

# Vote 9

## Public Enterprises

Amount to be appropriated	R55 277 000
Statutory appropriations	-
Responsible Minister	Minister for Public Enterprises
Administering Department	Department of Public Enterprises
Accounting Officer	Director-General of Public Enterprises

### Aim

*The aim of the Department of Public Enterprises is to direct and manage the accelerated restructuring of state owned enterprises to maximise shareholder value.*

### Key objectives and programmes

State owned enterprises play an important development role in the provision of infrastructure and services. However, the use of private capital and expertise, within an appropriate competitive or regulatory framework, will increase the potential for providing these services beyond the level that Government is able to deliver working alone. The privatisation and restructuring process will benefit all South Africans by ensuring the provision of services that are reasonably priced and readily accessible, and by ensuring that both economic development and black economic empowerment are boosted.

The objectives of the Department of Public Enterprises are:

- To develop and direct a coherent approach to the restructuring and transformation of state owned enterprises to ensure optimal economic and social impact
- To develop and implement restructuring frameworks for individual state owned enterprises
- To ensure that state owned enterprises' activities are aligned with government policy and to develop a systematic method for monitoring performance
- To develop and promote alternative service delivery options as a basis for restructuring and transforming state owned enterprises

In line with these objectives, the activities of the Department are organised into four programmes:

- *Administration* is responsible for the overall direction and management of the Department.
- *Restructuring of State Owned Enterprises* implements and manages Government's restructuring programme and includes the Initial Public Offering (IPO) Office, which is responsible for managing these processes.
- *Performance Monitoring and Strategic Analysis* monitors the financial performance, corporate governance and socio-economic impact of state owned enterprises. It is also responsible for developing sector strategies, conducting strategic analyses of restructuring and its economic impact, and for developing high level restructuring plans for state owned enterprises.
- *Alternative Service Delivery* is responsible for the development and promotion of best practice guidelines for alternative service delivery strategies and for the implementation of a comprehensive affirmative procurement policy for state owned enterprises.

## Strategic overview and key policy developments: 1998/99 – 2004/5

State owned enterprises in South Africa are active in significant sectors of industry, such as electricity, transport and fixed line telecommunications. They produce important inputs which are used by other industries, especially potential high growth industries like tourism, information and communication technology (ICT), and export. By ensuring that South Africa's input industries are efficient and offer high quality services, costs are lowered and growth is stimulated. The restructuring of state owned enterprises is therefore vital for improving the competitiveness of South African businesses, and for ensuring that the people of South Africa receive reasonable priced, high quality services.

Government is accelerating this process through the managed liberalisation of the energy, defence, transport and telecommunication sectors, while remaining committed to ensuring that appropriate and affordable infrastructure and services are delivered. This is being done in terms of the Policy Framework on Restructuring released in August 2000, the guiding principles of which include promoting appropriate regulatory and competitive frameworks, facilitating empowerment, improving corporate governance and streamlining the restructuring processes.

Specific high level restructuring plans and initiatives for major state owned enterprises, include:

- The corporatisation and concessioning of various Spoornet rail entities, with a subsequent public share offering or the involvement of a strategic equity partner in the general freight business
- The separation of Portnet into a ports authority and a private ports operation for subsequent concessioning
- A public share offering for Telkom, the timing of which will be subject to market conditions
- A policy framework for the liberalisation of the telecommunications market, including the participation of Eskom and Transtel in the SNO
- The passing of the Eskom Conversion Act (13 of 2001), incorporating Eskom as a limited liability company, and separating its distribution, transmission and generation businesses
- Corporatising Denel and introducing strategic equity partners for several of its business units

## Expenditure estimates

Table 9.1: Public Enterprises

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	Revised			
	1998/99	1999/00	2000/01	2001/02	2001/02	2002/03	2003/04	2004/05
R thousand								
1 Administration	6 786	10 759	24 367	26 596	24 317	25 615	26 411	27 999
2 Restructuring of State Owned Enterprises	19 844	25 490	5 098	254 885	203 785	16 198	17 586	18 644
3 Performance Monitoring and Strategic Analysis	–	–	3 087	10 302	4 439	11 305	12 376	13 122
4 Alternative Service Delivery	–	–	1 760	1 839	939	2 159	2 231	2 369
<b>Total</b>	<b>26 630</b>	<b>36 249</b>	<b>34 312</b>	<b>293 622</b>	<b>233 480</b>	<b>55 277</b>	<b>58 604</b>	<b>62 134</b>
Change to 2001 Budget Estimate				164 000	103 858	257	318	

	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation	Revised estimate			
	1998/99	1999/00	2000/01	2001/02		2002/03	2003/04	2004/05
R thousand								
<b>Economic classification</b>								
<b>Current</b>	<b>26 624</b>	<b>36 239</b>	<b>29 799</b>	<b>291 541</b>	<b>231 296</b>	<b>54 203</b>	<b>57 864</b>	<b>61 350</b>
Personnel	4 646	6 665	12 166	23 644	20 074	27 490	29 591	31 178
Transfer payments	–	–	26	100	–	–	–	–
Other current	21 978	29 574	17 607	267 797	211 222	26 713	28 273	30 172
<b>Capital</b>	<b>6</b>	<b>10</b>	<b>4 513</b>	<b>2 081</b>	<b>2 184</b>	<b>1 074</b>	<b>740</b>	<b>784</b>
Transfer payments	–	–	–	–	–	–	–	–
Acquisition of capital assets	6	10	4 513	2 081	2 184	1 074	740	784
<b>Total</b>	<b>26 630</b>	<b>36 249</b>	<b>34 312</b>	<b>293 622</b>	<b>233 480</b>	<b>55 277</b>	<b>58 604</b>	<b>62 134</b>
<b>Standard items of expenditure</b>								
Personnel	4 646	6 665	12 166	23 644	20 074	27 490	29 591	31 178
Administrative	1 982	4 357	9 397	10 920	10 915	11 267	12 128	12 927
Inventories	309	549	1 078	2 258	1 016	2 563	2 839	3 053
Equipment	541	2 150	4 199	2 407	2 184	1 432	1 147	1 305
Land and buildings	–	–	314	–	–	–	–	–
Professional and special services	19 099	22 451	5 429	253 758	199 291	12 003	12 172	12 902
Transfer payments	–	–	26	100	–	–	–	–
Miscellaneous	53	77	1 703	535	–	522	727	769
<b>Total</b>	<b>26 630</b>	<b>36 249</b>	<b>34 312</b>	<b>293 622</b>	<b>233 480</b>	<b>55 277</b>	<b>58 604</b>	<b>62 134</b>

