

Vote 10

Public Enterprises

Adjusted budget summary

R thousand	Appropriation	2021/22 Adjustments appropriation		Adjusted appropriation
		Decrease	Increase	
Amount to be appropriated	36 291 819	(17 567)	567	36 274 819
<i>of which:</i>				
Current payments	286 159	(17 567)	–	268 592
Transfers and subsidies	18	–	567	585
Payments for capital assets	3 671	–	–	3 671
Payments for financial assets	36 001 971	–	–	36 001 971
Direct charge against the National Revenue Fund	–	–	2 923 000	2 923 000
Executive authority	Minister of Public Enterprises			
Accounting officer	Director-General of Public Enterprises			
Website	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.

Performance

Indicator	Programme	MTSF priority	Annual performance		
			Projected for 2021/22	Achieved in the first half of 2021/22 (April to September)	Changed target for 2021/22
Number of shareholder compacts signed per year	Business enhancement, transformation and industrialisation	Priority 2: Economic transformation and job creation	6	0	–
Number of corporate plans reviewed per year	Business enhancement, transformation and industrialisation		6	5	–
Number of quarterly financial reviews per year	Business enhancement, transformation and industrialisation		24	10	–

Progress

The department plans to sign shareholder compacts with the state-owned companies in its portfolio in the third quarter of the financial year. The corporate plans of all these companies except South African Airways, which submitted its plan only in September, have already been reviewed in 2021/22 against the target of 6 for the year. As this review is still in progress, the department has conducted only 10 financial reviews against the mid-year target of 12.

Adjusted estimates

Programme	2021/22								
	Appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Amounts announced in the budget	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand									
Administration	159 845	–	–	–	–	(9 000)	–	(9 000)	150 845
State-owned Companies	61 673	–	–	–	–	(2 000)	–	(2 000)	59 673
Governance Assurance and Performance									
Business Enhancement, Transformation and Industrialisation	36 070 301	–	–	–	–	(6 000)	–	(6 000)	36 064 301
Subtotal	36 291 819	–	–	–	–	(17 000)	–	(17 000)	36 274 819
Direct charge against the National Revenue Fund	–	–	–	–	–	–	2 923 000	2 923 000	2 923 000
Section 70 of the PFMA payment: Denel	–	–	–	–	–	–	2 923 000	2 923 000	2 923 000
Total	36 291 819	–	–	–	–	(17 000)	2 923 000	2 906 000	39 197 819
Economic classification									
Current payments	286 159	–	–	(567)	–	(17 000)	–	(17 567)	268 592
Compensation of employees	175 954	–	–	–	–	(17 000)	–	(17 000)	158 954
Goods and services	110 205	–	–	(567)	–	–	–	(567)	109 638
Transfers and subsidies	18	–	–	567	–	–	–	567	585
Provinces and municipalities	18	–	–	–	–	–	–	–	18
Households	–	–	–	567	–	–	–	567	567
Payments for capital assets	3 671	–	–	–	–	–	–	–	3 671
Machinery and equipment	3 671	–	–	–	–	–	–	–	3 671
Payments for financial assets	36 001 971	–	–	–	–	–	2 923 000	2 923 000	38 924 971
Total	36 291 819	–	–	–	–	(17 000)	2 923 000	2 906 000	39 197 819

Programme 1: Administration

Subprogramme	2021/22								
	Appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Amounts announced in the budget	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand									
Ministry	32 593	–	–	–	–	(2 710)	–	(2 710)	29 883
Management	16 547	–	–	–	–	(739)	–	(739)	15 808
Communications	36 271	–	–	(183)	–	(1 106)	–	(1 289)	34 982
Chief Financial Officer	20 670	–	–	–	–	(249)	–	(249)	20 421
Human Resources	28 451	–	–	183	–	(3 668)	–	(3 485)	24 966
Internal Audit	6 850	–	–	–	–	–	–	–	6 850
Corporate Services	4 262	–	–	–	–	(528)	–	(528)	3 734
Office Accommodation	14 201	–	–	–	–	–	–	–	14 201
Total	159 845	–	–	–	–	(9 000)	–	(9 000)	150 845
Economic classification									
Current payments	156 156	–	–	(289)	–	(9 000)	–	(9 289)	146 867
Compensation of employees	88 875	–	–	–	–	(9 000)	–	(9 000)	79 875
Goods and services	67 281	–	–	(289)	–	–	–	(289)	66 992
Transfers and subsidies	18	–	–	289	–	–	–	289	307
Provinces and municipalities	18	–	–	–	–	–	–	–	18
Households	–	–	–	289	–	–	–	289	289
Payments for capital assets	3 671	–	–	–	–	–	–	–	3 671
Machinery and equipment	3 671	–	–	–	–	–	–	–	3 671
Total	159 845	–	–	–	–	(9 000)	–	(9 000)	150 845

