

# Vote 9

## Public Enterprises

### Adjusted budget summary

R thousand	2015/16				
	Main appropriation	Special appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>267 481</b>	<b>23 000 000</b>	<b>23 302 594</b>	<b>–</b>	<b>23 035 113</b>
<i>of which:</i>					
Current payments	263 810	–	264 634	–	824
Transfers and subsidies	105	–	34 374	–	34 269
Payments for capital assets	3 566	–	3 586	–	20
Payments for financial assets	–	23 000 000	23 000 000	–	23 000 000
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	Outcome	Annual performance		
			Projected for 2015/16 as published in the 2015 ENE	Achieved in the first six months of 2015/16 (April to September)	Changed target for 2015/16
Number of shareholder compacts signed per year	Portfolio Management and Strategic Partnerships	Outcome 6: An efficient, competitive and responsive economic infrastructure network	6	6	–
Number of corporate plans reviewed per year	Portfolio Management and Strategic Partnerships		6	6	–
Number of quarterly financial reviews per year	Portfolio Management and Strategic Partnerships		24	11	–

### Mid-year progress

In the first six months of 2015/16, the department signed 6 shareholder compacts and assessed all corporate plans of the state-owned companies within the department's portfolio. The focus of the department has been on supporting the implementation of the 5-point plan to address the current electricity challenges and has taken action to provide leadership stability at Eskom. The department continues to support both Transnet and Eskom in the implementation of their investment programmes.

The department has begun the process of developing the concept paper that will inform the shareholder management model. In the first quarter, terms of reference for the review of the private sector participation policy framework, the funding policy framework and the disposal of non-core and non-strategic assets policy framework were developed. The reviews are expected to begin in the third quarter of 2015/16.

## Adjusted Estimates of National Expenditure 2015

Programme	2015/16								
	Main appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand									
Administration	158 587	-	-	-	1 280	-	2 007	3 287	161 874
Legal and Governance	23 829	-	-	-	(320)	-	-	(320)	23 509
Portfolio Management and Strategic Partnerships	85 065	23 000 000	-	33 106	(960)	-	-	32 146	23 117 211
<b>Total</b>	<b>267 481</b>	<b>23 000 000</b>	<b>-</b>	<b>33 106</b>	<b>-</b>	<b>-</b>	<b>2 007</b>	<b>35 113</b>	<b>23 302 594</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>263 810</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 183)</b>	<b>-</b>	<b>2 007</b>	<b>824</b>	<b>264 634</b>
Compensation of employees	152 265	-	-	-	(1 163)	-	2 007	844	153 109
Goods and services	111 545	-	-	-	(20)	-	-	(20)	111 525
<b>Transfers and subsidies</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>33 106</b>	<b>1 163</b>	<b>-</b>	<b>-</b>	<b>34 269</b>	<b>34 374</b>
Public corporations and private enterprises	-	-	-	33 106	-	-	-	33 106	33 106
Households	105	-	-	-	1 163	-	-	1 163	1 268
<b>Payments for capital assets</b>	<b>3 566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>3 586</b>
Machinery and equipment	3 464	-	-	-	70	-	-	70	3 534
Software and other intangible assets	102	-	-	-	(50)	-	-	(50)	52
<b>Payments for financial assets</b>	<b>-</b>	<b>23 000 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 000 000</b>
<b>Total</b>	<b>267 481</b>	<b>23 000 000</b>	<b>-</b>	<b>33 106</b>	<b>-</b>	<b>-</b>	<b>2 007</b>	<b>35 113</b>	<b>23 302 594</b>

