

Estimates of National Expenditure 2023

Vote 10: Public Enterprises

**National Treasury
Republic of South Africa**



Vote 10

Public Enterprises

Budget summary

R million	2023/24				2024/25	2025/26
	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total	Total
MTEF allocation						
Administration	161.3	0.0	4.0	165.4	179.6	174.7
State-owned Companies Governance Assurance and Performance	65.6	–	–	65.6	62.6	70.0
Business Enhancement, Transformation and Industrialisation	71.9	–	–	71.9	74.1	85.7
Total expenditure estimates	298.8	0.0	4.0	302.9	316.4	330.4

Executive authority: Minister of Public Enterprises
 Accounting officer: Director-General of Public Enterprises
 Website: www.dpe.gov.za

The Estimates of National Expenditure is available at www.treasury.gov.za. Additional tables in Excel format can be found at www.treasury.gov.za and www.vulekamali.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.

Mandate

The Department of Public Enterprises undertakes shareholder oversight of the state-owned companies in its portfolio. The department is the primary interface between government and these companies, and provides input into the formulation of policy, legislation and regulation. In executing its responsibilities, the department seeks to direct and support improvements in the financial, commercial and operational performance of these companies and their contribution to the South African economy, and support transformation.

Selected performance indicators

Table 10.1 Performance indicators by programme and related outcome

Indicator	Programme	MTSF Priority	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Number of shareholder compacts signed per year	Business Enhancement, Transformation and Industrialisation	Priority 2: Economic transformation and job creation	7	5	5	4	5	5	5
Percentage of corporate plans reviewed per year	Business Enhancement, Transformation and Industrialisation		100% (7)	100% (5)	100% (6)	100%	100%	100%	100%
Percentage of quarterly financial reviews conducted per year	Business Enhancement, Transformation and Industrialisation		100% (28)	100% (20)	100% (24)	100%	100%	100%	100%

Expenditure overview

The department oversees 6 state-owned companies: Alexkor, Denel, Eskom, South African Airways, the South African Forestry Company and Transnet. Over the medium term, the department will continue to focus on enhancing reforms to stabilise these companies and strengthen its oversight capacity to ensure that they are sustainable and contribute to economic development and transformation.

The department has reprioritised R12 million over the medium term from consultancy projects in the *State-owned Companies Governance Assurance and Performance* programme to the same functions in the *Business Enhancement, Transformation and Industrialisation* programme. The reprioritisation is intended for developing an optimal shareholding structure for the state's diamond mineral assets; and conducting a study to understand

the deterioration of energy availability, and provide solutions on how Eskom can improve its power generation. As a result, overall spending on consultants, which includes the reprioritisation, is set to increase at an average annual rate of 2.3 per cent, from R42.2 million in 2022/23 to R45.2 million in 2025/26.

Expenditure is expected to decrease at an average annual rate of 78.7 per cent, from R34.4 billion in 2022/23 to R330.4 million in 2025/26. This is due to allocations in 2022/23 to Eskom (R21.9 billion for debt and interest); Transnet (R5.8 billion for repairing infrastructure that was damaged by flooding in KwaZulu-Natal and Eastern Cape, and the repair and maintenance of long-standing locomotives that are out of service); Denel (R3.6 billion for implementing its turnaround plan and settlement of guaranteed debt and interest); and South African Airways (R2.8 billion for settling guaranteed debt and settling obligations related to its business rescue plan).

With no further allocations to state-owned companies over the period ahead, the department's main cost driver is compensation of employees, spending on which increases at an average annual rate of 4.2 per cent, from R173.5 million in 2022/23 to R202 million in 2025/26. To ensure that the department remains within the expenditure ceiling for compensation of employees over the MTEF period, only critical vacant posts will be filled.

Expenditure trends and estimates

Table 10.2 Vote expenditure trends and estimates by programme and economic classification

Programmes											
1. Administration											
2. State-owned Companies Governance Assurance and Performance											
3. Business Enhancement, Transformation and Industrialisation											
Programme	Audited outcome			Adjusted appropriation ¹	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
R million	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23		2023/24	2024/25	2025/26	2022/23 - 2025/26	
Programme 1	149.1	118.4	121.1	168.0	4.1%	0.3%	165.4	179.6	174.7	1.3%	1.9%
Programme 2	36.9	37.2	47.4	60.6	18.0%	0.1%	65.6	62.6	70.0	4.9%	0.7%
Programme 3	56 660.4	77 347.8	35 858.7	33 916.8	-15.7%	97.9%	71.9	74.1	85.7	-86.4%	96.7%
Subtotal	56 846.4	77 503.4	36 027.2	34 145.4	-15.6%	98.2%	302.9	316.4	330.4	-78.7%	99.4%
Direct charge against the National Revenue Fund	-	410.3	3 030.9	204.7	0.0%	1.8%	-	-	-	-100.0%	0.6%
Section 70 of the Public Finance Management Act (1999) payment: South African Express Airways SOC Ltd	-	143.4	-	-	0.0%	0.1%	-	-	-	0.0%	0.0%
Section 70 of the Public Finance Management Act (1999) payment: South African Airways SOC Ltd	-	266.9	-	-	0.0%	0.1%	-	-	-	0.0%	0.0%
Section 70 of the Public Finance Management Act (1999) payment: Denel SOC Ltd	-	-	3 030.9	204.7	0.0%	1.6%	-	-	-	-100.0%	0.6%
Total	56 846.4	77 913.7	39 058.1	34 350.1	-15.5%	100.0%	302.9	316.4	330.4	-78.7%	100.0%
Change to 2022 Budget estimate				10 421.2			5.4	5.4	5.5		
Economic classification											
Current payments	234.0	212.9	216.8	291.8	7.6%	0.5%	298.8	312.1	325.9	3.8%	3.5%
Compensation of employees	149.2	141.2	140.0	178.7	6.2%	0.3%	185.3	193.5	202.0	4.2%	2.2%
Goods and services ²	84.8	71.8	76.8	113.1	10.1%	0.2%	113.5	118.6	123.9	3.1%	1.3%
<i>of which:</i>											
Computer services	6.7	8.1	8.3	5.6	-5.7%	0.0%	8.5	8.8	4.5	-7.1%	0.1%
Consultants: Business and advisory services	12.2	23.9	10.2	42.2	51.4%	0.0%	38.3	40.7	45.2	2.3%	0.5%
Legal services	14.2	6.0	19.6	10.6	-9.4%	0.0%	12.1	12.1	10.7	0.3%	0.1%
Operating leases	13.4	13.5	14.5	12.5	-2.1%	0.0%	14.0	14.6	15.2	6.6%	0.2%
Property payments	5.0	4.0	5.7	6.5	9.3%	0.0%	6.8	7.1	7.1	3.0%	0.1%
Travel and subsistence	15.7	2.4	5.1	12.1	-8.5%	0.0%	13.7	14.3	15.3	8.3%	0.2%
Transfers and subsidies²	8.1	1.2	0.7	0.2	-70.4%	0.0%	0.0	0.0	0.0	-52.9%	0.0%
Provinces and municipalities	0.0	0.0	0.0	0.0	8.2%	0.0%	0.0	0.0	0.0	5.0%	0.0%
Public corporations and private enterprises	3.6	-	-	-	-100.0%	0.0%	-	-	-	0.0%	0.0%
Households	4.5	1.2	0.7	0.2	-65.2%	0.0%	-	-	-	-100.0%	0.0%
Payments for capital assets	4.2	5.2	0.8	3.9	-2.9%	0.0%	4.0	4.2	4.4	4.5%	0.0%
Machinery and equipment	4.2	5.2	0.8	3.9	-2.6%	0.0%	4.0	4.2	4.4	4.5%	0.0%
Software and other intangible assets	0.0	-	-	-	-100.0%	0.0%	-	-	-	0.0%	0.0%
Payments for financial assets	56 600.0	77 694.4	38 839.7	34 054.2	-15.6%	99.5%	-	-	-	-100.0%	96.5%
Total	56 846.4	77 913.7	39 058.1	34 350.1	-15.5%	100.0%	302.9	316.4	330.4	-78.7%	100.0%

1. The 2022/23 adjusted appropriation includes allocations, other than for compensation of employees, proposed in the Second Adjustments Appropriation Bill tabled with this publication.

2. Tables with expenditure trends, annual budget, adjusted appropriation and audited outcome are available at www.treasury.gov.za and www.vulekamali.gov.za.

Transfers and subsidies expenditure trends and estimates

Table 10.3 Vote transfers and subsidies trends and estimates

R thousand	Audited outcome			Adjusted appropriation 2022/23	Average growth rate (%) 2019/20 - 2022/23	Average: Expenditure/ Total (%) 2019/20 - 2022/23	Medium-term expenditure estimate			Average growth rate (%) 2022/23 - 2025/26	Average: Expenditure/ Total (%) 2022/23 - 2025/26
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26		
Households											
Social benefits											
Current	4 539	1 166	722	192	-65.2%	64.5%	-	-	-	-100.0%	70.1%
Employee social benefits	4 539	1 166	722	192	-65.2%	64.5%	-	-	-	-100.0%	70.1%
Provinces and municipalities											
Municipal bank accounts											
Current	15	14	15	19	8.2%	0.6%	20	21	22	5.0%	29.9%
Municipal bank accounts	15	14	15	19	8.2%	0.6%	20	21	22	5.0%	29.9%
Public corporations and private enterprises											
Other transfers to public corporations											
Current	2 976	-	-	-	-100.0%	29.0%	-	-	-	-	-
Public corporations transfers: Department of Public Works and Infrastructure	2 976	-	-	-	-100.0%	29.0%	-	-	-	-	-
Public corporations and private enterprises											
Other transfers to private enterprises											
Current	598	-	-	-	-100.0%	5.8%	-	-	-	-	-
Claims against state private enterprises	598	-	-	-	-100.0%	5.8%	-	-	-	-	-
Total	8 128	1 180	737	211	-70.4%	100.0%	20	21	22	-52.9%	100.0%

Personnel information

Table 10.4 Vote personnel numbers and cost by salary level and programme¹

Number of posts estimated for 31 March 2023		Number and cost ² of personnel posts filled/planned for on funded establishment															Average growth rate (%)	Average: Salary level/ Total (%)	
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate											
		2021/22		2022/23		2023/24		2024/25			2025/26			2022/23 - 2025/26					
Public Enterprises		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Salary level	202	-	163	140.0	0.9	181	151.3	0.8	213	185.3	0.9	203	193.5	1.0	208	202.0	1.0	4.7%	100.0%
1 – 6	19	-	15	4.4	0.3	19	5.4	0.3	19	5.5	0.3	19	5.7	0.3	23	6.3	0.3	6.6%	9.9%
7 – 10	76	-	65	34.8	0.5	73	39.8	0.5	74	41.0	0.6	74	43.5	0.6	74	44.4	0.6	0.5%	36.6%
11 – 12	44	-	34	30.3	0.9	23	22.8	1.0	44	41.6	0.9	45	45.0	1.0	44	44.9	1.0	23.7%	19.4%
13 – 16	61	-	47	65.7	1.4	53	77.2	1.5	63	91.0	1.5	61	93.5	1.5	65	100.8	1.6	7.1%	29.9%
Other	2	-	2	4.9	2.5	13	6.2	0.5	13	6.3	0.5	4	5.7	1.4	2	5.6	2.4	-43.6%	4.1%
Programme	202	-	163	140.0	0.9	181	151.3	0.8	213	185.3	0.9	203	193.5	1.0	208	202.0	1.0	4.7%	100.0%
Programme 1	117	-	95	71.9	0.8	115	79.4	0.7	129	93.9	0.7	120	98.7	0.8	117	98.7	0.8	0.7%	59.7%
Programme 2	34	-	25	26.8	1.1	25	29.1	1.2	33	37.0	1.1	31	36.2	1.2	35	37.2	1.1	12.2%	15.4%
Programme 3	51	-	43	41.3	1.0	42	42.8	1.0	51	54.4	1.1	52	58.7	1.1	56	66.1	1.2	10.4%	24.9%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Departmental receipts