Programme 2: State-owned Companies Governance Assurance and Performance

Subprogramme		2021/22								
		Adjustments appropriation								
R thousand	Appropriation	Roll-overs	Amounts announced in the budget	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation	
Management	3 234	–	–	–	–	(760)	–	(760)	2 474	
Legal	15 052	–	–	–	–	(528)	–	(528)	14 524	
Governance	23 609	–	–	–	–	–	–	–	23 609	
Financial Assessment and Investment Support	19 778	–	–	–	–	(712)	–	(712)	19 066	
Total	61 673	–	–	–	–	(2 000)	–	(2 000)	59 673	
Economic classification										
Current payments	61 673	–	–	(60)	–	(2 000)	–	(2 060)	59 613	
Compensation of employees	33 813	–	–	–	–	(2 000)	–	(2 000)	31 813	
Goods and services	27 860	–	–	(60)	–	–	–	(60)	27 800	
Transfers and subsidies	–	–	–	60	–	–	–	60	60	
Households	–	–	–	60	–	–	–	60	60	
Total	61 673	–	–	–	–	(2 000)	–	(2 000)	59 673	

Programme 3: Business Enhancement, Transformation and Industrialisation

Subprogramme		2021/22								
		Adjustments appropriation								
R thousand	Appropriation	Roll-overs	Amounts announced in the budget	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation	
Energy Resources	31 703 365	–	–	(1 478)	–	(3 327)	–	(4 805)	31 698 560	
Research and Economic Modelling	10 739	–	–	–	–	–	–	–	10 739	
Transport and Defence	4 325 710	–	–	4 808	–	(2 673)	–	2 135	4 327 845	
Business Enhancement Services	30 487	–	–	(3 330)	–	–	–	(3 330)	27 157	
Total	36 070 301	–	–	–	–	(6 000)	–	(6 000)	36 064 301	
Economic classification										
Current payments	68 330	–	–	(218)	–	(6 000)	–	(6 218)	62 112	
Compensation of employees	53 266	–	–	–	–	(6 000)	–	(6 000)	47 266	
Goods and services	15 064	–	–	(218)	–	–	–	(218)	14 846	
Transfers and subsidies	–	–	–	218	–	–	–	218	218	
Households	–	–	–	218	–	–	–	218	218	
Payments for financial assets	36 001 971	–	–	–	–	–	–	–	36 001 971	
Total	36 070 301	–	–	–	–	(6 000)	–	(6 000)	36 064 301	

Details of adjustments to the 2021 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
Programme 1		(289)	Programme 1		289
Goods and services	Travel and subsistence	(289)	Households	Employee social benefits	289
Shifts within the programme as a percentage of the programme budget		0.2%			
Virements to other programmes as a percentage of the programme budget		0.0%			

Virements and shifts within the vote (continued)

From:			To:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 2		(60)	Programme 2		60
Goods and services	Travel and subsistence	(60)	Households	Employee social benefits	60
Shifts within the programme as a percentage of the programme budget		0.1%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 3		(218)	Programme 3		218
Goods and services	Travel and subsistence	(218)	Households	Employee social benefits	218
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Total		(567)			567

Declared unspent funds – R17 million

R17 million in unspent funds is declared on compensation of employees due to vacant posts within all programmes. These funds will be used to defray the settlement of Denel's guaranteed debt and interest payments.

Direct charge against the National Revenue Fund – R2.923 billion

R2.923 billion is allocated to Denel for settling guaranteed debt and interest payments.

Expenditure outcome for 2020/21 and actual expenditure for 2021/22

Programme	2020/21					2021/22			
	Adjusted appropriation	Outcome			Adjusted appropriation/Total (%)	Actual expenditure			
		Apr 20 - Sep 20	Apr 20 - Sep 20 % of adjusted appropriation	Apr 20 - Mar 21		Apr 20 - Mar 21 % of adjusted appropriation	Apr 21 - Sep 21	Apr 21 - Sep 21 % of adjusted appropriation	
R thousand									
Administration	142 481	59 141	41.5	118 405	83.1	150 845	0.4	57 193	37.9
State-owned Companies	45 454	16 251	35.8	37 227	81.9	59 673	0.2	20 729	34.7
Governance Assurance and Performance Business	77 418 971	16 553 020	21.4	77 347 768	99.9	36 064 301	92.0	35 792 998	99.2
Enhancement, Transformation and Industrialisation									
Subtotal	77 606 906	16 628 412	21.4	77 503 400	99.9	36 274 819	92.5	35 870 920	98.9
Direct charge against the National Revenue Fund	143 395	143 395	100.0	410 298	286.1	2 923 000	7.5	2 725 634	93.2
Public Finance Management Act (1999) section 70 payment: South African Express Airways	143 395	143 395	100.0	143 395	100.0	–	–	–	–
Public Finance Management Act (1999) section 70 payment: South African Airways	–	–	–	266 903	–	–	–	–	–
Public Finance Management Act (1999) section 70 payment: Denel	–	–	–	–	–	2 923 000	7.5	2 725 634	93.2
Total	77 750 301	16 771 807	21.6	77 913 698	100.2	39 197 819	100.0	38 596 554	98.5

