

Public Enterprises

Adjusted budget summary

2012/13				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 249 072	1 376 758	–	127 686
of which:				
Current payments	197 511	206 176	–	8 665
Transfers and subsidies	100	118 489	–	118 389
Payments for capital assets	1 461	2 093	–	632
Payments for financial assets	1 050 000	1 050 000	–	–
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, their customers and suppliers so as to unlock growth, drive industrialisation, create jobs and develop skills.

Mid-year performance status

Indicator As published in the 2012 ENE	Programme Programme linked to the indicator	Annual performance		
		Projected for 2012/13 as published in the 2012 ENE	Achieved in the first six months of 2012/13 (April to September)	Changed estimate for 2012/13
Number of shareholder compacts signed per year	Portfolio Management and Strategic Partnerships	8	4	–
Number of new corporate plans reviewed per year	Portfolio Management and Strategic Partnerships	8	0	–
Number of quarterly financial reviews per year	Portfolio Management and Strategic Partnerships	32	6	–

Mid-year progress

Four shareholder compacts were signed in the first six months of the year, with the remaining four in progress. The signed compacts are for Eskom, South African Forestry Company Limited (SAFCOL), South African Airways (SAA) and South African Express Airways (SAX). Therefore the annual target is expected to be met.

No reviews of new corporate plans have been completed, but eight are in progress. The reviews should be finalised by the end of the year. Currently, only six quarterly financial reviews have been completed due to delays in receipt of financial information. Quarterly reviews for Eskom, Transnet, Alexkor, Denel and SAFCOL are in progress. These have not been completed as yet because of the lengthy internal review process being performed before submission to the Department. Due to the delay in the issuance of financial statements for SAA and SAX, the reviews are pending, whilst the Department also awaits the submission of information from Broadband Infraco. The Department is however on track to meet the annual estimate.

The process of capacitating the Department is underway based on its realigned structure. An aggressive recruitment drive has been initiated to position the Department as an employer of choice. This is intended to attract the right talent. The enhancement of the management of performance is underway and is intended to improve oversight of the State Owned Companies reporting to the Department. The elevation of the public profile of the Department has brought the Department into the public discourse around matters of economic development, specifically through the State Owned Companies.

Adjusted Estimates of National Expenditure 2012

Programme	2012/13							
	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
R thousand								
Administration	104 394	–	–	3 010	–	1 142	4 152	108 546
Legal and Governance	26 937	–	–	(700)	–	–	(700)	26 237
Portfolio Management and Strategic Partnerships	1 117 741	3 131	118 313	(2 310)	–	5 100	124 234	1 241 975
Total	1 249 072	3 131	118 313	–	–	6 242	127 686	1 376 758
Economic classification								
Current payments	197 511	3 131	–	(708)	–	6 242	8 665	206 176
Compensation of employees	105 759	–	–	(372)	–	5 792	5 420	111 179
Goods and services	91 752	3 131	–	(336)	–	450	3 245	94 997
Transfers and subsidies	100	–	118 313	76	–	–	118 389	118 489
Public corporations and private enterprises	–	–	118 313	–	–	–	118 313	118 313
Households	100	–	–	76	–	–	76	176
Payments for capital assets	1 461	–	–	632	–	–	632	2 093
Machinery and equipment	1 461	–	–	600	–	–	600	2 061
Software and other intangible assets	–	–	–	32	–	–	32	32
Payments for financial assets	1 050 000	–	–	–	–	–	–	1 050 000
Total	1 249 072	3 131	118 313	–	–	6 242	127 686	1 376 758

Programme 1: Administration

Subprogramme		2012/13						
		Adjustments appropriation						
	Main appropriation	Roll- Overs	Unforeseeable/ Unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	Adjusted appropriation
R thousand								
Ministry	27 109	–	–	1 551	–	–	1 551	28 660
Management	8 944	–	–	(2 379)	–	–	(2 379)	6 565
Corporate Services	22 152	–	–	1 703	–	600	2 303	24 455
Chief Financial Officer	9 067	–	–	(290)	–	–	(290)	8 777
Human Resources	11 520	–	–	–	–	500	500	12 020
Communications	11 628	–	–	(17)	–	–	(17)	11 611
Strategic Planning, Monitoring and Evaluation	1 944	–	–	1 902	–	–	1 902	3 846
Inter Governmental Relations	902	–	–	680	–	–	680	1 582
Internal Audit	3 775	–	–	(140)	–	42	(98)	3 677
Office Accommodation	7 353	–	–	–	–	–	–	7 353
Total	104 394	–	–	3 010	–	1 142	4 152	108 546
Economic classification								
Current payments	102 833	–	–	2 326	–	1 142	3 468	106 301
Compensation of employees	51 275	–	–	2 073	–	1 142	3 215	54 490
Goods and services	51 558	–	–	253	–	–	253	51 811
Transfers and subsidies	100	–	–	52	–	–	52	152
Households	100	–	–	52	–	–	52	152
Payments for capital assets	1 461	–	–	632	–	–	632	2 093
Machinery and equipment	1 461	–	–	600	–	–	600	2 061
Software and other intangible assets	–	–	–	32	–	–	32	32
Total	104 394	–	–	3 010	–	1 142	4 152	108 546

