

# Vote 11

## Public Enterprises

### Adjusted budget summary

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>259 786</b>	<b>322 927</b>	-	63 141
<b>of which:</b>				
Current payments	255 617	255 466	(151)	-
Transfers and subsidies	100	63 392	-	63 292
Payments for capital assets	4 069	4 069	-	-
Executive authority	Minister of Public Enterprises			
Accounting officer	Director-General of Public Enterprises			
Website address	www.dpe.gov.za			

### Aim

*Drive investment, productivity and transformation in the department's portfolio of state owned companies, to unlock growth, drive industrialisation, create jobs and develop skills.*

### 2014 national macro organisation of the state

In accordance with the reorganisation of some government departments announced by the President in May 2014, the oversight responsibility for Broadband Infraco will shift from this department to the Department of Telecommunications and Postal Services, as gazetted on 26 September 2014.

### Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2014/15 as published in the 2014 ENE	Achieved in the first six months of 2014/15 (April to September)	Changed target for 2014/15
Number of shareholder compacts signed per year	Portfolio Management and Strategic Partnerships	Outcome 6: An efficient, competitive and responsive economic infrastructure network	8	3	7
Number of corporate plans reviewed per year	Portfolio Management and Strategic Partnerships		8	8	7
Number of quarterly financial reviews per year	Portfolio Management and Strategic Partnerships		32	16	30

#### Changes to indicators and targets published in the 2014 ENE

The decision by Cabinet to move Broadband Infraco to the Department of Telecommunications and Postal Services affects the Department of Public Enterprise's targets reflected in the 2014 ENE. Oversight function indicators linked to Broadband Infraco have been excluded from the indicators that would need to be delivered by the department. Going forward, the department will be overseeing seven state owned companies reporting to its portfolio.

#### Mid-year progress

In the first six months of 2014/15, the focus has been on finalising support packages for state owned companies. The department has continued to enhance its capacity to oversee infrastructure projects, with the projects oversight office having improved project performance in two key areas. These are the creation of a system that converts lessons learned into project and business process improvements, and preserving original project value. Furthermore, the department continues to facilitate cooperation between state owned companies within its portfolio to better leverage their capacity and capabilities. The department has concluded the development of the evaluation policy framework and the three-year rolling plan. This incorporates the evaluation of state owned companies' lead projects to ensure that these are independently evaluated. The integration of the socioeconomic indicators into the shareholder compact of state owned

companies has also been concluded. In this way, state owned companies have been able to increase their contribution towards skills development and local procurement.

## Adjusted Estimates of National Expenditure 2014

Programme	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments			
R thousand									
Administration	152 123	-	-	4 736	-	-	-	4 736	156 859
Legal and Governance	23 967	-	-	344	-	-	-	344	24 311
Portfolio Management and Strategic Partnerships	83 696	-	63 141	(5 080)	-	-	-	58 061	141 757
<b>Total</b>	<b>259 786</b>	<b>-</b>	<b>63 141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63 141</b>	<b>322 927</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>255 617</b>	<b>-</b>	<b>-</b>	<b>(151)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(151)</b>	<b>255 466</b>
Compensation of employees	149 574	-	-	700	-	-	-	700	150 274
Goods and services	106 043	-	-	(851)	-	-	-	(851)	105 192
<b>Transfers and subsidies</b>	<b>100</b>	<b>-</b>	<b>63 141</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63 292</b>	<b>63 392</b>
Public corporations and private enterprises	-	-	63 141	-	-	-	-	63 141	63 141
Households	100	-	-	151	-	-	-	151	251
<b>Payments for capital assets</b>	<b>4 069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 069</b>
Machinery and equipment	4 069	-	-	-	-	-	-	-	4 069
<b>Total</b>	<b>259 786</b>	<b>-</b>	<b>63 141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63 141</b>	<b>322 927</b>