Expenditure outcome for 2020/21 and actual expenditure for 2021/22 (continued)

Programme	2020/21					2021/22			
	Adjusted appropriation	Outcome			Adjusted appropriation/ Total (%)	Actual expenditure			
		Apr 20 - Sep 20	Apr 20 - Sep 20 % of adjusted appropriation	Apr 20 - Mar 21		Apr 20 - Mar 21 % of adjusted appropriation	Apr 21 - Sep 21	Apr 21 - Sep 21 % of adjusted appropriation	
R thousand									
Economic classification									
Current payments	261 874	112 900	43.1	212 933	81.3	268 592	0.7	99 379	37.0
Compensation of employees	185 196	71 956	38.9	141 165	76.2	158 954	0.4	69 499	43.7
Goods and services	76 678	40 944	53.4	71 768	93.6	109 638	0.3	29 880	27.3
Transfers and subsidies	168	151	89.9	1 180	702.4	585	0.0	508	86.8
Provinces and municipalities	17	2	11.8	14	82.4	18	0.0	12	66.7
Households	151	149	98.7	1 166	772.2	567	0.0	496	87.5
Payments for capital assets	3 516	2 778	79.0	5 234	148.9	3 671	0.0	224	6.1
Machinery and equipment	3 516	2 778	79.0	5 234	148.9	3 671	0.0	224	6.1
Payments for financial assets	77 484 743	16 655 978	21.5	77 694 351	100.3	38 924 971	99.3	38 496 443	98.9
Total	77 750 301	16 771 807	21.6	77 913 698	100.2	39 197 819	100.0	38 596 554	98.5

Expenditure trends

Total expenditure in 2020/21 was R77.9 billion, 100.2 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2020/21 was R16.8 billion, 21.6 per cent of the adjusted appropriation, whereas expenditure in the first half of 2021/22 was R38.6 billion, 98.5 per cent of the adjusted appropriation of R39.2 billion. Compared to the first half of 2020/21, expenditure over the same period in 2021/22 increased by R21.8 million, 130.1 per cent. This was mainly due to an increase in payments to settle debt and interest for Eskom, Denel and South African Airways.

Departmental receipts

Programme	2020/21					2021/22				
	Adjusted estimate	Outcome			Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Actual receipts		
		Apr 20 - Sep 20	Apr 20 - Sep 20 % of adjusted estimate	Apr 20 - Mar 21				Apr 20 - Mar 21 % of adjusted estimate	Apr 21 - Sep 21	Apr 21 - Sep 21 % of adjusted estimate
R thousand										
Departmental receipts	294	35	11.9	10 739	3 652.7	312	541	100.0	492	90.9
Sales of goods and services produced by department	99	35	35.4	69	69.7	99	82	15.2	33	40.2
Interest, dividends and rent on land	2	–	–	–	–	3	–	–	–	–
Sales of capital assets	65	–	–	715	1 100.0	65	–	–	–	–
Transactions in financial assets and liabilities	128	–	–	9 955	7 777.3	145	459	84.8	459	100.0
Total	294	35	11.9	10 739	3 652.7	312	541	100.0	492	90.9

Revenue trends

Mid-year revenue in 2020/21 was R35 027, 11.9 per cent of the adjusted estimate, whereas revenue in the first half of 2021/22 was R491 746, 158 per cent of the estimate of R312 000. Compared to the first half of 2020/21, revenue over the same period in 2021/22 increased by R456 719, 1 303.9 per cent. This was mainly due to the recording of an amount under revenue that was previously recorded in the suspense account.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

		2021/22							
		Adjustments appropriation					Total	Adjusted	
R thousand	Appropriation	Amounts announced Roll- overs	in the budget	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments	adjustments appropriation	appropriation
	Administration								
	Households								
	Social benefits								
	Current	–	–	289	–	–	–	289	289
	Employee social benefits	–	–	289	–	–	–	289	289
	State-owned Companies								
	Governance Assurance and Performance								
	Households								
	Social benefits								
	Current	–	–	60	–	–	–	60	60
	Employee social benefits	–	–	60	–	–	–	60	60
	Business Enhancement, Transformation and Industrialisation								
	Households								
	Social benefits								
	Current	–	–	218	–	–	–	218	218
	Employee social benefits	–	–	218	–	–	–	218	218