Vote 11

Public Enterprises

Adjusted budget summary

	2011/12			
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	**230 231**	**353 342**	–	123 111
of which:				
Current payments	188 078	194 134	–	6 056
Transfers and subsidies	40 753	157 008	–	116 255
Payments for capital assets	1 400	2 200	–	800
Executive authority	Minister of Public Enterprises			
Accounting officer	Director-General of Public Enterprises			
Website address	www.dpe.gov.za			

Aim

Provide effective shareholder management of state owned enterprises that report to the department, and support and promote economic efficiency and competitiveness for a better life for all South Africans.

Mid-year performance status

Indicator	Programme	Annual performance		
As published in the 2011 ENE	Programme linked to the indicator	Projected for 2011/12 as published in the 2011 ENE	Achieved in the first six months of 2011/12 (April to September)	Changed estimate for 2011/12
Number of new shareholder compacts signed	Energy and Broadband Enterprises; Legal and Governance; Manufacturing Enterprises; Transport Enterprises	8	3	
Number of new corporate plans reviewed	Energy and Broadband Enterprises; Legal and Governance; Manufacturing Enterprises; Transport Enterprises	8	0	
Number of quarterly financial reviews per year	Energy and Broadband Enterprises; Legal and Governance; Manufacturing Enterprises; Transport Enterprises	32	15	
Number of projects per year	Joint Project Facility	6	All projects still in progress	

Mid-year progress

Shareholder compacts are concluded between the Minister of Public Enterprises and each state owned enterprise's board annually, documenting mandated key performance measures and indicators. 5 shareholder compacts are still outstanding for Alexkor, Broadband Infraco, Eskom, the South African Forestry Company Limited and South African Airways. They are still being negotiated and will be completed by November 2011. Quarterly and annual reports of state owned enterprises are analysed to determine whether performance is on track with corporate plans, whether strategic objectives have been met, and to highlight any emerging risks. All corporate plans for 2012/13 are due for review in the fourth quarter of the current financial year. All projects in the Joint Project Facility are still in progress.

Adjusted Estimates of National Expenditure 2011

Programme	2011/12						
		Adjustments appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Administration	106 734	1 542	–	789	1 905	4 236	110 970
Energy and Broadband Enterprises	58 652	–	–	2 046	501	2 547	61 199
Legal and Governance	12 163	–	–	1 075	242	1 317	13 480
Manufacturing Enterprises	13 072	–	116 255	(1 300)	274	115 229	128 301
Transport Enterprises	26 610	1 836	–	(2 610)	422	(352)	26 258
Joint Project Facility	13 000	–	–	–	134	134	13 134
Total	**230 231**	**3 378**	**116 255**	**–**	**3 478**	**123 111**	**353 342**
Economic classification							
Current payments	**188 078**	**3 378**	**–**	**(800)**	**3 478**	**6 056**	**194 134**
Compensation of employees	96 539	–	–	–	3 478	3 478	100 017
Goods and services	91 539	3 378	–	(800)	–	2 578	94 117
Transfers and subsidies	**40 753**	**–**	**116 255**	**–**	**–**	**116 255**	**157 008**
Public corporations and private enterprises	40 000	–	116 255	–	–	116 255	156 255
Households	753	–	–	–	–	–	753
Payments for capital assets	**1 400**	**–**	**–**	**800**	**–**	**800**	**2 200**
Machinery and equipment	1 400	–	–	610	–	610	2 010
Software and other intangible assets	–	–	–	190	–	190	190
Total	**230 231**	**3 378**	**116 255**	**–**	**3 478**	**123 111**	**353 342**

Programme 1: Administration

Subprogramme	2011/12						
		Adjustments appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Ministry	24 549	–	–	840	572	1 412	25 961
Management	16 489	–	–	(2 230)	239	(1 991)	14 498
Internal Audit	3 601	–	–	5	56	61	3 662
Corporate Services	27 425	–	–	1 230	539	1 769	29 194
Chief Financial Officer	17 456	1 542	–	545	277	2 364	19 820
Communications	10 456	–	–	399	222	621	11 077
Office Accommodation	6 758	–	–	–	–	–	6 758
Total	**106 734**	**1 542**	**–**	**789**	**1 905**	**4 236**	**110 970**
Economic classification							
Current payments	**104 581**	**1 542**	**–**	**(11)**	**1 905**	**3 436**	**108 017**
Compensation of employees	52 079	–	–	789	1 905	2 694	54 773
Goods and services	52 502	1 542	–	(800)	–	742	53 244
Transfers and subsidies	**753**	**–**	**–**	**–**	**–**	**–**	**753**
Households	753	–	–	–	–	–	753
Payments for capital assets	**1 400**	**–**	**–**	**800**	**–**	**800**	**2 200**
Machinery and equipment	1 400	–	–	610	–	610	2 010
Software and other intangible assets	–	–	–	190	–	190	190
Total	**106 734**	**1 542**	**–**	**789**	**1 905**	**4 236**	**110 970**