### Programme 1: Administration

Subprogramme	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments			
R thousand									
Ministry	34 799	-	-	(516)	-	-	-	(516)	34 283
Management	18 180	-	-	(882)	-	-	-	(882)	17 298
Corporate Services	29 437	-	-	(337)	-	-	-	(337)	29 100
Chief Financial Officer	11 725	-	-	400	-	-	-	400	12 125
Human Resources	19 753	-	-	5 400	-	-	-	5 400	25 153
Communications	12 042	-	-	(589)	-	-	-	(589)	11 453
Strategic Planning, Monitoring and Evaluation	5 625	-	-	1 928	-	-	-	1 928	7 553
Intergovernmental Relations	7 657	-	-	(500)	-	-	-	(500)	7 157
Internal Audit	4 823	-	-	(168)	-	-	-	(168)	4 655
Office Accommodation	8 082	-	-	-	-	-	-	-	8 082
<b>Total</b>	<b>152 123</b>	<b>-</b>	<b>-</b>	<b>4 736</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 736</b>	<b>156 859</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>147 954</b>	<b>-</b>	<b>-</b>	<b>4 636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 636</b>	<b>152 590</b>
Compensation of employees	70 972	-	-	3 692	-	-	-	3 692	74 664
Goods and services	76 982	-	-	944	-	-	-	944	77 926
<b>Transfers and subsidies</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>200</b>
Households	100	-	-	100	-	-	-	100	200
<b>Payments for capital assets</b>	<b>4 069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 069</b>
Machinery and equipment	4 069	-	-	-	-	-	-	-	4 069
<b>Total</b>	<b>152 123</b>	<b>-</b>	<b>-</b>	<b>4 736</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 736</b>	<b>156 859</b>

**Programme 2: Legal and Governance**

Subprogramme	2014/15								Adjusted Appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments			
R thousand									
Management	2 826	-	-	-	-	-	-	-	2 826
Legal	12 919	-	-	(584)	-	-	-	(584)	12 335
Governance	8 222	-	-	928	-	-	-	928	9 150
<b>Total</b>	<b>23 967</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>24 311</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>23 967</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>24 311</b>
Compensation of employees	18 198	-	-	(656)	-	-	-	(656)	17 542
Goods and services	5 769	-	-	1 000	-	-	-	1 000	6 769
<b>Total</b>	<b>23 967</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344</b>	<b>24 311</b>

**Programme 3: Portfolio Management and Strategic Partnerships**

Subprogramme	2014/15								Adjusted Appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments			
R thousand									
Energy and Broadband Enterprises	17 708	-	-	(216)	-	-	-	(216)	17 492
Manufacturing Enterprises	18 131	-	63 141	(880)	-	-	-	62 261	80 392
Transport Enterprises	24 297	-	-	(1 246)	-	-	-	(1 246)	23 051
Economic Impact and Policy Alignment	13 286	-	-	(1 716)	-	-	-	(1 716)	11 570
Strategic Partnerships	10 274	-	-	(1 022)	-	-	-	(1 022)	9 252
<b>Total</b>	<b>83 696</b>	<b>-</b>	<b>63 141</b>	<b>(5 080)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58 061</b>	<b>141 757</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>83 696</b>	<b>-</b>	<b>-</b>	<b>(5 131)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5 131)</b>	<b>78 565</b>
Compensation of employees	60 404	-	-	(2 336)	-	-	-	(2 336)	58 068
Goods and services	23 292	-	-	(2 795)	-	-	-	(2 795)	20 497
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>63 141</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63 192</b>	<b>63 192</b>
Public corporations and private enterprises	-	-	63 141	-	-	-	-	63 141	63 141
Households	-	-	-	51	-	-	-	51	51
<b>Total</b>	<b>83 696</b>	<b>-</b>	<b>63 141</b>	<b>(5 080)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58 061</b>	<b>141 757</b>

**Details of adjustments to the Estimates of National Expenditure 2014****Unforeseeable and unavoidable expenditure – R63.141 million**

Programme 3: Portfolio Management and Strategic Partnerships

An additional R63.141 million has been allocated to Denel for the ninth indemnity claim by Denel Aerostructures under the 2007 indemnity agreement with government, for the Airbus A400M contract.

