

# Vote 30

## Public Enterprises

### Adjusted budget summary

2008/09				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>3 007 862</b>	<b>3 269 378</b>	-	261 516
<i>of which:</i>				
Current payments	164 837	166 317	-	1 480
Transfers and subsidies	2 842 650	3 102 166	-	259 516
Payments for capital assets	375	895	-	520
<b>Direct charge against the National Revenue Fund</b>	-	-	-	-
Executive authority	Minister of Public Enterprises			
Accounting officer	Director-General of Public Enterprises			

### Aim

*The key objective 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 2008

Table 30.1: Adjusted estimates

Programme	2008/09						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
R thousand		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	65 986	-	-	7 095	-	7 095	73 081
2. Energy and Broadband Enterprises	2 137 580	-	-	399	-	399	2 137 979
3. Legal, Governance, Risk and Transactions	158 163	-	-	(5 747)	-	(5 747)	152 416
4. Manufacturing Enterprises	11 641	-	259 516	(1 722)	-	257 794	269 435
5. Transport Enterprises	605 669	-	-	(1 309)	-	(1 309)	604 360
6. Joint Project Facility	28 823	-	-	1 284	2 000	3 284	32 107
<b>Departmental Total</b>	<b>3 007 862</b>	-	<b>259 516</b>	-	<b>2 000</b>	<b>261 516</b>	<b>3 269 378</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>164 837</b>	-	-	<b>(520)</b>	<b>2 000</b>	<b>1 480</b>	<b>166 317</b>
Compensation of employees	71 492	-	-	(3 522)	-	(3 522)	67 970
Goods and services	93 345	-	-	3 002	2 000	5 002	98 347
<b>Transfers and subsidies</b>	<b>2 842 650</b>	-	<b>259 516</b>	-	-	<b>259 516</b>	<b>3 102 166</b>
Public corporations and private enterprises	2 842 000	-	259 516	-	-	259 516	3 101 516
Households	650	-	-	-	-	-	650
<b>Payments for capital assets</b>	<b>375</b>	-	-	<b>520</b>	-	<b>520</b>	<b>895</b>
Machinery and equipment	375	-	-	520	-	520	895
<b>Total</b>	<b>3 007 862</b>	-	<b>259 516</b>	-	<b>2 000</b>	<b>261 516</b>	<b>3 269 378</b>

## Details of adjustments to Estimates of National Expenditure 2008

### Unforeseeable and unavoidable expenditure – R259.516 million

Programme 4: Manufacturing Enterprises

R259.516 million has been allocated for the Denel Saab Aerostructures indemnity claim.

### Virements

Table 30.2: Virements

Programme / Economic classification	R thousand		Details and motivation
	From	To	
<b>1. Administration</b>	-	<b>7 095</b>	
<b>Current payments</b>	-	<b>6 575</b>	
Compensation of employees	-	769	R896 000 from compensation of employees in programme 3 for the salaries of employees that moved to the office of the Chief Investment Portfolio Manager
Goods and services	-	5 806	<b>Savings of R127 000 to goods and services in this programme</b> R127 000 from compensation of employees in programme 1 R1.858 million from compensation of employees in programme 3 R2.993 million from goods and services in programme 3 R259 000 from goods and services in programme 5 R126 000 from goods and services in programme 6 R289 000 from compensation of employees in programme 4 R674 000 from goods and services in programme 4 For the newly created office of the Chief Investment Portfolio Manager, a workstudy on the establishment in this programme, and energy saving projects in the department
<b>Payments for capital assets</b>	-	<b>520</b>	<b>Savings of R520 000 to machinery and equipment in this programme</b>
Machinery and equipment	-	520	From goods and services in programme 1 for a fire detection system for the building
<b>2. Energy and Broadband Enterprises</b>	<b>(1 248)</b>	<b>1 647</b>	
<b>Current payments</b>	<b>(1 248)</b>	<b>1 647</b>	
Compensation of employees	(1 248)	-	<b>Vacancies due to scarcity of sector specialists:</b> To goods and services in this programme
Goods and services	-	1 647	R1.248 million from compensation of employees in this programme R399 000 from goods and services in programme 4 For the review of Eskom's expansion and long term sustainability, and economic modeling projects
<b>3. Legal, Governance, Risk and Transactions</b>	<b>(5 747)</b>	-	
<b>Current payments</b>	<b>(5 747)</b>	-	
Compensation of employees	(2 754)	-	<b>Savings due to resignations as well as movement of personnel to the Office of the Chief Investment Portfolio Manager:</b> R896 000 to compensation of employees in programme 1 R1.858 million to goods and services in programme 1
Goods and services	(2 993)	-	<b>Savings due to the shifting of employees and related costs to the office of the Chief Investment Portfolio Manager:</b> To goods and services in programme 1
<b>4. Manufacturing Enterprises</b>	<b>(1 722)</b>	-	
<b>Current payments</b>	<b>(1 722)</b>	-	
Compensation of employees	(649)	-	<b>Vacancies due to scarcity of sector specialists:</b> R360 000 to compensation of employees in programme 6 R289 000 to goods and services in programme 1
Goods and services	(1 073)	-	<b>Savings due to projects in Defence and Forestry that will not take place during the current financial year:</b> R399 000 to goods and services in programme 2 R674 000 to goods and services in programme 1