Programme 2: Energy and Broadband Enterprises

Subprogramme	2011/12						
		Adjustments appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Management	2 409	–	–	150	80	230	2 639
ICT Broadband Sector	4 417	–	–	1 873	179	2 052	6 469
Energy Sector	48 837	–	–	393	170	563	49 400
Legal and Risk (EBE)	2 989	–	–	(370)	72	(298)	2 691
Total	**58 652**	**–**	**–**	**2 046**	**501**	**2 547**	**61 199**
Economic classification							
Current payments	**18 652**	**–**	**–**	**2 046**	**501**	**2 547**	**21 199**
Compensation of employees	11 863	–	–	2 046	501	2 547	14 410
Goods and services	6 789	–	–	–	–	–	6 789
Transfers and subsidies	**40 000**	**–**	**–**	**–**	**–**	**–**	**40 000**
Public corporations and private enterprises	40 000	–	–	–	–	–	40 000
Total	**58 652**	**–**	**–**	**2 046**	**501**	**2 547**	**61 199**

Programme 3: Legal and Governance

Subprogramme	2011/12						
		Adjustments appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Management	2 013	–	–	(300)	50	(250)	1 763
Legal	5 914	–	–	205	103	308	6 222
Governance	4 236	–	–	1 170	89	1 259	5 495
Total	**12 163**	**–**	**–**	**1 075**	**242**	**1 317**	**13 480**
Economic classification							
Current payments	**12 163**	**–**	**–**	**1 075**	**242**	**1 317**	**13 480**
Compensation of employees	5 630	–	–	1 075	242	1 317	6 947
Goods and services	6 533	–	–	–	–	–	6 533
Total	**12 163**	**–**	**–**	**1 075**	**242**	**1 317**	**13 480**

Programme 4: Manufacturing Enterprises

Subprogramme	2011/12						
		Adjustments appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Management	1 928	–	–	80	60	140	2 068
Defence Sector	5 249	–	116 255	(980)	92	115 367	120 616
Forestry Sector	3 840	–	–	(200)	67	(133)	3 707
Legal and Risk (Manufacturing)	2 055	–	–	(200)	55	(145)	1 910
Total	**13 072**	**–**	**116 255**	**(1 300)**	**274**	**115 229**	**128 301**
Economic classification							
Current payments	**13 072**	**–**	**–**	**(1 300)**	**274**	**(1 026)**	**12 046**
Compensation of employees	8 908	–	–	(1 300)	274	(1 026)	7 882
Goods and services	4 164	–	–	–	–	–	4 164
Transfers and subsidies	**–**	**–**	**116 255**	**–**	**–**	**116 255**	**116 255**
Public corporations and private enterprises	–	–	116 255	–	–	116 255	116 255
Total	**13 072**	**–**	**116 255**	**(1 300)**	**274**	**115 229**	**128 301**

Programme 5: Transport Enterprises

Subprogramme	2011/12						
		Adjustments appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Management	3 409	–	–	(640)	57	(583)	2 826
Transport Sector	12 582	–	–	(920)	174	(746)	11 836
Aviation Sector	7 578	1 836	–	(1 410)	110	536	8 114
Legal and Risk (Transport)	3 041	–	–	360	81	441	3 482
Total	**26 610**	**1 836**	**–**	**(2 610)**	**422**	**(352)**	**26 258**
Economic classification							
Current payments	**26 610**	**1 836**	**–**	**(2 610)**	**422**	**(352)**	**26 258**
Compensation of employees	14 329	–	–	(2 610)	422	(2 188)	12 141
Goods and services	12 281	1 836	–	–	–	1 836	14 117
Total	**26 610**	**1 836**	**–**	**(2 610)**	**422**	**(352)**	**26 258**

