



Budget Statement 2006 /2007



FOREWORD

South Africa public expenditure management has undergone substantial reform since the mid-1990.

Key to such reforms, were the complete overhaul of the system of budget planning, implementation and management. Initially, it focused on supporting the attainment of macroeconomic stability and strengthening public spending. Later, the focus shifted towards a more focused emphasis on the effectiveness of resource allocation and the efficiency with which public goods and services are delivered.

These and other reforms, such as the institution of multi-year budgets, under the Medium-Term Expenditure Framework (MTEF), enabled more effective intergovernmental fiscal arrangements, through a system that allowed for more effective political oversight and a stronger focus on policy priorities as the ultimate driver of resource allocation. Such policy setting was further supported by budget stability and predictability that a transparent, yet disciplined, budget planning process, made possible.

The aforementioned reforms contributed to a situation where, today, we find ourselves in a position where the provincial budget estimates are no longer a mere mechanism for the funding of public goods and services emanating from our provincial constitutional mandate. Indeed, it is now possible to shift focus to the allocation of available resources to real service delivery plans, as opposed to the funding of item-by-item costs, based on historical item expenditure.

It is thus important to appreciate that the 2006/07-2008/09 provincial MTEF budget constitutes a deliberate attempt to direct provincial expenditure to those areas of operation, that ultimately, support the attainment of the goals and objectives of the Free state Growth and Development strategy, that was launched on 20 May 2005 and, in that way, have a meaningful impact on the lives of ordinary citizens of the Free State Province.



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