

Vote 30

Public Enterprises

2007/08					
R thousand	Main appropriation	Special adjustments appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 063 966	2 090 273	4 605 089	–	1 450 850
<i>of which:</i>					
Current payments	129 421		128 616	(805)	–
Transfers and subsidies	933 620	2 090 273	4 474 993	–	1 451 100
Payments for capital assets	925		1 480	–	555
Executive authority	Minister of Public Enterprises				
Accounting officer	Director-General of Public Enterprises				

Aim

The aim of the Department of Public Enterprises is to provide an effective state-owned enterprises shareholder management system, and to support and promote economic efficiency and competitiveness for a better life for all South Africans.

Adjusted Estimates of National Expenditure 2007

Table 30.1: Adjusted estimates

Programme	2007/08							
	Main appropriation	Special adjustments appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
R thousand								
1. Administration	59 260	–	–	–	3 685	(250)	3 435	62 695
2. Energy, Broadband Infrastructure and Mining Enterprises	10 374	44 700	–	–	(238)	28 000	27 762	82 836
3. Legal, Governance and Risk	22 676	–	–	–	(636)	–	(636)	22 040
4. Manufacturing Enterprises	946 852	2 045 573	–	–	(1 970)	678 700	676 730	3 669 155
5. Transport Enterprises	10 126	–	–	744 400	(531)	–	743 869	753 995
6. Joint Project Facility	14 678	–	–	–	(310)	–	(310)	14 368
Total	1 063 966	2 090 273	–	744 400	–	706 450	1 450 850	4 605 089
Economic classification								
Current payments	129 421							128 616
Compensation of employees	62 010	–	–	–	–	–	–	62 010
Goods and services	67 411	–	–	–	(555)	(250)	(805)	66 606
Transfers and subsidies	933 620	2 090 273						4 474 993
Public corporations and private enterprises	933 000	2 090 273	–	744 400	–	706 700	1 451 100	4 474 373
Households	620	–	–	–	–	–	–	620
Payments for capital assets	925							1 480
Machinery and equipment	925	–	–	–	555	–	555	1 480
Total	1 063 966	2 090 273	–	744 400	–	706 450	1 450 850	4 605 089

Details of adjustments to Estimates of National Expenditure 2007

Unforeseeable and unavoidable expenditure – R744.4 million

Programme 5: Transport Enterprises

R744.4 million has been allocated to South African Airways (R653 million plus R91.4 million VAT) for costs associated with restructuring of the entity.

Programme 4: Manufacturing Enterprises

In the Special Adjustments Appropriation Act (2007/08 Financial Year), 2007 (Act No 16 of 2007), R222 million was allocated to Denel (Pty) Ltd for the payment of a claim against a government guarantee granted to Denel SAAB Aerostructures.

Virements

Table 30.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(95)	3 780	
Current payments	(95)	3 198	
Compensation of employees	(95)	–	Savings due to resignations have been shifted to goods and services in this programme.
Goods and services	–	3 198	Funds shifted compensation of employees in programmes 2, 3, 4, 5 and 6 will be used for centralising maintenance and production services, training, IT, communication services for the Richtersveld settlement celebration, and stationery.
Payments for capital assets	–	582	
Machinery and equipment	–	582	Funds shifted from goods and services in programme 3 and machinery and equipment in programmes 2 and 4 will be used to buy computer equipment.
2. Energy, Broadband Infrastructure and Mining Enterprises	(507)	269	
Current payments	(492)	269	
Compensation of employees	–	269	Funds shifted from compensation of employees in programme 4 will be used for vacancies that have been filled.
Goods and services	(492)	–	Funds have been shifted to goods and services in programme 1 to centralise various services.
Payments for capital assets	(15)	–	
Machinery and equipment	(15)	–	Funds have been shifted to machinery and equipment in programme 1 to centralize buying computer equipment.
3. Legal, Governance and Risk	(917)	281	
Current payments	(917)	280	
Compensation of employees	–	280	Funds shifted from compensation of employees in programmes 4 and 5 will be used for vacancies that have been filled.
Goods and services	(917)	–	Funds have been shifted to goods and services in programme 1 to centralize various services.
Payments for capital assets	–	1	
Machinery and equipment	–	1	Funds shifted from goods and services in this programme will be used for a shortfall in this item.
4. Manufacturing Enterprises	(1 970)	–	
Current payments	(1 956)	–	
Compensation of employees	(314)	–	Savings due to resignations and the realignment of staff have been shifted to compensation of employees in programmes 2 and 3.
Goods and services	(1 642)	–	Funds have been shifted to goods and services in programme 1 to centralize various services.
Payments for capital assets	(14)	–	
Machinery and equipment	(14)	–	Funds have been shifted to machinery and equipment in programme 1 to centralize buying computer equipment.