Programme 6: Joint Project Facility

Subprogramme	2011/12						
		Adjustments appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Management	1 278	–	–	–	46	46	1 324
Joint Project Facility	11 722	–	–	–	88	88	11 810
Total	**13 000**	**–**	**–**	**–**	**134**	**134**	**13 134**
Economic classification							
Current payments	**13 000**	**–**	**–**	**–**	**134**	**134**	**13 134**
Compensation of employees	3 730	–	–	–	134	134	3 864
Goods and services	9 270	–	–	–	–	–	9 270
Total	**13 000**	**–**	**–**	**–**	**134**	**134**	**13 134**

Details of adjustments to Estimates of National Expenditure 2011

Roll-overs – R3.378 million

Programme 1: Administration

R1.542 million has been rolled over for a pilot performance audit by the Auditor-General on the economy, efficiency and effectiveness of the oversight and governance systems by shareholding departments over state owned companies.

Programme 5: Transport Enterprises

R1.836 million has been rolled over for the financial modelling support for South African Airways and South African Express, after the need for a financial modelling tool for scenario planning for both companies was identified.

Unforeseeable and unavoidable expenditure – R116.255 million

Programme 4: Manufacturing Enterprises

An additional R116.255 million is allocated to Denel for the sixth indemnity claim by Denel Saab Aerostructures under the indemnity agreement with the government for the A400M contracts.

Virements and shifts

Programmes

1. Administration
2. Energy and Broadband Enterprises
3. Legal and Governance
4. Manufacturing Enterprises
5. Transport Enterprises
6. Joint Project Facility

FROM:			TO:		
Programme by economic classification	**Motivation**	**R thousand**	**Programme by economic classification**	**Motivation**	**R thousand**
Programme 1		**(800)**	**Programme 1**		**800**
Goods and services	Reprioritisation of budget: funds required in capital budget for upgrading of audio-visual equipment, computers and furniture	(610)	Machinery and equipment	To provide for additional unforeseen capital requirements for replacement of audio-visual equipment, computers and furniture	610
	Reprioritisation of budget - Funds required in capital budget for software licences required for upgrading of server environment	(190)	Software and other intangible assets	To provide for additional unforeseen capital requirements for software licences for upgrading of server environment	190
Percentage of programme budget		**0.7%**			
Programme 4		**(1 300)**	**Programme 1**		**789**
Compensation of employees	Vacant posts	(789)	Compensation of employees	To provide funding for shortfalls in various sub-programmes in programme 1 which were not anticipated in the 2011 ENE process	789
			Programme 3		**511**
	Vacant posts	(511)	Compensation of employees	To provide funding for shortfall in *Governance* subprogramme as shifting post from ministry not anticipated in the 2011 ENE process	511
Percentage of programme budget[1]		**9.9%**			
Programme 5		**(2 610)**	**Programme 2**		**2 046**
Compensation of employees	Vacant posts	(2 046)	Compensation of employees	To provide funding for shortfalls in various sub-programmes in programme 2 which were not anticipated in the 2011 ENE process	2 046
			Programme 3		**564**
	Vacant posts	(564)	Compensation of employees	To provide funding for shortfall in the *Governance* subprogramme as shifting post from ministry not anticipated in the 2011 ENE process	564
Percentage of programme budget[1]		**9.8%**			
Total		**(4 710)**			**4 710**

1. In terms of the PFMA, only the legislature may approve this virement.

Other adjustments – R3.478 million

Adjustments due to significant and unforeseeable economic and financial events

An additional R3.478 million has been allocated for higher personnel remuneration increases than the main budget provided for, as follows:

