

Vote 10

Public Enterprises

Adjusted budget summary

R thousand	2020/21					Adjusted appropriation
	Appropriation	Special appropriation	Adjustments appropriation	Second adjustments appropriation		
				Decrease	Increase	
Amount to be appropriated	37 849 355	33 000 000	(61 871)	–	6 819 422	77 606 906
<i>of which:</i>						
Current payments	305 858	–	(61 871)	–	17 887	261 874
Transfers and subsidies	17	–	–	–	151	168
Payments for capital assets	3 480	–	–	–	36	3 516
Payments for financial assets	37 540 000	33 000 000	–	–	6 801 348	77 341 348
Direct charge against the National Revenue Fund	–	–	–	–	143 395	143 395
Executive authority	Minister of Public Enterprises					
Accounting officer	Director-General of Public Enterprises					
Website	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.

Performance

Indicator	Programme	MTSF priority	Annual performance		
			Projected for 2020/21	Achieved in the first half of 2020/21 (April to September)	Changed target for 2020/21 ¹
Number of shareholder compacts signed per year	Business Enhancement, Transformation and Industrialisation	Priority 2: Economic transformation and job creation	7	3	5
Number of corporate plans reviewed per year	Business Enhancement, Transformation and Industrialisation		7	3	5
Number of quarterly financial reviews per year	Business Enhancement, Transformation and Industrialisation		28	8	20

1. The department has revised all its targets for the remainder of 2020/21 due to South African Airways being placed under business rescue and South African Express Airways being placed under provisional liquidation.

Progress

In the first half of 2020/21, the department aimed to sign 7 shareholder compacts and review 7 corporate plans. However, only 3 shareholder compacts have been signed and 3 corporate plans have been reviewed. This was due to South African Airways being placed under business rescue, South African Express Airways being placed under provisional liquidation, Alexkor being placed under administration, and Denel facing financial challenges.

Four state-owned companies (Transnet, Eskom, South African Forestry Company and Denel) submitted quarterly financial reports to the department. The others could not submit due to either being under business rescue, provisional liquidation or administration. As a result, only 8 of the targeted 14 financial reviews were conducted during the first half of the year.

Adjusted estimates

Programme	2020/21										
	R thousand	Appropriation	Special appropriation	Adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
					Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration	164 315	–	–	(28 871)	–	–	–	–	9 037	7 037	142 481
State-owned Companies	54 647	–	–	(11 000)	–	–	–	–	1 807	1 807	45 454
Governance Assurance and Performance											
Business Enhancement, Transformation and Industrialisation	37 630 393	33 000 000	–	(22 000)	–	–	2 000	–	6 808 578	6 810 578	77 418 971
Subtotal	37 849 355	33 000 000	–	(61 871)	–	–	–	–	6 819 422	6 819 422	77 606 906
Direct charge against the National Revenue Fund											
Section 70 of the PFMA payments: South African Express Airways SOC Ltd	–	–	–	–	–	–	–	–	143 395	143 395	143 395
Total	37 849 355	33 000 000	–	(61 871)	–	–	–	–	6 962 817	6 962 817	77 750 301
Economic classification											
Current payments	305 858	–	–	(61 871)	–	–	(187)	–	18 074	17 887	261 874
Compensation of employees	197 122	–	–	(30 000)	–	–	–	–	18 074	18 074	185 196
Goods and services	108 736	–	–	(31 871)	–	–	(187)	–	–	(187)	76 678
Transfers and subsidies	17	–	–	–	–	–	151	–	–	151	168
Provinces and municipalities	17	–	–	–	–	–	–	–	–	–	17
Households	–	–	–	–	–	–	151	–	–	151	151
Payments for capital assets	3 480	–	–	–	–	–	36	–	–	36	3 516
Machinery and equipment	3 480	–	–	–	–	–	36	–	–	36	3 516
Payments for financial assets	37 540 000	33 000 000	–	–	–	–	–	–	6 944 743	6 944 743	77 484 743
Total	37 849 355	33 000 000	–	(61 871)	–	–	–	–	6 962 817	6 962 817	77 750 301