## Programme 1: Administration

Subprogramme	2015/16								
	Main appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand									
Ministry	35 963	-	-	-	(3 685)	-	-	(3 685)	32 278
Management	24 238	-	-	-	(1 500)	-	-	(1 500)	22 738
Corporate Services	26 996	-	-	-	3 305	-	-	3 305	30 301
Chief Financial Officer	12 283	-	-	-	(160)	-	-	(160)	12 123
Human Resources	20 854	-	-	-	2 730	-	2 007	4 737	25 591
Communications	9 953	-	-	-	2 635	-	-	2 635	12 588
Strategic Planning, Monitoring and Evaluation	6 729	-	-	-	(1 845)	-	-	(1 845)	4 884
Intergovernmental Relations	8 077	-	-	-	-	-	-	-	8 077
Internal Audit	4 976	-	-	-	(200)	-	-	(200)	4 776
Office Accommodation	8 518	-	-	-	-	-	-	-	8 518
<b>Total</b>	<b>158 587</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 280</b>	<b>-</b>	<b>2 007</b>	<b>3 287</b>	<b>161 874</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>154 916</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>645</b>	<b>-</b>	<b>2 007</b>	<b>2 652</b>	<b>157 568</b>
Compensation of employees	74 502	-	-	-	665	-	2 007	2 672	77 174
Goods and services	80 414	-	-	-	(20)	-	-	(20)	80 394
<b>Transfers and subsidies</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>615</b>	<b>-</b>	<b>-</b>	<b>615</b>	<b>720</b>
Households	105	-	-	-	615	-	-	615	720
<b>Payments for capital assets</b>	<b>3 566</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>3 586</b>
Machinery and equipment	3 464	-	-	-	70	-	-	70	3 534
Software and other intangible assets	102	-	-	-	(50)	-	-	(50)	52
<b>Total</b>	<b>158 587</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 280</b>	<b>-</b>	<b>2 007</b>	<b>3 287</b>	<b>161 874</b>

**Programme 2: Legal and Governance**

Subprogramme	2015/16								Adjusted appropriation
	Main appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	
			Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand									
Management	2 956	–	–	–	(363)	–	–	(363)	2 593
Legal	13 127	–	–	–	(896)	–	–	(896)	12 231
Governance	7 746	–	–	–	939	–	–	939	8 685
<b>Total</b>	<b>23 829</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(320)</b>	<b>–</b>	<b>–</b>	<b>(320)</b>	<b>23 509</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>23 829</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(320)</b>	<b>–</b>	<b>–</b>	<b>(320)</b>	<b>23 509</b>
Compensation of employees	18 773	–	–	–	(320)	–	–	(320)	18 453
Goods and services	5 056	–	–	–	–	–	–	–	5 056
<b>Total</b>	<b>23 829</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(320)</b>	<b>–</b>	<b>–</b>	<b>(320)</b>	<b>23 509</b>

**Programme 3: Portfolio Management and Strategic Partnerships**

Subprogramme	2015/16								Adjusted appropriation
	Main appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	
			Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand									
Energy Enterprises	17 376	23 000 000	–	–	(231)	–	–	(231)	23 017 145
Manufacturing Enterprises	16 215	–	–	33 106	3 338	–	–	36 444	52 659
Transport Enterprises	23 417	–	–	–	(320)	–	–	(320)	23 097
Economic Impact and Policy Alignment	12 946	–	–	–	1 354	–	–	1 354	14 300
Strategic Partnerships	15 111	–	–	–	(5 101)	–	–	(5 101)	10 010
<b>Total</b>	<b>85 065</b>	<b>23 000 000</b>	<b>–</b>	<b>33 106</b>	<b>(960)</b>	<b>–</b>	<b>–</b>	<b>32 146</b>	<b>23 117 211</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>85 065</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1 508)</b>	<b>–</b>	<b>–</b>	<b>(1 508)</b>	<b>83 557</b>
Compensation of employees	58 990	–	–	–	(1 508)	–	–	(1 508)	57 482
Goods and services	26 075	–	–	–	–	–	–	–	26 075
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>33 106</b>	<b>548</b>	<b>–</b>	<b>–</b>	<b>33 654</b>	<b>33 654</b>
Public corporations and private enterprises	–	–	–	33 106	–	–	–	33 106	33 106
Households	–	–	–	–	548	–	–	548	548
<b>Payments for financial assets</b>	<b>–</b>	<b>23 000 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>23 000 000</b>
<b>Total</b>	<b>85 065</b>	<b>23 000 000</b>	<b>–</b>	<b>33 106</b>	<b>(960)</b>	<b>–</b>	<b>–</b>	<b>32 146</b>	<b>23 117 211</b>

**Special appropriation – R23 billion**

Programme 3: Portfolio Management and Strategic Partnership

R23 billion has been appropriated in the Eskom Special Appropriation Act (2015) for the enhancement of electricity generation capacity and security of supply for Eskom Holdings.