## Expenditure trends

The large decline in the 2002/03 budget reflects the fact that the 2001/02 budget included once-off allocations to fund expenses of the Telkom initial public offering and the South African Forestry Company Limited (Safcol) Pension Fund restructuring. It is expected, however, that there will be some underspending on the 2001/02 budget following the postponement of the Telkom initial public offering, and that the amount not spent in 2001/02 will be requested as rollover funds in 2002/03 when the initial public offering will be finalised.

The Department of Public Enterprises has made significant use of donor funds, reducing its reliance on statutory allocations, but it has experienced difficulties in filling all posts with appropriate personnel.

The Department is acquiring an integrated data monitoring system. Spending, which will total R13 million, will be spread over 2001/02 and 2002/03 and will contribute to research into, and the development of, restructuring plans.

## Departmental receipts

Departmental receipts are mainly accumulated from dividends, commissions on insurance premium deductions through the salary system, property income, and the sale of goods and services. Income from the proceeds from selling state owned enterprises is not indicated on the schedule below. Departmental income for 1998/99 was exceptional as a result of the receipt of R3 million in dividends paid by Safcol.

Table 9.2: Departmental receipts

	Revenue outcome				Medium-term revenue estimate		
	Audited	Audited	Preliminary	Adjusted			
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
R thousand							
<b>Non-tax revenue</b>	<b>3 031</b>	<b>10</b>	<b>177</b>	<b>45</b>	<b>48</b>	<b>52</b>	<b>56</b>
Property income	3 030	–	20	5	6	7	8
Sales of goods and services	1	2	3	3	3	3	3
Miscellaneous	–	8	154	37	39	42	45
<b>Total departmental receipts</b>	<b>3 031</b>	<b>10</b>	<b>177</b>	<b>45</b>	<b>48</b>	<b>52</b>	<b>56</b>

## Programme 1: Administration

*Administration* sets policy for the Department and comprises the Ministry, senior management, and the communication, financial management, internal audit and corporate services units. *Administration* also ensures that external and internal operations are conducive to the Department's objectives, and that all stakeholders are consulted.

## Expenditure estimates

Table 9.3: Administration

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
R thousand							
Minister <sup>1</sup>	475	498	677	646	685	722	759
Management	6 311	3 793	5 845	4 840	5 576	4 740	5 025
Corporate Services	–	6 468	8 169	8 757	8 523	9 416	9 989
Ministerial Support Staff	–	–	6 940	5 324	4 116	4 256	4 512
Communication	–	–	815	4 035	3 498	3 894	4 128
Financial Management	–	–	1 763	2 706	2 661	2 793	2 961
Internal Audit	–	–	158	288	556	590	625
<b>Total</b>	<b>6 786</b>	<b>10 759</b>	<b>24 367</b>	<b>26 596</b>	<b>25 615</b>	<b>26 411</b>	<b>27 999</b>
Change to 2001 Budget Estimate				677	(814)	(1 545)	

<sup>1</sup> Payable as from 1 April 2001. Salary: R516 812. Car allowance: R129 203.

### Economic classification

<b>Current</b>	<b>6 786</b>	<b>10 759</b>	<b>20 348</b>	<b>24 907</b>	<b>24 905</b>	<b>25 913</b>	<b>27 471</b>
Personnel	3 045	3 488	7 392	11 251	11 986	12 598	13 258
Transfer payments	–	–	26	100	–	–	–
Other current	3 741	7 271	12 930	13 556	12 919	13 315	14 213
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>4 019</b>	<b>1 689</b>	<b>710</b>	<b>498</b>	<b>528</b>
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	–	–	4 019	1 689	710	498	528
<b>Total</b>	<b>6 786</b>	<b>10 759</b>	<b>24 367</b>	<b>26 596</b>	<b>25 615</b>	<b>26 411</b>	<b>27 999</b>

R thousand	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	2002/03	2003/04	2004/05
	1998/99	1999/00	outcome	appropriation			
			2000/01	2001/02			
<b>Standard items of expenditure</b>							
Personnel	3 045	3 488	7 392	11 251	11 986	12 598	13 258
Administrative	1 510	2 685	8 014	7 513	6 761	7 592	8 060
Inventories	291	330	830	1 483	1 605	1 783	1 934
Equipment	535	1 176	3 705	1 993	1 064	902	1 000
Land and buildings	–	–	314	–	–	–	–
Professional and special services	1 360	3 036	4 030	3 907	3 870	3 015	3 196
Transfer payments	–	–	26	100	–	–	–
Miscellaneous	45	44	56	349	329	521	551
<b>Total</b>	<b>6 786</b>	<b>10 759</b>	<b>24 367</b>	<b>26 596</b>	<b>25 615</b>	<b>26 411</b>	<b>27 999</b>

### Policy developments

The Department of Public Enterprises has reviewed its communications strategy and aligned it with the demands of effective relationship management with stakeholders.

The Department has implemented the necessary policies in terms of the Public Finance Management Act (1 of 1999) (PFMA), including instructions for improving financial management. It has established an internal audit unit as well as an audit committee to evaluate the efficiency and effectiveness of its activities. Other policies are in line with those of Government as a whole, and include policies for human resources and for regulating the procurement and management of assets. These activities have resulted in unqualified audits of financial statements.

In 2001/02, functions within the Department were reprioritised. Posts were moved out of *Administration* and the resultant savings were used for additional posts in the Initial Public Offering Office.