Programme 1: Administration

Subprogramme	2020/21										
	R thousand	Appropriation	Adjustments appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds		Other adjustments	Total second adjustments appropriation	Adjusted appropriation
							–	–			
Ministry	34 761	–	(10 730)	–	–	–	–	–	2 410	2 410	26 441
Management	15 021	–	(5 987)	–	–	(500)	–	–	1 807	1 307	10 341
Communications	37 445	–	(5 864)	–	–	500	–	–	1 807	2 307	33 888
Chief Financial Officer	20 877	–	(1 100)	–	–	(500)	–	–	603	103	19 880
Human Resources	30 852	–	(5 111)	–	–	(300)	–	–	2 410	2 110	27 851
Internal Audit	6 965	–	(79)	–	–	(800)	–	–	–	(800)	6 086
Corporate Services	4 382	–	–	–	–	(400)	–	–	–	(400)	3 982
Office Accommodation	14 012	–	–	–	–	–	–	–	–	–	14 012
Total	164 315	–	(28 871)	–	–	(2 000)	–	–	9 037	7 037	142 481

Programme 1: Administration (continued)

Economic classification	2020/21									
	R thousand	Appropriation	Adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
				Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Current payments	160 818	(28 871)	–	–	(2 106)	–	9 037	6 931	138 878	
Compensation of employees	98 312	(15 000)	–	–	–	–	9 037	9 037	92 349	
Goods and services	62 506	(13 871)	–	–	(2 106)	–	–	(2 106)	46 529	
Transfers and subsidies	17	–	–	–	70	–	–	70	87	
Provinces and municipalities	17	–	–	–	–	–	–	–	17	
Households	–	–	–	–	70	–	–	70	70	
Payments for capital assets	3 480	–	–	–	36	–	–	36	3 516	
Machinery and equipment	3 480	–	–	–	36	–	–	36	3 516	
Total	164 315	(28 871)	–	–	(2 000)	–	9 037	7 037	142 481	

Programme 2: State-owned Companies Governance Assurance and Performance

Subprogramme	2020/21									
	R thousand	Appropriation	Adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
				Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Management	3 318	(400)	–	–	–	–	–	–	2 918	
Legal	18 030	(4 600)	–	–	–	–	904	904	14 334	
Governance	15 757	(2 100)	–	–	–	–	–	–	13 657	
Financial	17 542	(3 900)	–	–	–	–	903	903	14 545	
Assessment and Investment Support										
Total	54 647	(11 000)	–	–	–	–	1 807	1 807	45 454	
Economic classification										
Current payments	54 647	(11 000)	–	–	–	–	1 807	1 807	45 454	
Compensation of employees	35 991	(3 000)	–	–	–	–	1 807	1 807	34 798	
Goods and services	18 656	(8 000)	–	–	–	–	–	–	10 656	
Total	54 647	(11 000)	–	–	–	–	1 807	1 807	45 454	

Programme 3: Business Enhancement, Transformation and Industrialisation

Subprogramme		2020/21								
R thousand	Appropriation	Special appropriation	Adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
				Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Energy Resources	33 012 789	33 000 000	(5 200)	–	–	822	–	(9 997 470)	(9 996 648)	56 010 941
Research and Economic Modelling	12 286	–	(2 100)	–	–	(1 600)	–	844	(756)	9 430
Transport and Defence	4 577 606	–	(11 200)	–	–	3 862	–	16 804 481	16 808 343	21 374 749
Business Enhancement Services	27 712	–	(3 500)	–	–	(1 084)	–	723	(361)	23 851
Total	37 630 393	33 000 000	(22 000)	–	–	2 000	–	6 808 578	6 810 578	77 418 971
Economic classification										
Current payments	90 393	–	(22 000)	–	–	1 919	–	7 230	9 149	77 542
Compensation of employees	62 819	–	(12 000)	–	–	–	–	7 230	7 230	58 049
Goods and services	27 574	–	(10 000)	–	–	1 919	–	–	1 919	19 493
Transfers and subsidies	–	–	–	–	–	81	–	–	81	81
Households	–	–	–	–	–	81	–	–	81	81
Payments for financial assets	37 540 000	33 000 000	–	–	–	–	–	6 801 348	6 801 348	77 341 348
Total	37 630 393	33 000 000	(22 000)	–	–	2 000	–	6 808 578	6 810 578	77 418 971

