

# Vote 9

## Public Enterprises

### Adjusted budget summary

R thousand	2018/19				
	Main appropriation	Special appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>273 914</b>	<b>5 000 000</b>	<b>6 522 914</b>	<b>(1 867)</b>	<b>6 250 867</b>
<i>of which:</i>					
Current payments	270 811	–	268 944	(1 867)	–
Transfers and subsidies	11	–	378	–	367
Payments for capital assets	3 092	–	4 592	–	1 500
Payments for financial assets	–	5 000 000	6 249 000	–	6 249 000
Executive authority	Minister of Public Enterprises				
Accounting officer	Director General of Public Enterprises				
Website address	www.dpe.gov.za				

### Vote purpose

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

### Mid-year performance status

Indicator	Programme	MTSF outcome	Annual performance		
			Projected for 2018/19 as published in the 2018 ENE	Achieved in the first six months of 2018/19 (April to September)	Changed target for 2018/19
Number of shareholder compacts signed per year	Business Enhancement, Transformation and Industrialisation	Outcome 6: An efficient, competitive and responsive economic infrastructure network	6	5	–
Number of corporate plans reviewed per year	State-Owned Companies Governance		6	5	–
Number of quarterly financial reviews reports produced per year <sup>1</sup>	Assurance and Performance		24	11	–

1. Indicator changed to realign with the department's 2018/19 annual performance plan, which was finalised after the 2018 ENE had been published.

### Mid-year progress

The department planned to sign 6 shareholder compacts and review 6 corporate plans in the first half of the year in order to monitor performance of state-owned companies. However, due to funding constraints for South African Express Airways, the entity's shareholder compact was not finalised, which affected the finalisation of its corporate plan. As a result, only 5 out of 6 shareholder compacts and corporate plans were signed and reviewed. Similarly, the entity's first quarter financial review was not finalised due to the grounding of the airline in May 2018.

## Adjusted Estimates of National Expenditure 2018

Programme	2018/19								Adjusted appropriation
	Adjustments appropriation							Total adjustments appropriation	
	Main appropriation	Special appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand									
Administration	151 979	-	-	-	-	-	-	-	151 979
State-owned	39 084	-	-	-	-	-	-	-	39 084
Companies Governance Assurance and Performance									
Business Enhancement, Transformation and Industrialisation	82 851	5 000 000	-	-	-	-	1 249 000	1 249 000	6 331 851
<b>Total</b>	<b>273 914</b>	<b>5 000 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 249 000</b>	<b>1 249 000</b>	<b>6 522 914</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>270 811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 867)</b>	<b>-</b>	<b>-</b>	<b>(1 867)</b>	<b>268 944</b>
Compensation of employees	171 444	-	-	-	-	-	-	-	171 444
Goods and services	99 367	-	-	-	(1 867)	-	-	(1 867)	97 500
<b>Transfers and subsidies</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>367</b>	<b>-</b>	<b>-</b>	<b>367</b>	<b>378</b>
Provinces and municipalities	11	-	-	-	-	-	-	-	11
Households	-	-	-	-	367	-	-	367	367
<b>Payments for capital assets</b>	<b>3 092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 500</b>	<b>-</b>	<b>-</b>	<b>1 500</b>	<b>4 592</b>
Machinery and equipment	2 980	-	-	-	1 500	-	-	1 500	4 480
Software and other intangible assets	112	-	-	-	-	-	-	-	112
<b>Payments for financial assets</b>	<b>-</b>	<b>5 000 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 249 000</b>	<b>1 249 000</b>	<b>6 249 000</b>
<b>Total</b>	<b>273 914</b>	<b>5 000 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 249 000</b>	<b>1 249 000</b>	<b>6 522 914</b>

## Programme 1: Administration

Subprogramme	2018/19								Adjusted appropriation
	Adjustments appropriation							Total adjustments appropriation	
	Main appropriation	Special appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand									
Ministry	28 766	-	-	-	-	-	-	-	28 766
Management	22 712	-	-	-	(1 950)	-	-	(1 950)	20 762
Communications	37 790	-	-	-	(87)	-	-	(87)	37 703
Chief Financial Officer	17 649	-	-	-	-	-	-	-	17 649
Human Resources	25 683	-	-	-	2 037	-	-	2 037	27 720
Internal Audit	4 624	-	-	-	-	-	-	-	4 624
Corporate Services	3 799	-	-	-	-	-	-	-	3 799
Office Accommodation	10 956	-	-	-	-	-	-	-	10 956
<b>Total</b>	<b>151 979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151 979</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>148 876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 845)</b>	<b>-</b>	<b>-</b>	<b>(1 845)</b>	<b>147 031</b>
Compensation of employees	82 288	-	-	-	-	-	-	-	82 288
Goods and services	66 588	-	-	-	(1 845)	-	-	(1 845)	64 743
<b>Transfers and subsidies</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>345</b>	<b>-</b>	<b>-</b>	<b>345</b>	<b>356</b>
Provinces and municipalities	11	-	-	-	-	-	-	-	11
Households	-	-	-	-	345	-	-	345	345
<b>Payments for capital assets</b>	<b>3 092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 500</b>	<b>-</b>	<b>-</b>	<b>1 500</b>	<b>4 592</b>
Machinery and equipment	2 980	-	-	-	1 500	-	-	1 500	4 480
Software and other intangible assets	112	-	-	-	-	-	-	-	112
<b>Total</b>	<b>151 979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151 979</b>