**Virements and shifts**

Programmes			Programmes		
1. Administration					
2. Legal and Governance					
3. Portfolio Management and Strategic Partnerships					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 1</b>		<b>(800)</b>	<b>Programme 1</b>		<b>800</b>
Goods and services	Consultants/professional: business and advisory services (strategic advice and support)	(700)	Compensation of employees	Provision for existing posts	700
	Consultants/professional: business and advisory services (strategic advice and support)	(100)	Households	Leave gratuities	100
Shifts within the programme as a percentage of the programme budget		0.5%			
Virements to other programmes as a percentage of the programme budget		0.0%			

2014 Adjusted Estimates of National Expenditure

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 2</b>		<b>(656)</b>	<b>Programme 1</b>		<b>656</b>
Compensation of employees	Centralisation of the learnerships/interns budget in human resources	(656)	Compensation of employees	Centralisation of the learnerships/interns budget in human resources	656
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>2.7%</b>			
<b>Programme 3</b>		<b>(5 131)</b>	<b>Programme 1</b>		<b>1 744</b>
Goods and services	Consultants/professional: business and advisory services (licence and maintenance of primavera)	(1 744)	Goods and services	Consultants/professional: business and advisory services	1 744
	Consultants/professional: business and advisory services (corporate social investment)	(1 000)	<b>Programme 2</b>		<b>1 000</b>
	Item was over-budgeted for	(51)	Goods and services	Consultants/professional: business and advisory services	1 000
Compensation of employees	Centralisation of the learnerships/interns budget under human resources	(2 336)	<b>Programme 3</b>		<b>51</b>
			Households	Leave gratuities	51
			<b>Programme 1</b>		<b>2 336</b>
Compensation of employees	Centralisation of the learnerships/interns budget under human resources	2 336	Compensation of employees	Centralisation of the learnerships/interns budget under human resources	2 336
Shifts within the programme as a percentage of the programme budget		0.1%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>6.1%</b>			
<b>Total</b>		<b>(6 587)</b>	<b>6 587</b>		

## Expenditure outcome for 2013/14 and actual expenditure for 2014/15

Programme	2013/14 Audited outcome					2014/15 Actual expenditure				
	Adjusted appropriation	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted appropriation	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation	
R thousand										
Administration	131 032	52 151	39.8	133 294	101.7	156 859	48.6	62 802	40.0	
Legal and Governance	22 338	9 667	43.3	23 159	103.7	24 311	7.5	9 875	40.6	
Portfolio Management and Strategic Partnerships	140 769	23 389	16.6	116 015	82.4	141 757	43.9	30 054	21.2	
<b>Total</b>	<b>294 139</b>	<b>85 207</b>	<b>29.0</b>	<b>272 468</b>	<b>92.6</b>	<b>322 927</b>	<b>100.0</b>	<b>102 731</b>	<b>31.8</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>234 450</b>	<b>84 270</b>	<b>35.9</b>	<b>211 511</b>	<b>90.2</b>	<b>255 466</b>	<b>79.1</b>	<b>100 197</b>	<b>39.2</b>	
Compensation of employees	131 887	56 210	42.6	127 771	96.9	150 274	46.5	69 661	46.4	
Goods and services	102 563	28 060	27.4	83 740	81.6	105 192	32.6	30 536	29.0	
<b>Transfers and subsidies</b>	<b>57 405</b>	<b>102</b>	<b>0.2</b>	<b>57 612</b>	<b>100.4</b>	<b>63 392</b>	<b>19.6</b>	<b>212</b>	<b>0.3</b>	
Provinces and municipalities	-	-	0.0	2	0.0	-	0.0	-	0.0	
Public corporations and private enterprises	57 250	-	0.0	57 250	100.0	63 141	19.6	-	0.0	
Households	155	102	65.8	360	232.3	251	0.1	212	84.5	
<b>Payments for capital assets</b>	<b>2 284</b>	<b>835</b>	<b>36.6</b>	<b>3 250</b>	<b>142.3</b>	<b>4 069</b>	<b>1.3</b>	<b>2 322</b>	<b>57.1</b>	
Machinery and equipment	2 284	835	36.6	2 769	121.2	4 069	1.3	1 923	47.3	
Software and other intangible assets	-	-	0.0	481	0.0	-	0.0	399	0.0	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>95</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	
<b>Total</b>	<b>294 139</b>	<b>85 207</b>	<b>29.0</b>	<b>272 468</b>	<b>92.6</b>	<b>322 927</b>	<b>100.0</b>	<b>102 731</b>	<b>31.8</b>	

