

# Vote 9

## Public Enterprises

### Adjusted budget summary

R thousand	2019/20				Adjusted appropriation
	Appropriation	Special appropriation	Adjustments appropriation		
			Decrease	Increase	
<b>Amount to be appropriated</b>	<b>17 945 030</b>	<b>26 000 000</b>	<b>(15 435)</b>	<b>12 953 435</b>	<b>56 883 030</b>
<i>of which:</i>					
Current payments	289 705	–	(15 435)	–	274 270
Transfers and subsidies	11	–	–	5 311	5 322
Payments for capital assets	3 314	–	–	124	3 438
Payments for financial assets	17 652 000	26 000 000	–	12 948 000	56 600 000
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

Indicator	Programme	MTSF outcome	Annual performance		
			Projected for 2019/20 as published in the 2019 ENE	Achieved in the first half of 2019/20 (April to September)	Changed target for 2019/20
Number of shareholder compacts signed per year	Business Enhancement, Transformation and Industrialisation	Outcome 6: An efficient, competitive and responsive economic infrastructure network	7	3	–
Number of corporate plans reviewed per year	Business Enhancement, Transformation and Industrialisation		7	7	–
Number of quarterly financial reviews per year	Business Enhancement, Transformation and Industrialisation		28	13	–

### Mid-year progress

The Department of Public Enterprises is responsible for 7 state-owned companies (Alexkor, Denel, Eskom, South African Airways, South African Express Airways, the South African Forestry Company and Transnet). As such, the department aimed to sign 7 shareholder compacts and review 7 corporate plans in the first half of the financial year. However, by mid-year, only 3 shareholder compacts had been signed due to going concern issues with Denel, Eskom, South African Airways and South African Express Airways. Following the recapitalisation of these companies, compacts have been prepared for sign-off and are expected to be finalised in the second half of 2019/20.

## Adjusted estimates

Programme	2019/20								
	Appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand									
Administration	164 921	-	-	-	-	(1 800)	-	(1 800)	163 121
State-owned Companies	17 695 913	-	-	(17 652 000)	-	(2 300)	-	(17 654 300)	41 613
Governance Assurance and Performance									
Business Enhancement, Transformation and Industrialisation	84 196	26 000 000	-	17 652 000	-	(5 900)	12 948 000	30 594 100	56 678 296
<b>Total</b>	<b>17 945 030</b>	<b>26 000 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 000)</b>	<b>12 948 000</b>	<b>12 938 000</b>	<b>56 883 030</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>289 705</b>	<b>-</b>	<b>-</b>	<b>(5 435)</b>	<b>-</b>	<b>(10 000)</b>	<b>-</b>	<b>(15 435)</b>	<b>274 270</b>
Compensation of employees	184 514	-	-	(4 286)	-	(10 000)	-	(14 286)	170 228
Goods and services	105 191	-	-	(1 149)	-	-	-	(1 149)	104 042
<b>Transfers and subsidies</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>5 311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 311</b>	<b>5 322</b>
Provinces and municipalities	11	-	-	-	-	-	-	-	11
Public corporations and private enterprises	-	-	-	1 025	-	-	-	1 025	1 025
Households	-	-	-	4 286	-	-	-	4 286	4 286
<b>Payments for capital assets</b>	<b>3 314</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124</b>	<b>3 438</b>
Machinery and equipment	3 196	-	-	92	-	-	-	92	3 288
Software and other intangible assets	118	-	-	32	-	-	-	32	150
<b>Payments for financial assets</b>	<b>17 652 000</b>	<b>26 000 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 948 000</b>	<b>12 948 000</b>	<b>56 600 000</b>
<b>Total</b>	<b>17 945 030</b>	<b>26 000 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 000)</b>	<b>12 948 000</b>	<b>12 938 000</b>	<b>56 883 030</b>