### Expenditure trends

The rapid growth of expenditure on *Administration* between 1998/99 and 2000/01 reflects the growth of the Department's mandate and capacity in 2000/01. Expenditure on this programme from 2001/02 onwards, however, is expected to stabilise, with virtually no further budget growth.

The increased spending on professional and special services in 1999/00 was due to large start-up costs as outside experts were brought in to advise on the establishment of the Department. Since 2000/01 this item has stabilised. The relatively large expenditure on capital in 2000/01 and 2001/02 was used for equipping the different units in *Administration*.

### Programme 2: Restructuring of State Owned Enterprises

The aim of *Restructuring of State Owned Enterprises* is to develop and implement the accelerated restructuring programme to meet Government's economic and social objectives. Key objectives are:

- To maximise shareholder value through developing and implementing the restructuring plans of specific state owned enterprises within time and budget, and with a high degree of integrity and security
- To develop and implement a communications plan to popularise the restructuring programme
- To coordinate and align inter-departmental activities with the restructuring programme
- To enhance and maintain investor confidence
- To provide specialist services and advice for the restructuring plans of other role-players

- To build internal capacity for delivering on the restructuring mandate

## Expenditure estimates

Table 9.4: Restructuring of State Owned Enterprises

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Management	–	–	954	4 647	5 043	5 227	5 541
Restructuring	19 844	25 490	2 054	100 252	4 347	4 462	4 731
Specialist Services	–	–	1 528	1 261	2 110	2 095	2 221
Initial Public Offering Office	–	–	562	148 725	4 698	5 802	6 151
<b>Total</b>	<b>19 844</b>	<b>25 490</b>	<b>5 098</b>	<b>254 885</b>	<b>16 198</b>	<b>17 586</b>	<b>18 644</b>
Change to 2001 Budget Estimate				164 439	1 390	1 487	

### Economic classification

<b>Current</b>	<b>19 838</b>	<b>25 480</b>	<b>4 851</b>	<b>254 665</b>	<b>16 149</b>	<b>17 534</b>	<b>18 589</b>
Personnel	1 601	3 177	3 254	8 254	10 159	10 680	11 260
Transfer payments	–	–	–	–	–	–	–
Other current	18 237	22 303	1 597	246 411	5 990	6 854	7 329
<b>Capital</b>	<b>6</b>	<b>10</b>	<b>247</b>	<b>220</b>	<b>49</b>	<b>52</b>	<b>55</b>
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	6	10	247	220	49	52	55
<b>Total</b>	<b>19 844</b>	<b>25 490</b>	<b>5 098</b>	<b>254 885</b>	<b>16 198</b>	<b>17 586</b>	<b>18 644</b>

### Standard items of expenditure

Personnel	1 601	3 177	3 254	8 254	10 159	10 680	11 260
Administrative	472	1 672	973	1 391	1 943	1 843	1 981
Inventories	18	219	154	357	398	414	439
Equipment	6	974	247	222	53	55	95
Land and buildings	–	–	–	–	–	–	–
Professional and special services	17 739	19 415	470	244 494	3 471	4 407	4 671
Transfer payments	–	–	–	–	–	–	–
Miscellaneous	8	33	–	167	174	187	198
<b>Total</b>	<b>19 844</b>	<b>25 490</b>	<b>5 098</b>	<b>254 885</b>	<b>16 198</b>	<b>17 586</b>	<b>18 644</b>

## Policy developments

Although the restructuring mandate focuses on energy, transport, telecommunications and defence, efforts are also going into the restructuring of non-core assets, such as forestry, holiday resorts and Transnet's non-core entities. The restructuring programme will be accelerated in 2002/03 and will involve the following parastatals: Denel, Alexkor, Aventura, Safcol, Spoornet, M-Cell, the Ports' Concession and the electricity industry.

Between 1998/99 and 1999/00 a number of state owned enterprises were restructured. However, the Department did not always play the lead role, and the shareholder departments often led the transactions. Some of the proceeds from restructuring were used to recapitalise state owned enterprises, and, in other cases, public debt was repaid. The following table illustrates the total proceeds from restructuring between 1998/99 and 2000/01, as well as the amounts paid to the National Revenue Fund:

**Summary of proceeds from restructuring, 1998/99 to 2000/01**

Enterprise	Date	(%) Stake sold	Total proceeds (R million)	Paid to the exchequer (R million)
Airports Company of South Africa	June 1998	25	1 035	1 035
South African Airways	July 1999	20	1 400	611
Connex	August 1999	100	15	–
Sasria	February 2000	Special dividend	6 171	6 171
MTN	July 2000	3	2 000	–
Total			10 621	7 817

In light of conditions in the global telecommunications market and uncertainty about the policy and regulatory framework of the sector, the initial listing of Telkom was postponed from the fourth quarter of 2001. Since the passage of the Telecommunications Amendment Act (64 of 2001), it is envisaged that all regulatory issues will be addressed by June 2002. Then, depending on market conditions, there will be an initial public offering in the latter part of 2002. A large scale media campaign will be launched in March 2002. A prospectus will then be drafted and this will be aligned to the requirements of the Securities Exchange Commission in the United States.

In October 2001 Cabinet approved Transnet's reacquisition of Swissair's 20 per cent holding in South African Airways (SAA) and the termination of the shareholders agreement between the two airlines. Swissair acquired a 20 per cent holding in SAA in June 1999 for R1,4 billion, but financial difficulties forced Swissair to file for a debt moratorium, triggering a default in the shareholders' agreement with SAA. This entitled Transnet to reacquire Swissair's shares at 85 per cent of their fair value. Negotiations between Government and Swissair for the reacquisition of the shares have taken place and the transaction should be concluded in early 2002.

**Expenditure trends**

Although the programme budget declined substantially in 2000/01 as the Department reduced its use of external consultants, an allocation of R146,9 million to set up the IPO Office meant that the budget rose in 2001/02. Much of this allocation was for once-off expenditure on specialist advisory services and marketing costs related to the Telkom initial public offering. This is also reflected in the significant increase in expenditure on professional and special services in 2001/02.