## Expenditure trends for the first half of 2014/15

Total expenditure in 2013/14 was 92.6 per cent of the 2013/14 adjusted appropriation. Expenditure in the first six months of 2014/15 was R102.731 million, or 31.8 per cent of the adjusted appropriation of R322.927 million for the year. In comparison, mid-year expenditure in 2013/14 was R85.207 million, or 29 per cent of the 2013/14 adjusted appropriation. Compared to the first six months of 2013/14, expenditure over the same period in 2014/15 increased by R17.524 million, or 20.6 per cent. This is mainly due to an

increase in compensation of employees as a result of more senior management positions being filled and projects carried over from the previous year being finalised.

## Departmental receipts

R thousand	2013/14					2014/15				
	Adjusted estimate	Audited outcome		Actual receipts		Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate
		Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted estimate	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted estimate					
<b>Departmental receipts</b>	<b>174</b>	<b>106</b>	<b>60.9</b>	<b>373</b>	<b>214.4</b>	<b>102</b>	<b>202</b>	<b>100.0</b>	<b>37</b>	<b>18.3</b>
Sales of goods and services produced by department	52	28	53.8	60	115.4	50	66	32.7	34	51.5
Sales of scrap, waste, arms and other used current goods	3	-	0.0	-	0.0	4	4	2.0	-	0.0
Interest, dividends and rent on land	19	1	5.3	31	163.2	20	20	9.9	1	5.0
Transactions in financial assets and liabilities	100	77	77.0	282	282.0	28	112	55.4	2	1.8
<b>Total</b>	<b>174</b>	<b>106</b>	<b>60.9</b>	<b>373</b>	<b>214.4</b>	<b>102</b>	<b>202</b>	<b>100.0</b>	<b>37</b>	<b>18.3</b>

## Revenue trends for the first half of 2014/15

Revenue in the first six months of 2014/15 was R37 000, or 18.3 per cent of the adjusted revenue estimate of R202 000 for the year. In comparison, mid-year revenue in 2013/14 was R106 000, or 60.9 per cent of the 2013/14 adjusted estimate. Compared to the first six months of 2013/14, revenue over the same period in 2014/15 decreased by R69 000, or 65.1 per cent. This was mainly due to transactions in financial assets and liabilities.

## Changes to transfers and subsidies, including conditional grants

### Summary of changes to transfers and subsidies per programme

R thousand	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
<b>Administration</b>									
<b>Households</b>									
<b>Other transfers to households</b>									
<b>Current</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>200</b>
Gifts and donations	100	-	-	(45)	-	-	-	(45)	55
Employee social benefits	-	-	-	145	-	-	-	145	145
<b>Portfolio Management and Strategic Partnerships</b>									
<b>Public corporations and private enterprises</b>									
<b>Public corporations</b>									
<b>Other transfers</b>									
<b>Current</b>	<b>-</b>	<b>-</b>	<b>63 141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63 141</b>	<b>63 141</b>
Denel	-	-	63 141	-	-	-	-	63 141	63 141
<b>Households</b>									
<b>Other transfers to households</b>									
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>51</b>
Employee social benefits	-	-	-	51	-	-	-	51	51