Table 10.5 Departmental receipts by economic classification

R thousand	Audited outcome			Adjusted estimate 2022/23	Revised estimate 2022/23	Average growth rate (%) 2019/20 - 2022/23	Average: Receipt item/ Total (%) 2019/20 - 2022/23	Medium-term receipts estimate			Average growth rate (%) 2022/23 - 2025/26	Average: Receipt item/ Total (%) 2022/23 - 2025/26
	2019/20	2020/21	2021/22					2023/24	2024/25	2025/26		
Departmental receipts	109	10 739	619	315	315	42.4%	100.0%	315	132	138	-24.1%	100.0%
Sales of goods and services produced by department	65	69	67	101	101	15.8%	2.6%	101	77	76	-9.0%	39.4%
Sales by market establishments of which:	37	40	38	63	63	19.4%	1.5%	63	48	46	-10.0%	24.4%
Sales by market establishments	37	40	38	63	63	19.4%	1.5%	63	48	46	-10.0%	24.4%
Other sales of which:	28	29	29	38	38	10.7%	1.1%	38	29	30	-7.6%	15.0%
Commission on insurance	28	29	29	38	38	10.7%	1.1%	38	29	30	-7.6%	15.0%

Table 10.5 Departmental receipts by economic classification (continued)

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Average: Receipt item/ Total (%)	Medium-term receipts estimate			Average growth rate (%)	Average: Receipt item/ Total (%)
	2019/20	2020/21	2021/22					2022/23	2019/20 - 2022/23	2023/24		
R thousand												
Sales of scrap, waste, arms and other used current goods	-	-	-	-	-	-	-	-	1	-	-	0.1%
of which:												
Sales of scrap paper	-	-	-	-	-	-	-	-	1	-	-	0.1%
Interest, dividends and rent on land	-	-	-	4	4	-	-	4	2	2	-20.6%	1.3%
Interest	-	-	-	4	4	-	-	4	2	2	-20.6%	1.3%
Sales of capital assets	-	715	-	65	65	-	6.6%	65	15	10	-46.4%	17.2%
Transactions in financial assets and liabilities	44	9 955	552	145	145	48.8%	90.8%	145	37	50	-29.9%	41.9%
Total	109	10 739	619	315	315	42.4%	100.0%	315	132	138	-24.1%	100.0%

Programme 1: Administration

Programme purpose

Provide strategic leadership, management and support services to the department.

Expenditure trends and estimates

Table 10.6 Administration expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22				2022/23	2019/20 - 2022/23	2023/24		
R million											
Ministry	39.4	23.4	23.3	30.4	-8.3%	20.9%	34.9	36.2	36.4	6.2%	20.0%
Management	11.0	5.8	7.5	14.1	8.7%	6.9%	9.2	9.8	15.8	3.8%	7.1%
Communications	28.9	32.9	29.2	38.8	10.4%	23.3%	37.5	39.2	41.1	1.9%	22.8%
Chief Financial Officer	20.8	18.8	19.5	22.5	2.7%	14.6%	20.8	21.9	22.9	0.6%	12.8%
Human Resources	24.4	17.6	18.7	34.7	12.5%	17.1%	35.8	44.1	28.6	-6.2%	20.8%
Internal Audit	5.5	3.9	3.9	7.7	11.5%	3.8%	6.1	6.5	6.9	-3.7%	3.9%
Corporate Services	3.9	2.3	2.4	5.3	10.8%	2.5%	5.0	5.3	5.7	3.0%	3.1%
Office Accommodation	15.3	13.8	16.6	14.6	-1.7%	10.8%	16.0	16.7	17.4	6.0%	9.4%
Total	149.1	118.4	121.1	168.0	4.1%	100.0%	165.4	179.6	174.7	1.3%	100.0%
Change to 2022 Budget estimate				1.7			(3.3)	3.4	(9.4)		
Economic classification											
Current payments	137.6	113.0	120.0	163.9	6.0%	96.0%	161.3	175.4	170.3	1.3%	97.6%
Compensation of employees	72.1	68.4	71.9	98.7	11.0%	55.9%	93.9	98.7	98.7	-	56.7%
Goods and services	65.5	44.6	48.1	65.3	-0.1%	40.1%	67.4	76.7	71.5	3.1%	40.8%
of which:											
Audit costs: External	3.9	3.5	6.0	4.9	8.3%	3.3%	4.9	5.2	5.4	3.2%	3.0%
Computer services	6.7	8.1	8.3	5.6	-5.7%	5.2%	8.5	8.8	4.5	-7.1%	4.0%
Consultants: Business and advisory services	4.3	3.3	2.4	9.8	31.7%	3.6%	10.9	17.7	10.0	0.4%	7.0%
Operating leases	13.4	13.5	14.5	12.5	-2.1%	9.7%	14.0	14.6	15.2	6.6%	8.2%
Property payments	5.0	4.0	5.7	6.5	9.3%	3.8%	6.8	7.1	7.1	3.0%	4.0%
Travel and subsistence	11.1	2.0	4.4	7.6	-11.9%	4.5%	8.0	8.3	9.4	7.2%	4.8%
Transfers and subsidies	7.2	0.2	0.3	0.2	-69.2%	1.4%	0.0	0.0	0.0	-52.9%	-
Provinces and municipalities	0.0	0.0	0.0	0.0	8.2%	-	0.0	0.0	0.0	5.0%	-
Public corporations and private enterprises	3.0	-	-	-	-100.0%	0.5%	-	-	-	-	-
Households	4.2	0.2	0.3	0.2	-64.3%	0.9%	-	-	-	-100.0%	-
Payments for capital assets	4.2	5.2	0.8	3.9	-2.9%	2.5%	4.0	4.2	4.4	4.5%	2.4%
Machinery and equipment	4.2	5.2	0.8	3.9	-2.6%	2.5%	4.0	4.2	4.4	4.5%	2.4%
Software and other intangible assets	0.0	-	-	-	-100.0%	-	-	-	-	-	-
Payments for financial assets	0.0	0.0	0.0	-	-100.0%	-	-	-	-	-	-
Total	149.1	118.4	121.1	168.0	4.1%	100.0%	165.4	179.6	174.7	1.3%	100.0%
Proportion of total programme expenditure to vote expenditure	0.3%	0.2%	0.3%	0.5%	-	-	54.6%	56.8%	52.9%	-	-
Details of transfers and subsidies											
Households											
Social benefits											
Current	4.2	0.2	0.3	0.2	-64.3%	0.9%	-	-	-	-100.0%	-
Employee social benefits	4.2	0.2	0.3	0.2	-64.3%	0.9%	-	-	-	-100.0%	-
Households											
Other transfers to households											
Current	-	-	-	-	-	-	-	-	-	-	-
Employee social benefits	-	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	3.0	-	-	-	-100.0%	0.5%	-	-	-	-	-
Public corporations transfers: Department of Public Works and Infrastructure	3.0	-	-	-	-100.0%	0.5%	-	-	-	-	-

Personnel information

Table 10.7 Administration personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2023		Number and cost ² of personnel posts filled/planned for on funded establishment											Average growth rate (%)	Average: Salary level/ Total (%)					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate							2022/23 - 2025/26				
		2021/22		2022/23		2023/24		2024/25		2025/26									
Administration		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Salary level	117	–	95	71.9	0.8	115	79.4	0.7	129	93.9	0.7	120	98.7	0.8	117	98.7	0.8	0.7%	100.0%
1 – 6	19	–	15	4.4	0.3	19	5.4	0.3	19	5.5	0.3	19	5.7	0.3	19	5.9	0.3	-0.6%	15.7%
7 – 10	51	–	44	23.2	0.5	51	27.1	0.5	52	28.4	0.5	52	30.2	0.6	52	30.8	0.6	0.6%	43.1%
11 – 12	24	–	18	15.9	0.9	10	10.2	1.0	24	22.7	0.9	24	24.1	1.0	23	23.5	1.0	31.2%	17.0%
13 – 16	21	–	16	23.4	1.5	21	30.6	1.5	21	31.1	1.5	21	32.9	1.6	21	32.9	1.6	-0.6%	17.4%
Other	2	–	2	4.9	2.5	13	6.2	0.5	13	6.3	0.5	4	5.7	1.4	2	5.6	2.4	-43.6%	6.9%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Programme 2: State-owned Companies Governance Assurance and Performance

Programme purpose

Provide and enforce state-owned companies' governance, legal assurance, and financial and non-financial performance monitoring, evaluation and reporting systems in support of the shareholder to ensure alignment with government priorities.

Objectives

- Ensure effective shareholder oversight of state-owned companies on an ongoing basis by:
 - providing governance systems and legal support
 - developing and maintaining shareholder risk profiles and mitigating strategies
 - monitoring, evaluating and reporting on financial and non-financial performance, and proposing intervention measures when required.

Subprogrammes

- *Management* comprises the office of the deputy director-general, which provides strategic leadership and management for the programme's personnel.
- *Legal* provides external legal services and support, including transaction and contract management support, to sector teams and the commercial activities of the state-owned companies within the sector teams' portfolio.
- *Governance* develops, monitors and advises on legislative, corporate governance and shareholder management systems for the department and its portfolio of state-owned companies. This subprogramme develops and implements risk and compliance management guidelines and systems for the shareholder.
- *Financial Assessment and Investment Support* analyses state-owned companies' capital plans, operational performance, the execution of capital programmes and proposed restructuring proposals, and advises on appropriate action.