The change to in-house management of the restructuring process is reflected in higher personnel expenditure. Additional posts are being filled during 2001/02 and posts have been reprioritised to allow for the staffing of the IPO Office.

## Key outputs, indicators and targets

### Restructuring of State Owned Enterprises

Subprogramme	Outputs	Output measure/indicator	Target
Restructuring	Integrated programme for restructuring state owned enterprises, including priorities, timetables and implementation steps	Quality and timeliness of plan Regular updating of plans as circumstances change	Plans for major state owned enterprises completed and approved by Cabinet; updated where necessary during implementation
	Effective day-to-day management of restructuring process	Number of restructurings completed on time	Processes established and implementation on schedule
	Effective consultation and coordination with stakeholders	Number of restructurings completed without major dispute	Develop enterprise level agreement with stakeholders and maintain ongoing structured engagement
	Marketing of business opportunities to investors, associated with restructuring locally and internationally,	Tender bids received Range of businesses tendering	Receipt of quality tender bids Increased participation by entities while maintaining competitive bidding from local and international companies
Specialist Services	Collation and processing of research on particular transactions	Quality and timeliness of advice received on transactions	Continuous provision of advice on request by stakeholders
Initial Public Offering Office	Effective day-to-day management of initial public offering process	Execution of Telkom	Telkom initial public offering targeted for 2002/03
	Effective consultation and coordination with stakeholders	Sound stakeholder relations	April 2003
	Effective marketing of initial public offerings, locally and internationally	Participation of historically disadvantaged individuals in bids	Maximum participation of historically disadvantaged individuals

Progress since the launch of the accelerated restructuring strategy includes:

#### Energy:

Eskom's status was changed from a commission to a company with the enactment of the Eskom Conversion Act (13 of 2001). It has been decided to separate the transmission function from Eskom and to create a separate state owned enterprise. Timeframes have not yet been set, but Cabinet has approved the establishment of the Electricity Distribution Industry holding company. The Department of Minerals and Energy is coordinating the restructuring of the distribution industry.

#### Transport:

The restructuring of Transnet has been hampered by its significant pension fund debt burden. The Department of Public Enterprises and the National Treasury have put mechanisms in place to reduce the debt. The fund was converted from a defined benefit fund to a defined contribution fund through a revised actuarial evaluation followed by an equity bond swap. Transnet was then able to retire a sizeable portion of bonds to offset the pension fund deficit. The company's liability was reduced by approximately R7 billion.

Portnet was divided into the Ports Authority and Ports Operations divisions. The Department of Transport is currently finalising a ports policy. The Department expects that the various ports operations will be ready for concessioning by mid-2002 after various models have been assessed. The National Ports Authority Division is in the process of implementing a new port tariff structure.

Government and Transnet are in the process of reacquiring the 20 per cent stake of South African Airways sold to SAirGroup.

#### Telecommunications and information technology sector:

The Telkom initial public offering process has been postponed due to unfavourable market conditions. International consultants have also been appointed to advise Government, and to conclude the preliminary planning and preparatory work.



The draft Telecommunications Amendment Bill was finalised in October 2001 to amend the Telecommunications Act (103 of 1996). The Department of Communications is drafting an invitation to apply for the second Public Switched Telecommunications Network licence. The ownership structure of the second national operator will include Transtel and ESI-Tel (two state owned enterprises), an empowerment group and a strategic equity partner. The Department, together with the Department of Communications, will ensure that the two state owned enterprises are ready to bid for a stake in the second national operator as a unique entity. They have submitted business plans for this purpose.

**Defence related industries:**

Denel is currently being incorporated. The introduction of strategic equity partner, BAE Systems, into the Denel Group is at an advanced stage. Turbomeca is being introduced as the equity partner in the airmotive business unit.

**Other restructuring initiatives:**

The Eastern Cape North forestry assets have been transferred to the Singisi Consortium, made up of Hans Merensky Holdings and a trust of 164 local communities. Two preferred bidders for a 75 per cent share of the Northern Province/Mpumalanga forestry asset have been identified. Negotiations are under way with Steinhoff, the preferred Strategic Equity Partner (SEP), for the George sawmill. A sum of R91,1 million was transferred from the State Pension Fund to the Safcol Retirement Fund to settle the latter's deficit.

Alexkor was put under management contractors, Mintek, in May 2001, for one year before further restructuring takes place.

Cabinet has approved the appointment of new non-executive directors to the board of Aventura as well as the short-term disposal strategy for three of its assets. The disposal of the Aldam, Christiana and Bloemfontein assets are in progress. A task team has been appointed to effect the long-term disposal strategy of Aventura resorts, a process begun at the start of 2002.

Cabinet has approved the disposal of Transnet's 51 per cent stake in Air Chefs, an in-flight catering services provider jointly held by Transnet (51 per cent) and Fedics. The disposal of Transnet's stake is under way and is expected to be finalised in early 2002.

The sale of a minority interest (30 per cent) in Apron Services to a strategic equity partner was put on hold when a lengthy bidding process culminated in only one, unsuccessful, bid being presented. Cabinet has recommended that the Department investigate a different disposal process, including the possibility of increasing the stake on offer from 30 per cent to 51 per cent (inclusive of the black economic empowerment stake). The disposal process should commence early in 2002.

### **Programme 3: Performance Monitoring and Strategic Analysis**

*Performance Monitoring and Strategic Analysis* aims to entrench a performance culture in state owned enterprises by applying a holistic monitoring and evaluation process. It also develops policy frameworks and conducts sectoral research that facilitates accelerated restructuring. Its subprogrammes include:

- Management (3a) manages shareholder interests regarding industry-specific issues in the energy, transport, telecommunications, mining, forestry and leisure sectors. It also manages the allocation of government resources in its portfolio of state owned enterprises.
- Performance Monitoring and Benchmarking monitors and reports on specific industry performance, and compliance with policy and regulatory regimes, using local and international benchmarks. It also analyses and assesses investment projects proposed by state owned enterprises.

