FOREWORD

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Budgets are about allocating resources in line with government policies and priorities. During budget making, invariably the demands on our resources far exceed what we have available and thus we are faced with choices. These choices are guided by government's priorities. The priorities of government are shaped by our desire to transform our country and create a better life for all. The cornerstone of the priority setting exercise is the Reconstruction and Development Programme.

Clearly in making the choices, a balance has to be found with funding of short-term priorities and long-term goals and objectives. This is crucial given the challenges that face our country. A sustained higher level of economic growth is the effective answer to the twin challenges of poverty and unemployment.

Our commitment to improving social service delivery in the form of health care, the provision of education and the payment of social grants are borne out by the increase in spending on these functions from R9,8 billion in 1995/96 to R21,5 billion in 2003/04. Health, education and welfare still constitute 80% of the total expenditure budget. This level of spending has resulted in an increasing matriculation pass rate, the stabilization of the incidence of communicable diseases and a substantial growth in the number of beneficiaries on the welfare grants system.

The capital budget in 1995/96 was R553 million and constituted a mere 5% of the budget. The budget for capital expenditure in 2003/04 is R5 billion which is 19% of the budget. Whilst targeting improved social infrastructure such as hospitals, clinic, schools, sports and recreation facilities and welfare service points, there is an increasing investment in economic infrastructure.

These create the catalyst for growth in the economy, the building blocks for the future. We have put in place a solid foundation over the last nine years and we are now starting to see the fruits of our endeavors with increased access to social services, improved quality of services and a growing economy that is now beginning to create jobs in the formal sector.

The quality of information both financial and non-financial contained in the budget statements is testimony to our efforts to improve transparency and accountability. It adds to the quality of the analysis and discussions on policies and choices. We remain committed to this path of reforms for indeed it signals a brighter future.

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