

Vote 30

Public Enterprises

Adjusted budget summary

R thousand	2009/10			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	3 797 346	3 991 160	–	193 814
<i>of which:</i>				
Current payments	170 963	172 911	–	1 948
Transfers and subsidies	3 625 130	3 816 996	–	191 866
Payments for capital assets	1 253	1 253	–	–
Executive authority	Minister of Public Enterprises			
Accounting officer	Director-General of Public Enterprises			
Website address	www.dpe.gov.za			

Aim

The aim of the Department of Public Enterprises is to 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.

Reorganisation of department

A deputy ministry has been created. The deputy minister took office on 11 May 2009.

Mid-year performance status

Indicator	Programme	Annual performance		
		Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September)	Change of estimate for 2009/10
As published in the 2009 ENE	Programme linked to the indicator			
Number of new shareholder compacts signed	Energy and Broadband Enterprises; Legal, Governance, Risk and Transactions; Manufacturing Enterprises; Transport Enterprises.	8	5	9
Number of new corporate plans reviewed	Energy and Broadband Enterprises; Legal Governance, Risk and Transactions; Manufacturing Enterprises; Transport Enterprises.	8	8	9
Number of quarterly financial reviews	Energy and Broadband Enterprises; Legal, Governance, Risk and Transactions; Manufacturing Enterprises; Transport Enterprises.	32	9	36
Number of projects each year	Joint Project Facility	8	0	–

The estimated number of new shareholder compacts signed, new corporate plans reviewed, and quarterly financial reviews in 2009/10 have been increased, because South African Express Airways was transferred to the department.

Adjusted Estimates of National Expenditure 2009

Programme	2009/10							Adjusted appropriation
	Main appropriation	Additional appropriation					Total additional appropriation	
		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
R thousand								
1. Administration	78 797	–	1 313	10 392	–	–	11 705	90 502
2. Energy and Broadband Enterprises	1 957 646	–	236	1 310	–	–	1 546	1 959 192
3. Legal, Governance, Risk and Transactions	152 754	–	33	(5 408)	–	–	(5 375)	147 379
4. Manufacturing Enterprises	8 467	–	192 038	(1 170)	–	–	190 868	199 335
5. Transport Enterprises	1 566 004	–	194	2 532	–	–	2 726	1 568 730
6. Joint Project Facility	33 678	–	–	(7 656)	–	–	(7 656)	26 022
Total	3 797 346	–	193 814	–	–	–	193 814	3 991 160
Economic classification								
Current payments	170 963	–	1 948	–	–	–	1 948	172 911
Compensation of employees	79 476	–	1 948	–	–	–	1 948	81 424
Goods and services	91 487	–	–	–	–	–	–	91 487
Transfers and subsidies	3 625 130	–	191 866	–	–	–	191 866	3 816 996
Public corporations and private enterprises	3 624 450	–	191 866	–	–	–	191 866	3 816 316
Households	680	–	–	–	–	–	–	680
Payments for capital assets	1 253	–	–	–	–	–	–	1 253
Machinery and equipment	1 253	–	–	–	–	–	–	1 253
Total	3 797 346	–	193 814	–	–	–	193 814	3 991 160

Details of adjustments to Estimates of National Expenditure 2009

Unforeseeable and unavoidable expenditure – R193.814 million

Of the total additional allocation for unforeseeable and unavoidable expenditure, R1.948 million is allocated for higher salary increases than the main budget provided for, as follows:

Programme 1: Administration

R1.313 million

Programme 2: Energy and Broadband Enterprises

R236 000

Programme 3: Legal, Governance, Risk and Transactions

R33 000

Programme 4: Manufacturing Enterprises

R172 000

Programme 5: Transport Enterprises

R194 000

Programme 4: Manufacturing Enterprises

An additional R191.866 million is allocated for the Denel Saab Aerostructures claim in terms of the indemnity provided by government for the A400M contracts.

Virements

Programmes					
1. Administration					
2. Energy and Broadband Enterprises					
3. Legal, Governance, Risk and Transactions					
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 3		(5 408)	Programme 1		2 828
Goods and services	Reduction due to vacant post	(2 828)	Goods and services	For the newly established deputy ministry, travel costs, and the extended dashboard project in the chief investment portfolio manager's office For printing costs	1 748 1 080
Compensation of employees	Reduction due to vacant and abolished posts	(2 580)	Programme 1		2 580
			Compensation of employees	For the retirement settlement for the previous minister, and an additional post for a special advisor to the minister For the newly established deputy ministry	2 250 330
Programme 4		(1 170)	Programme 1		1 170
Compensation of employees	Reduction due to vacant and abolished posts	(1 170)	Compensation of employees	For the retirement settlement for the previous minister, and an additional post for a special advisor to the minister	1 170
Programme 6		(7 656)	Programme 1		1 900
Goods and services	Reduction due to vacant posts	(3 146)	Goods and services	For software license fees, and for the newly established deputy ministry	1 900
			Programme 5		1 246
			Goods and services	For developing the strategic model for South African Airways, and for the International Air Transport Association project	1 246
Compensation of employees	Reduction due to vacant posts	(4 510)	Programme 1		1 914
			Compensation of employees	For a shortfall	1 609
			Compensation of employees	For the newly established deputy ministry	305
			Programme 2		1 310
			Compensation of employees	For a shortfall	1 310
			Programme 5		1 286
			Compensation of employees	For a shortfall	1 286
Total		(14 234)			14 234