**Details of adjustments to the Estimates of National Expenditure 2015****Unforeseeable and unavoidable expenditure – R33.106 million**

Programme 3: Portfolio Management and Strategic Partnerships

An additional R33.106 million has been allocated to Denel for the tenth claim by Denel Aerostructures under the 2007 indemnity agreement with government, for the Airbus A400M contract.

## 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
<b>Programme 1</b>		<b>(685)</b>	<b>Programme 1</b>		<b>685</b>
Compensation of employees	Compensation of employees	(615)	Households	Leave gratuities	615
Goods and services	Cost containment measures effected on travel and consultants	(20)	Machinery and equipment	Shortfall in budget for office furniture	20
Software and other intangible assets	Savings realised from software not purchased	(50)	Machinery and equipment	Shortfall in budget for office furniture	50
Shifts within the programme as a percentage of the programme budget		0.4%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Programme 2</b>		<b>(320)</b>	<b>Programme 1</b>		<b>320</b>
Compensation of employees	Centralisation of the learnerships/ interns budget in human resources	(320)	Compensation of employees	Centralisation of the learnerships/ interns budget in human resources	320
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>1.3%</b>			
<b>Programme 3</b>		<b>(1 508)</b>	<b>Programme 1</b>		<b>960</b>
Compensation of employees	Centralisation of the learnerships/ interns budget in human resources	(960)	Compensation of employees	Centralisation of the learnerships/ interns budget in human resources	960
	Leave gratuities	(548)	<b>Programme 3</b>		<b>548</b>
Households			Households	Leave gratuities	548
Shifts within the programme as a percentage of the programme budget		0.6%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>1.1%</b>			
<b>Total</b>		<b>(2 513)</b>			<b>2 513</b>

## Other adjustments – R2.007 million

### Adjustments due to significant and unforeseeable economic and financial events – R2.007 million

Programme 1: Administration

An additional R2.007 million has been allocated to the department to cover the costs of increases in personnel remuneration that were higher than provided for in the main Budget.

## Expenditure outcome for 2014/15 and actual expenditure for 2015/16

Programme	2014/15 Audited outcome					2015/16 Actual expenditure				
	Adjusted appropriation	Apr 14 - Sep 14	Adjusted appropriation	Apr 14 - Mar 15	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 15 - Sep 15	Adjusted appropriation		
R thousand			% of		% of			% of		
Administration	156 859	62 802	40.0	145 557	92.8	161 874	0.7	62 470	38.6	
Legal and Governance	24 311	9 875	40.6	20 313	83.6	23 509	0.1	9 355	39.8	
Portfolio Management and Strategic Partnerships	138 368	30 054	21.7	130 182	94.1	23 117 211	99.2	10 028 359	43.4	
<b>Total</b>	<b>319 538</b>	<b>102 731</b>	<b>32.1</b>	<b>296 052</b>	<b>92.7</b>	<b>23 302 594</b>	<b>100.0</b>	<b>10 100 184</b>	<b>43.3</b>	

Economic classification	2014/15 Audited outcome					2015/16 Actual expenditure			
	Adjusted appropriation	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation	Apr 14 - Mar 15	Apr 14 - Mar 15 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation
R thousand									
<b>Current payments</b>	<b>251 241</b>	<b>100 197</b>	<b>39.9</b>	<b>227 923</b>	<b>90.7</b>	<b>264 634</b>	<b>1.1</b>	<b>97 258</b>	<b>36.8</b>
Compensation of employees	147 065	69 660	47.4	141 210	96.0	153 109	0.7	68 490	44.7
Goods and services	104 176	30 537	29.3	86 713	83.2	111 525	0.5	28 768	25.8
<b>Transfers and subsidies</b>	<b>63 930</b>	<b>212</b>	<b>0.3</b>	<b>63 848</b>	<b>99.9</b>	<b>34 374</b>	<b>0.1</b>	<b>1 811</b>	<b>5.3</b>
Public corporations and private enterprises	63 141	–	–	63 141	100.0	33 106	0.1	–	–
Households	789	212	26.9	707	89.6	1 268	–	1 811	142.8
<b>Payments for capital assets</b>	<b>4 360</b>	<b>2 322</b>	<b>53.3</b>	<b>4 274</b>	<b>98.0</b>	<b>3 586</b>	<b>–</b>	<b>1 115</b>	<b>31.1</b>
Machinery and equipment	4 277	1 923	45.0	4 192	98.0	3 534	–	1 115	31.6
Software and other intangible assets	83	399	480.7	82	98.8	52	–	–	–
<b>Payments for financial assets</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>100.0</b>	<b>23 000 000</b>	<b>98.7</b>	<b>10 000 000</b>	<b>43.5</b>
<b>Total</b>	<b>319 538</b>	<b>102 731</b>	<b>32.1</b>	<b>296 052</b>	<b>92.7</b>	<b>23 302 594</b>	<b>100.0</b>	<b>10 100 184</b>	<b>43.3</b>