Direct charge against the National Revenue Fund

		2020/21								
R thousand	Appropriation	Adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation	
			Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
Section 70 of the PFMA payments: South African Express Airways SOC Ltd	–	–	–	–	–	–	–	143 395	143 395	143 395
Total	–	–	–	–	–	–	–	143 395	143 395	143 395
Economic classification										
Payments for financial assets	–	–	–	–	–	–	–	143 395	143 395	143 395
Total	–	–	–	–	–	–	–	143 395	143 395	143 395

Special appropriation – R33 billion

Programme 3: Business Enhancement, Transformation and Industrialisation

R33 billion is appropriated for the recapitalisation of Eskom to settle outstanding debt under the Special Appropriation Act (2019).

Details of adjustments to the 2020 Estimates of National Expenditure

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
Programme 1		(2 106)	Programme 1		106
Goods and services	Travel and subsistence	(70)	Households	Employee social benefits	70
	Travel and subsistence	(36)	Machinery and equipment	Kitchen equipment	36
	Travel and subsistence	(2 000)	Programme 3		2 000
			Goods and services	Increase in foreign exchange rates	2 000
Shifts within the programme as a percentage of the programme budget		0.1%			
Virements to other programmes as a percentage of the programme budget		1.2%			
Programme 3		(81)	Programme 3		81
Goods and services	Travel and subsistence	(81)	Households	Employee social benefits	81
Shifts within the programme as a percentage of the programme budget		0,0%			
Virements to other programmes as a percentage of the programme budget		0,0%			
Total		(2 187)			2 187

Other adjustments – R6.819 billion

Adjustments to expenditure earmarked in the 2020 Budget and Supplementary Budget

Programme 1: Administration

An additional R9 million is allocated for compensation of employees.

Programme 2: State-owned Companies Governance Assurance and Performance

An additional R1.8 million is allocated for compensation of employees

Programme 3: Business Enhancement, Transformation and Industrialisation

An additional R7.2 million is allocated for compensation of employees. R33 billion was incorrectly allocated to Eskom in the Appropriation Act (2020). This amount will be suspended from the programme and has already been appropriated to Eskom in the Special Appropriation Act (2019).

An additional R6.5 billion is conditionally allocated to South African Airways and an additional R23 billion is conditionally allocated to Eskom. These amounts are for the payment of government-guaranteed debt and interest.

A further R3.53 billion is allocated to South African Airways for the implementation of its business rescue plan.

Funds shifted between votes**Programme 3: Business Enhancement, Transformation and Industrialisation**

R6.913 billion is transferred to the Department of Public Enterprises for the implementation of the South African Airways business rescue plan in terms of section 30(2)(e) of the Public Finance Management Act (1999).

Direct charge against the National Revenue Fund – R143.395 million

R143.395 million is reallocated to South African Express Airways to pay a call on guaranteed debt. This amount had already been allocated for the payment of guaranteed debt, but lenders triggered the call on the guarantee before the Appropriation Act (2020) had been gazetted.