- Management (3b) formulates and updates policy as well as coordinating and managing strategic analyses for the restructuring of state owned enterprises.
- Strategic Analysis provides strategic policy frameworks, and sectoral and economic overviews, and conducts research relating to the restructuring of state owned enterprises and its potential impact.

## Expenditure estimates

Table 9.5: Performance Monitoring and Strategic Analysis

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2001/02	2002/03	2003/04
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Management (3a)	-	-	376	2 014	2 265	1 961	2 079
Performance Monitoring and Benchmarking	-	-	760	3 537	5 103	5 286	5 604
Management (3b)	-	-	402	3 307	2 870	4 020	4 262
Strategic Analysis	-	-	1 549	1 444	1 067	1 109	1 177
<b>Total</b>	-	-	<b>3 087</b>	<b>10 302</b>	<b>11 305</b>	<b>12 376</b>	<b>13 122</b>
Change to 2001 Budget Estimate				(418)	(102)	586	

### Economic classification

<b>Current</b>	-	-	<b>2 848</b>	<b>10 202</b>	<b>11 030</b>	<b>12 224</b>	<b>12 961</b>
Personnel	-	-	1 428	3 371	4 034	4 923	5 191
Transfer payments	-	-	-	-	-	-	-
Other current	-	-	1 420	6 831	6 996	7 301	7 770
<b>Capital</b>	-	-	<b>239</b>	<b>100</b>	<b>275</b>	<b>152</b>	<b>161</b>
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	239	100	275	152	161
<b>Total</b>	-	-	<b>3 087</b>	<b>10 302</b>	<b>11 305</b>	<b>12 376</b>	<b>13 122</b>

### Standard items of expenditure

Personnel	-	-	1 428	3 371	4 034	4 923	5 191
Administrative	-	-	404	1 417	2 089	2 236	2 402
Inventories	-	-	94	320	478	558	591
Equipment	-	-	239	120	275	152	161
Land and buildings	-	-	-	-	-	-	-
Professional and special services	-	-	921	5 067	4 422	4 500	4 770
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	-	-	1	7	7	7	7
<b>Total</b>	-	-	<b>3 087</b>	<b>10 302</b>	<b>11 305</b>	<b>12 376</b>	<b>13 122</b>

## Policy developments

The need for regular financial reporting by state owned enterprises is being addressed as a matter of urgency. The Department has initiatives in place to ensure that state owned enterprises report on their performance at least quarterly. Particular attention is being paid to risk control policies and the borrowing powers of state owned enterprises. These are being reviewed in line with the Public Finance Management Act, while entities are being encouraged to examine alternative sources of funding. The liability profile within state owned enterprises will be reviewed, including potential measures to reduce such liabilities.

Socio-economic benchmarks form an important element of the overall performance assessment of state owned enterprises and are included in overall performance monitoring. State owned

enterprises' performance in relation to transformation and empowerment is also monitored closely, forming part of the specification of key performance areas in Chief Executive Officers' contracts.

In line with current developments in corporate governance, the 1997 Protocol on Corporate Governance for Public Entities is under review, with requests for proposals having been issued. The Protocol will be finalised early in 2002. While all state owned enterprises have not signed the 1997 Protocol, their annual financial statements comply with it.

A shareholder compact between the Department of Public Enterprises and Transnet has been signed, as has a compact with Denel. Shareholder compacts with Aventura and Eskom are being concluded.

With respect to board appointments, most state owned enterprises have boards appointed in line with respective Memoranda and Articles of Association. Exceptions are the boards of Aventura, Safcol and Transnet, which were recently restructured.

### Expenditure trends

Spending on the programme began in 2000/01. After the first full year of operations in 2001/02, expenditure is expected to grow steadily at an average annual rate of 8,4 per cent over the medium term, reflecting the intention to increase the Department's capacity to monitor and evaluate the performance of state owned enterprises. Beyond 2004/05, spending should begin to decline as most of the analyses on restructuring will have been completed.

The decline in expenditure on professional and special services and the increased expenditure on personnel reflects the decreasing reliance on external consultants.

### Key outputs, indicators and targets

#### Performance Monitoring and Strategic Analysis

Subprogramme	Output	Output measure/indicator	Target
Management 3a	Manage government interest in SOEs	Status report to stakeholders	Quarterly
Performance Monitoring and Benchmarking	Develop post-restructuring model for managing Government's shareholding interest	Presentation of draft model for discussion and eventual presentation	Phase 2 – September 2002
	Develop policies for corporate governance in SOEs	Approval and sign-off policies	September 2002
	Develop financial performance monitoring, evaluation and benchmarking models for SOEs	Approval and sign-off of approved regimes for implementation	August 2002
	Electronic interface between SOEs and Department	Approval, availability and generation of reports	Quarterly progress reports July 2002
Strategic Analysis	Policy framework review and updating	Updated version of policy framework that reflects the pace and policy stance of the restructuring agenda	February/March 2002
	Macroeconomic and impact of restructuring analysis	Macroeconomic model detailing possible impact of restructuring	November 2002
	Employee share ownership programme study and operational implementation model	Model of implementation of programmes in SOEs	August 2002
	Study of impact of restructuring on employment	Model showing impact of restructuring on labour and possible operational plans to mitigate negative effects	June 2002

The major achievement of the Strategic Analysis subprogramme was the publishing of the Policy Framework, 'An Accelerated Agenda for the Restructuring of State Owned Enterprises', in August 2000. The Policy Framework includes objectives and guiding principles for the restructuring programme, as well as details on specific restructuring plans for major state owned enterprises. The document was widely publicised and is generally well accepted. Implementation is under way, though frameworks may be updated in the future.

