

BUDGET STATEMENT NUMBER 2

DEPARTMENTAL ESTIMATES



1. INTRODUCTION

Budget Statement No. 2 - Departmental Estimates was introduced for the 2000/01 budget as well as for the MTEF Period 2001/02 - 2002/03 as a new way of presenting budget information for individual provincial departments. The new format was one step in the introduction of a performance based budget system as planned by the National Treasury. The intention is to present expenditure estimates together with operational objectives and service delivery performance information (outputs) on sub-programme level.

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, 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. As part of the Budget Reform Programme, National Treasury will initiate the establishment of national norms and standards for the main service delivery indicators. In the meantime, provinces are required to contribute to this initiative by defining what they think are the main outcomes or service delivery indicators for the respective department/sector. In this process departments were required to establish clear operational objectives that are linked to the overall development goals of the Province. Departments also had to 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 had to determine the input requirements and costs for the activities needed to deliver those outputs.

The format of this Statement is, therefore, 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. Details of capital expenditure are included in the presentation of infrastructure plans. Conditional Grants, allocated in accordance with the provisions of the 2003 Division of Revenue Act, are also included in the presentation in the programme of each Vote.

To ensure continuity in the presentation of economic information, the economic classification of the budget is in line with the Government Finance Statistic (GFS) system established by the International Monetary Fund (IMF).

All the provincial departments have submitted the information in this Statement to the Provincial Treasury. The Provincial Treasury has consolidated the information in Budget Statement No 2.

2. PROVINCIAL REVENUE SUMMARY

The total revenue for Provincial Departments is budgeted at:

Table 1.1: Summary of Provincial revenue

	2000/2001	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Est. Actual	Voted	Voted	Voted
	R'000	R'000	R'000	R'000	R'000	R'000
Equitable share	2,302,133	2,559,623	3,000,498	3,455,244	3,768,943	4,066,049
Conditional Grants	249,988	248,126	269,588	385,781	464,403	537,215
Own revenue	78,781	106,623	87,187	93,000	93,000	95,781
Roll overs	30,941	75,004	107,623			
Total revenue	2,661,843	2,989,376	3,464,896	3,934,025	4,326,346	4,699,045
Total revenue	2,661,843	2,989,376	3,464,896	3,934,025	4,326,346	4,699,045

Table 1.2 Revenue collected per Vote: Provincial revenue

VOTES	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Est. Actual	MTEF	MTEF	MTEF
	R'000	R'000	R'000	R'000	R'000	R'000
1. Premier	20	24	30	34	31	29
2. Legislature	0	0	0	0		
3. Provincial Safety and Liaison	0	1	1	0	0	0
4. Education	1,840	1,500	515	600	636	674
5. Transport, Roads and Works	47,519	71,192	54,861	54,861	56,229	60,597
6. Economic Affairs and Tourism	2,665	2,560	6,560	7,560	7,560	8,520
7. Sports Arts and Culture	64	70	70	70	70	70
8. Finance	25,200	19,844	12,640	12,221	9,516	6,167
9. Housing and Local Government	578	231	234	240	240	254
10. Health	9,015	10,055	10,860	15,473	16,751	17,475
11. Social Service and Population Development	370	397	416	441	467	495
12. Agriculture, Nature Conservation and Environmental Affairs	1,760	749	1,000	1,500	1,500	1,500
Total: Provincial Departments	89,031	106,623	87,187	93,000	93,000	95,781

3. EXPENDITURE SUMMARY

The MTEF baseline allocations for the period 2003/04 to 2005/06 are:

