhances competitiveness, while contributing to the quality of life of poor people. Energy, transport, communications and social infrastructure bring significant benefits to women and children, particularly.

Capital expenditure financed by the national and provincial governments is projected to increase from about R14 369 million in 1998/99 to R16 348 million by the end of the MTEF period. Capital spending by public corporations is also expected to grow over this period, bringing the projected contribution of the public sector to gross domestic fixed investment to about R56 300 million in 2000/01, or about 7 per cent of GDP.

The main capital spending programmes on the national Budget are as follows:

- ◆ transfers to local government for municipal infrastructure projects, rising from R583 million in 1998/99 to R990 million in 2000/01;
- ◆ a new hospital rehabilitation programme, beginning with R100 million in 1998/99 and increasing to R500 million in 2000/01;
- ◆ allocations for various land and buildings projects on the Public Works vote of R1 665 million in 1998/99 increasing to R1 711 million in 2000/01;
- ◆ capital spending on the Transport vote amounting to R742 million in 1998/99, rising to R1 153 million in 2000/01, mainly for road projects; and
- ◆ capital spending on water schemes and related infrastructure of R1 537 million in 1998/99, increasing to R1 785 million in 2000/01.

The 1998/99 Budget includes an additional R300 million for infrastructure development, to be allocated once project proposals have been considered.

Transformation of the construction industry

Public authorities and public corporations account for about half the infrastructure-related fixed investment in the South African economy. Given the importance of this expenditure, the Department of Public Works published a Green Paper on *Creating an enabling Environment for Reconstruction, Growth and Development in the Construction Industry* in November 1997. Government aims to improve industry performance and encourage participation of small contractors and labour intensive methods of construction.

An Agreement on Job Creation in the Construction Industry reached at NEDLAC provides a basic framework for the conditions of employment on public works programmes. Several initiatives with a strong labour-intensive focus are in progress.

The Implications of Physical and Social Infrastructure for Gender Equity

Transport

The 1994 October Household Survey investigated transport use to and from work. It showed a higher percentage of women than men using public transport, and longer travel times for public than private transport. Improvements in transport infrastructure and the accessibility and safety of public transport contribute to the quality of life of women and their access to employment and service facilities.

Water and sanitation

Access to adequate potable water and effective sanitation facilities also affect women. Women and children based in non-urban areas continue to spend a significant amount of time carting water. Access to water and sanitation influences the prevalence of diseases such as dysentery and also affects women's reproductive health and children's wellbeing.

Energy and telecommunications

Adequate and affordable energy and communications services affect women's ability to participate in income-generating activities, in addition to their role in household activities. Survey data show that African and coloured women who work in the personal services sector benefit significantly from improvements in the availability of electricity and telephone services.

Municipal infrastructure investment

The municipal infrastructure programme, now called the consolidated municipal infrastructure programme, was launched in 1994 to provide for the basic service needs of communities, as envisaged in the RDP. The extension and upgrading of municipal infrastructure has since been expanded to ensure rapid and visible improvement in the provision of municipal services. The project involves the physical upgrading and refurbishment of services, as well as the development of institutional capacity. Over 600 projects have been completed and a further 450 are in progress, providing jobs to 242 000 people and contracts to 1 569 small and medium-sized enterprises.

Urban renewal

Government has initiated several special urban renewal projects, encompassing repairs to street lighting and roads, cleaning and upgrading sports fields and local economic development. These integrated Presidential projects target areas where considerable strife has been experienced. Good progress has been made in Katorus (Gauteng), Molopo River Basin (North West), Duncan Village and Ibhayi (Eastern Cape), Thabong (Free State), Mooi River and Bruntville (KwaZulu-Natal), Galeshewe (Northern Cape), Mahwelereng (Northern Province) and an integrated serviced land project (Western Cape).

Hospital rehabilitation

The South African health facilities audit of 44 public hospitals and 108 community health centres in 1995 and 1996 put the value of this estate at R22 billion. Government recognises the importance of maintaining and improving these assets. Beginning in 1998/99, the budget will include allocations for a hospital rehabilitation programme, to be coordinated by the national Department of Health.

