

Vote 10

Public Enterprises

Adjusted budget summary

R thousand	2022/23			Adjusted appropriation
	Appropriation	Adjustments appropriation		
		Decrease	Increase	
Amount to be appropriated of which:	23 928 918	(3 992)	2 937 192	26 862 118
Current payments	290 537	(3 992)	–	286 545
Transfers and subsidies	19	–	192	211
Payments for capital assets	3 876	–	–	3 876
Payments for financial assets	23 634 486	–	2 937 000	26 571 486
Direct charge against the National Revenue Fund	–	–	204 700	204 700
Executive authority	Minister of Public Enterprises			
Accounting officer	Director-General of Public Enterprises			
Website	www.dpe.gov.za			

Vote purpose

Drive investment, productivity and transformation in the department's portfolio of state-owned companies to unlock growth, drive industrialisation, create jobs and develop skills.

Performance

Indicator	Programme	MTSF priority	Annual performance		
			Projected for 2022/23	Achieved in the first half of 2022/23 (April to September)	Changed target for 2022/23
Number of shareholder compacts signed per year	Business Enhancement, Transformation and Industrialisation	Priority 2: Economic transformation and job creation	6	0	–
Number of quarterly financial reviews per year	Business Enhancement, Transformation and Industrialisation		24	9	–

Progress

The department plans to sign shareholder compacts with the state-owned companies in its portfolio in the third quarter. The slow progress on the number of quarterly financial reviews is due to Denel not having submitted its quarterly reports by mid-year.

Adjusted estimates

R thousand	Programme	Appropriation	2022/23						Adjusted appropriation
			Adjustments appropriation					Total adjustments appropriation	
			Roll-overs	Unforeseeable /Unavoidable	Virements and shifts	Amounts announced in the budget	Declared unspent funds		
Administration	166 333	–	–	–	–	(1 215)	–	(1 215)	165 118
State-owned Companies Governance Assurance and Performance	60 658	–	–	–	–	(1 010)	–	(1 010)	59 648
Business Enhancement, Transformation and Industrialisation	23 701 927	–	–	–	–	(1 575)	2 937 000	2 935 425	26 637 352
Subtotal	23 928 918	–	–	–	–	(3 800)	2 937 000	2 933 200	26 862 118

Adjusted estimates (continued)

Programme		2022/23							Total adjustments appropriation	Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation		
R thousand	Appropriation	Roll-overs	Unforeseeable /Unavoidable	Virements and shifts	Amounts announced in the budget	Declared unspent funds				
Direct charge against the National Revenue Fund	–	–	–	–	–	–	204 700	204 700	204 700	
Section 70 of the Public Finance Management Act (1999) payment: Denel	–	–	–	–	–	–	204 700	204 700	204 700	
Total	23 928 918	–	–	–	–	(3 800)	3 141 700	3 137 900	27 066 818	
Economic classification										
Current payments	290 537	–	–	(192)	–	(3 800)	–	(3 992)	286 545	
Compensation of employees	177 453	–	–	(192)	–	(3 800)	–	(3 992)	173 461	
Goods and services	113 084	–	–	–	–	–	–	–	113 084	
Transfers and subsidies	19	–	–	192	–	–	–	192	211	
Provinces and municipalities	19	–	–	–	–	–	–	–	19	
Households	–	–	–	192	–	–	–	192	192	
Payments for capital assets	3 876	–	–	–	–	–	–	–	3 876	
Machinery and equipment	3 876	–	–	–	–	–	–	–	3 876	
Payments for financial assets	23 634 486	–	–	–	–	–	3 141 700	3 141 700	26 776 186	
Total	23 928 918	–	–	–	–	(3 800)	3 141 700	3 137 900	27 066 818	

1. Other adjustments include funds shifted within a vote following a function shift, funds shifted between votes, adjustments due to significant and unforeseeable economic and financial events, self-financing expenditure, and the use of funds in terms of section 16 of the Public Finance Management Act (1999).

Programme 1: Administration

Subprogramme		2022/23							Total adjustments appropriation	Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation		
R thousand	Appropriation	Roll-overs	Unforeseeable /Unavoidable	Virements and shifts	Amounts announced in the budget	Declared unspent funds				
Ministry	30 015	–	–	–	–	(343)	–	(343)	29 672	
Management	13 787	–	–	–	–	–	–	–	13 787	
Communications	38 184	–	–	438	–	(397)	–	41	38 225	
Chief Financial Officer	22 407	–	–	–	–	(317)	–	(317)	22 090	
Human Resources	34 132	–	–	152	–	(158)	–	(6)	34 126	
Internal Audit	8 124	–	–	(590)	–	–	–	(590)	7 534	
Corporate Services	5 112	–	–	–	–	–	–	–	5 112	
Office Accommodation	14 572	–	–	–	–	–	–	–	14 572	
Total	166 333	–	–	–	–	(1 215)	–	(1 215)	165 118	
Economic classification										
Current payments	162 438	–	–	(192)	–	(1 215)	–	(1 407)	161 031	
Compensation of employees	97 172	–	–	(192)	–	(1 215)	–	(1 407)	95 765	
Goods and services	65 266	–	–	–	–	–	–	–	65 266	
Transfers and subsidies	19	–	–	192	–	–	–	192	211	
Provinces and municipalities	19	–	–	–	–	–	–	–	19	
Households	–	–	–	192	–	–	–	192	192	
Payments for capital assets	3 876	–	–	–	–	–	–	–	3 876	
Machinery and equipment	3 876	–	–	–	–	–	–	–	3 876	
Total	166 333	–	–	–	–	(1 215)	–	(1 215)	165 118	