## Programme 1: Administration

Subprogramme	2019/20								
	Appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand									
Ministry	30 908	-	-	-	-	-	-	-	30 908
Management	22 008	-	-	(1 156)	-	-	-	(1 156)	20 852
Communications	41 228	-	-	-	-	(1 000)	-	(1 000)	40 228
Chief Financial Officer	19 367	-	-	-	-	-	-	-	19 367
Human Resources	30 032	-	-	-	-	(700)	-	(700)	29 332
Internal Audit	5 732	-	-	1 156	-	-	-	1 156	6 888
Corporate Services	4 077	-	-	-	-	(100)	-	(100)	3 977
Office	11 569	-	-	-	-	-	-	-	11 569
Accommodation									
<b>Total</b>	<b>164 921</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 800)</b>	<b>-</b>	<b>(1 800)</b>	<b>163 121</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>161 596</b>	<b>-</b>	<b>-</b>	<b>(4 349)</b>	<b>-</b>	<b>(1 800)</b>	<b>-</b>	<b>(6 149)</b>	<b>155 447</b>
Compensation of employees	91 478	-	-	(4 257)	-	(1 800)	-	(6 057)	85 421
Goods and services	70 118	-	-	(92)	-	-	-	(92)	70 026
<b>Transfers and subsidies</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>4 257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 257</b>	<b>4 268</b>
Provinces and municipalities	11	-	-	-	-	-	-	-	11
Households	-	-	-	4 257	-	-	-	4 257	4 257
<b>Payments for capital assets</b>	<b>3 314</b>	<b>-</b>	<b>-</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92</b>	<b>3 406</b>
Machinery and equipment	3 196	-	-	92	-	-	-	92	3 288
Software and other intangible assets	118	-	-	-	-	-	-	-	118
<b>Total</b>	<b>164 921</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 800)</b>	<b>-</b>	<b>(1 800)</b>	<b>163 121</b>

**Programme 2: State-owned Companies Governance Assurance and Performance**

Subprogramme		2019/20							
R thousand	Appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Management	3 120	–	–	–	–	–	–	–	3 120
Legal	12 206	–	–	1 025	–	(1 000)	–	25	12 231
Governance	12 089	–	–	–	–	(500)	–	(500)	11 589
Financial	17 668 498	–	–	(17 653 025)	–	(800)	–	(17 653 825)	14 673
Assessment and Investment Support									
<b>Total</b>	<b>17 695 913</b>	<b>–</b>	<b>–</b>	<b>(17 652 000)</b>	<b>–</b>	<b>(2 300)</b>	<b>–</b>	<b>(17 654 300)</b>	<b>41 613</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>43 913</b>	<b>–</b>	<b>–</b>	<b>(1 054)</b>	<b>–</b>	<b>(2 300)</b>	<b>–</b>	<b>(3 354)</b>	<b>40 559</b>
Compensation of employees	33 988	–	–	(29)	–	(2 300)	–	(2 329)	31 659
Goods and services	9 925	–	–	(1 025)	–	–	–	(1 025)	8 900
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 054</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 054</b>	<b>1 054</b>
Public corporations and private enterprises	–	–	–	1 025	–	–	–	1 025	1 025
Households	–	–	–	29	–	–	–	29	29
<b>Payments for financial assets</b>	<b>17 652 000</b>	<b>–</b>	<b>–</b>	<b>(17 652 000)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(17 652 000)</b>	<b>–</b>
<b>Total</b>	<b>17 695 913</b>	<b>–</b>	<b>–</b>	<b>(17 652 000)</b>	<b>–</b>	<b>(2 300)</b>	<b>–</b>	<b>(17 654 300)</b>	<b>41 613</b>

**Programme 3: Business Enhancement, Transformation and Industrialisation**

Subprogramme		2019/20							
R thousand	Appropriation	Special appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Energy Resources	14 732	26 000 000	–	17 652 000	–	(1 000)	5 348 000	22 999 000	49 013 732
Research and Economic Modelling	14 024	–	–	–	–	(1 500)	–	(1 500)	12 524
Transport and Defence	21 513	–	–	–	–	(1 500)	7 600 000	7 598 500	7 620 013
Business Enhancement Services	33 927	–	–	–	–	(1 900)	–	(1 900)	32 027
<b>Total</b>	<b>84 196</b>	<b>26 000 000</b>	<b>–</b>	<b>17 652 000</b>	<b>–</b>	<b>(5 900)</b>	<b>12 948 000</b>	<b>30 594 100</b>	<b>56 678 296</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>84 196</b>	<b>–</b>	<b>–</b>	<b>(32)</b>	<b>–</b>	<b>(5 900)</b>	<b>–</b>	<b>(5 932)</b>	<b>78 264</b>
Compensation of employees	59 048	–	–	–	–	(5 900)	–	(5 900)	53 148
Goods and services	25 148	–	–	(32)	–	–	–	(32)	25 116
<b>Payments for capital assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>32</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>32</b>	<b>32</b>
Software and other intangible assets	–	–	–	32	–	–	–	32	32
<b>Payments for financial assets</b>	<b>–</b>	<b>26 000 000</b>	<b>–</b>	<b>17 652 000</b>	<b>–</b>	<b>–</b>	<b>12 948 000</b>	<b>30 600 000</b>	<b>56 600 000</b>
<b>Total</b>	<b>84 196</b>	<b>26 000 000</b>	<b>–</b>	<b>17 652 000</b>	<b>–</b>	<b>(5 900)</b>	<b>12 948 000</b>	<b>30 594 100</b>	<b>56 678 296</b>

**Special appropriation – R26 billion**

Programme 3: Business Enhancement, Transformation and Industrialisation

R26 billion has been appropriated for the recapitalisation of Eskom to settle outstanding debt.