Roads construction	Investment in transport infrastructure is set to accelerate over the next three years, both as a result of increasing government spending and greater use of private finance. The "Moving South Africa" initiative of the Department of Transport represents a long-term commitment to meeting people's needs for increased mobility and ensuring that transport infrastructure contributes to the competitiveness of the economy. A national Roads Agency is to be established, drawing on user charges and greater use of private finance and a more stable allocation of budget resources.
Spatial development initiatives	Recognising the key links between transport infrastructure development and industrial investment, Government has identified several priority spatial development initiatives. Construction of the improved highway linking Gauteng and Maputo is underway, and has contributed to considerable investor interest in this industrial corridor. Project proposals and investment commitments on other spatial development initiatives are under review to revitalise depressed regional economies and create sustainable jobs.
Water resources management	A milestone was achieved in January 1998 with the opening of the first phase of the Lesotho Highlands water project, completing an eleven-year investment of some R10 billion in securing water supplies to South Africa's industrial and metropolitan heartland. The Komati River project, a joint undertaking with Swaziland, and several other regional water supply projects are under construction or being planned. A four-year R596 million project in the Northern Province will commence in 1998, bringing water to about 600 000 people, and planning is well advanced for the R632 million Skuifraam Dam to augment the water supply to the Cape Town metropolitan area.
Public-private partnerships	The Government aims to extend the range of infrastructure projects that make use of private sector participation. Electrification and telecommunications programmes are self-financing, able to draw on domestic and international financial markets. Proposals are under review for private construction and maintenance of prisons under long-term contract. Private finance and management will be brought into airports, harbours and roads. Business partnerships are encouraged between municipalities and private concerns for financing, extending, operating and management of infrastructure services. A total of 18 pilot projects have been established in urban and rural areas country-wide, including water, sanitation, refuse collection and transport projects. During the 1997/98 financial year, the private sector invested R1 billion in these projects, R5 for every R1 spent by government.
Development Bank of Southern Africa	The Development Bank of Southern Africa (DBSA) is playing an increasingly active role in financing infrastructure. Disbursements for 1998/99 are expected to exceed R1 800 million compared to R1 380 million last year. Based on an average of 20 persons employed for each R1 million invested, about 60 000 jobs will result from these project commitments. The DBSA also acts as a catalyst for private-public partnerships and in the current year is expected to mobilise at least an additional R10 billion in co-financing.
Economic growth, development and job creation	
Growth and development	The RDP calls for the building of the economy – both sustainable, accelerated growth and a redistribution of income and opportunities. The macroeconomic dimensions of this programme are set out in the <i>Growth, Employment and Redistribution</i> strategy. It sets out policy objectives for reintegration into the

global economy, reprioritisation of government spending, an expansion of infrastructure investment, encouragement of industrial development, labour market stability, skills development and restructuring of state assets, within the context of a sound fiscal and financial framework.

Expenditure on economic services

The Budget includes several major spending programmes in support of economic development:

- ◆ the Trade and Industry vote of R2 370 million in 1998/99 provides for increased support for small business development, industrial supply-side measures and export promotion;
- ◆ estimated expenditure of R737 million of the Department of Agriculture in 1998/99 will support agricultural research and extension services, with an increasing emphasis on the needs of emerging and small-scale farmers;
- ◆ tourism promotion receives a R71 million share of the Environmental Affairs and Tourism vote in 1998/99; and
- ◆ Minerals and Energy is expected to spend R648 million in 1998/99, falling to R599 million in 2000/01 as commitments relating to nuclear energy are phased down.

Labour services

A sharp increase in spending on human resource development, industrial dispute resolution and other services in support of labour market policies is reflected in the Department of Labour medium term expenditure allocations. The Commission for Conciliation, Mediation and Arbitration is playing an increasingly effective role in stabilising industrial relations and ensuring that employment practices are fair.

Agricultural development

Agricultural marketing schemes and control boards have largely been phased out in the past few years, representing significant progress in deregulating these markets. An overhaul of financial support schemes is in progress, led by the Land Bank. Agricultural research and extension services are reorienting their activities to meet the challenges both of international competition and increasing numbers of small-scale farming enterprises.

Tourism

South Africa has well-established tourism potential. A White Paper on the Development and Promotion of Tourism was adopted in June 1996, setting targets for tourism development over the decade to come. A revitalised South African Tourism Board has been established to take the lead in this challenge.

Energy

Government has decided to restructure the electricity distribution sector into a limited number of regional distributors, thereby reducing costs and increasing efficiency. Extended electricity distribution and promotion of alternative energy sources are RDP priorities, contributing to quality of life and indirectly creating income earning opportunities.

Minerals

The downturn in parts of the South African mining industry are of considerable concern. Government provides research and other support to the industry, including limited financial assistance to marginal mines. New initiatives aim to encourage new mines and small-scale ventures. Where job losses cannot be avoided, Government will seek agreement with labour and business on appropriate social investments.

