

**SUMMARY OF
BUDGET STATEMENT
NUMBER 2**



**DEPARTMENTAL
ESTIMATES**

1. INTRODUCTION

Budget Statement Number 1 (Budget Overview) and Number 2 (Departmental Estimates) were introduced to move towards a performance based budget system. Conventional budget practices have traditionally focused on providing financial information organized 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.

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.