## Details of adjustments to the 2019 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
<b>Programme 1</b>		<b>(4 349)</b>	<b>Programme 1</b>		<b>4 349</b>
Goods and services	Project delays	(92)	Machinery and equipment	Computer equipment	92
Compensation of employees	Vacant posts <sup>1</sup>	(4 257)	Households	Leave gratuities	4 257
Shifts within the programme as a percentage of the programme budget		3.3%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Programme 2</b>		<b>(17 653 054)</b>	<b>Programme 2</b>		<b>1 054</b>
Compensation of employees	Vacant posts <sup>1</sup>	(29)	Households	Employee social benefits (exit package)	29
Goods and services	Implementation of cost containment measures	(1 025)	Public corporations and private enterprises	Payment of settlement agreement amount	1 025
Payments for financial assets	Reallocation of funds incorrectly allocated in the 2019 ENE	(17 652 000)	<b>Programme 3</b>		<b>17 652 000</b>
			Payments for financial assets	Recapitalisation of Eskom to settle outstanding debt	17 652 000
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>99.8%<sup>2</sup></b>			
<b>Programme 3</b>		<b>(32)</b>	<b>Programme 3</b>		<b>32</b>
Goods and services	Project delays	(32)	Software and other intangible assets	Software licenses	32
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>0.0%</b>			
<b>Total</b>		<b>(17 657 435)</b>			<b>17 657 435</b>

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement.

### Declared unspent funds – R10 million

R10 million in unspent funds has been declared on compensation of employees due to vacant posts.

Programme 1: Administration – R1.8 million

Programme 2: State-owned Companies Governance Assurance and Performance – R2.3 million

Programme 3: Business Enhancement, Transformation and Industrialisation – R5.9 million

**Other adjustments – R12.948 billion*****Appropriation of expenditure earmarked in the 2019 Budget speech for future allocation***

Programme 3: Business Enhancement, Transformation and Industrialisation

An additional R5.5 billion is allocated to South African Airways, R5.348 billion to Eskom, R1.8 billion to Denel and R300 million to South African Express Airways for working capital and the settlement of outstanding debt.

**Expenditure outcome for 2018/19 and actual expenditure for 2019/20**

Programme	2018/19						2019/20			
	Adjusted appropriation	Outcome				Adjusted appropriation/Total (%)	Actual expenditure			
		Apr 18 - Sep 18	% of adjusted appropriation	Apr 18 - Mar 19	% of adjusted appropriation		Apr 19 - Sep 19	% of adjusted appropriation		
R thousand										
Administration	151 979	59 263	39.0	136 031	89.5	163 121	0.3	66 997	41.1	
State-owned Companies Governance Assurance and Performance	39 084	16 153	41.3	33 490	85.7	41 613	0.1	21 443	51.5	
Business Enhancement, Transformation and Industrialisation	6 331 851	26 408	0.4	6 305 272	99.6	56 678 296	99.6	21 126 099	37.3	
<b>Total</b>	<b>6 522 914</b>	<b>101 824</b>	<b>1.6</b>	<b>6 474 793</b>	<b>99.3</b>	<b>56 883 030</b>	<b>100.0</b>	<b>21 214 539</b>	<b>37.3</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>263 586</b>	<b>98 953</b>	<b>37.5</b>	<b>215 494</b>	<b>81.8</b>	<b>274 270</b>	<b>0.5</b>	<b>108 657</b>	<b>39.6</b>	
Compensation of employees	170 770	69 280	40.6	143 813	84.2	170 228	0.3	73 995	43.5	
Goods and services	92 816	29 673	32.0	71 681	77.2	104 042	0.2	34 662	33.3	
<b>Transfers and subsidies</b>	<b>1 053</b>	<b>509</b>	<b>48.3</b>	<b>1 041</b>	<b>98.9</b>	<b>5 322</b>	<b>0.0</b>	<b>4 965</b>	<b>93.3</b>	
Provinces and municipalities	12	6	50.0	12	100.0	11	0.0	5	45.5	
Public corporations and private enterprises	–	–	–	–	–	1 025	0.0	610	59.5	
Households	1 041	503	48.3	1 029	98.8	4 286	0.0	4 350	101.5	
<b>Payments for capital assets</b>	<b>9 270</b>	<b>2 362</b>	<b>25.5</b>	<b>9 253</b>	<b>99.8</b>	<b>3 438</b>	<b>0.0</b>	<b>917</b>	<b>26.7</b>	
Machinery and equipment	8 813	2 362	26.8	8 797	99.8	3 288	0.0	886	26.9	
Software and other intangible assets	457	–	–	456	99.8	150	0.0	31	20.7	
<b>Payments for financial assets</b>	<b>6 249 005</b>	<b>–</b>	<b>–</b>	<b>6 249 005</b>	<b>100.0</b>	<b>56 600 000</b>	<b>99.5</b>	<b>21 100 000</b>	<b>37.3</b>	
<b>Total</b>	<b>6 522 914</b>	<b>101 824</b>	<b>1.6</b>	<b>6 474 793</b>	<b>99.3</b>	<b>56 883 030</b>	<b>100.0</b>	<b>21 214 539</b>	<b>37.3</b>	

