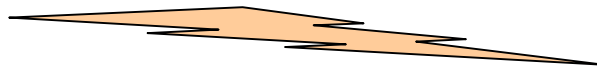


SUMMARY OF BUDGET STATEMENT NUMBER 2

DEPARTMENTAL ESTIMATES



1. INTRODUCTION

Budget Statement Number 1 (Budget Overview) and Number 2 (Departmental Estimates) are being introduced for the second year in 2003–2004 budget and this is another step in the introduction of a performance based budget system as planned by the Provincial Treasury. Conventional budget practices have traditionally focused on providing financial information organised around provision of input costs, such as salaries and other types of direct operating and capital costs, and transfers to third parties such as individuals or agencies.

One of the main problems using the conventional budget practice is the lack of information about quantity and quality of the services that have been delivered and how the different outputs are related to costs. Without that information it is difficult to make analysis of, for example, what the consequences will be in terms of service delivery of a change on the level of input resources.

Performance budgeting requires departments not only to budget for inputs but also to explain the planned quantity and quality of service that will be delivered. In this process departments must establish clear operational objectives that are linked to the overall development goals of the Province. Departments must identify what outputs are to be produced in order to achieve the departmental objectives and identify measures or performance indicators that relate to the outputs to be delivered. Finally departments must determine the inputs requirements and costs for the activities needed to deliver those outputs.

The format of the Budget Statements is intended to provide information about each department's aim, vision and strategic direction and what outputs the departments will deliver as a contribution towards the achievement of departmental objectives. The different provincial departments have submitted the information in this Budget Statements to the Provincial Treasury. The Provincial Treasury has thereafter consolidated the information into these Budget Statements.

In these Budget Statements, the economic classification of the budget has been changed in line with the Government Finance Statistic (GFS) system established by the International Monetary Fund.

Mpumalanga Province Budget Statements for 2003/04

1.1 Summary of provincial expenditure per vote

Total outlays for the provincial votes are budgeted at:

Financial year 2003/2004: R 11.361.756 million

Financial year 2004/2005: R 12.523.701 million

Financial year 2005/2006: R 13.674.737 million

Table 1.1	Summary of expenditure and estimates per Vote					
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Est.		MTEF	MTEF
R'000	Expenditure	Expenditure	Actual	Voted	Budget	Budget
1. Office of the Premier	61.158	74.297	101.344	96.722	104.320	111.237
2. Finance and Economic Affairs	175.470	349.804	313.073	258.005	289.288	288.677
3. Local Govt. Traffic Control and Traffic Safety	0	155.500	166.605	183.528	200.041	211.141
5. Agriculture. Conservation and Environment	248.577	326.214	314.127	395.405	399.902	398.929
7. Education	2.996.635	3.330.933	3.886.419	4.522.763	4.919.529	5.374.330
8. Public Works. Roads and Transport	607.149	696.637	770.700	807.467	877.785	957.517
9. Safety and Security	22.321	26.295	31.847	41.189	46.169	47.674
10. Social Services. Pop and Development	1.320.880	1.526.856	2.001.336	2.464.054	2.855.593	3.254.099
11. Health	1.117.368	1.456.561	1.701.742	2.101.818	2.315.057	2.503.290
12. Housing and Land Administration	241.864	434.217	352.071	381.762	400.939	408.917
13. Provincial Legislature	45.687	41.573	49.859	49.943	50.213	52.120
14. Sport. Recreation. Arts and Culture	28.724	34.626	60.924	59.100	64.865	66.806
Total: Provincial departments	6.865.833	8.453.513	9.750.047	11.361.756	12.523.701	13.674.737

1.2 Expenditure by economic classification

Table 1.2	Summary of expenditure and estimates: GFS classification					
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Est.		MTEF	MTEF
R'000	Expenditure	Expenditure	Actual	Voted	Budget	Budget
<u>CURRENT</u>						
Personnel	4.303.084	4.414.859	4.957.471	5.596.712	6.063.373	6.577.219
Transfers	1.394.558	1.796.497	2.128.302	2.679.394	3.058.866	3.397.651
Other Current	628.827	1.377.639	1.741.854	2.035.225	2.251.525	2.382.106
Total: Current	6.326.469	7.588.995	8.827.627	10.311.331	11.373.764	12.356.976
<u>CAPITAL</u>						
Acquisition of capital Assets	360.116	515.084	629.751	697.909	790.668	935.531
Transfer Payment	179.248	349.434	292.669	352.516	359.269	382.230
Total: Capital	539.364	864.518	922.420	1.050.425	1.149.937	1.317.761
Total GFS classification	6.865.833	8.453.513	9.750.047	11.361.756	12.523.701	13.674.737