

# FOREWORD

This is a Budget for reconstruction and development; for prosperity, jobs and growth; for the poor; for investment in our basic services, infrastructure and people; and for stable and sustainable economic policies.

The past year has seen dramatic changes in the management of fiscal policy. This financial year the budget process:

- ◆ has given substance to the constitutional autonomy of provinces to set their own budgets within limits laid down by national government; and
- ◆ has been extended to a three year cycle augmented by policy analysis to assist Government when strategic judgments about spending priorities are made.

Although we have made significant changes to the system, there is considerable continuity and stability in Government's policy objectives. The RDP and GEAR have remained the cornerstones of Government's economic and development strategy.

But we will not rest on our laurels. There is much to do in the coming year. We will:

- ◆ continue to build on the medium term expenditure framework by expanding the coverage of the analysis and laying more solid foundations for decision-making;
- ◆ publish a Budget Reform White Paper which sets out a coherent framework of reform to improve budget prioritisation and service delivery; and
- ◆ table a new Treasury Control Bill, designed to replace the national

and nine provincial Exchequer Acts, and to improve accountability and transparency;

The Budget Review is the most authoritative account of the nation's budget. It gives substance to Government's commitment to greater transparency and to strategic planning and management. It is also the most ambitious ever produced in South Africa. For the first time:

- ◆ it sets out three year spending plans, and begins to link them to the outputs that the public can expect for that spending;
- ◆ it sets out a coherent framework on the division of revenues between the three spheres of government;
- ◆ it includes a detailed exposition of Government's policy priorities, particularly with respect to reconstruction and development; and
- ◆ it contains gender-disaggregated information where available and appropriate, to permit an informed analysis of the impact of the Budget on men and women.

The Budget Review is the work of the whole of government and we thank our colleagues in all departments for their cooperation. A special thanks goes to our friends in provincial treasuries whose hard work constitute the foundations of the new intergovernmental fiscal system. We also thank our colleagues in the Financial and Fiscal Commission for their guidance as we all grapple with the complexities of our new fiscal framework.

The Department of State Expenditure and the South African Revenue Services are part of our immediate family. Their contribution to our common endeavor is invaluable.

This Budget Review is a symbol of the new Department of Finance. It reflects our commitment to the transformation of our country. We have embarked on an exciting programme of fiscal reform and renewal.

The Review is the work of a professional team for whom no job is too big and no challenge too daunting. Their commitment, hard work and dedication goes well beyond the call of duty. It is a privilege to be part of such a team.

**Maria Ramos**  
**Director General of Finance**