Programme 2: Legal and Government

Subprogramme		2012/13						
R thousand	Main appropriation	Adjustments appropriation						Adjusted Appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
Management	2 315	–	–	–	–	–	–	2 315
Legal	15 893	–	–	–	–	–	–	15 893
Governance	8 729	–	–	(700)	–	–	(700)	8 029
Total	26 937	–	–	(700)	–	–	(700)	26 237
Economic classification								
Current payments	26 937	–	–	(700)	–	–	(700)	26 237
Compensation of employees	15 093	–	–	(700)	–	–	(700)	14 393
Goods and services	11 844	–	–	–	–	–	–	11 844
Total	26 937	–	–	(700)	–	–	(700)	26 237

Programme 3: Portfolio Management and Strategic Partnership

Subprogramme		2012/13						
R thousand	Main appropriation	Adjustments appropriation						Adjusted Appropriation
		Roll-Overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
Energy and Broadband Enterprises	16 605	–	–	(675)	–	858	183	16 788
Manufacturing Enterprises	1 062 779	431	118 313	–	–	924	119 668	1 182 447
Transport Enterprises	17 928	2 700	–	700	–	1 205	4 605	22 533
Economic Impact and Policy Alignment	15 063	–	–	(1 285)	–	1 274	(11)	15 052
Strategic Partnerships	5 366	–	–	(1 050)	–	839	(211)	5 155
Total	1 117 741	3 131	118 313	(2 310)	–	5 100	124 234	1 241 975
Economic classification								
Current payments	67 741	3 131	–	(2 334)	–	5 100	5 897	73 638
Compensation of employees	39 391	–	–	(1 745)	–	4 650	2 905	42 296
Goods and services	28 350	3 131	–	(589)	–	450	2 992	31 342
Transfers and subsidies	–	–	118 313	24	–	–	118 337	118 337
Public corporations and private enterprises	–	–	118 313	–	–	–	118 313	118 313
Households	–	–	–	24	–	–	24	24
Payments for financial assets	1 050 000	–	–	–	–	–	–	1 050 000
Total	1 117 741	3 131	118 313	(2 310)	–	5 100	124 234	1 241 975

Details of adjustments to Estimates of National Expenditure 2012**Roll-overs – R3.131 million****Programme 3: Portfolio Management and Strategic Partnerships**

R431 000 has been rolled over for the South African Forestry Company Limited's strategy in terms of its future role within the forestry industry.

R2.700 million has been rolled over for project support for the implementation of the Locomotive Fleet Procurement Programme.

Unforeseeable and unavoidable expenditure – R118.313 million

Programme 3: Portfolio Management and Strategic Partnerships

An additional R118.313 million is allocated to Denel for the seventh indemnity claim by Denel Saab Aerostructures under the indemnity agreement with the government for the A400M contracts.

Virements and shifts

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
Programme 1		(75)	Programme 1		75
Compensation of employees	Vacant posts	(52)	Households	For leave gratuities	52
Goods and services	Funds shifted to payments for capital assets because items cost more than R5 000	(7)	Machinery and equipment	Funds shifted to payments for capital assets because items cost more than R5 000	7
Machinery and equipment	Reprioritisation of funds	(16)	Software and other intangible assets	For computer software	16
Shifts within the programme as percentage of programme budget		0.1%			
Virements to other programmes as percentage of programme budget		0.0%			
Programme 2		(700)	Programme 1		700
Compensation of employees	Vacant posts	(700)	Compensation of employees	To fill vacant posts	700
Shifts within the programme as percentage of programme budget		0.0%			
Virements to other programmes as percentage of programme budget		2.6%			
Programme 3		(2 630)	Programme 1		1 425
Compensation of employees	Vacant posts	(1 425)	Compensation of employees	To fill vacant posts	1 425
	Vacant posts	(296)	Programme 3		320
	Vacant posts	(24)	Goods and services	For travel and subsistence	296
	Reduction in travel and subsistence	(609)	Households	For leave gratuities	24
	Reduction in travel and subsistence	(260)	Programme 1		885
	Reduction in travel and subsistence	(16)	Machinery and equipment	For computers and office equipment	609
Goods and services	Reduction in travel and subsistence	(16)	Goods and services	For travel and subsistence	260
			Software and other intangible assets	For computer software	16
Shifts within the programme as percentage of programme budget		0.0%			
Virements to other programmes as percentage of programme budget		0.2%			
Total		(3 405)	3 405		

Other adjustments – R6.242 million

Adjustments due to significant and unforeseeable economic and financial events

An additional R1.542 million is allocated for higher personnel remuneration increases than the main budget provided for, as follows:

Programme 1: Administration

R1.142 million

Programme 3: Portfolio Management and Strategic Partnerships

R400 000

Funds shifted between votes

Programme 3: Portfolio Management and Strategic Partnerships

R4.700 million has been transferred to the Department from National Treasury for the oversight of state owned companies.