Table 30.2: Virements (continued)

Programme / Economic classification	R thousand		Details and motivation
	From	To	
<b>5. Transport Enterprises</b>	<b>(1 309)</b>	<b>-</b>	
<b>Current payments</b>	<b>(1 309)</b>	<b>-</b>	
Compensation of employees	(1 050)	-	- <b>Vacancies due to scarcity of sector specialists:</b> To compensation of employees in programme 6
Goods and services	(259)	-	- <b>Savings due to projects that will not take place during the current financial year:</b> To goods and services in programme 1
<b>6. Joint Project Facility</b>	<b>(126)</b>	<b>1 410</b>	
<b>Current payments</b>	<b>(126)</b>	<b>1 410</b>	
Compensation of employees	-	1 410	R360 000 from compensation of employees in programme 4 R1.05 million from compensation of employees in programme 5 For the deficit in this programme
Goods and services	(126)	-	- <b>Savings due to projects costing less than anticipated:</b> To goods and services in programme 1
<b>Total for Vote</b>	<b>(10 152)</b>	<b>10 152</b>	

### Other adjustments: R2 million

#### **Funds shifted between votes or to follow the transfer of functions in terms of section 42 of the PFMA**

R2 million will be transferred from the Department of Science and Technology for their contribution to the funding of a technology-specific element to the supplier benchmarking system.

#### **Funds shifted within a vote**

Programme 5: Transport Enterprises:

R36 million has been shifted from capital transfer payments to current transfer payments under public corporations and private enterprises, resulting in the current payment being increased from R104 million to R140 million. This payment will be made directly to Transnet Limited in respect of the purchase price of SA Express Airways (SAX), and the line has therefore been changed. The capital transfer payment to SAX will reduce to R445 million.

## Expenditure 2007/08 and preliminary expenditure 2008/09

Table 30.3: Expenditure trends

Programme	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 - Sep 07 % of adjusted appropriation	Apr 2007 - Mar 2008	Apr 07 - Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 - Sep 08 % of adjusted appropriation
1. Administration	66 332	29 888	45.1	66 281	99.9	73 081	38 115	52.2
2. Energy and Broadband Enterprises	2 514 329	3 877	0.2	2 514 327	100.0	2 137 979	1 507 821	70.5
3. Legal, Governance, Risk and Transactions	95 804	8 971	9.4	95 788	100.0	152 416	7 012	4.6
4. Manufacturing Enterprises	1 160 977	935 246	80.6	1 159 944	99.9	269 435	2 381	0.9
5. Transport Enterprises	752 130	2 231	0.3	752 128	100.0	604 360	5 103	0.8
6. Joint Project Facility	15 517	5 114	33.0	15 516	100.0	32 107	19 826	61.7
<b>Total</b>	<b>4 605 089</b>	<b>985 327</b>	<b>21.4</b>	<b>4 603 984</b>	<b>100.0</b>	<b>3 269 378</b>	<b>1 580 258</b>	<b>48.3</b>