The Department of Public Enterprise's performance monitoring and benchmarking role requires it to develop and maintain a detailed knowledge of all the state owned enterprises, including their operations and their markets. Significant areas of advice on strategic issues include Government's long-term ownership intentions about individual companies. To this end, the *Performance Monitoring and Strategic Analysis* programme is also involved in ongoing consultation with the departments of Transport, Minerals and Energy, Defence, and Communications, which are developing policies impacting on the restructuring of the four major sectors. In particular, the Department has been working closely with the departments responsible for developing policies governing ports and railways, and for the electricity supply industry.

Industry and sectoral studies for the four big state enterprises have analysed the sectors, the environments in which they operate, and relevant international trends. A macroeconomic analysis of the impact of alternative restructuring models is currently being conducted, along with an analysis of the specific impact on employment of restructuring and of various mitigating options.

## Programme 4: Alternative Service Delivery

*Alternative Service Delivery* involves the re-engineering and rethinking of Government's roles and functions in public service delivery. The programme's objective is to develop an operational service delivery framework and a monitoring and evaluation framework for empowerment initiatives to be implemented in state owned enterprises.

### Expenditure estimates

Table 9.6: Alternative Service Delivery

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Management	-	-	1 760	904	1 282	1 339	1 420
Alternative Service Delivery	-	-	-	935	877	892	949
<b>Total</b>	-	-	<b>1 760</b>	<b>1 839</b>	<b>2 159</b>	<b>2 231</b>	<b>2 369</b>
Change to 2001 Budget Estimate				(698)	(217)	(210)	
<b>Economic classification</b>							
<b>Current</b>	-	-	<b>1 752</b>	<b>1 767</b>	<b>2 119</b>	<b>2 193</b>	<b>2 329</b>
Personnel	-	-	92	768	1 311	1 390	1 469
Transfer payments	-	-	-	-	-	-	-
Other current	-	-	1 660	999	808	803	860
<b>Capital</b>	-	-	<b>8</b>	<b>72</b>	<b>40</b>	<b>38</b>	<b>40</b>
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	8	72	40	38	40
<b>Total</b>	-	-	<b>1 760</b>	<b>1 839</b>	<b>2 159</b>	<b>2 231</b>	<b>2 369</b>

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary		2002/03	2003/04	2004/05
	1998/99	1999/00	outcome 2000/01				
<b>Standard items of expenditure</b>							
Personnel	-	-	92	768	1 311	1 390	1 469
Administrative	-	-	6	599	474	457	484
Inventories	-	-	-	98	82	84	89
Equipment	-	-	8	72	40	38	49
Land and buildings	-	-	-	-	-	-	-
Professional and special services	-	-	8	290	240	250	265
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	-	-	1 646	12	12	12	13
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1 760</b>	<b>1 839</b>	<b>2 159</b>	<b>2 231</b>	<b>2 369</b>

### Policy developments

The key objectives of this programme are:

- To provide alternative service delivery strategies that maximise delivery at minimum cost
- To mainstream alternative service delivery as an empowerment strategy
- To seek the support of various stakeholders for alternative service delivery strategies
- To ensure that state owned enterprises have appropriate and affirmative procurement processes and business strategies in place

A uniform procurement policy that can be managed and monitored by the Department of Public Enterprises is being developed for all State owned enterprises. Consultants have been employed to assist in its development and implementation.

The programme will continue to develop operational frameworks for other empowerment initiatives. It will also develop monitoring and evaluation models and reporting systems to assist in tracking the implementation of Government's socio-economic objectives in the context of the restructuring programme.

### Expenditure trends

Expenditure on this programme has stabilised over the medium term following its establishment, and the initiation of spending, in 2001/02. Some posts were filled during 2001/02, and other posts will be filled during 2002/03.

## Key outputs, indicators and targets

### Alternative Service Delivery

Subprogramme	Output	Output measure/indicator	Target
Alternative Service Delivery	Sector based service delivery framework/agreement	Existence of agreements	April 2003
	Operational framework for empowerment policies of State owned enterprises and for monitoring, evaluation and reporting systems	Policies on: <ul style="list-style-type: none"> <li>• Targeted procurement</li> <li>• Black economic empowerment</li> <li>• Procurement from SMMEs</li> <li>• Social plans in place</li> </ul>	March 2002 March 2002 September 2003 January 2003
	Stakeholder mobilisation strategy	Establishment of stakeholder structures Stakeholder buy-in into empowerment approaches of State owned enterprises	June 2003 November 2003

## Public entities reporting to the Minister

### Eskom

Eskom is the country's primary supplier of electricity, directly or indirectly supplying nearly 98 per cent of the electricity market. Eskom's restructuring was initiated with the passage of the Eskom Amendment Act (126 of 1998) which vested ownership in Government and removed the company's exemption from taxes. The Eskom Conversion Act resulted in Eskom's being incorporated as a limited liability company. This resulted in the separation of its distribution, transmission and generation businesses, and the establishment of Eskom Enterprises to house its unregulated business interests.

Eskom has a total asset base of R74 billion and total debt of R43 billion as per its financial statements for the financial year ended 31 December 2000. It reported a turnover of R24,5 billion and a profit of R1,9 billion for the period.

The regulated business reported a net profit before tax of R3,2 billion, up from the previous year's R2,1 billion. Sales for the year were 178 192 GWh, which reflects a growth of 2,8 per cent on the previous year. This sales growth, coupled with a tariff increase of 5,5 per cent, resulted in net revenue of R23,6 billion, up from R21,6 billion in 1999.

The unregulated business activities, mainly conducted by Eskom Enterprises, yielded results beyond expectations in its first year of operations, generating revenue of R567 million.

### Transnet Limited

Transnet Ltd had a total asset base of R58,5 billion and total debt of R39,5 billion as per its financial statements for the financial year ended 31 March 2001. It reported a turnover of R31,7 billion and a profit of R3,3 billion for the said period.

Group operating profit decreased by 22,3 per cent from R1,9 billion to R1,5 billion for the year under review. This decrease was due to the significant increase in the operating loss at SAA (Pty) Ltd. This loss increased from R239 million in 2000 to R1,9 billion in 2001. It was partially offset by improved operating results in other business units, primarily in Spoornet and Portnet. The profit realised on the sale of assets of R1,5 billion and the sale of 75 million M-Cell Ltd shares for R2,3 billion, contributed to the achievement of a net profit for the year of R3,3 billion, compared to the R779 million earned in the previous year.