Expenditure for 2011/12 and preliminary expenditure for 2012/13

Programme	2011/12 Expenditure outcome					2012/13 Preliminary expenditure		
	Adjusted appropriation	Apr 11 - Sep 11	Apr 11 - Sep 11 % of adjusted appropriation	Apr 11 - Mar 12	Apr 11 - Mar 12 % of adjusted appropriation	Adjusted appropriation	Apr 12 - Sep 12	Apr 12 - Sep 12 % of adjusted Appropriation
R thousand								
Administration	101 487	52 197	51.4	118 632	116.9	108 546	52 053	48.0
Legal and Governance	23 675	3 609	15.2	10 779	45.5	26 237	9 131	34.8
Portfolio Management and Strategic Partnerships	228 180	64 444	28.2	216 704	95.0	1 241 975	22 438	1.8
Total	353 342	120 250	34.0	346 115	98.0	1 376 758	83 622	6.1
Economic classification								
Current payments	194 134	78 722	40.6	185 060	95.3	206 176	82 395	40.0
Compensation of employees	100 017	47 228	47.2	96 158	96.1	111 179	46 603	41.9
Goods and services	94 117	31 494	33.5	88 902	94.5	94 997	35 792	37.7
Transfers and subsidies	157 008	40 068	25.5	156 978	100.0	118 489	74	0.1
Public corporations and private enterprises	156 255	40 000	25.6	156 255	100.0	118 313	–	0.0
Households	753	68	9.0	723	96.0	176	74	42.0
Payments for capital assets	2 200	1 460	66.4	4 071	185.0	2 093	1 153	55.1
Machinery and equipment	2 200	1 354	61.5	3 922	178.3	2 061	1 123	54.5
Software and other intangible assets	–	106	0.0	149	0.0	32	30	93.8
Payments for financial assets	–	–	–	6	–	1 050 000	–	–
Total	353 342	120 250	34.0	346 115	98.0	1 376 758	83 622	6.1

Main expenditure trends for the first half of 2012/13

Total expenditure for 2011/12 amounted to 98 per cent of the adjusted appropriation. Expenditure for the first six months of 2012/13 amounts to R83.622 million or 6.1 per cent of the adjusted appropriation of R1.377 billion for the year as a whole. In comparison, mid-year expenditure in 2011/12 amounted to R120.250 million or 34 per cent of the 2011/12 adjusted appropriation. Expenditure for the first six months of 2012/13 decreased by R36.628 million or 30.5 per cent compared to the first six months of 2011/12.

The main expenditure decrease compared to 2011/12 is due to R40 million having been paid in respect of the Pebble Bed Modular Reactor during the first six months of 2011/12.

Departmental receipts

	2011/12					2012/13			
	Adjusted estimate	Audited outcome				Actual receipts			
		Apr 11 - Sep 11	Apr 11 Sep 11 adjusted estimate	Apr 11 - Mar 12	Apr 11 - Mar 12 adjusted estimate	Budget estimate	Adjusted estimate	Apr 12 Sep 12	Apr 12 Sep 12 adjusted estimate
R thousand									
Departmental receipts	99	69	69.7	66	66.7	92	576	498	86.5
Sales of goods and services produced by department	36	25	69.4	51	141.7	46	54	28	51.9
Sales of scrap, waste, arms and other used current goods	2	1	50.0	2	100.0	2	2	–	–
Interest, dividends and rent on land	6	3	50.0	5	83.3	18	18	5	27.8
Sales of capital assets	1	–	–	8	800.0	–	–	–	–
Transactions in financial assets and liabilities	54	40	74.1	–	–	26	502	465	92.6
Total	99	69	69.7	66	66.7	92	576	498	86.5

Main departmental revenue trends for the first half of 2012/13

Departmental revenue collection for the first six months of 2012/13 amounts to R498 000 or 86.5 per cent of the adjusted revenue estimate of R576 000 for the year as a whole. In comparison, mid-year revenue collection in 2011/12 was R69 000 or 69.7 per cent of the 2011/12 adjusted estimate. Departmental revenue collection in the first six months increased by R429 000 or 621.7 per cent, compared to revenue in the first six months of 2011/12.

The main increase in revenue collection for the first six months of 2012/13 is due to transactions in financial assets and liabilities, as well as parking revenue, commission on insurance and interest on bank accounts.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

	2012/13						
	Main appropriation	Adjustments appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation
R thousand							
Administration							
Households							
Other transfers to households							
Current	–	–	–	52	–	–	52
Employee social benefits	–	–	–	52	–	–	52
Portfolio Management and Strategic Partnerships							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	118 313	–	–	–	118 313
Denel	–	–	118 313	–	–	–	118 313
Households							
Social benefits							
Current	–	–	–	24	–	–	24
Employee social benefits	–	–	–	24	–	–	24