Industrial support and trade promotion	A range of supply-side industrial support and trade promotion programmes have been introduced and are increasing in scale, while the general export incentive scheme is being phased out. 42 investments have been attracted by the tax holiday scheme and the revised small and medium-sized manufacturing development programme. The Department of Trade and Industry takes the lead in Government's participation in trade reform negotiations. It is anticipated that a trade agreement will be concluded with the European Union in 1998.
Small business development	Government has established Ntsika Enterprise Promotion Agency to provide non-financial support to small and medium-sized enterprises, and Khula Enterprise Finance to improve the access of small firms to business finance. These ventures are playing an increasing role, together with a variety of other policies and initiatives to promote small business development.
National Empowerment Fund	In order to support participation of previously disadvantaged groups, Government proposes to establish the National Empowerment Fund. Once operational, this will provide funds to facilitate the acquisition of equity in restructured public enterprises.
Affirmative procurement	Government aims to contribute to black economic empowerment and small business development through affirmative procurement policies. The Department of Public Works has developed guidelines in this regard, mainly focused on contracts of less than R2 million. Each tender is allocated points on the basis of the cost and equity owned by disadvantaged persons. Over the past three years the share of procurement going to affirmable enterprises has doubled to an estimated 37 per cent of the total value of contracts.

Human resource development

Education remains the largest function on the Budget, accounting for over a quarter of non-interest spending and one-third of public sector employment. The formal education system accommodates some 13 million learners. In addition to strengthening schooling, colleges and higher education, Government plans to introduce a new skills development strategy over the MTEF period.

Expenditure on human resources	<p>The main components of government expenditure that contribute to human resource development are the following:</p> <ul style="list-style-type: none">◆ provincial spending on education, set to increase from R38,9 billion in 1998/99 to a projected R42,2 billion in 2000/01;◆ national expenditure on universities and technikons of R6,0 billion in 1998/99, increasing to R7,3 billion in 2000/01, including allocations over the three-year period of R300 million, R350 million and R400 million for the national student financial aid scheme;◆ a 1998/99 allocation of R200 million on the national Education vote for improving management systems in provincial education and supporting key quality-enhancing initiatives, to rise to R600 million by 2000/01; and
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- ◆ an amount of R325 million for human resource development on the Labour vote in 1998/99, increasing to R850 million in 2000/01, including provision for the introduction of the new skills development strategy.

Implementation of the SA Schools Act

The South African Schools Act came into effect in January 1997. It provides for school organisation, governance and funding. Amendments to the Schools Act passed in 1997 provide for a public school to employ staff additional to its official establishment out of funds raised by the school community.

A new policy framework for educator personnel provisioning has been developed for formal consideration early in 1998. This recognises that post provisioning must be exercised as a provincial responsibility in terms of provincial budgets and cannot be controlled by collective bargaining agreements. National norms governing the deployment of educators form part of the new proposals.

Senior certificate

Approximately 556 000 learners sat for the senior certificate examination in 1997. A significant improvement was evident in the administration of the examination. While the results showed an overall decline in the pass rate from 54 per cent to 47 per cent, examination standards were raised through the phasing out of lower grade options and a more conservative policy on the adjustment of raw marks.

Quality improvement

National initiatives focused on improving education quality include a comprehensive overhaul of the curriculum. A framework has been established and introductory course material has been prepared. A national early childhood learning pilot project has been launched, targeted at 2 800 non-governmental early learning sites. A three-year campaign aimed at promoting a culture of learning, teaching and service at all learning institutions was launched by the President in February 1997. A project is also underway to design new education quality indicators and effectiveness assessment tools. Several initiatives are in progress aimed at strengthening provincial education management and providing support to school principals.

Adult basic education and training

Government has approved an implementation plan for adult education, bringing together the capacity of the state, business and the non-governmental sector, and consolidating policies and programmes. Provincial projects will provide basic education learning opportunities to about 154 000 adults during 1998.

Higher education policy

After the release of the White Paper on higher education and extensive public consultation, the Higher Education Act was passed in 1997. The Act provides for the establishment of a new advisory body, the Council of Higher Education, reform of the governing structures of higher education institutions and the introduction of new financing arrangements.

Reorganisation of colleges

Since the Constitution makes all post-secondary education a responsibility of national government, consultations are in progress regarding the incorporation of post-secondary colleges into the higher education sector. A technical committee has prepared recommendations on the transfer of colleges of education and their future governance, funding and administration.