Expenditure trends and estimates

Table 10.8 State-owned Companies Governance Assurance and Performance expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22				2022/23	2019/20 - 2022/23	2023/24		
R million											
Management	2.0	1.9	1.9	3.0	14.7%	4.8%	2.9	3.0	3.1	1.7%	4.6%
Legal	11.1	11.6	23.8	17.9	17.2%	35.4%	23.2	20.6	20.2	4.2%	31.7%
Governance	11.6	12.6	11.9	27.7	33.6%	35.1%	25.2	24.2	31.7	4.6%	42.1%
Financial Assessment and Investment Support	12.2	11.2	9.8	12.0	-0.5%	24.8%	14.3	14.8	14.9	7.6%	21.7%
Total	36.9	37.2	47.4	60.6	18.0%	100.0%	65.6	62.6	70.0	4.9%	100.0%
Change to 2022 Budget estimate				(0.1)			(0.0)	(6.0)	(1.7)		
Economic classification											
Current payments	36.0	37.2	47.3	60.6	19.0%	99.4%	65.6	62.6	70.0	4.9%	100.0%
Compensation of employees	28.2	28.1	26.8	31.6	3.9%	63.0%	37.0	36.2	37.2	5.6%	54.9%
Goods and services	7.8	9.1	20.4	29.0	54.9%	36.4%	28.6	26.4	32.8	4.2%	45.1%
of which:											
Communication	0.2	0.2	0.2	0.3	19.6%	0.5%	0.3	0.3	0.3	4.7%	0.5%
Consultants: Business and advisory services	1.7	3.4	3.4	18.1	121.5%	14.6%	15.9	13.7	21.7	6.3%	26.8%
Legal services	4.9	5.3	16.7	10.2	27.5%	20.4%	12.0	12.0	10.3	0.2%	17.2%
Travel and subsistence	1.0	0.1	0.1	0.4	-28.0%	0.8%	0.4	0.4	0.4	4.9%	0.6%
Venues and facilities	-	0.0	0.0	0.0	-	-	0.0	0.0	0.0	4.5%	0.1%
Transfers and subsidies	0.9	0.0	0.2	-	-100.0%	0.6%	-	-	-	-	-
Public corporations and private enterprises	0.6	-	-	-	-100.0%	0.3%	-	-	-	-	-
Households	0.3	0.0	0.2	-	-100.0%	0.3%	-	-	-	-	-
Total	36.9	37.2	47.4	60.6	18.0%	100.0%	65.6	62.6	70.0	4.9%	100.0%
Proportion of total programme expenditure to vote expenditure	0.1%	0.0%	0.1%	0.2%	-	-	21.6%	19.8%	21.2%	-	-
Details of transfers and subsidies											
Households											
Social benefits											
Current	0.3	0.0	0.2	-	-100.0%	0.3%	-	-	-	-	-
Employee social benefits	0.3	0.0	0.2	-	-100.0%	0.3%	-	-	-	-	-

Personnel information

Table 10.9 State-owned Companies Governance Assurance and Performance personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2023	Number and cost ² of personnel posts filled/planned for on funded establishment												Average growth rate (%)	Average: Salary level/ Total (%)					
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate										
2021/22			2022/23		2023/24		2024/25		2025/26		2022/23 - 2025/26								
State-owned Companies Governance Assurance and Performance		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Salary level	34	-	25	26.8	1.1	25	29.1	1.2	33	37.0	1.1	31	36.2	1.2	35	37.2	1.1	12.2%	100.0%
1-6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	0.4	0.1	-	3.5%
7-10	10	-	7	3.7	0.5	9	5.2	0.6	9	5.1	0.6	9	5.4	0.6	9	5.5	0.6	-	29.0%
11-12	7	-	5	4.6	0.9	0	0.3	6.4	7	6.6	0.9	7	7.0	1.0	7	7.1	1.0	450.6%	16.9%
13-16	17	-	13	18.5	1.4	16	23.7	1.5	17	25.3	1.5	15	23.8	1.6	15	24.1	1.6	-2.1%	50.7%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Programme 3: Business Enhancement, Transformation and Industrialisation

Programme purpose

Provide sector oversight to ensure that state-owned companies contribute to the advancement of industrialisation, transformation, intergovernmental relations and international collaboration services. Support the shareholder in strategically positioning and enhancing the operations of state-owned companies.

Objectives

- Contribute to the performance of state-owned companies on an ongoing basis by:
 - conducting reviews, research and modelling of pipeline and new business enhancement opportunities within state-owned companies
 - assessing the operations of state-owned companies and developing mitigation instruments in conjunction with policy departments, regulatory bodies and industry
 - conducting research, modelling job creation, and transforming instruments for state-owned companies to inform compact alignment imperatives.

Subprogrammes

- *Energy Resources* exercises shareholder oversight over Alexkor, Eskom and the South African Forestry Company.
- *Research and Economic Modelling* conducts cost-benefit analysis reviews on business enhancement and transformation initiatives and develops economic sustainability models for proposed work packages and projects.
- *Transport and Defence* exercises shareholder oversight of Denel, South African Airways and Transnet.
- *Business Enhancement Services* develops and coordinates the implementation of state-owned companies' strategies to leverage localisation programmes; provides intergovernmental coordination and support to programmes and state-owned companies in relation to economic development programmes, as agreed with provincial and local governments; maintains a register of commitments made by state-owned companies and enables the implementation of special programmes focusing on skills development, transformation and youth.

Expenditure trends and estimates

Table 10.10 Business Enhancement, Transformation and Industrialisation expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation ¹	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22				2022/23	2019/20	2022/23		
R million											
Energy Resources	49 013.6	56 010.6	31 703.0	21 873.2	-23.6%	77.8%	19.3	19.6	19.4	-90.4%	64.2%
Research and Economic Modelling	6.7	6.6	4.3	5.1	-8.8%	–	6.8	7.1	6.6	9.0%	0.1%
Transport and Defence	7 619.2	21 311.9	4 130.2	12 008.2	16.4%	22.1%	18.6	18.9	22.4	-87.7%	35.3%
Business Enhancement Services	21.0	18.7	21.3	30.3	13.0%	–	27.2	28.5	37.3	7.2%	0.4%
Total	56 660.4	77 347.8	35 858.7	33 916.8	-15.7%	100.0%	71.9	74.1	85.7	-86.4%	100.0%
Change to 2022 Budget estimate				10 214.9			8.7	8.0	16.6		
Economic classification											
Current payments	60.4	62.8	49.6	67.3	3.7%	0.1%	71.9	74.1	85.7	8.4%	0.9%
Compensation of employees	48.9	44.7	41.3	48.5	-0.3%	0.1%	54.4	58.7	66.1	10.9%	0.7%
Goods and services	11.5	18.1	8.3	18.8	17.9%	–	17.6	15.5	19.6	1.4%	0.2%
of which:											
Administrative fees	0.0	–	–	–	-100.0%	–	–	–	–	–	–
Communication	0.2	0.3	0.2	0.4	20.4%	–	0.5	0.5	0.5	6.6%	–
Consultants: Business and advisory services	6.2	17.2	4.4	14.3	32.2%	–	11.6	9.3	13.5	-1.8%	0.1%
Entertainment	–	–	0.0	0.0	–	–	0.0	0.0	0.0	-2.0%	–
Travel and subsistence	3.6	0.4	0.6	4.1	4.1%	–	5.4	5.6	5.5	10.6%	0.1%
Venues and facilities	0.2	–	0.0	0.1	-26.8%	–	0.1	0.1	0.1	7.7%	–
Transfers and subsidies	0.0	0.9	0.3	–	-100.0%	–	–	–	–	–	–
Households	0.0	0.9	0.3	–	-100.0%	–	–	–	–	–	–
Payments for financial assets	56 600.0	77 284.0	35 808.8	33 849.5	-15.7%	99.9%	–	–	–	-100.0%	99.1%
Total	56 660.4	77 347.8	35 858.7	33 916.8	-15.7%	100.0%	71.9	74.1	85.7	-86.4%	100.0%
Proportion of total programme expenditure to vote expenditure	99.7%	99.8%	99.5%	99.3%	–	–	23.8%	23.4%	25.9%	–	–
Details of transfers and subsidies											
Households											
Social benefits											
Current	0.0	0.9	0.3	–	-100.0%	–	–	–	–	–	–
Employee social benefits	0.0	0.9	0.3	–	-100.0%	–	–	–	–	–	–

1. The 2022/23 adjusted appropriation includes allocations, other than for compensation of employees, proposed in the Second Adjustments Appropriation Bill tabled with this publication.

Personnel information

Table 10.11 Business Enhancement, Transformation and Industrialisation personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2023		Number and cost ² of personnel posts filled/planned for on funded establishment												Average growth rate (%)	Average: Salary level/ Total (%)			
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate										
		2021/22		2022/23		2023/24		2024/25		2025/26		2022/23 - 2025/26						
Business Enhancement, Transformation and Industrialisation		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost		
Salary level	51	43	41.3	1.0	42	42.8	1.0	51	54.4	1.1	52	58.7	1.1	56	66.1	1.2	10.4%	100.0%
7 – 10	15	14	7.8	0.6	13	7.5	0.6	13	7.4	0.6	13	7.9	0.6	13	8.1	0.6	–	25.9%
11 – 12	13	11	9.8	0.9	13	12.3	0.9	13	12.3	0.9	14	14.0	1.0	14	14.2	1.0	2.5%	26.9%
13 – 16	23	18	23.8	1.3	16	22.9	1.4	25	34.7	1.4	25	36.8	1.5	29	43.8	1.5	22.8%	47.2%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

State-owned companies

Alexkor

Company overview

Alexkor was established in terms of the Alexkor Limited Act (1992) to mine marine and land diamonds in Alexander Bay, Northern Cape. The outcome of the land and restitution award to the Richtersveld Community resulted in the formation of the Alexkor Richtersveld Mining Company Pooling and Sharing Joint Venture, wherein Alexkor holds a 51 per cent share interest on behalf of government, and the Richtersveld Community holds 49 per cent. Alexkor does not have any other mining operations outside the joint venture.

Over the medium term, the company will focus on implementing the turnaround strategy for its diamond mining operations, which have significantly declined in the past 3 years. Symptomatic of this was production averaging below 30 000 carats over the period and the company not being able to reach the benchmark of more than 45 000 carats that had been achieved previously. Some challenges to underproduction include a lack of funds to undertake exploration activities and maintenance of old infrastructure. An immediate intervention is to seek mining contractors with the financial and technical capabilities to undertake large-scale mining operations.

In the long term, Alexkor's role should be determined in accordance with the challenges it faces. To achieve this, the Department of Public Enterprises is conducting a study, which is expected to be completed in 2023/24, to determine the optimal shareholding structure for Alexkor. This study will take into account the current market characteristics of the diamond mining industry in relation to government's developmental agenda.

The company was not able to submit detailed performance, expenditure, revenue and personnel data at the time of publication, hence no tables are included.

Denel

Company overview

Denel was incorporated as a private company in 1992 in terms of the Companies Act (1973), with the South African government as its sole shareholder. It operates in the military aerospace and landward defence environment and provides strategic defence equipment.

The company's broad focus over the medium term will be on implementing its turnaround plan, which entails rolling out its new operating model, restructuring and optimising its cost structure. The new operating model reduces Denel's structure from 6 core business units to 3 – engineering, manufacturing, and maintenance and overhaul. This change will not only result in decreased expenditure, but in the improved allocation of critical resources. It will also require that the company accelerate its disposal of non-core assets and businesses, improve supply chain policies and align its IT infrastructure with its new organisational structure.

The company's revenue decreased from R2.8 billion in 2020/21 to R1.5 billion in 2021/22 due to persistent liquidity challenges. This was exacerbated by fixed costs and under-recoveries across the group, resulting in the company continuing to be loss making, thereby eroding its solvency. This, among other things, is related to the

company having lost experienced personnel with critical skills over the years, which threatens its sustainability. To fund the turnaround plan's response to these challenges, the company expects to access funds through proceeds from the sale of non-core disposals and shareholder recapitalisation.

To improve the company's 2021/22 and 2022/23 balance sheets, government allocated R3.2 billion over that period to settle guaranteed debt. To augment this, government allocated an additional R3.4 billion in 2022/23 through the Special Appropriation Act (2022). The cash injection will be used to implement the turnaround plan, settle legacy obligations and address the company's liquidity requirements to support operations and execute its order pipeline.

The company was not able to submit detailed performance, expenditure, revenue and personnel data at the time of publication, hence no tables are included.