**Table 30.3: Expenditure trends (continued)**

	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 – Sep 07 % of adjusted appropriation	Apr 2007 - Mar 2008	Apr 07 – Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 – Sep 08 % of adjusted appropriation
<b>Economic classification</b>								
<b>Current payments</b>	<b>128 616</b>	<b>50 356</b>	<b>39.2</b>	<b>126 566</b>	<b>98.4</b>	<b>166 317</b>	<b>76 246</b>	<b>45.8</b>
Compensation of employees	62 010	28 898	46.6	55 998	90.3	67 970	33 223	48.9
Goods and services	66 606	21 458	32.2	70 541	105.9	98 347	43 023	43.7
Financial transactions in assets and liabilities	-	-	-	27	-	-	-	-
<b>Transfers and subsidies</b>	<b>4 474 993</b>	<b>933 541</b>	<b>20.9</b>	<b>4 473 912</b>	<b>100.0</b>	<b>3 102 166</b>	<b>1 503 958</b>	<b>48.5</b>
Provinces and municipalities	-	2	-	-	-	-	-	-
Public corporations and private enterprises	4 474 373	932 999	20.9	4 473 342	100.0	3 101 516	1 503 911	48.5
Households	620	540	87.1	570	91.9	650	47	7.2
<b>Payments for capital assets</b>	<b>1 480</b>	<b>1 430</b>	<b>96.6</b>	<b>3 506</b>	<b>236.9</b>	<b>895</b>	<b>54</b>	<b>6.0</b>
Machinery and equipment	1 480	1 301	87.9	2 377	160.6	895	54	6.0
Software and other intangible assets	-	129	-	1 129	-	-	-	-
<b>Total</b>	<b>4 605 089</b>	<b>985 327</b>	<b>21.4</b>	<b>4 603 984</b>	<b>100.0</b>	<b>3 269 378</b>	<b>1 580 258</b>	<b>48.3</b>

### Selected expenditure trends for the first half of 2008/09

Expenditure in the first six months of 2008/09 was R1.58 billion, or 48.3 per cent of the adjusted appropriation of R3.269 billion for the year as a whole. Expenditure in the first six months of 2008/09 increased by R594.9 million, or 60.4 per cent compared to spending in the first six months of 2007/08 which amounted to R985.3 million, or 21.4 per cent of the 2007/08 adjusted appropriation.

The main increases compared to 2007/08 are related to transfer payments to the Pebble Bed Modular Reactor and to Infracore.

Expenditure for 2007/08 was almost equivalent to the funds appropriated for that year.

## Departmental receipts

**Table 30.4: Receipts**

R thousand	2008/09			
	Budget estimate	Adjusted estimate	Actual receipts Apr 08 - Sep 08	% of Adjusted estimate
<b>Departmental receipts</b>				
Sales of goods and services other than capital assets	34	34	19	55.9
Interest, dividends and rent on land	14	14	4	28.6
Financial transactions in assets and liabilities	22	22	21	95.5
<b>Total</b>	<b>70</b>	<b>70</b>	<b>44</b>	<b>62.9</b>

Actual departmental revenue collections for the first six months of 2008/09 were R44 000 or 62.9 per cent of the adjusted estimate of R70 000.

## Changes to transfers and subsidies, and conditional grants

Table 30.5: Summary of changes to transfers and subsidies per programme

		2008/09					
		Additional Appropriation				Total additional appropriation	Adjusted appropriation
R thousands	Main appropriation	Roll-overs	Unforeseeable/ unavoidable	Virements	Other adjustments		
<b>4. Manufacturing Enterprises</b>	-	-	259 516	-	-	259 516	259 516
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	-	259 516	-	-	259 516	259 516
Denel	-	-	259 516	-	-	259 516	259 516
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	104 000	-	-	-	36 000	36 000	140 000
Transnet: South African Express Airways (SAX)	104 000	-	-	-	36 000	36 000	140 000
<b>Capital</b>	<b>481 000</b>	-	-	-	<b>(36 000)</b>	<b>(36 000)</b>	<b>445 000</b>
South African Express Airways (SAX)	481 000	-	-	-	(36 000)	(36 000)	445 000