### **Denel (Pty) Limited**

Denel (Pty) Ltd had a total asset base of R3,9 billion and total debt of R2,1 billion at the end of the financial year ending 31 March 2001. It reported a turnover of R3,7 billion and a profit of R24,1 million for the said period.

The restructuring of Denel will result in the introduction of a strategic equity partner, which should provide access to new technologies and international markets. Cabinet approved the choice of British Aerospace as the preferred partner for the Denel Aerospace Group and Snecma/Turbomeca for Airmotive. Transactions with them are at an advanced stage and ought to be finalised by March 2002.

### **South African Forestry Company Limited (Safcol)**

The South African Forestry Company Ltd (Safcol) is a forestry business, which had a total asset base of R734,1 million and total debts of R259,4 million after the financial year ending 30 June 2001. It reported a turnover of R645 million and a profit of R34,4 million for the period.

Despite Safcol's profits in the 2000 and 2001 financial years, no dividends were declared or paid to shareholders. However, a special restructuring dividend of R66,7 million was declared by the company in a general meeting on 14 November 2001 and was paid to shareholders out of the proceeds of the Siyaqhubeka transaction which yielded a profit of R69,1 million.

The shortfall transferred from the State Pension Fund to the Safcol Retirement Fund for ex-government officials employed by Safcol, was initially estimated to be approximately R80 million. The Fund's actuaries evaluated the funds as at 31 May 2001 to determine the size of the deficit. Government and the various funds agreed on the following approach for the elimination of shortfalls:

- Government would pay to the defined contribution funds the shortfall of R74,6 million plus interest, and would pay to the defined benefit funds the estimated actuarial shortfall of R16,5 million
- The amounts would be paid no later than 16 November 2001
- Government would also bear the legal costs of the Fund

Safcol is currently undergoing a restructuring process. Some of its assets have been restructured and sold. These include the Eastern Cape North forestry assets and the George sawmill.

### **Aventura Limited**

Aventura Ltd had a total asset base of R132,2 million and a total debt of R126,8 million at the end of the financial year ending 30 June 2001. It reported a turnover of R152 million and a loss of R16,9 million for the period.

A task team has been approved by the executive authority to effect the long-term disposal strategy of Aventura resorts as single business entities. This process will commence in January 2002. Aventura has submitted valuation reports on all its resorts to the task team. Proceeds from the disposal process will be used to offset debts that include Government guaranteed loans.

### **Alexander Bay Development Corporation Limited**

Alexkor is a diamond prospecting and mining company with a total asset base of R131,5 million and total debt of R93 million at the close of the financial year ended 30 June 2001. It reported a turnover of R227,1 million and a loss of R45,7 million for that period.

An accelerated process has been put into place to dispose of the 30 per cent shareholding in Alexkor.

Mintek was appointed as management contractors in May 2001 for a period of one year after the Nabera contract expired.



## **Annexure**

### **Vote 9: Public Enterprises**

Table 9.7: Summary of expenditure trends and estimates per programme

Table 9.8: Summary of expenditure trends and estimates per economic classification

Table 9.9: Summary of expenditure trends and estimates per standard item

Table 9.10: Summary of transfers and subsidies per programme

Table 9.11: Summary of personnel numbers and costs

Table 9.12: Summary of expenditure on training

Table 9.13: Summary of information and communications technology expenditure

Table 9.7: Summary of expenditure trends and estimates per programme

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
1 Administration	6 786	10 759	24 367	25 919	–	677	26 596	24 317	24 905	710	25 615	26 411	27 999
2 Restructuring of State Owned Enterprises	19 844	25 490	5 098	90 446	–	164 439	254 885	203 785	16 149	49	16 198	17 586	18 644
3 Performance Monitoring and Strategic Analysis	–	–	3 087	10 720	–	(418)	10 302	4 439	11 030	275	11 305	12 376	13 122
4 Alternative Service Delivery	–	–	1 760	2 537	–	(698)	1 839	939	2 119	40	2 159	2 231	2 369
<b>Total</b>	<b>26 630</b>	<b>36 249</b>	<b>34 312</b>	<b>129 622</b>	<b>–</b>	<b>164 000</b>	<b>293 622</b>	<b>233 480</b>	<b>54 203</b>	<b>1 074</b>	<b>55 277</b>	<b>58 604</b>	<b>62 134</b>
Change to 2001 Budget Estimate							164 000	103 858			257	318	