Eskom

Selected performance indicators

Table 10.12 Eskom performance indicators by programme/objective/activity and related priority

Indicator	Programme/Objective/Activity	MTSF priority	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Percentage of energy availability factor per year	Generation	Priority 1: A capable, ethical and developmental state	66.6%	64.2%	62%	57%	65.5%	66%	66.5%
System average interruption duration index (hours) per year	Distribution		36.9	35.4	35.5	36.6	38.0	37.5	37.2
System average interruption frequency index (events) per year	Distribution		14.4	13.2	12.3	13.1	18.0	17.5	17.6
Electrification connections per year	Distribution	Priority 7: A better Africa and world	163 613	106 669	97 947	101 899	106 815	128 791	100 000
System minutes lost in less than 1 minute per year	Transmission	Priority 1: A capable, ethical and developmental state	4.36	3.48	2.88	3.2	3.53	3.53	3.53

Company overview

Eskom is mandated to generate, transmit and distribute electricity to industrial, mining, commercial, agricultural and residential customers and redistributors. Significant progress has been made on the company's legal separation into 3 subsidiaries: transmission, generation and distribution. In this regard, the National Transmission Company of South Africa was corporatised in December 2021, and will be operationalised once the National Energy Regulator of South Africa issues its licence. The National Electricity Distribution Company of South Africa is expected to be corporatised during 2023/24.

The company's new board was appointed in October 2022 and has been tasked with ensuring a performance turnaround for operations. This is expected to result in improving energy availability from 58 per cent as at 30 September 2022 to 66.5 per cent by 2025/26. The current low availability of energy is due to high unplanned breakdowns and unit trips, which account for 30.8 per cent of the company's non-availability of generation capacity.

To improve operational performance, the board is working with the national energy crisis committee, which was established by the president in July 2022. The committee's purpose is to oversee the implementation of an action plan to end load shedding and achieve energy security in the country. As part of the company's build programme, the Kusile power station is expected to be completed in May 2024. Interventions and modifications to repair construction defects at the Medupi and Kusile power stations are expected to be completed by the end of 2023. This includes the recent failure of the flue-gas ducting that has impacted units 1 to 3 of the Kusile power station.

To support the transition from coal to renewable energy, in line with government's energy policy, Komati power station was shut down on 31 October 2022 and is being repurposed with renewable energy technologies that

will supply clean electricity to the economy and the public.

Based on the company's 2022/2023 to 2026/27 financial plan, expenditure is projected to increase at an average annual rate of 5.4 per cent, from R299.6 billion in 2022/23 to R351.1 billion in 2025/26. Generation is Eskom's main cost driver, constituting 59.7 per cent (R570.6 billion) of its total budget over the medium term. Spending on goods and services across divisions constitutes 61.5 per cent (R604.1 billion) of the company's budget.

Revenue is expected to increase at an annual average rate of 8.9 per cent, from R279.5 billion in 2022/23 to R361.3 billion in 2025/26. Revenue is mainly derived from the sale of electricity, which increased by 2.1 per cent, from R204.5 billion in 2020/21 to R247 billion in 2021/22, due to a regulatory tariff increase of 15.1 per cent imposed on customers supplied directly by Eskom. Revenue in 2022/23 is projected to increase to R279.5 billion, driven by a 9.61 per cent tariff increase. The company's net loss is projected to increase to R20 billion in 2022/23, worsening from the R12.3 billion reported in 2021/22. Net debt decreased by R11.7 billion to R389.1 billion in 2021/22, while municipal arrears amounted to R44.89 billion in 2021/22 and are expected to increase to R57.7 billion in 2022/23. As such, Eskom's financial position remains weak and the company is not able to generate enough cash from operations to cover debt obligations. Given this weak financial position, government has committed an additional R21.9 billion in 2022/23 to assist with the company's debt-service obligations.

Programmes/Objectives/Activities

Table 10.13 Eskom expenditure trends and estimates by programme/objective/activity

R million	Audited outcome			Revised estimate 2022/23	Average growth rate (%) 2019/20 - 2022/23	Average: Expenditure/Total (%) 2019/20 - 2022/23	Medium-term expenditure estimate			Average growth rate (%) 2022/23 - 2025/26	Average: Expenditure/Total (%) 2022/23 - 2025/26
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26		
Administration	9 589.1	8 595.8	7 001.8	9 178.0	-1.5%	3.4%	9 425.9	9 484.9	10 589.6	4.9%	3.0%
Generation	152 731.0	162 979.8	181 730.1	193 414.7	8.2%	66.8%	179 943.1	189 816.8	200 818.1	1.3%	59.7%
Distribution	22 505.8	25 313.2	26 305.8	30 763.5	11.0%	10.1%	33 302.6	34 630.5	35 829.4	5.2%	10.5%
Transmission	44 053.5	47 098.4	52 189.4	66 423.2	14.7%	20.2%	86 346.9	96 647.2	108 143.2	17.6%	27.7%
Subsidiaries and eliminations	(1 948.6)	(927.7)	(1 665.0)	(207.6)	-52.6%	-0.5%	(3 980.1)	(3 748.4)	(4 300.0)	174.6%	-0.9%
Total	226 930.8	243 059.5	265 562.2	299 571.7	9.7%	100.0%	305 038.4	326 831.0	351 080.4	5.4%	100.0%

Statements of financial performance, cash flow and financial position

Table 10.14 Eskom statements of financial performance, cash flow and financial position

Statement of financial performance											
R million	Audited outcome			Revised estimate 2022/23	Average growth rate (%) 2019/20 - 2022/23	Average: Expenditure/Total (%) 2019/20 - 2022/23	Medium-term expenditure estimate			Average growth rate (%) 2022/23 - 2025/26	Average: Expenditure/Total (%) 2022/23 - 2025/26
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26		
Revenue											
Non-tax revenue	199 427.7	209 963.2	249 790.1	271 926.4	10.9%	97.2%	301 486.1	330 602.5	363 434.4	10.2%	99.3%
Sale of goods and services other than capital assets	199 598.5	204 461.7	247 048.4	263 134.0	9.6%	95.6%	297 935.4	326 849.9	359 099.5	10.9%	97.6%
Other non-tax revenue	(170.8)	5 501.5	2 741.7	8 792.4	-472.0%	1.7%	3 550.8	3 752.6	4 334.9	-21.0%	1.7%
Transfers received	6 844.5	8 080.5	3 441.9	7 541.5	3.3%	2.8%	2 034.1	(5.5)	(2 173.4)	-166.1%	0.7%
Total revenue	206 272.2	218 043.7	253 232.0	279 467.9	10.7%	100.0%	303 520.3	330 597.0	361 261.0	8.9%	100.0%
Expenses											
Current expenses	219 063.3	235 703.6	257 947.4	292 234.1	10.1%	97.0%	297 892.5	319 904.5	339 472.3	5.1%	97.4%
Compensation of employees	31 147.2	30 884.8	31 103.8	32 791.4	1.7%	12.3%	33 149.1	34 315.0	34 935.4	2.1%	10.6%
Goods and services	124 414.6	142 147.4	155 662.4	185 135.9	14.2%	58.4%	182 675.1	200 733.8	220 649.1	6.0%	61.5%
Depreciation	29 293.6	28 601.5	34 900.1	33 031.9	4.1%	12.2%	36 723.4	37 922.9	38 577.2	5.3%	11.4%
Interest, dividends and rent on land	34 207.9	34 069.9	36 281.1	41 274.9	6.5%	14.1%	45 345.0	46 932.9	45 310.6	3.2%	14.0%
Transfers and subsidies	7 867.5	7 355.9	7 614.8	7 337.6	-2.3%	3.0%	7 145.9	6 926.5	11 608.1	16.5%	2.6%
Total expenses	226 930.8	243 059.5	265 562.2	299 571.7	9.7%	100.0%	305 038.4	326 831.0	351 080.4	5.4%	100.0%
Surplus/(Deficit)	(20 658.5)	(25 015.8)	(12 330.2)	(20 103.8)	-0.9%		(1 518.1)	3 766.0	10 180.6	-179.7%	

Table 10.14 Eskom statements of financial performance, cash flow and financial position (continued)

Cash flow statement	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22				2022/23	2019/20 - 2022/23	2023/24		
R million											
Cash flow from operating activities	37 512.0	30 653.3	53 769.2	38 384.6	0.8%	100.0%	70 135.8	86 658.9	98 736.3	37.0%	100.0%
Receipts											
Non-tax receipts	201 117.2	207 023.4	248 593.6	264 888.8	9.6%	100.0%	298 827.1	327 821.1	360 578.4	10.8%	100.0%
Sales of goods and services other than capital assets	199 598.5	204 461.7	247 048.4	263 134.0	9.6%	99.2%	297 935.4	326 849.9	359 099.5	10.9%	99.6%
Other tax receipts	1 518.7	2 561.7	1 545.2	1 754.8	4.9%	0.8%	891.7	971.2	1 478.9	-5.5%	0.4%
Total receipts	201 117.2	207 023.4	248 593.6	264 888.8	9.6%	100.0%	298 827.1	327 821.1	360 578.4	10.8%	100.0%
Payment											
Current payments	155 737.7	168 870.3	187 209.6	219 166.7	12.1%	95.9%	221 545.4	234 235.7	250 234.0	4.5%	96.6%
Compensation of employees	31 147.2	30 884.8	31 103.8	32 791.4	1.7%	16.7%	33 149.1	34 017.8	34 935.4	2.1%	14.1%
Goods and services	90 382.6	103 915.7	119 824.7	145 100.3	17.1%	59.9%	143 051.3	153 285.1	169 988.0	5.4%	63.8%
Interest and rent on land	34 207.9	34 069.9	36 281.1	41 274.9	6.5%	19.3%	45 345.0	46 932.9	45 310.6	3.2%	18.7%
Transfers and subsidies	7 867.5	7 499.8	7 614.8	7 337.6	-2.3%	4.1%	7 145.9	6 926.5	11 608.1	16.5%	3.4%
Total payments	163 605.2	176 370.1	194 824.4	226 504.2	11.5%	100.0%	228 691.3	241 162.3	261 842.1	5.0%	100.0%
Net cash flow from investing activities	(27 179.4)	(26 323.1)	(32 014.6)	(43 370.4)	16.9%	100.0%	(34 626.5)	(51 344.2)	(62 781.1)	13.1%	100.0%
Acquisition of property, plant, equipment and intangible assets	(24 403.2)	(24 099.8)	(30 403.8)	(40 153.5)	18.1%	92.2%	(31 077.4)	(47 065.0)	(61 396.7)	15.2%	92.9%
Acquisition of software and other intangible assets	(260.8)	(165.8)	(343.1)	(152.0)	-16.5%	0.8%	(362.3)	(166.7)	(243.5)	17.0%	0.5%
Proceeds from the sale of property, plant, equipment and intangible assets	1 157.7	208.2	1.1	364.0	-32.0%	-1.5%	60.0	389.1	61.6	-44.7%	-0.5%
Other flows from investing activities	(3 673.1)	(2 265.6)	(1 268.8)	(3 428.9)	-2.3%	8.5%	(3 246.8)	(4 501.6)	(1 202.6)	-29.5%	7.0%
Net cash flow from financing activities	11 740.4	(23 213.4)	(9 870.6)	(4 711.3)	-173.8%	100.0%	(33 946.6)	(32 173.8)	(12 140.5)	37.1%	100.0%
Borrowing activities	1 643.1	(42 438.0)	(9 124.7)	6 674.7	59.6%	36.9%	(16 834.5)	(16 463.4)	765.5	-51.4%	-11.8%
Repayment of finance leases	(386.3)	(496.9)	(548.0)	(574.7)	14.2%	4.1%	(1 796.0)	(1 819.9)	(1 992.1)	51.3%	9.9%
Other flows from financing activities	10 483.7	19 721.5	(197.9)	(10 811.3)	-201.0%	59.0%	(15 316.1)	(13 890.5)	(10 913.9)	0.3%	101.9%
Net increase/(decrease) in cash and cash equivalents	22 073.1	(18 883.2)	11 884.0	(9 697.2)	-176.0%	0.8%	1 562.7	3 140.8	23 814.7	-234.9%	1.3%
Statement of financial position											
Carrying value of assets	660 535.0	670 611.9	673 049.7	688 634.5	1.4%	82.2%	715 703.8	725 385.9	749 650.0	2.9%	80.6%
<i>of which:</i>											
Acquisition of assets	(24 403.2)	(24 099.8)	(30 403.8)	(40 153.5)	18.1%	100.0%	(31 077.4)	(47 065.0)	(61 396.7)	15.2%	100.0%
Investments	22 451.1	18 471.7	19 799.6	35 255.8	16.2%	2.9%	29 134.6	32 867.2	37 089.5	1.7%	3.8%
Inventory	21 130.7	41 772.7	40 539.0	28 414.5	10.4%	4.0%	43 092.9	45 429.7	46 292.5	17.7%	4.5%
Loans	76.3	4 044.5	8 155.6	7 902.6	369.6%	0.6%	7 756.0	7 763.8	7 773.6	-0.5%	0.9%
Receivables and prepayments	25 829.3	23 814.9	31 854.5	39 971.4	15.7%	3.7%	34 528.4	35 431.6	38 617.5	-1.1%	4.2%
Cash and cash equivalents	22 990.3	8 691.9	15 886.0	6 176.9	-35.5%	1.6%	5 095.0	8 235.8	32 050.5	73.1%	1.4%
Non-current assets held for sale	8 642.4	-	-	-	-100.0%	0.3%	-	-	-	-	-
Taxation	236.2	6 199.5	10 343.4	15 573.7	304.0%	1.0%	16 095.3	18 105.0	16 231.3	1.4%	1.8%
Derivatives financial instruments	57 635.8	31 937.1	7 264.7	21 522.0	-28.0%	3.6%	24 891.5	24 906.2	27 972.6	9.1%	2.8%
Total assets	819 527.0	805 544.2	806 892.6	843 451.5	1.0%	100.0%	876 297.4	898 125.1	955 677.5	4.3%	100.0%
Accumulated surplus/(deficit)	185 525.8	214 098.4	240 384.9	237 581.8	8.6%	26.8%	272 432.5	298 198.7	331 414.3	11.7%	31.8%
Borrowings	483 682.4	437 244.0	344 002.0	375 848.1	-8.1%	50.1%	357 419.1	374 912.7	354 074.1	-2.0%	41.0%
Finance lease	9 350.5	8 956.3	8 471.8	8 032.3	-4.9%	1.1%	40 097.4	38 303.1	36 362.0	65.4%	3.4%
Deferred income	24 116.9	25 254.6	26 692.8	27 876.4	4.9%	3.2%	28 770.5	30 010.3	31 308.8	3.9%	3.3%
Trade and other payables	42 469.9	37 765.3	40 474.4	51 672.3	6.8%	5.3%	30 854.6	31 324.5	34 245.0	-12.8%	4.2%
Taxation	5 104.0	2 796.1	3 590.5	2 187.9	-24.6%	0.4%	3 428.2	5 992.1	6 785.7	45.8%	0.5%
Provisions	62 474.3	70 051.3	78 255.3	80 742.4	8.9%	8.9%	89 765.6	90 700.9	99 009.4	7.0%	10.1%
Derivatives financial instruments	6 803.3	9 378.3	65 020.9	59 510.3	106.0%	4.3%	53 529.6	28 682.8	62 478.2	1.6%	5.7%
Total equity and liabilities	819 527.0	805 544.2	806 892.6	843 451.5	1.0%	100.0%	876 297.4	898 125.1	955 677.5	4.3%	100.0%