Expenditure outcome for 2019/20 and actual expenditure for 2020/21

Programme	2019/20					2020/21			
	Adjusted appropriation	Outcome		Apr 19 - % of adjusted appropriation	Apr 19 - Mar 20	Adjusted appropriation	Adjusted appropriation/ Total (%)	Actual expenditure	
Apr 19 - Sep 19		% of adjusted appropriation	Apr 20 - Sep 20					% of adjusted appropriation	
R thousand									
Administration	163 121	66 997	41.1	149 077	91.4	142 481	0.2	59 141	41.5
State-owned Companies	41 613	21 443	51.5	36 880	88.6	45 454	0.1	16 251	35.8
Governance Assurance and Performance Business	56 678 296	21 126 099	37.3	56 660 432	100.0	77 418 971	99.6	16 553 020	21.4
Enhancement, Transformation and Industrialisation									
Subtotal	56 883 030	21 214 539	37.3	56 846 389	99.9	77 606 906	99.8	16 628 412	21.4
Direct charge against the National Revenue Fund	–	–	–	–	–	143 395	0.2	143 395	100.0
Section 70 of the PFMA payments: South African Express Airways SOC Ltd	–	–	–	–	–	143 395	0.2	143 395	100.0
Total	56 883 030	21 214 539	37.3	56 846 389	99.9	77 750 301	100.0	16 771 807	21.6
Economic classification									
Current payments	274 270	108 657	39.6	233 992	85.3	261 874	0.3	112 900	43.1
Compensation of employees	170 228	73 996	43.5	149 189	87.6	185 196	0.2	71 956	38.9
Goods and services	104 042	34 661	33.3	84 803	81.5	76 678	0.1	40 945	53.4
Transfers and subsidies	5 322	4 965	93.3	8 128	152.7	168	0.0	151	89.9
Provinces and municipalities	11	5	45.5	15	136.4	17	0.0	2	11.8
Public corporations and private enterprises	1 025	610	59.5	3 574	348.7	–	–	–	–
Households	4 286	4 350	101.5	4 539	105.9	151	0.0	149	98.7
Payments for capital assets	3 438	917	26.7	4 228	123.0	3 516	0.0	–	–
Machinery and equipment	3 288	886	26.9	4 197	127.6	3 516	0.0	2 778	–
Software and other intangible assets	150	31	20.7	31	20.7	–	–	–	–
Payments for financial assets	56 600 000	21 100 000	37.3	56 600 041	100.0	77 484 743	99.7	16 655 978	21.5
Total	56 883 030	21 214 539	37.3	56 846 389	99.9	77 750 301	100.0	16 771 807	21.6

Expenditure trends

Total expenditure in 2019/20 was R56.8 billion, 99.9 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2019/20 was R21.2 billion, 37.3 per cent of the adjusted appropriation for the year, whereas expenditure in the first half of 2020/21 was R16.8 billion, 21.6 per cent of the adjusted appropriation of R77.8 billion for the year. Compared to the first half of 2019/20, expenditure over the same period in 2020/21 decreased by R4.4 billion, 20.9 per cent. This was mainly due to a decrease in payments for financial assets regarding the recapitalisation of state-owned companies, mainly Eskom.

Departmental receipts

R thousand	2019/20					2020/21				
	Adjusted estimate	Outcome		Apr 19 - Mar 20	Apr 19 - Mar 20	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Actual receipts	
		Apr 19 - Sep 19	Apr 19 - Sep 19 % of adjusted estimate						Apr 20 - Sep 20	Apr 20 - Sep 20 % of adjusted estimate
Departmental receipts	214	62	29.0	109	50.9	294	294	100.0	35	11.9
Sales of goods and services produced by department	97	32	33.0	65	67.0	99	99	33.7	35	35.4
Interest, dividends and rent on land	2	–	–	–	–	2	2	0.7	–	–
Sales of capital assets	–	–	–	–	–	65	65	22.1	–	–
Transactions in financial assets and liabilities	115	30	26.1	44	38.3	128	128	43.5	–	–
Total	214	62	29.0	109	50.9	294	294	100.0	35	11.9

Revenue trends

Mid-year revenue in 2019/20 was R62 000, 29 per cent of the 2019/20 adjusted estimate, whereas revenue for the first half of 2020/21 was R35 027, 11.9 per cent of the adjusted estimate of R294 000 for the year. Compared to the first half of 2019/20, revenue over the same period in 2020/21 decreased by R26 973, 43.5 per cent. This was mainly due to a decrease in transactions related to financial assets and liabilities.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

R thousand	2020/21										
	Appropriation	Special appropriation	Adjustments appropriation	Second adjustments appropriation						Total second adjustments appropriation	Adjusted appropriation
				Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
Administration											
Households											
Social benefits											
Current	–	–	–	–	–	70	–	–	70	70	
Employee social benefits	–	–	–	–	–	70	–	–	70	70	
Business Enhancement, Transformation and Industrialisation											
Households											
Social benefits											
Current	–	–	–	–	–	81	–	–	81	81	
Employee social benefits	–	–	–	–	–	81	–	–	81	81	