### Expenditure trends for the first half of 2015/16

Total expenditure in 2014/15 was 92.7 per cent of the 2014/15 adjusted appropriation. Expenditure in the first six months of 2015/16 was R10.1 billion, or 43.3 per cent of the adjusted appropriation of R23.3 billion for the year. In comparison, mid-year expenditure in 2014/15 was R102.7 million, or 32.1 per cent of the 2014/15 adjusted appropriation. Compared to the first six months of 2014/15, expenditure over the same period in 2015/16 increased by R10 billion, or 9 731.7 per cent. This was mainly due to the provision of R10 billion as part of the Eskom special appropriation for the enhancement of electricity generation capacity and security of supply.

### Departmental receipts

	2014/15 Audited outcome					2015/16 Actual receipts				
	Adjusted estimate	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate	Apr 14 - Mar 15	Apr 14 - Mar 15 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate
R thousand										
<b>Departmental receipts</b>	<b>202</b>	<b>37</b>	<b>18.3</b>	<b>203</b>	<b>100.5</b>	<b>107</b>	<b>1 161</b>	<b>100.0</b>	<b>167</b>	<b>14.4</b>
Sales of goods and services produced by department	66	34	51.5	68	103.0	52	366	31.5	36	9.8
Sales of scrap, waste, arms and other used current goods	4	–	–	–	–	5	–	–	–	–
Transfers received	–	–	–	–	–	–	244	21.0	–	–
Interest, dividends and rent on land	20	1	5.0	3	15.0	21	11	0.9	5	45.5
Sales of capital assets	–	–	–	130	–	–	300	25.8	98	32.7
Transactions in financial assets and liabilities	112	2	1.8	2	1.8	29	240	20.7	28	11.7
<b>Total</b>	<b>202</b>	<b>37</b>	<b>18.3</b>	<b>203</b>	<b>100.5</b>	<b>107</b>	<b>1 161</b>	<b>100.0</b>	<b>167</b>	<b>14.4</b>

### Revenue trends for the first half of 2015/16

Revenue in the first six months of 2015/16 was R167 000, or 14.4 per cent of the adjusted revenue estimate of R1.2 million for the year. In comparison, mid-year revenue in 2014/15 was R37 000, or 18.3 per cent of the 2014/15 adjusted estimate. Compared to the first six months of 2014/15, revenue over the same period in

2015/16 increased by R130 000, or 351.4 per cent. This was mainly due to the sale of capital assets and transactions in financial assets and liabilities.

## Changes to transfers and subsidies, including conditional grants

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

R thousand	2015/16								
	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>	-	-	-	-	415	-	-	415	415
Employee social benefits	-	-	-	-	415	-	-	415	415
<b>Households</b>									
<b>Other transfers to households</b>									
<b>Current</b>	-	-	-	-	200	-	-	200	200
Employee social benefits	-	-	-	-	200	-	-	200	200
<b>Portfolio Management and Strategic Partnerships</b>									
<b>Public corporations and private enterprises</b>									
<b>Public corporations</b>									
<b>Other transfers</b>									
<b>Current</b>	-	-	-	33 106	-	-	-	33 106	33 106
Denel	-	-	-	33 106	-	-	-	33 106	33 106
<b>Households</b>									
<b>Social benefits</b>									
<b>Current</b>	-	-	-	-	548	-	-	548	548
Employee social benefits	-	-	-	-	548	-	-	548	548