Personnel information**Table 10.15 Eskom personnel numbers and cost by salary level**

Number of posts estimated for 31 March 2023		Number and cost ¹ of personnel posts filled/planned for on funded establishment											Average growth rate of personnel posts (%)	Average Salary level/ Total (%)					
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate							2022/23 - 2025/26				
		2021/22		2022/23		2023/24		2024/25		2025/26									
		Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost								
Eskom																			
Salary level	42 595	42 595	34 690	31 103.8	0.9	41 094	32 791.4	0.8	42 074	33 149.1	0.8	41 668	34 315.0	0.8	40 229	34 935.4	0.9	-0.7%	100.0%
1 – 6	4 908	4 908	4 580	1 177.5	0.3	4 491	1 203.2	0.3	4 941	1 255.7	0.3	4 884	1 302.2	0.3	4 516	1 297.5	0.3	0.2%	11.4%
7 – 10	29 337	29 337	23 953	11 945.0	0.5	27 994	12 643.9	0.5	29 082	12 986.1	0.4	28 923	13 353.9	0.5	28 118	13 646.5	0.5	0.1%	69.1%
11 – 12	6 307	6 307	4 884	4 510.1	0.9	6 386	4 894.2	0.8	6 159	4 856.7	0.8	6 006	4 942.8	0.8	5 782	4 922.2	0.9	-3.3%	14.7%
13 – 16	1 615	1 615	1 265	1 901.3	1.5	1 790	1 928.8	1.1	1 464	1 922.7	1.3	1 427	1 943.2	1.4	1 385	1 978.1	1.4	-8.2%	3.7%
17 – 22	428	428	8	11 569.9	146.2	433	12 121.4	28.0	428	12 127.9	28.3	428	12 772.8	29.8	428	13 091.1	30.6	-0.4%	1.0%

1. Rand million.

South African Airways**Selected performance indicators****Table 10.16 South African Airways performance indicators by programme/objective/activity and related priority**

Indicator	Programme/Objective/Activity	MTSF priority	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Percentage of technical dispatch reliability per year	South African Airways	Priority 2: Economic transformation and job creation	- ¹	- ¹	- ¹	- ¹	98.5%	98.5%	98.5%
Percentage of on-time performance (within 15 minutes) per year	South African Airways		- ¹	- ¹	- ¹	- ¹	87%	87%	87%
Number of lost and mishandled baggage per 1 000 passengers flown per year	South African Airways		- ¹	- ¹	- ¹	- ¹	3.79	3.79	3.79
Percentage of local spend per year	South African Airways		- ¹	- ¹	- ¹	- ¹	70%	70%	70%
Number of new artisan trainees	South African Airways		- ¹	- ¹	- ¹	- ¹	75	75	75

1. No historical data available as these are new indicators that were adopted after the airline's business rescue process.

Company overview

South African Airways operates a full-service network in the international, regional and domestic markets. The airline is responsible for promoting air links with South Africa's key business, trading and tourism markets across the world, and contributing to key domestic air linkages.

The company was placed under business rescue in December 2019 and exited the process in April 2021. It resumed operations in September 2021, operating domestically and regionally, and has since been operating 6 aircraft. Over the MTEF period, the airline plans to increase its operations and improve its service offering, for example, by expanding its route network.

Government is in the process of concluding the sale of its majority shareholding in the company to a strategic equity partner. This is expected to attract the funding and skills required to strengthen the airline's balance sheet and improve its operations. The partnership was expected to be finalised by the end of 2022/23, but due to outstanding matters such as regulatory approvals from the Competition Commission and the Air Services Licensing Councils, it is expected to be concluded in 2023/24.

Expenditure is expected to increase at an average annual rate of 50.8 per cent, from R4.6 billion in 2022/23 to R15.9 billion in 2025/26. This significant increase is attributed to an increase in operations with the lifting of COVID-19 restrictions. Spending on goods and services constitutes 87.2 per cent (R32 billion) of total expenditure, mainly driven by fuel, leases and maintenance costs. Revenue is expected to increase at an annual average rate of 62.8 per cent, from R3.9 billion in 2022/23 to R16.6 billion in 2025/26. It is mainly derived from the sale of air tickets, which constitutes 99.7 per cent of total revenue. This significant increase is attributed to the airline's anticipated increase in operations.

Programmes/Objectives/Activities**Table 10.17 South African Airways expenditure trends and estimates by programme/objective/activity**

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22				2022/23	2019/20 - 2022/23	2023/24		
R million											
South African Airways	27 006.6	13 947.5	2 885.4	4 636.8	-44.4%	100.0%	7 080.8	13 344.7	15 888.1	50.8%	100.0%
Total	27 006.6	13 947.5	2 885.4	4 636.8	-44.4%	100.0%	7 080.8	13 344.7	15 888.1	50.8%	100.0%

Statements of financial performance, cash flow and financial position**Table 10.18 South African Airways statements of financial performance, cash flow and financial position**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22				2022/23	2019/20 - 2022/23	2023/24		
R million											
Revenue											
Non-tax revenue	22 149.7	4 492.5	1 347.1	3 850.1	-44.2%	100.0%	6 850.7	13 854.0	16 619.5	62.8%	100.0%
Sale of goods and services other than capital assets	21 044.0	4 445.4	1 271.8	3 803.5	-43.5%	96.8%	6 850.7	13 854.0	16 619.5	63.5%	99.7%
Other non-tax revenue	1 105.7	47.2	75.3	46.6	-65.2%	3.2%	-	-	-	-100.0%	0.3%
Total revenue	22 149.7	4 492.5	1 347.1	3 850.1	-44.2%	100.0%	6 850.7	13 854.0	16 619.5	62.8%	100.0%
Expenses											
Current expenses	27 006.6	13 947.5	2 885.4	4 636.8	-44.4%	100.0%	7 080.8	13 344.7	15 888.1	50.8%	100.0%
Compensation of employees	3 840.1	3 441.6	783.6	595.1	-46.3%	19.7%	769.9	1 245.2	1 795.7	44.5%	11.1%
Goods and services	21 223.4	9 644.1	1 941.5	3 934.2	-43.0%	75.0%	6 164.0	11 938.0	13 916.3	52.4%	87.2%
Depreciation	815.6	231.4	130.9	107.5	-49.1%	2.9%	146.9	161.5	176.2	17.9%	1.7%
Interest, dividends and rent on land	1 127.5	630.5	29.5	-	-100.0%	2.4%	-	-	-	-	-
Total expenses	27 006.6	13 947.5	2 885.4	4 636.8	-44.4%	100.0%	7 080.8	13 344.7	15 888.1	50.8%	100.0%
Surplus/(Deficit)	(4 856.9)	(9 455.0)	(1 538.3)	(786.7)	-45.5%		(230.2)	509.3	731.4	-197.6%	
Cash flow statement											
Cash flow from operating activities	(6 594.6)	(6 579.4)	(3 585.1)	(2 020.7)	-32.6%	100.0%	(1 261.8)	646.2	1 045.8	-180.3%	100.0%
Receipts											
Non-tax receipts	21 936.4	4 492.5	1 346.8	3 803.5	-44.2%	99.8%	6 850.7	13 854.0	16 619.5	63.5%	100.0%
Sales of goods and services other than capital assets	21 044.0	4 445.4	1 271.8	3 803.5	-43.5%	97.1%	6 850.7	13 854.0	16 619.5	63.5%	100.0%
Other tax receipts	892.4	47.2	75.0	-	-100.0%	2.7%	-	-	-	-	-
Financial transactions in assets and liabilities	213.3	-	-	-	-100.0%	0.2%	-	-	-	-	-
Total receipts	22 149.7	4 492.5	1 346.8	3 803.5	-44.4%	100.0%	6 850.7	13 854.0	16 619.5	63.5%	100.0%
Payment											
Current payments	26 191.0	10 100.5	2 340.9	4 529.3	-44.3%	76.9%	6 933.9	13 183.2	15 712.0	51.4%	91.0%
Compensation of employees	3 840.1	3 441.6	783.6	595.1	-46.3%	17.6%	911.5	1 157.1	1 233.2	27.5%	9.5%
Goods and services	21 223.4	6 028.5	1 527.9	3 934.2	-43.0%	56.7%	6 022.4	12 026.1	14 478.7	54.4%	81.5%
Interest and rent on land	1 127.5	630.5	29.5	-	-100.0%	2.6%	-	-	-	-	-
Payments for financial assets	2 553.3	971.5	2 591.0	1 294.9	-20.3%	23.1%	1 178.5	24.6	(138.3)	-147.4%	9.0%
Total payments	28 744.3	11 072.0	4 931.9	5 824.2	-41.3%	100.0%	8 112.4	13 207.8	15 573.7	38.8%	100.0%
Net cash flow from investing activities	(128.0)	-	(2 302.0)	(135.0)	1.8%	-	(497.2)	(1 365.1)	(1 207.3)	107.6%	100.0%
Acquisition of property, plant, equipment and intangible assets	(112.0)	-	(1.0)	(135.0)	6.4%	-	(271.2)	(271.2)	(271.2)	26.2%	49.2%
Other flows from investing activities	(16.0)	-	(2 301.0)	-	-100.0%	-	(226.0)	(1 093.9)	(936.1)	-	50.8%
Net cash flow from financing activities	7 819.6	9 087.3	2 251.0	3 172.8	-26.0%	100.0%	450.0	1 000.0	1 000.0	-31.9%	100.0%
Borrowing activities	2 319.6	(9 187.6)	-	-	-100.0%	-17.9%	-	-	-	-	-
Other flows from financing activities	5 500.0	18 275.0	2 251.0	3 172.8	-16.8%	117.9%	450.0	1 000.0	1 000.0	-31.9%	100.0%
Net increase/(decrease) in cash and cash equivalents	1 097.0	2 507.9	(3 636.1)	1 017.2	-2.5%	-20.5%	(1 309.0)	281.2	838.6	-6.2%	2.7%