Programme 1: Administration

R1.905 million

Programme 2: Energy and Broadband Enterprises
R501 000

Programme 3: Legal and Governance
R242 000

Programme 4: Manufacturing Enterprises
R274 000

Programme 5: Transport Enterprises
R422 000

Programme 6: Joint Project Facility
R134 000

Expenditure for 2010/11 and preliminary expenditure for 2011/12

Programme	2010/11 Expenditure outcome					2011/12 Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 10 - Sep 10	Apr 10 - Sep 10 % of adjusted appropriation	Apr 10 - Mar 11	Apr 10 - Mar 11 % of adjusted appropriation	Adjusted appropriation	Apr 11 - Sep 11	Apr 11 - Sep 11 % of adjusted appropriation
Administration	106 835	43 300	40.5	101 541	95.0	110 970	52 198	47.0
Energy and Broadband Enterprises	174 476	144 402	82.8	170 857	97.9	61 199	48 751	79.7
Legal and Governance	50 023	4 469	8.9	48 797	97.5	13 480	3 610	26.8
Manufacturing Enterprises	192 782	3 522	1.8	189 595	98.3	128 301	3 073	2.4
Transport Enterprises	21 257	6 811	32.0	19 077	89.7	26 258	9 297	35.4
Joint Project Facility	10 176	1 948	19.1	10 134	99.6	13 134	3 321	25.3
Total	**555 549**	**204 452**	**36.8**	**540 001**	**97.2**	**353 342**	**120 250**	**34.0**
Economic classification								
Current payments	**178 240**	**65 563**	**36.8**	**160 148**	**89.8**	**194 134**	**78 722**	**40.6**
Compensation of employees	90 315	41 289	45.7	83 058	92.0	100 017	47 227	47.2
Goods and services	87 925	24 274	27.6	77 090	87.7	94 117	31 495	33.5
Transfers and subsidies	**238 006**	**13**	**0.0**	**237 990**	**100.0**	**157 008**	**40 068**	**25.5**
Public corporations and private enterprises	237 296	–	0.0	237 296	100.0	156 255	40 000	25.6
Households	710	13	1.8	694	97.7	753	68	9.0
Payments for capital assets	**703**	**276**	**39.3**	**3 169**	**450.8**	**2 200**	**1 460**	**66.4**
Machinery and equipment	703	276	39.3	3 169	450.8	2 010	1 354	67.4
Software and other intangible assets	–	–	0.0	–	0.0	190	106	55.8
Payments for financial assets	**138 600**	**138 600**	**100**	**138 694**	**100**	**–**	**–**	**–**
Total	**555 549**	**204 452**	**36.8**	**540 001**	**97.2**	**353 342**	**120 250**	**34.0**

Main expenditure trends for the first half of 2011/12

Total expenditure for 2010/11 amounted to 97.2 per cent of the adjusted appropriation. Expenditure for the first six months of 2011/12 amounts to R120.250 million or 34 percent of the adjusted appropriation of R353.342 million for the year as a whole. In comparison, mid-year expenditure in 2010/11 amounted to R204.452 million or 36.8 per cent of the 2010/11 adjusted appropriation. Expenditure for the first six months of 2011/12 decreased by R84.202 million or 41.2 per cent compared to the first six months of 2010/11.

The expenditure decrease compared to 2010/11 is due to a payment to Broadband Infraco for financial assets in the first quarter of 2010/11.

Departmental receipts

	2010/11					2011/12			
		Audited outcome				Actual receipts			
R thousand	Adjusted estimate	Apr 10 - Sep 10	Apr 10 - Sep 10 % of adjusted estimate	Apr 10 - Mar 11	Apr 10 - Mar 11 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 11 - Sep 11	Apr 11 - Sep 11 % of adjusted estimate
Departmental receipts	**1 214**	**1 184**	**97.5**	**266**	**21.9**	**88**	**99**	**69**	**69.7**
Sales of goods and services produced by department	42	21	50.0	44	104.8	44	36	25	69.4
Sales of scrap, waste, arms and other used current goods	2	–	–	1	50.0	2	2	1	50.0
Interest, dividends and rent on land	80	77	96.3	77	96.3	17	6	3	50.0
Sales of capital assets	5	5	100.0	5	100.0	–	1	–	–
Transactions in financial assets and liabilities	1 085	1 081	99.6	139	12.8	25	54	40	74.1
Total	**1 214**	**1 184**	**97.5**	**266**	**21.9**	**88**	**99**	**69**	**69.7**

Main departmental revenue trends for the first half of 2010/11

Departmental revenue collection for the first six months of 2011/12 amounts to R69 000 or 69.7 per cent of the adjusted revenue estimate of R99 000 for the year as a whole. In comparison, mid-year revenue collection in 2010/11 was R1.184 million, or 97.5 per cent of the 2010/11 adjusted estimate. Departmental revenue collection in the first six months decreased by R1.115 million or 94.2 per cent, compared to revenue in the first six months of 2010/11.

The decrease in revenue collection for the first six months of 2011/12 was because a once-off refund from the Department of Public Works for overcharges for office accommodation caused an increase in 2010/11.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

	2011/12						
		Adjustments appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Manufacturing Enterprises							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	**–**	**–**	**116 255**	**–**	**–**	**116 255**	**116 255**
Denel	–	–	116 255	–	–	116 255	116 255