Out of school youth training	Community colleges or youth colleges have been proposed to assist school-leavers in completing the senior certificate or obtaining alternative qualifications. The programme is being piloted in Gauteng where facilities have been made available for 7 500 scholars.
Skills development strategy	New financing arrangements for further education will evolve in concert with the new skills development strategy. Government envisages the introduction of a wide range of formal "learnerships", within the context of the South African Qualifications Framework, to provide a bridge between formal education and the workplace, strengthen industrial training and provide learning opportunities for the unemployed. Negotiations on a draft Skills Development Bill have been held under the auspices of NEDLAC. The Labour vote includes an increasing contribution of the fiscus to the skills development strategy.
Safety and security	
Spending on safety and security	<p>Government plans to increase spending on justice, police and prisons by about 7 per cent annually over the MTEF period, together with improved coordination between components of the criminal justice system and a renewed focus on integrated community policing.</p> <p>Spending on safety and security is projected as follows:</p> <ul style="list-style-type: none">◆ allocations to the SA Police Service increase from R13 709 million in 1998/99 to R15 181 million in 2000/01;◆ the Justice Department is budgeted to spend R2 173 million in 1998/99, increasing to R2 658 million in 2000/01;◆ the Correctional Services vote increases from R4 493 million to R5 397 million in 2000/01; and◆ the Defence vote is R9 959 million in 1998/99, increasing to R10 987 million in 2000/01.
Community policing	With the advent of democracy in South Africa a fundamental reassessment of the nature and style of policing in the country became essential. The community policing programme focuses on improved communication between communities and the police, respect for human rights, information management and victim support. Five projects have been launched together with a pilot community policing centre in each province.
Police infrastructure	The construction of three new police stations in previously unserved communities and refurbishment of existing facilities are in progress. The new automated fingerprinting information system is at the tender stage and enhanced management information systems have been developed with a view to strengthening the coordination between police, courts of law and correctional services.
Transformation of the justice system	The Department of Justice has drafted a "Vision 2000" on the transformation of the administration of justice, aimed at improving service delivery and enhancing the efficiency of the courts. New regional offices have been

established and infrastructure is being upgraded. An investigation into the rationalisation of various courts has been completed. Progress has been made in developing community safety centres aimed in particular at the needs of women and children in their interaction with the justice system.

Integrated prison security

Eighteen prisons have been earmarked for urgent improvement and work is near completion on these projects. The Department of Correctional Services aims to build four prisons through private procurement and partnership projects, in addition to several other new contractual service delivery arrangements. Progress has been made in isolating high-risk prisoners in more secure prisons, and in separating juvenile offenders in specialised facilities.

Defence

An increased role for the armed forces is envisaged in support of the police and other protection services over the MTEF period. This includes roadblocks, foot patrols and vehicle patrols. The army also undertakes border patrols, while the navy participates in patrolling the coastline to combat the influx of illegal immigrants, smuggling and protection of the country's marine resources. The medical services and air force assist in various operations, particularly in rescue missions in the case of natural disasters.

Disaster management

Disaster management in South Africa has undergone a shift from a traditional reactive approach towards a pro-active and preventive approach. During 1997 Cabinet established an inter-Ministerial committee for disaster management and a National Disaster Management Centre to co-ordinate all disaster-related activities. The Green Paper on Disaster Management was approved by Cabinet in December 1997 and will be distributed early in 1998.

Transformation of government

Cooperative governance

Implementation of the Constitution brings a new structure of relations between national, provincial and local government. This year, an equitable division of nationally raised revenue is to be effected in law, and several new conditional grant funding mechanisms are introduced to support national policies implemented by provinces and municipalities.

Strengthening transformation

The MTEF sets aside several allocations to strengthen the transformation of government:

- ◆ R100 million has been set aside annually over the MTEF period for enhancing financial management in national and provincial departments;
- ◆ allocations have been reserved on the national Education and Welfare budgets to contribute to improved management and modernised information systems in provincial departments;
- ◆ supplementary allocations to be made to provinces as grants from the national Finance vote have been made conditional on preparation of credible budgets to meet transformation objectives in education, health and welfare, and on compliance with improved financial management standards.

White Paper on public service delivery

The White Paper on Transforming Public Service Delivery was published in 1997, introducing the *Batho Pele* ("people first") initiative. This will not involve additional resources, but is meant to ensure that the resources in the

public service are geared towards service delivery and that wasteful and expensive internal procedures are eliminated. The key to the success of *Batho Pele* lies in the accountability of government to the wider community.

Piloting *Batho Pele*

National departments and provincial administrations are to publish their first service standards by the end of 1998. Several pilot departments have already embarked on service improvement programmes. These pilots will demonstrate how the principles of public service delivery can work in practice and will create working models from which other departments can learn.

UMSOBOMVU TRUST

The medium term expenditure framework gives expression to a full range of policies and programmes of the Government. It signals the mobilisation of the national, provincial and local spheres of government in implementing the RDP.

In taking these commitments forward, in partnership with labour, business and organisations of civil society, the Government proposes to create a new vehicle for development.

**Umsobomvu – a
“new dawn”**

Out of the proceeds of an extraordinary charge to be levied on the event of the demutualisation of our large mutual insurers, the Government will create the *Umsobomvu Trust*. At the dawning of the 21st century, our nation must invest in its young people, arouse their skills potential, invigorate employment creation and secure better lives for our children.

Details of this new partnership between Government and the people will be announced shortly.