Table 10.18 South African Airways statements of financial performance, cash flow and financial position (continued)

Statement of financial position	Audited outcome				Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22	2022/23				2019/20 - 2022/23	2023/24	2024/25		
R million												
Carrying value of assets	1 742.9	1 444.9	1 317.8	1 167.0	-12.5%	15.3%	1 291.3	1 400.9	1 496.0	8.6%	14.8%	
of which:												
Acquisition of assets	(112.0)	–	(1.0)	(135.0)	6.4%	–	(271.2)	(271.2)	(271.2)	26.2%	100.0%	
Investments	4 171.7	1 795.0	3 848.2	4 127.9	-0.4%	38.3%	4 404.0	5 497.9	6 433.9	15.9%	55.6%	
Inventory	87.9	63.5	36.4	53.4	-15.3%	0.6%	92.7	198.2	239.5	64.9%	1.5%	
Loans	938.7	–	94.1	50.1	-62.3%	2.5%	–	–	–	-100.0%	0.1%	
Receivables and prepayments	2 032.7	710.9	521.2	682.3	-30.5%	9.9%	1 003.5	1 619.1	1 942.2	41.7%	13.9%	
Cash and cash equivalents	2 872.2	5 380.1	1 744.0	2 761.2	-1.3%	34.2%	452.2	733.4	1 572.0	-17.1%	14.8%	
Defined benefit plan assets	(73.0)	(73.0)	(73.0)	(73.0)	–	-0.8%	(73.0)	(73.0)	(73.0)	–	-0.8%	
Derivatives financial instruments	0.6	0.9	0.8	0.9	14.8%	–	0.9	0.9	0.9	–	–	
Total assets	11 773.8	9 322.2	7 489.5	8 769.9	-9.4%	100.0%	7 171.7	9 377.4	11 611.6	9.8%	100.0%	
Accumulated surplus/(deficit)	(46 078.3)	(56 649.2)	(58 183.7)	(58 124.0)	8.0%	-609.7%	(58 904.2)	(58 394.9)	(57 663.5)	-0.3%	-650.9%	
Capital and reserves	428.4	361.8	3 584.2	–	-100.0%	13.8%	–	–	–	–	–	
Capital reserve fund	30 466.2	51 901.3	58 679.2	63 741.9	27.9%	581.5%	63 741.9	64 741.9	65 741.9	1.0%	718.0%	
Borrowings	14 236.9	5 050.2	–	–	-100.0%	43.8%	–	–	–	–	–	
Deferred income	3 096.8	2 892.1	2 167.9	1 413.1	-23.0%	25.6%	978.3	1 225.9	1 396.9	-0.4%	13.7%	
Trade and other payables	8 927.2	4 422.3	1 015.8	1 664.2	-42.9%	39.0%	1 281.1	1 729.9	2 061.7	7.4%	18.3%	
Provisions	696.6	1 343.7	226.1	38.8	-61.8%	5.9%	38.8	38.8	38.8	–	0.4%	
Derivatives financial instruments	–	–	–	35.8	–	0.1%	35.8	35.8	35.8	–	0.4%	
Total equity and liabilities	11 773.8	9 322.2	7 489.5	8 769.9	-9.4%	100.0%	7 171.7	9 377.4	11 611.6	9.8%	100.0%	

Personnel information

Table 10.19 South African Airways personnel numbers and cost by salary level

Number of posts estimated for 31 March 2023		Number and cost ¹ of personnel posts filled/planned for on funded establishment															Average growth rate of personnel posts (%)	Average: Salary level/ Total (%)	
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate					2022/23 - 2025/26						
		2021/22		2022/23		2023/24		2024/25		2025/26									
Salary level	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	2022/23 - 2025/26			
South African Airways	1 059	1 611	1 253	783.6	0.6	1 059	595.1	0.6	1 253	769.9	0.6	1 611	1 245.2	0.8	1 846	1 795.7	1.0	20.3%	100.0%
1 – 6	24	24	24	3.2	0.1	24	3.1	0.1	24	3.2	0.1	24	3.3	0.1	24	3.3	0.1	–	1.7%
7 – 10	773	1 160	889	288.0	0.3	773	274.7	0.4	889	288.0	0.3	1 160	427.6	0.4	1 333	518.3	0.4	19.9%	72.0%
11 – 12	118	118	118	83.4	0.7	118	81.7	0.7	118	83.4	0.7	118	85.0	0.7	118	86.7	0.7	–	8.6%
13 – 16	122	122	122	186.2	1.5	122	182.6	1.5	122	186.2	1.5	122	189.9	1.6	122	193.7	1.6	–	8.9%
17 – 22	22	187	100	222.8	2.2	22	52.9	2.4	100	209.1	2.1	187	539.4	2.9	249	993.6	4.0	124.5%	8.8%

1. Rand million.

South African Forestry Company

Selected performance indicators

Table 10.20 South African Forestry Company performance indicators by programme/objective/activity and related priority

Indicator	Programme/Objective/Activity	MTSF priority	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Percentage of debt ratio per year (total debt vs total assets)	Administration	Priority 1: A capable, ethical and developmental state	– ¹	38%	41%	30%	30%	30%	30%
Percentage of operational earnings per year	Administration		– ¹	-8%	10.9%	5%	7%	8%	10%
Percentage of spending on innovation, and research and development per year	Administration		– ¹	1.69%	1.6%	1.8%	1.8%	1.8%	1.8%
Percentage of procurement spend on 51% black-owned entities per year	Administration		– ¹	47%	68%	50%	55%	60%	60%

Table 10.20 South African Forestry Company performance indicators by programme/objective/activity and related priority (continued)

Indicator	Programme/Objective/Activity	MTSF priority	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Percentage of procurement spend on 30% black women-owned entities per year	Administration	Priority 1: A capable, ethical and developmental state	- ¹	17%	27%	17%	19%	21%	21%
Percentage of procurement spend on black youth-owned entities per year	Administration		- ¹	6%	11%	10%	12%	14%	14%
Percentage of procurement spend on people with disability-owned entities per year	Administration		- ¹	55%	2%	3%	4%	5%	5%
Total spend on corporate social investment initiatives per year	Administration		- ¹	R9.8m	R5.1m	R6.5m	R7m	R7.5m	R8m
Percentage of total unplanted area in South Africa per year	Komatiland Forests		- ¹	3%	2.3%	3%	3%	3%	3%
Percentage of total unplanted area in Mozambique per year	Mozambique forestry operations		- ¹	7%	4.7%	5.5%	4.5%	4%	4%

1. No historical data available.

Company overview

The South African Forestry Company was established in 1992 in terms of the Management of State Forests Act (1992). It is mandated to ensure the sustainable management of plantation forests, increase downstream timber processing, and play a catalytic role in rural economic development and transformation. The company contributes to approximately 1 772 direct jobs and more than 1 000 employment positions in small to medium companies through community projects and other services.

Over the medium term, the company plans to improve its performance by implementing its 50:50 revenue strategy, which entails plantation, processing and other businesses contributing equally. The company will also focus on increasing its processing capacity through upgrading the Timbadola processing plant in Limpopo. This will reduce operating costs at the plant, particularly for repairs and maintenance.

Expenditure is expected to increase at an average annual rate of 8.4 per cent, from R1.4 billion in 2022/23 to R1.8 billion in 2025/26. The operations of Komatiland Forests, the company's main revenue-generating division, constitutes 80.7 per cent of total expenditure over the MTEF period. Overall, spending on goods and services constitutes 72.6 per cent (R3.7 billion) of the company's budget, while compensation of employees accounts for 22.8 per cent (R1.3 billion) over the next 3 years. The company derives most of its revenue from the sale of sawlogs and lumber. Revenue is expected to increase at an average annual rate of 10.1 per cent, from R1.5 billion in 2022/23 to R2 billion in 2025/26, due to an anticipated higher demand for the company's products over the medium term.

In 2021/22, the company reported R1.2 billion in revenue, a 33 per cent increase from the R920.8 million realised in 2020/21. The increase was due to a favourable log and lumber market. Following years of losses, the company reported a profit of R83.6 million and declared a R1 million dividend at its 2022 annual general meeting. The company's fixed costs remain high, something it plans to monitor over the period ahead to remain profitable. Liquidity and solvency positions remain strong and the company is not highly indebted. As such, it is in a position to raise funds on the strength of its balance sheet without government support.