Table 30.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
5. Transport Enterprises	(532)	1	
Current payments	(532)	–	
Compensation of employees	(440)	–	Savings due to resignations and the realignment of staff have been shifted to compensation of employees in programmes 3 and 6.
Goods and services	(92)	–	Funds have been shifted to goods and services in programme 1 to centralise various services.
Payments for capital assets	–	1	
Machinery and equipment	–	1	Funds shifted from goods and services in this programme will be used for a shortfall in this item.
6. Joint Project Facility	(610)	300	
Current payments	(610)	300	
Compensation of employees	–	300	Funds shifted from compensation of employees in programme 5 will be used for vacancies that have been filled.
Goods and services	(610)	–	Funds have been shifted to goods and services in programme 1 to centralise various services.
Total for Vote	(4 631)	4 631	

Other adjustments – R706.45 million

Amounts already announced by the Minister during the tabling of the annual Budget

Programme 2: Energy, Broadband Infrastructure and Mining Enterprises

R28 million has been allocated to Alexkor to fund retrenchment costs (estimated at R16.1 million) due to restructuring and the VAT on historical and current transfers (R11.9 million).

In the Special Adjustments Appropriation Act (2007/08 Financial Year), 2007 (Act No 16 of 2007), R44.7 million was allocated to Alexkor to cover the working capital requirements during the period prior to the establishment and capitalisation of the Pooling and Sharing Joint Venture (PSJV) which covers the period August to March 2008.

Programme 4: Manufacturing Enterprises

R678.7 million has been allocated to the Pebble Bed Modular Reactor, of which R307.699 million was for the period January to March 2008, and R371.001 million for VAT on transfers made in the second half of 2006/07 and in 2007/08.

In the Special Adjustments Appropriation Act (2007/08 Financial Year), 2007 (Act No 16 of 2007), R1.824 billion was allocated to the Pebble Bed Modular Reactor for operational expenses and existing contractual obligations.

Shifting of funds between votes

Programme 1: Administration

R250 000 will be transferred to the Government Communication and Information System for the communications campaign on second economy interventions.

Expenditure 2006/07 and preliminary expenditure 2007/08

Table 30.3: Expenditure trends

Programme	2006/07				2007/08		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
1. Administration	50 736	23 604	50 681	99.9	62 695	29 888	26.6
2. Energy, Broadband Infrastructure and Mining Enterprises	1 262 114	4 100	1 262 112	100.0	82 836	4 327	5.5
3. Legal, Governance and Risk	102 498	4 896	102 483	100.0	22 040	8 147	66.4
4. Manufacturing Enterprises	1 438 494	583 617	1 158 484	80.5	3 669 155	935 620	60.3
5. Transport Enterprises	4 670	2 370	4 666	99.9	753 995	2 231	(5.9)
6. Joint Project Facility	11 411	5 411	11 409	100.0	14 368	5 114	(5.5)
Total	2 869 923	623 998	2 589 835	90.2	4 605 089	985 327	57.9
Current payments	100 427	42 846	100 362	99.9	128 616	50 356	17.5
Compensation of employees	47 174	23 483	47 208	100.1	62 010	28 898	23.1
Goods and services	53 145	19 336	53 046	99.8	66 606	21 458	11.0
Financial transactions in assets and liabilities	108	27	108	100.0	-	-	(100.0)
Transfers and subsidies	2 766 752	580 043	2 486 732	89.9	4 474 993	933 541	60.9
Provinces and municipalities	46	42	42	91.3	-	2	(95.2)
Departmental agencies and accounts	3 589	-	3 589	100.0	-	-	(100.0)
Public corporations and private enterprises	2 762 517	580 000	2 482 517	89.9	4 474 373	932 999	60.9
Households	600	1	584	97.3	620	540	539.0
Payments for capital assets	2 744	1 109	2 741	99.9	1 480	1 430	28.9
Machinery and equipment	2 520	1 096	2 517	99.9	1 480	1 301	18.7
Software and other intangible assets	224	13	224	100.0	-	129	892.3
Total	2 869 923	623 998	2 589 835	90.2	4 605 089	985 327	57.9

Selected expenditure trends for the first half of 2007/08

Expenditure in the first six months of 2007/08 was R985.327 million, or 21.4 per cent of the adjusted appropriation of R4.605 billion for the year as a whole. Expenditure in the first six months of 2007/08 increased by 57.9 per cent compared to the first six months of 2006/07.

The increase is mainly related to transfer payments to the Pebble Bed Modular Reactor and Denel.

Expenditure in 2006/07 was 90.2 per cent of the adjusted appropriation for that year.

Changes to transfers and subsidies

Table 30.4: Summary of changes to transfers and subsidies per programme

R thousand	2007/08							
	Main appropriation	Special adjustments appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
2. Energy, Broadband Infrastructure and Mining Enterprises	–	44 700	–	–	–	28 000	28 000	72 700
Public corporations								
Other transfers								
Current	–	44 700	–	–	–	28 000	28 000	72 700
Alexkor	–	44 700	–	–	–	28 000	28 000	72 700
4. Manufacturing Enterprises	933 000	2 045 573	–	–	–	678 700	678 700	3 657 273
Public corporations								
Other transfers								
Current	–	2 045 573	–	–	–	678 700	678 700	2 724 273
Pebble Bed Modular Reactor	–	1 823 573	–	–	–	678 700	678 700	2 502 273
5. Transport Enterprises	–	–	–	744 400	–	–	744 400	744 400
Public corporations								
Other transfers								
Current	–	–	–	744 400	–	–	744 400	744 400
South African Airways	–	–	–	744 400	–	–	744 400	744 400