Expenditure for 2008/09 and preliminary expenditure for 2009/10

Programme	2008/09					2009/10		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted appropriation	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted appropriation	Adjusted appropriation	Apr 09 - Sep 09	Apr 09 - Sep 09 % of adjusted appropriation
1. Administration	73 081	38 114	52.2	77 939	106.6	90 502	42 930	47.4
2. Energy and Broadband Enterprises	2 137 979	1 507 836	70.5	2 136 811	99.9	1 959 192	1 278 887	65.3
3. Legal, Governance, Risk and Transactions	152 416	7 013	4.6	147 889	97.0	147 379	36 304	24.6
4. Manufacturing Enterprises	269 435	2 381	0.9	267 027	99.1	199 335	3 574	1.8
5. Transport Enterprises	604 360	5 102	0.8	604 930	100.1	1 568 730	1 556 831	99.2
6. Joint Project Facility	32 107	19 826	61.7	30 553	95.2	26 022	14 870	57.1
Total	3 269 378	1 580 272	48.3	3 265 149	99.9	3 991 160	2 933 396	73.5
Economic classification								
Current payments	166 317	76 260	45.9	163 981	98.6	172 911	80 355	46.5
Compensation of employees	72 080	33 237	46.1	70 445	97.7	81 424	39 387	48.4
Goods and services	93 893	43 023	45.8	93 238	99.3	91 487	40 968	44.8
Financial transactions in assets and liabilities	344	-	-	298	86.6	-	-	-
Transfers and subsidies	3 102 166	1 503 958	48.5	3 100 290	99.9	3 816 996	2 852 633	74.7
Public corporations and private enterprises	3 101 516	1 503 911	48.5	3 099 640	99.9	3 816 316	2 852 603	74.7
Households	650	47	7.2	650	100.0	680	30	4.4
Payments for capital assets	895	54	6.0	878	98.1	1 253	408	32.6
Machinery and equipment	861	54	6.3	844	98.0	1 253	408	32.6
Software and other intangible Assets	34	-	-	34	100.0	-	-	-
Total	3 269 378	1 580 272	48.3	3 265 149	99.9	3 991 160	2 933 396	73.5

Main expenditure trends for the first half of 2009/10

Total expenditure for 2008/09 was 99.9 per cent of the 2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 was R2.933 billion, or 73.5 per cent of the adjusted appropriation of R3.991 billion for the year as a whole. In comparison, mid-year expenditure in 2008/09 was R1.580 billion, or 48.3 per cent of the 2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 increased by R1.353 billion or 85.6 per cent, compared to expenditure in the first six months of 2008/09.

The main expenditure increase compared to 2008/09 is due to the transfer payment to South African Airways (SAA) for the conversion of a guaranteed loan into equity to reduce SAA's debt.

Departmental receipts

R thousand	2008/09					2009/10			
	Adjusted estimate	Audited outcome			Actual receipts				
		Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted estimate	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 09 - Sep 09	Apr 09 - Sep 09 % of adjusted estimate
Departmental receipts	70	44	62.9	818	1 168.6	70	70	35	50.0
Sales of goods and services produced by department	34	19	55.9	38	111.8	32	32	19	59.4
Interest, dividends and rent on land	14	4	28.6	595	4 250.0	15	15	-	-
Sales of capital assets	-	-	-	-	-	-	-	14	-
Transactions in financial assets and liabilities	22	21	95.5	185	840.9	23	23	2	8.7
Extraordinary receipts	-	-	-	435 462	-	-	-	-	-
Winding down of Diabo Share Trust	-	-	-	435 462	-	-	-	-	-
Total	70	44	62.9	436 280	623 257.1	70	70	35	50.0

Main departmental revenue trends for the first half of 2009/10

Departmental revenue collection in the first six months of 2009/10 was R35 000, or 50.0 per cent of the adjusted revenue estimate of R70 000 for the year as a whole. In comparison, mid-year revenue collection in 2008/09 was R44 000, or 62.9 per cent of the 2008/09 adjusted estimate. Departmental revenue collection in the first six months of 2009/10 decreased by R9 000 or 20.5 per cent, compared to revenue collected in the first six months of 2008/09.

The main revenue decrease compared to 2008/09 is due to less bursary debt.

Changes to transfers and subsidies, and conditional grants

Summary of changes to transfers and subsidies

R thousand	2009/10							Adjusted appropriation
	Main appropriation	Additional appropriation					Total additional appropriation	
		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
4. Manufacturing Enterprises								
Public corporations and private enterprises								
Public corporations								
Other transfers								
Current	-	-	191 866	-	-	-	191 866	191 866
Denel	-	-	191 866	-	-	-	191 866	191 866