Programmes/Objectives/Activities**Table 10.21 South African Forestry Company expenditure trends and estimates by programme/objective/activity**

R million	Audited outcome			Revised estimate 2022/23	Average growth rate (%) 2019/20 - 2022/23	Average: Expenditure/Total (%) 2019/20 - 2022/23	Medium-term expenditure estimate			Average growth rate (%) 2022/23 - 2025/26	Average: Expenditure/Total (%) 2022/23 - 2025/26
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26		
Administration	–	–	–	–	–	–	–	–	–	–	–
Komatiland Forests	660.1	763.3	919.5	1 117.8	19.2%	76.5%	1 268.3	1 414.4	1 487.2	10.0%	80.7%
Ifloma – Mozambique forestry operations	60.2	83.0	60.3	81.1	10.5%	6.4%	68.0	69.1	70.5	-4.6%	4.5%
Head office administration and support functions	183.5	164.9	182.1	228.8	7.6%	17.1%	234.9	246.6	258.9	4.2%	14.9%
Kamhlabane Timber – research facilities	0.2	0.2	0.2	–	-100.0%	–	–	–	–	–	–
Total	904.0	1 011.5	1 162.1	1 427.7	16.5%	100.0%	1 571.2	1 730.2	1 816.7	8.4%	100.0%

Statements of financial performance, cash flow and financial position**Table 10.22 South African Forestry Company statements of financial performance, cash flow and financial position**

Statement of financial performance											
R million	Audited outcome			Revised estimate 2022/23	Average growth rate (%) 2019/20 - 2022/23	Average: Expenditure/Total (%) 2019/20 - 2022/23	Medium-term expenditure estimate			Average growth rate (%) 2022/23 - 2025/26	Average: Expenditure/Total (%) 2022/23 - 2025/26
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26		
Revenue											
Non-tax revenue	837.6	966.7	1 245.7	1 510.0	21.7%	100.0%	1 722.2	1 919.6	2 015.6	10.1%	100.0%
Sale of goods and services other than capital assets	824.3	920.8	1 220.8	1 488.8	21.8%	97.6%	1 700.0	1 896.3	1 991.1	10.2%	98.7%
Other non-tax revenue	13.3	45.8	25.0	21.2	16.7%	2.4%	22.2	23.3	24.5	5.0%	1.3%
Total revenue	837.6	966.7	1 245.7	1 510.0	21.7%	100.0%	1 722.2	1 919.6	2 015.6	10.1%	100.0%
Expenses											
Current expenses	1 069.8	956.1	1 131.6	1 427.7	10.1%	102.6%	1 571.2	1 730.2	1 816.7	8.4%	100.0%
Compensation of employees	395.8	389.6	338.6	349.4	-4.1%	34.0%	360.5	378.6	397.5	4.4%	22.8%
Goods and services	376.0	362.4	464.0	1 010.2	39.0%	47.0%	1 136.9	1 273.4	1 337.2	9.8%	72.6%
Depreciation	63.8	53.9	48.8	56.6	-4.0%	5.1%	58.7	61.7	64.6	4.5%	3.7%
Interest, dividends and rent on land	234.1	150.2	280.1	11.6	-63.3%	16.4%	15.1	16.5	17.4	14.5%	0.9%
Transfers and subsidies	(165.8)	55.4	30.6	–	-100.0%	-2.6%	–	–	–	–	–
Total expenses	904.0	1 011.5	1 162.1	1 427.7	16.5%	100.0%	1 571.2	1 730.2	1 816.7	8.4%	100.0%
Surplus/(Deficit)	(66.3)	(44.8)	83.6	82.3	-207.5%	–	151.0	189.5	198.9	34.2%	–
Cash flow statement											
Cash flow from operating activities	64.9	42.7	176.6	77.6	6.1%	100.0%	122.0	166.0	174.2	30.9%	100.0%
Receipts											
Non-tax receipts	831.5	926.4	1 228.3	1 510.0	22.0%	100.0%	1 722.2	1 919.6	2 015.6	10.1%	100.0%
Sales of goods and services other than capital assets	824.3	920.8	1 220.8	1 488.8	21.8%	99.1%	1 700.0	1 896.3	1 991.1	10.2%	98.7%
Other tax receipts	7.1	5.6	7.5	21.2	43.6%	0.9%	22.2	23.3	24.5	5.0%	1.3%
Total receipts	831.5	926.4	1 228.3	1 510.0	22.0%	100.0%	1 722.2	1 919.6	2 015.6	10.1%	100.0%
Payment											
Current payments	766.6	883.7	1 051.6	1 432.4	23.2%	100.0%	1 600.2	1 753.6	1 841.5	8.7%	100.0%
Compensation of employees	395.8	389.6	338.6	349.4	-4.1%	38.1%	360.5	378.6	397.5	4.4%	22.5%
Goods and services	145.3	344.0	432.9	1 071.5	94.6%	43.5%	1 224.6	1 358.5	1 426.6	10.0%	76.6%
Interest and rent on land	225.5	150.2	280.1	11.6	-62.9%	18.5%	15.1	16.5	17.4	14.5%	0.9%
Total payments	766.6	883.7	1 051.6	1 432.4	23.2%	100.0%	1 600.2	1 753.6	1 841.5	8.7%	100.0%
Net cash flow from investing activities	(27.6)	(3.1)	(13.4)	(2.0)	-58.3%	100.0%	(3.0)	(3.0)	(3.0)	14.5%	100.0%
Acquisition of property, plant, equipment and intangible assets	(27.6)	(3.1)	(13.4)	(2.0)	-58.3%	100.0%	(3.0)	(3.0)	(3.0)	14.5%	100.0%
Net cash flow from financing activities	(37.3)	(39.6)	(163.3)	(75.6)	26.5%	100.0%	(119.0)	(163.0)	(171.2)	31.3%	100.0%
Repayment of finance leases	(36.0)	(39.6)	(163.3)	(75.6)	28.1%	99.1%	(119.0)	(163.0)	(171.2)	31.3%	100.0%
Other flows from financing activities	(1.3)	–	–	–	-100.0%	0.9%	–	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	(0.0)	–	(0.0)	0.0	112 543.5%	–	0.0	(0.0)	0.0	16.8%	–

Table 10.23 South African Forestry Company statements of financial performance, cash flow and financial position (continued)

Statement of financial position				Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
Audited outcome			2022/23				2019/20 - 2022/23	2023/24	2024/25		
R million	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26	2022/23 - 2025/26	
Carrying value of assets of which:	3 522.6	3 598.3	3 868.2	4 228.2	6.3%	74.7%	4 387.8	4 636.2	4 677.4	3.4%	81.4%
Acquisition of assets	(27.6)	(3.1)	(13.4)	(2.0)	-58.3%	100.0%	(3.0)	(3.0)	(3.0)	14.5%	100.0%
Investments	783.3	711.8	724.2	1.9	-86.5%	10.9%	1.7	1.8	1.9	-0.2%	-
Inventory	102.0	41.9	74.8	89.4	-4.3%	1.5%	90.0	98.6	103.5	5.0%	1.7%
Receivables and prepayments	189.7	161.2	133.2	192.3	0.5%	3.3%	255.0	284.4	298.7	15.8%	4.7%
Cash and cash equivalents	252.4	336.5	409.3	467.8	22.8%	7.2%	529.7	603.8	634.0	10.7%	10.1%
Non-current assets held for sale	0.7	0.7	0.7	0.7	1.7%	-	0.7	0.7	0.7	-	-
Taxation	139.0	112.5	108.1	111.7	-7.0%	2.3%	111.7	111.7	111.7	-	2.0%
Total assets	4 989.6	4 962.9	5 318.5	5 092.0	0.7%	100.0%	5 376.6	5 737.3	5 827.9	4.6%	100.0%
Accumulated surplus/(deficit)	2 836.3	2 770.2	2 858.0	3 444.3	6.7%	58.5%	3 595.3	3 784.7	3 974.0	4.9%	67.2%
Capital and reserves	(8.9)	(38.3)	(19.0)	11.5	-208.9%	-0.3%	11.5	11.5	11.5	-	0.2%
Capital reserve fund	318.0	318.0	318.0	318.0	-	6.3%	318.0	318.0	318.0	-	5.8%
Finance lease	718.7	812.9	1 019.1	273.4	-27.5%	13.8%	410.3	578.2	466.8	19.5%	7.8%
Trade and other payables	231.1	273.7	283.8	245.3	2.0%	5.1%	241.5	244.4	256.6	1.5%	4.5%
Taxation	850.3	810.6	836.6	791.2	-2.4%	16.2%	791.2	791.2	791.2	-	14.4%
Provisions	44.1	15.7	22.1	8.3	-42.6%	0.4%	8.8	9.3	9.7	5.3%	0.2%
Total equity and liabilities	4 989.6	4 962.9	5 318.5	5 092.0	0.7%	100.0%	5 376.6	5 737.3	5 827.9	4.6%	100.0%

Personnel information

Table 10.24 South African Forestry Company personnel numbers and cost by salary level

Number of posts estimated for 31 March 2023		Number and cost ¹ of personnel posts filled/planned for on funded establishment										Average growth rate of personnel posts (%)	Average: Salary level/ Total (%)					
Number of approved funded posts	Number of posts on establishment	Actual		Revised estimate		Medium-term expenditure estimate					2022/23 - 2025/26							
		2021/22	2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26											
South African Forestry Company		Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	2022/23 - 2025/26	100.0%					
Salary level	1 385	1 385	338.6	0.2	1 385	349.4	0.3	1 385	360.5	0.3	1 385	378.6	0.3	1 385	397.5	0.3	-	100.0%
1 - 6	1 287	1 287	221.1	0.2	1 287	228.1	0.2	1 287	235.4	0.2	1 287	247.2	0.2	1 287	259.5	0.2	-	92.9%
11 - 12	77	77	77.2	1.0	77	79.7	1.0	77	82.2	1.1	77	86.3	1.1	77	90.6	1.2	-	5.6%
13 - 16	12	12	20.4	1.7	12	21.0	1.8	12	21.7	1.8	12	22.8	1.9	12	23.9	2.0	-	0.9%
17 - 22	9	9	20.0	2.2	9	20.6	2.3	9	21.3	2.4	9	22.3	2.5	9	23.4	2.6	-	0.6%

1. Rand million.

Transnet

Selected performance indicators

Table 10.25 Transnet performance indicators by programme/objective/activity and related priority

Indicator	Programme/Objective/Activity	MTSF priority	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Export coal business in megatonnes per year	Transnet Freight Rail	Priority 1: A capable, ethical and developmental state	72.5	66.9	58.3	74.2	74.9	76.4	76.4
Iron ore export megatonnes per year	Transnet Freight Rail		58.9	53	54.6	60.0	60.0	60.0	60.0
Container volumes ('000 twenty-foot equivalent units) per year	National Ports Authority		4 424	3 916	4 131	4 310	4 736	5 210	5 571
Total dry bulk in megatonnes per year	National Ports Authority		182.6	174.7	173.3	189.1	193.3	196.8	198.6
Automotives (units) shipped per year	National Ports Authority		722 791	481 149	700 561	737 476	768 947	813 858	844 150

Company overview

Transnet provides and operates freight transportation services and infrastructure. The company's key strategic objectives include improving logistics competitiveness, promoting a modal shift from road to rail, increasing logistics connectivity, attracting private investment, developing skills and promoting reindustrialisation.

To sustain and expand its capacity, over the 5-year period ending in 2026/27, Transnet planned to invest

R99 billion, 44.5 per cent (R44 billion) of which was earmarked to be invested in the rail sector, another 44.5 per cent (R44 billion) at ports and 6 per cent (R6 billion) on pipeline infrastructure. However, these investments were hindered due to the company having to reduce capital expenditure in 2022/23 by 9.2 per cent, from R18 billion to R16.4 billion, because of liquidity constraints associated with limited profitability.

Significant turnaround in operations, and as such the company's financial position, in the short term have been impacted by events such as severe damages at the port of Durban and along the KwaZulu-Natal rail corridor due to flooding in the province in April 2022. To assist the company with repairs, government allocated R2.9 billion in 2022/23 through the Special Appropriation Act (2022).

To assist with clearing the backlog in its infrastructure build, maintenance and modernisation programme, Transnet is actively seeking private sector participation in its operations. Investment from the private sector is also expected to contribute to the migration from road to rail, with the aim of reducing the total national cost of logistics. The Department of Public Enterprises is working with Transnet to develop a turnaround plan that will address various operational and infrastructure funding challenges.