**Programme 3: Business Enhancement, Transformation and Industrialisation**

Subprogramme	2018/19								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
Special appropriation		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Energy Resources	13 658	–	–	–	–	–	–	–	13 658
Research and Economic Modelling	13 481	–	–	–	–	–	–	–	13 481
Transport and Defence	20 006	5 000 000	–	–	–	–	1 249 000	1 249 000	6 269 006
Business Enhancement Services	35 706	–	–	–	–	–	–	–	35 706
<b>Total</b>	<b>82 851</b>	<b>5 000 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 249 000</b>	<b>1 249 000</b>	<b>6 331 851</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>82 851</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(22)</b>	<b>–</b>	<b>–</b>	<b>(22)</b>	<b>82 829</b>
Compensation of employees	59 024	–	–	–	–	–	–	–	59 024
Goods and services	23 827	–	–	–	(22)	–	–	(22)	23 805
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>22</b>	<b>–</b>	<b>–</b>	<b>22</b>	<b>22</b>
Households	–	–	–	–	22	–	–	22	22
<b>Payments for financial assets</b>	<b>–</b>	<b>5 000 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 249 000</b>	<b>1 249 000</b>	<b>6 249 000</b>
<b>Total</b>	<b>82 851</b>	<b>5 000 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 249 000</b>	<b>1 249 000</b>	<b>6 331 851</b>

**Special appropriation – R5 billion**

Programme 3: Business Enhancement, Transformation and Industrialisation

R5 billion is tabled in the Special Appropriation Bill, 2018 for the recapitalisation of the South African Airways SOC Limited to settle debts due.

**Details of adjustments to Estimates of National Expenditure 2018****Virements and shifts within the vote**

Programmes					
1. Administration					
2. State-owned Companies Governance Assurance and Performance					
3. Business Enhancement, Transformation and Industrialisation					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 1</b>		<b>(1 845)</b>	<b>Programme 1</b>		<b>1 845</b>
Goods and services	Consultants, and travel and subsistence	(345)	Households	Employee social benefits	345
	Consultants	(1 500)	Machinery and equipment	Capital assets	1 500
Shifts within the programme as a percentage of the programme budget		1.2%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Programme 3</b>		<b>(22)</b>	<b>Programme 3</b>		<b>22</b>
Goods and services	Consumable supplies	(22)	Households	Employee social benefits	22
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>0.0%</b>			
<b>Total</b>		<b>(1 867)</b>	<b>1 867</b>		

## Other adjustments – R1.249 billion

### Appropriation of expenditure earmarked in the 2018 Budget Speech for future allocation

Programme 3: Business Enhancement, Transformation and Industrialisation

R1.249 billion has been allocated for the South African Express Airways.