Financial year 2003/04 : R3,934,025 million

Financial year 2004/05 : R4,326,346 million

Financial year 2005/06 : R4,699,045 million

Table 1.3 Summary expenditure per Vote

VOTES	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Est. Actual	MTEF	MTEF	MTEF
	R'000	R'000	R'000	R'000	R'000	R'000
1. Premier	46 037	44 658	60 944	69 076	73 845	79 236
2. Legislature	29 252	33 746	39 204	39 398	43 567	46 254
3. Provincial Safety and Liaison	3 943	5 794	8 179	11 208	11 981	13 128
4. Education	962 454	1 012 910	1 168 379	1 305 596	1 407 566	1 555 573
5. Transport, Roads and Works	209 886	284 326	320 107	297 543	339 930	355 902
6. Economic Affairs and Tourism	13 653	18 308	39 051	50 124	58 973	64 068
7. Sports Arts and Culture	21 242	28 209	34 744	51 058	56 301	59 666
8. Finance	32 128	58 215	110 072	87 071	106 056	111 020
9. Housing and Local Government	111 765	144 743	172 553	225 156	244 035	241 854
10. Health	468 017	517 395	613 799	737 246	809 749	889 832
11. Social Service and Population Development	654 446	698 417	881 983	926 056	1 032 408	1 132 811
12. Agriculture, Nature Conservation and Environmental Affairs	60 404	53 063	69 363	91 271	98 713	106 479
13. Promoting the RDP	51 325	79 367				
Total: Provincial Departments	2 664 552	2 979 151	3 518 378	3 890 803	4 283 124	4 655 823

Table 1.4 Summary expenditure and estimates GFS Classification

	2000/01 Actual	2001/02 Actual	2002/03 Est. Actual	2003/04 Voted	2004/05 MTEF	2005/06 MTEF
CURRENT						
Personnel	1 309 935	1 398 277	1 535 779	1 777 771	1 913 956	2 058 954
Transfers	723 819	755 940	984 050	975 840	1 084 683	1 194 575
Other Current	428 254	539 004	658 222	746 143	866 589	956 249
Total Current	2 462 008	2 693 221	3 178 051	3 499 754	3 865 228	4 209 778
CAPITAL						
Acquisition of capital assets	110 884	182 905	244 053	234 620	247 192	267 266
Transfer payments	79 967	88 641	81 309	138 784	151 656	158 689
Total Capital	190 851	271 546	325 362	373 404	398 848	425 955
Statutory Amount	11 693	14 384	15 341	17 645	19 048	20 090
Total: expenditure	2 664 552	2 979 151	3 518 754	3 890 803	4 283 124	4 655 823
Total GFS classification	2 664 552	2 979 151	3 518 754	3 890 803	4 283 124	4 655 823

Table 1.5 Summary of expenditure and estimates GFS classification

	2000/01 Actual R'000	2001/02 Actual R'000	2002/03 Est. Actual R'000	2003/04 Voted R'000	2004/05 MTEF R'000	2005/06 MTEF R'000
CURRENT						
Compensation						
Salaries and Wages	1 309 935	1 398 277	1 535 779	1 777 771	1 913 956	2 058 954
Other remuneration						
Use of Goods and Services	428 254	539 004	658 222	746 143	866 589	956 249
Interest Paid						
Transfer Payments to:						
Subsidies to business enterprises						
Local Government	62 844	68 685	71 820	96 154	107 038	102 005
Extra-Budgetary Institution	87 061	84 567	138 388	118 671	132 666	159 325
Household	569 710	598 746	764 842	751 881	834 603	922 869
Non-Profit organisation	4 204	3 942	9 000	9 134	10 376	10 376
Total Current	2 462 008	2 693 221	3 178 051	3 499 754	3 865 228	4 209 778
CAPITAL						
Non-Financial assets						
Buildings and Structures	69 255	136 315	174 232	165 868	171 488	188 812
Machinery and Equipment	27 048	31 960	31 715	60 248	69 584	72 621
Non-Produced assets	14 581	14 630	38 106	8 504	6 120	5 833
Other assets	0	0	0	0	0	0
Capital transfers to:						
Local Government	1 468	4 940	5 500	48 509	54 308	55 214
Other Capital transfer	78 499	83 701	75 809	90 275	97 348	103 475
Total Capital	190 851	271 546	325 362	373 404	398 848	425 955
Statutory Amount	11 693	14 384	15 341	17 645	19 048	20 090
Total Expenditure	2 664 552	2 979 151	3 518 754	3 890 803	4 283 124	4 655 823
Total GFS classification	2 664 552	2 979 151	3 518 754	3 890 803	4 283 124	4 655 823

Table 1.5 shows the total planned expenditure of the Provincial Departments. The budget for the 2003/2004 financial year increases by R469 129 million (13.5%) compared with the voted expenditure for 2002/2003 and by R415 271 million (11.8%) compared with the estimated actual expenditure for the financial year 2002/2003.