Expenditure is expected to increase at an average annual rate of 2.5 per cent, from R81.3 billion in 2022/23 to R87.6 billion in 2025/26. Over the period ahead, Transnet Freight Rail operations constitute 59 per cent (R152.7 billion) of total expenditure. Overall, spending on compensation of employees constitutes 34.4 per cent (R86.5 billion), while goods and services constitutes 29.3 per cent (R75.9 billion) and provision for depreciation accounts for 18.5 per cent (R46.7 billion).

Transnet derives most of its revenue from freight, port and pipeline operations, amounting to 97.6 per cent (R261.7 billion) of total revenue. Revenue is expected to increase at an annual average rate of 4.2 per cent, from R83.9 billion in 2022/23 to R95.1 billion in 2025/26. The relatively low revenue growth was offset by cost savings and significant fair value adjustments. The latter was linked to the reversal of previous downward valuations during the COVID-19 pandemic. As a result, the entity reported a net profit of R5 billion in 2021/22 compared to a loss of R8.4 billion in 2020/21.

Programmes/Objectives/Activities

Table 10.26 Transnet expenditure trends and estimates by programme/objective/activity

R million	Audited outcome			Revised estimate 2022/23	Average growth rate (%) 2019/20 - 2022/23	Average: Expenditure/Total (%) 2022/23	Medium-term expenditure estimate			Average growth rate (%) 2022/23 - 2025/26	Average: Expenditure/Total (%) 2022/23 - 2025/26
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26		
Administration	3 767.4	4 544.3	4 581.1	5 665.4	14.6%	5.8%	5 946.4	6 244.8	6 538.7	4.9%	7.3%
Transnet Freight Rail	43 963.5	40 001.1	42 186.4	45 802.5	1.4%	53.4%	48 702.1	51 012.1	52 993.2	5.0%	59.0%
Transnet Engineering	13 797.3	11 711.2	11 804.2	10 404.1	-9.0%	14.8%	9 169.1	8 243.8	9 333.9	-3.6%	11.1%
Transnet National Port Authority	9 263.3	9 603.3	12 019.2	11 179.8	6.5%	13.1%	12 017.6	12 974.3	14 034.5	7.9%	14.9%
Transnet Port Terminals	11 751.3	12 529.0	12 946.4	14 355.0	6.9%	16.0%	11 080.7	11 786.2	12 153.8	-5.4%	14.7%
Transnet Pipelines	4 708.6	8 869.2	3 657.5	3 787.0	-7.0%	6.5%	3 718.3	3 880.8	4 191.7	3.4%	4.6%
Transnet Pipelines Trust	8.5	-	-	7.0	-6.1%	-	8.3	10.0	11.9	19.1%	-
Transnet Property	1 623.7	1 870.0	1 776.1	3 395.3	27.9%	2.7%	3 659.8	3 721.9	3 879.5	4.5%	4.4%
Treasury	15 689.3	31.8	6.8	12 641.6	-6.9%	8.9%	12 209.8	12 332.5	12 557.0	-0.2%	14.8%
Other	-	13 098.0	11 665.0	150.0	-	7.7%	156.0	162.2	168.7	4.0%	0.2%
Consolidation and elimination	(26 034.3)	(20 059.3)	(20 582.4)	(26 111.4)	0.1%	-28.8%	(24 164.8)	(25 646.8)	(28 294.9)	2.7%	-31.0%
Total	78 538.7	82 198.5	80 060.3	81 276.3	1.1%	100.0%	82 503.2	84 721.9	87 568.0	2.5%	100.0%

Statements of financial performance, cash flow and financial position**Table 10.27 Transnet statements of financial performance, cash flow and financial position**

Statement of financial performance												
R million	Audited outcome				Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22	2022/23				2019/20 - 2022/23	2023/24	2024/25		
Revenue												
Non-tax revenue	79 389.8	69 501.4	80 721.9	82 166.5	1.2%	96.2%	81 589.7	87 062.1	93 078.9	4.2%	97.6%	
Sale of goods and services other than capital assets of which:	75 282.2	69 556.9	70 384.6	78 756.3	1.5%	90.9%	80 021.0	85 288.9	90 979.0	4.9%	95.1%	
Administrative fees	173.2	2 283.6	1 925.2	847.2	69.8%	1.6%	624.7	684.4	749.9	-4.0%	0.8%	
Technical services rendered	-	-	-	7.9	-	-	11.9	9.5	12.6	16.9%	-	
Advertisements	-	0.0	-	-	-	-	-	-	-	-	-	
Audit fees	-	0.1	-	-	-	-	-	-	-	-	-	
Recoveries and Others	173.2	2 283.5	1 925.2	839.3	69.2%	1.6%	612.9	674.9	737.3	-4.2%	0.8%	
Sales by market establishments	75 109.0	67 273.3	68 459.3	77 909.1	1.2%	89.3%	79 396.3	84 604.5	90 229.1	5.0%	94.3%	
External revenue	72 469.0	64 967.7	65 985.4	75 151.4	1.2%	86.1%	76 444.8	81 382.6	86 692.2	4.9%	90.7%	
Lease income	2 640.0	2 305.5	2 474.0	2 757.7	1.5%	3.1%	2 951.6	3 221.9	3 536.9	8.6%	3.5%	
Other non-tax revenue	4 107.7	(55.5)	10 337.3	3 410.2	-6.0%	5.3%	1 568.7	1 773.2	2 100.0	-14.9%	2.5%	
Transfers received	2 040.8	3 963.0	4 385.6	1 748.4	-5.0%	3.8%	2 534.6	2 073.7	1 991.8	4.4%	2.4%	
Total revenue	81 430.7	73 464.4	85 107.4	83 914.9	1.0%	100.0%	84 124.4	89 135.8	95 070.8	4.2%	100.0%	
Expenses												
Current expenses	74 590.0	80 771.5	75 233.5	78 544.2	1.7%	96.0%	79 367.1	81 003.2	82 796.0	1.8%	95.7%	
Compensation of employees	23 478.2	28 753.5	30 731.6	29 023.6	7.3%	34.7%	28 337.7	28 163.1	29 979.7	1.1%	34.4%	
Goods and services	24 760.0	26 713.1	18 817.3	22 655.0	-2.9%	28.9%	24 628.8	25 721.1	25 539.9	4.1%	29.3%	
Depreciation	14 953.7	13 872.1	14 846.9	15 421.4	1.0%	18.4%	15 209.8	15 662.8	15 827.9	0.9%	18.5%	
Interest, dividends and rent on land	11 398.1	11 432.8	10 837.6	11 444.3	0.1%	14.0%	11 190.9	11 456.3	11 448.4	-	13.6%	
Transfers and subsidies	3 948.7	1 427.0	4 826.9	2 732.1	-11.6%	4.0%	3 136.1	3 718.7	4 772.1	20.4%	4.3%	
Total expenses	78 538.7	82 198.5	80 060.3	81 276.3	1.1%	100.0%	82 503.2	84 721.9	87 568.0	2.5%	100.0%	
Surplus/(Deficit)	2 892.0	(8 734.1)	5 047.1	2 638.6	-3.0%		1 621.2	4 413.9	7 502.7	41.7%		
Statement of financial position												
Carrying value of assets	302 244.0	310 169.0	330 590.9	309 420.6	0.8%	92.2%	310 609.5	317 088.2	326 955.2	1.9%	92.3%	
Investments	2 358.0	2 153.0	1 319.9	3 434.6	13.4%	0.7%	3 943.1	4 575.3	5 395.9	16.3%	1.3%	
Inventory	2 997.0	3 334.0	3 614.8	3 586.3	6.2%	1.0%	3 486.3	3 657.4	3 936.1	3.2%	1.1%	
Loans	-	0.0	(0.0)	-	-	-	-	-	-	-	-	
Receivables and prepayments	10 122.0	8 850.0	8 466.5	11 465.3	4.2%	2.9%	11 927.1	15 556.8	16 685.4	13.3%	4.0%	
Cash and cash equivalents	4 256.0	1 168.0	3 935.4	2 116.6	-20.8%	0.8%	2 248.4	2 372.7	2 426.0	4.7%	0.7%	
Non-current assets held for sale	274.0	276.0	306.6	263.8	-1.3%	0.1%	256.8	256.8	256.8	-0.9%	0.1%	
Taxation	-	-	2.5	-	-	-	-	-	-	-	-	
Derivatives financial instruments	14 080.0	8 100.0	7 281.4	1 895.1	-48.8%	2.3%	1 898.1	1 898.1	1 898.1	0.1%	0.6%	
Total assets	336 331.0	334 050.0	355 518.0	332 182.3	-0.4%	100.0%	334 369.3	345 405.3	357 553.4	2.5%	100.0%	
Capital and reserves	117 441.0	115 160.0	131 115.6	119 440.8	0.6%	35.6%	122 745.7	128 912.1	138 243.0	5.0%	37.2%	
Capital reserve fund	12 661.0	12 661.0	12 660.5	18 461.0	13.4%	4.2%	18 461.0	18 461.0	18 461.0	-	5.4%	
Borrowings	133 398.0	129 141.0	128 838.6	112 714.2	-5.5%	37.1%	110 798.1	110 679.2	109 085.7	-1.1%	32.4%	
Trade and other payables	20 507.0	16 465.0	21 191.4	17 743.4	-4.7%	5.6%	16 496.6	18 377.8	19 011.5	2.3%	5.2%	
Taxation	41 316.0	41 440.0	44 690.5	44 570.9	2.6%	12.7%	45 828.3	48 156.1	51 648.6	5.0%	13.9%	
Provisions	5 760.0	11 266.0	11 782.7	13 380.3	32.4%	3.1%	14 221.3	15 102.0	15 442.7	4.9%	4.2%	
Derivatives financial instruments	5 248.0	7 917.0	5 238.8	5 871.6	3.8%	1.8%	5 818.3	5 717.2	5 660.9	-1.2%	1.7%	
Total equity and liabilities	336 331.0	334 050.0	355 518.0	332 182.3	-0.4%	100.0%	334 369.3	345 405.3	357 553.4	2.5%	100.0%	

Personnel information**Table 10.28 Transnet personnel numbers and cost by salary level**

Number of posts estimated for 31 March 2023		Number and cost ¹ of personnel posts filled/planned for on funded establishment												Average growth rate of personnel posts (%)	Average: Salary level/ Total (%)				
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate											
		2021/22		2022/23		2023/24		2024/25		2025/26		2022/23 - 2025/26							
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Transnet	50 356	49 443	30 731.6	0.6	50 356	29 023.6	0.6	50 356	28 337.7	0.6	50 356	28 163.1	0.6	50 356	29 979.7	0.6	-	100.0%	
Salary level																			
1 - 6	23 578	23 578	22 807	6 062.6	0.3	23 578	6 583.9	0.3	23 578	5 288.5	0.2	23 578	5 523.8	0.2	23 578	5 771.3	0.2	-	46.8%
7 - 10	22 754	22 754	22 918	13 807.4	0.6	22 754	14 599.9	0.6	22 754	12 044.8	0.5	22 754	12 580.8	0.6	22 754	13 144.4	0.6	-	45.2%
11 - 12	3 024	3 024	2 958	2 477.5	0.8	3 024	2 699.4	0.9	3 024	2 805.5	0.9	3 024	2 930.3	1.0	3 024	3 061.6	1.0	-	6.0%
13 - 16	872	872	632	883.9	1.4	872	1 248.9	1.4	872	1 304.1	1.5	872	1 362.2	1.6	872	1 423.2	1.6	-	1.7%
17 - 22	128	128	128	7 500.3	58.6	128	3 891.5	30.4	128	6 894.9	53.9	128	5 766.1	45.0	128	6 579.2	51.4	-	0.3%

1. Rand million.