**Table 9.8: Summary of expenditure trends and estimates per economic classification**

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
<b>Current</b>	<b>26 624</b>	<b>36 239</b>	<b>29 799</b>	<b>127 541</b>	<b>-</b>	<b>164 000</b>	<b>291 541</b>	<b>231 296</b>	<b>54 203</b>	<b>-</b>	<b>54 203</b>	<b>57 864</b>	<b>61 350</b>
Personnel	4 646	6 665	12 166	23 644	-	-	23 644	20 074	27 490	-	27 490	29 591	31 178
Salaries and wages	4 646	6 665	12 166	23 644	-	-	23 644	20 074	24 587	-	24 587	27 226	28 681
Other	-	-	-	-	-	-	-	-	2 903	-	2 903	2 365	2 497
Transfer payments	-	-	26	100	-	-	100	-	-	-	-	-	-
Subsidies to business enterprises	-	-	26	100	-	-	100	-	-	-	-	-	-
Other levels of government													
social security funds	-	-	-	-	-	-	-	-	-	-	-	-	-
universities and technikons	-	-	-	-	-	-	-	-	-	-	-	-	-
extra-budgetary institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
provincial government	-	-	-	-	-	-	-	-	-	-	-	-	-
local government	-	-	-	-	-	-	-	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign countries and international credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	21 978	29 574	17 607	103 797	-	164 000	267 797	211 222	26 713	-	26 713	28 273	30 172
<b>Capital</b>	<b>6</b>	<b>10</b>	<b>4 513</b>	<b>2 081</b>	<b>-</b>	<b>-</b>	<b>2 081</b>	<b>2 184</b>	<b>-</b>	<b>1 074</b>	<b>1 074</b>	<b>740</b>	<b>784</b>
Transfer payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other levels of government	-	-	-	-	-	-	-	-	-	-	-	-	-
Other capital transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Movable capital	6	10	4 199	2 081	-	-	2 081	2 184	-	1 074	1 074	740	784
Motor vehicles (transport)	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment - Computers	-	-	3 952	1 877	-	-	1 877	1 877	-	508	508	304	322
Equipment - Other office equipment	6	10	247	204	-	-	204	307	-	407	407	367	389
Other	-	-	-	-	-	-	-	-	-	159	159	69	73
Fixed capital	-	-	314	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	314	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26 630</b>	<b>36 249</b>	<b>34 312</b>	<b>129 622</b>	<b>-</b>	<b>164 000</b>	<b>293 622</b>	<b>233 480</b>	<b>54 203</b>	<b>1 074</b>	<b>55 277</b>	<b>58 604</b>	<b>62 134</b>

Table 9.9: Summary of expenditure trends and estimates per standard item

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
Personnel	4 646	6 665	12 166	23 644	-	-	23 644	20 074	27 490	-	27 490	29 591	31 178
Administrative	1 982	4 357	9 397	10 920	-	-	10 920	10 915	11 267	-	11 267	12 128	12 927
Inventories	309	549	1 078	2 258	-	-	2 258	1 016	1 853	710	2 563	2 839	3 053
Equipment	541	2 150	4 199	2 407	-	-	2 407	2 184	1 068	364	1 432	1 147	1 305
Land and buildings	-	-	314	-	-	-	-	-	-	-	-	-	-
Professional and special services	19 099	22 451	5 429	89 758	-	164 000	253 758	199 291	12 003	-	12 003	12 172	12 902
Transfer payments	-	-	26	100	-	-	100	-	-	-	-	-	-
Miscellaneous	53	77	1 703	535	-	-	535	-	522	-	522	727	769
<b>Total</b>	<b>26 630</b>	<b>36 249</b>	<b>34 312</b>	<b>129 622</b>	<b>-</b>	<b>164 000</b>	<b>293 622</b>	<b>233 480</b>	<b>54 203</b>	<b>1 074</b>	<b>55 277</b>	<b>58 604</b>	<b>62 134</b>

Table 9.10: Summary of transfers and subsidies per programme

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02	2002/03			2003/04	2004/05
R thousand									
<b>1 Administration</b>	-	-	26	100	-	-	-	-	-
Government Motor Transport	-	-	26	100	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table 9.11: Summary of personnel numbers and costs<sup>1</sup>**

Personnel numbers	1998/99	1999/00	2000/01	2001/02	2002/03
1 Administration	34	33	56	66	66
2 Restructuring of State Owned Enterprises	8	7	24	37	39
3 Performance Monitoring and Strategic Analysis	-	-	7	16	17
4 Alternative Service Delivery	-	-	-	5	6
<b>Total</b>	<b>42</b>	<b>40</b>	<b>87</b>	<b>124</b>	<b>128</b>
Total personnel cost (R thousand)	4 646	6 665	12 166	23 644	27 490
Unit cost (R thousand)	110,6	166,6	139,8	190,7	214,8

<sup>1</sup> Full-time equivalent

**Table 9.12: Summary of expenditure on training**

	Expenditure outcome		Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Preliminary outcome		2002/03	2003/04	2004/05
	1999/00	2000/01	2001/02			
R thousand						
1 Administration	20	1 150	1 597	13	15	20
2 Restructuring of State Owned Enterprises	66	-	118	6	9	11
3 Performance Monitoring and Strategic Analysis	266	-	370	6	8	9
4 Alternative Service Delivery	29	-	35	5	8	5
<b>Total</b>	<b>381</b>	<b>1 150</b>	<b>2 120</b>	<b>30</b>	<b>40</b>	<b>45</b>

Table 9.13: Summary of information and communications technology expenditure

R thousand	Adjusted	Medium-term expenditure estimate		
	appropriation	2001/02	2002/03	2003/04
<b>1 Administration</b>	<b>1 615</b>	<b>1 595</b>	<b>947</b>	<b>1 005</b>
Technology	1 087	642	296	315
Hardware	403	303	131	139
Software and licences	402	339	165	176
Audio-visual equipment	-	-	-	-
Systems	282	-	-	-
IT services	528	953	651	690
Consulting	300	350	400	424
Outsourcing	228	603	251	266
<b>2 Restructuring of State Owned Enterprises</b>	<b>152</b>	<b>10</b>	<b>10</b>	<b>11</b>
Technology	142	-	-	-
Hardware	71	-	-	-
Software and licences	71	-	-	-
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	10	10	10	11
Consulting	10	10	10	11
Outsourcing	-	-	-	-
<b>3 Performance Monitoring and Strategic Analysis</b>	<b>106</b>	<b>306</b>	<b>216</b>	<b>272</b>
Technology	91	291	201	256
Hardware	45	165	135	143
Software and licences	46	126	66	113
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	15	15	15	16
Consulting	15	15	15	16
Outsourcing	-	-	-	-

R thousand	Adjusted	Medium-term expenditure estimate		
	appropriation	2002/03	2003/04	2004/05
	2001/02			
<b>4 Alternative Service Delivery</b>	<b>76</b>	<b>60</b>	<b>54</b>	<b>58</b>
Technology	66	50	44	47
Hardware	33	40	38	40
Software and licences	33	10	6	7
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	10	10	10	11
Consulting	10	10	10	11
Outsourcing	-	-	-	-
<b>Total</b>	<b>1 949</b>	<b>1 971</b>	<b>1 227</b>	<b>1 346</b>