**Expenditure trends for the first half of 2019/20**

Total expenditure in 2018/19 was R6.5 billion, 99.3 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2018/19 was R101.8 million, 1.6 per cent of the 2018/19 adjusted appropriation, whereas expenditure in the first half of 2019/20 was R21.2 billion, 37.3 per cent of the adjusted appropriation of R56.9 billion for the year. Compared to the first half of 2018/19, expenditure over the same period in 2019/20 increased by R21.1 billion, 20 734.5 per cent, due to the recapitalisation of state-owned companies.

## Departmental receipts

R thousand	2018/19					2019/20				
	Adjusted estimate	Outcome				Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Actual receipts	
		Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted estimate	Apr 18 - Mar 19	Apr 18 - Mar 19 % of adjusted estimate				Apr 19 - Sep 19	Apr 19 - Sep 19 % of adjusted estimate
<b>Departmental receipts</b>	<b>217</b>	<b>164</b>	<b>75.6</b>	<b>366</b>	<b>168.7</b>	<b>214</b>	<b>214</b>	<b>100.0</b>	<b>62</b>	<b>29.0</b>
Sales of goods and services produced by department	56	31	55.4	64	114.3	97	97	45.3	32	33.0
Sales of scrap, waste, arms and other used current goods	4	1	25.0	-	-	-	-	-	-	-
Interest, dividends and rent on land	1	-	-	-	-	2	2	0.9	-	-
Sales of capital assets	16	17	106.3	17	106.3	-	-	-	-	-
Transactions in financial assets and liabilities	140	115	82.1	285	203.6	115	115	53.7	30	26.1
<b>Total</b>	<b>217</b>	<b>164</b>	<b>75.6</b>	<b>366</b>	<b>168.7</b>	<b>214</b>	<b>214</b>	<b>100.0</b>	<b>62</b>	<b>29.0</b>

### Revenue trends for the first half of 2019/20

Mid-year revenue in 2018/19 was R164 000, 75.6 per cent of the 2018/19 adjusted estimate, whereas revenue in the first half of 2019/20 was R62 000, 29 per cent of the adjusted estimate of R214 000 for the year. Compared to the first half of 2018/19, revenue over the same period in 2019/20 decreased by R102 000, 62.2 per cent, due to a decrease in the sale of goods and services, and financial assets and liabilities.

## Changes to transfers and subsidies

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

R thousand	2019/20									
	Appropriation	Special appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments			
<b>Administration</b>										
<b>Households</b>										
<b>Social benefits</b>										
<b>Current</b>	-	-	-	4 257	-	-	-	4 257	4 257	
Employee social benefits	-	-	-	4 257	-	-	-	4 257	4 257	
<b>State-owned</b>										
<b>Companies</b>										
<b>Governance</b>										
<b>Assurance and Performance</b>										
<b>Public corporations and private enterprises</b>										
<b>Private enterprises</b>										
<b>Other transfers</b>										
<b>Current</b>	-	-	-	1 025	-	-	-	1 025	1 025	
EY Stuart Attorneys	-	-	-	1 025	-	-	-	1 025	1 025	
<b>Households</b>										
<b>Social benefits</b>										
<b>Current</b>	-	-	-	29	-	-	-	29	29	
Employee social benefits	-	-	-	29	-	-	-	29	29	