### Expenditure outcome for 2017/18 and actual expenditure for 2018/19

Programme	2017/18 Audited outcome					2018/19 Actual expenditure				
	Adjusted appropriation	Apr 17 - Sep 17 appropriation	Apr 17 - Sep 17 % of adjusted appropriation	Apr 17 - Mar 18 appropriation	Apr 17 - Mar 18 % of adjusted appropriation	Adjusted appropriation/ Total (%)	Adjusted appropriation	Apr 18 - Sep 18 appropriation	Apr 18 - Sep 18 % of adjusted appropriation	
R thousand										
Administration	158 468	74 119	46.8	150 629	95.1	151 979	2.3	59 263	39.0	
State-Owned Companies	24 243	9 207	38.0	21 572	89.0	39 084	0.6	16 153	41.3	
Governance Assurance and Performance										
Business Enhancement, Transformation and Industrialisation	83 985	31 480	37.5	78 212	93.1	6 331 851	97.1	26 408	0.4	
<b>Total</b>	<b>266 696</b>	<b>114 806</b>	<b>43.0</b>	<b>250 413</b>	<b>93.9</b>	<b>6 522 914</b>	<b>100.0</b>	<b>101 824</b>	<b>1.6</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>258 197</b>	<b>114 058</b>	<b>44.2</b>	<b>241 928</b>	<b>93.7</b>	<b>268 944</b>	<b>4.1</b>	<b>98 953</b>	<b>36.8</b>	
Compensation of employees	156 906	69 705	44.4	142 174	90.6	171 444	2.6	69 280	40.4	
Goods and services	101 291	44 353	43.8	99 754	98.5	97 500	1.5	29 673	30.4	
<b>Transfers and subsidies</b>	<b>3 079</b>	<b>419</b>	<b>13.6</b>	<b>3 068</b>	<b>99.6</b>	<b>378</b>	<b>0.0</b>	<b>509</b>	<b>134.7</b>	
Provinces and municipalities	12	3	25.0	11	91.7	11	0.0	6	54.5	
Households	3 067	416	13.6	3 057	99.7	367	0.0	503	137.1	
<b>Payments for capital assets</b>	<b>5 159</b>	<b>329</b>	<b>6.4</b>	<b>5 157</b>	<b>100.0</b>	<b>4 592</b>	<b>0.1</b>	<b>2 362</b>	<b>51.4</b>	
Machinery and equipment	4 945	329	6.7	4 943	100.0	4 480	0.1	2 362	52.7	
Software and other intangible assets	214	–	0.0	214	100.0	112	0.0	–	0.0	
<b>Payments for financial assets</b>	<b>261</b>	<b>–</b>	<b>0.0</b>	<b>260</b>	<b>99.6</b>	<b>6 249 000</b>	<b>95.8</b>	<b>–</b>	<b>0.0</b>	
<b>Total</b>	<b>266 696</b>	<b>114 806</b>	<b>43.0</b>	<b>250 413</b>	<b>93.9</b>	<b>6 522 914</b>	<b>100.0</b>	<b>101 824</b>	<b>1.6</b>	

### Expenditure trends for the first half of 2018/19

Total expenditure in 2017/18 was R250.4 million, 93.9 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2017/18 was R114.8 million, 43 per cent of the 2017/18 adjusted appropriation. Expenditure in the first half of 2018/19 was R101.8 million, 1.6 per cent of the adjusted appropriation of R6.5 billion for the year. Compared to the first half of 2017/18, expenditure over the same period in 2018/19 decreased by R13 million, 11.3 per cent. This was mainly due to vacancies within the department and projects that had not yet commenced.

## Departmental receipts

R thousand	2017/18					2018/19				
	Adjusted estimate	Audited outcome			Actual receipts					
		Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted estimate	Apr 17 - Mar 18	Apr 17 - Mar 18 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted estimate
<b>Departmental receipts</b>	<b>1 161</b>	<b>101</b>	<b>8.7</b>	<b>188</b>	<b>16.2</b>	<b>143</b>	<b>217</b>	<b>100.0</b>	<b>164</b>	<b>75.6</b>
Sales of goods and services produced by department	366	32	8.7	64	17.5	136	56	25.8	31	55.4
Sales of scrap, waste, arms and other used current goods	–	–	–	–	–	–	4	1.8	1	25.0
Transfers received	244	–	–	–	–	–	–	–	–	–
Interest, dividends and rent on land	11	–	–	19	172.7	2	1	0.5	–	–
Sales of capital assets	300	58	19.3	95	31.7	–	16	7.4	17	106.3
Transactions in financial assets and liabilities	240	11	4.6	10	4.2	5	140	64.5	115	82.1
<b>Total</b>	<b>1 161</b>	<b>101</b>	<b>8.7</b>	<b>188</b>	<b>16.2</b>	<b>143</b>	<b>217</b>	<b>100.0</b>	<b>164</b>	<b>75.6</b>

### Revenue trends for the first half of 2018/19

Revenue in the first half of 2018/19 was R164 000, 75.6 per cent of the adjusted revenue estimate of R217 000 for the year. Mid-year revenue in 2017/18 was R101 000, 8.7 per cent of the 2017/18 adjusted estimate. In comparison, revenue over the same period in 2018/19 increased by R63 000, 62.4 per cent, mainly due to increased transactions in financial assets and liabilities.

## Changes to transfers and subsidies

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

R thousand	2018/19								
	Main appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
<b>Administration</b>									
<b>Households</b>									
<b>Social benefits</b>									
<b>Current</b>	–	–	–	–	345	–	–	345	
Employee social benefits	–	–	–	–	345	–	–	345	
<b>Business Enhancement, Transformation and Industrialisation</b>									
<b>Households</b>									
<b>Social benefits</b>									
<b>Current</b>	–	–	–	–	22	–	–	22	
Employee social benefits	–	–	–	–	22	–	–	22	