Programme 2: State-owned Companies Governance Assurance and Performance

Subprogramme		2022/23							Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation		
R thousand	Appropriation	Roll-overs	Unforeseeable /Unavoidable	Virements and shifts	Amounts announced in the budget	Declared unspent funds		Other adjustments	
Management	2 899	–	–	–	–	–	–	–	2 899
Legal	17 931	–	–	–	–	(268)	–	(268)	17 663
Governance	27 543	–	–	–	–	(96)	–	(96)	27 447
Financial Assessment and Investment Support	12 285	–	–	–	–	(646)	–	(646)	11 639
Total	60 658	–	–	–	–	(1 010)	–	(1 010)	59 648
Economic classification									
Current payments	60 658	–	–	–	–	(1 010)	–	(1 010)	59 648
Compensation of employees	31 680	–	–	–	–	(1 010)	–	(1 010)	30 670
Goods and services	28 978	–	–	–	–	–	–	–	28 978
Total	60 658	–	–	–	–	(1 010)	–	(1 010)	59 648

Programme 3: Business Enhancement, Transformation and Industrialisation

Subprogramme		2022/23							Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation		
R thousand	Appropriation	Roll-overs	Unforeseeable /Unavoidable	Virements and shifts	Amounts announced in the budget	Declared unspent funds		Other adjustments	
Energy Resources	21 867 588	–	–	6 267	–	(1 025)	–	5 242	21 872 830
Research and Economic Modelling	8 758	–	–	(3 822)	–	–	–	(3 822)	4 936
Transport and Defence	1 793 308	–	–	1	–	(454)	2 937 000	2 936 547	4 729 855
Business Enhancement Services	32 273	–	–	(2 446)	–	(96)	–	(2 542)	29 731
Total	23 701 927	–	–	–	–	(1 575)	2 937 000	2 935 425	26 637 352
Economic classification									
Current payments	67 441	–	–	–	–	(1 575)	–	(1 575)	65 866
Compensation of employees	48 601	–	–	–	–	(1 575)	–	(1 575)	47 026
Goods and services	18 840	–	–	–	–	–	–	–	18 840
Payments for financial assets	23 634 486	–	–	–	–	–	2 937 000	2 937 000	26 571 486
Total	23 701 927	–	–	–	–	(1 575)	2 937 000	2 935 425	26 637 352

Direct charge against the National Revenue Fund

		2022/23							Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation		
R thousand	Appropriation	Roll-overs	Unforeseeable /Unavoidable	Virements and shifts	Amounts announced in the budget	Declared unspent funds		Other adjustments	
Section 70 of the Public Finance Management Act (1999) payment: Denel	–	–	–	–	–	–	204 700	204 700	204 700
Total	–	–	–	–	–	–	204 700	204 700	204 700
Economic classification									
Payments for financial assets	–	–	–	–	–	–	204 700	204 700	204 700
Total	–	–	–	–	–	–	204 700	204 700	204 700

Details of adjustments to the 2022 Estimates of National Expenditure

Virements and shifts within the vote

Programmes

1. Administration
2. State-owned Companies Governance Assurance and Performance
3. Business Enhancement, Transformation and Industrialisation

From:			To:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(192)	Programme 1		192
Compensation of employees	Vacant posts ¹	(192)	Households	Leave gratuities ¹	192
Shifts within the programme as a percentage of the programme budget		0.1%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Total		(192)			192

1. National Treasury approval has been obtained.

Declared unspent funds – R3.8 million

R3.8 million in unspent funds is declared on compensation of employees due to vacant posts across all programmes. These funds will be used to defray the settlement of Denel's guaranteed debt and interest payments.

Other adjustments – R2.937 billion

Funds shifted between votes

Programme 3: Business Enhancement, Transformation and Industrialisation

R2.937 billion is shifted from the Department of Social Development for Transnet to repair and replace assets and infrastructure damaged by floods in April 2022.

Direct charge against the National Revenue Fund – R204.7 million

R204.7 million is allocated to Denel to settle guaranteed debt and interest payments.

Expenditure outcome for 2021/22 and mid-year expenditure for 2022/23

Programme	2021/22						2022/23			
	Adjusted Appropriation	Outcome				Adjusted appropriation/ Total (%)	Actual expenditure			
		Apr 21 - Sep 21	% of adjusted appropriation	Apr 21 - Mar 22	% of adjusted appropriation		Apr 22 - Sep 22	% of adjusted appropriation		
R thousand										
Administration	150 083	57 193	38.1	121 078	80.7	165 118	0.6	64 742	39.2	
State-owned Companies Governance Assurance and Performance	59 935	20 729	34.6	47 434	79.1	59 648	0.2	17 179	28.8	
Business Enhancement, Transformation and Industrialisation	36 064 801	35 792 998	99.2	35 858 678	99.4	26 637 352	98.4	5 602 061	21.0	
Subtotal	36 274 819	35 870 920	98.9	36 027 190	99.3	26 862 118	99.2	5 683 982	21.2	
Direct charge against the National Revenue Fund	3 035 500	2 725 634	89.8	3 030 886	99.8	204 700	0.8	200 659	98.0	
Section 70 of the Public Finance Management Act (1999) payment: Denel	3 035 500	2 725 634	89.8	3 030 886	99.8	204 700	0.8	200 659	98.0	
Total	39 310 319	38 596 554	98.2	39 058 076	99.4	27 066 818	100.0	5 884 641	21.7	

Expenditure outcome for 2021/22 and mid-year expenditure for 2022/23 (continued)

Economic classification	2021/22					2022/23			
	Adjusted Appropriation	Outcome			Adjusted appropriation/ Total (%)	Actual expenditure			
		Apr 21 - Sep 21	Apr 21 - Sep 21 % of adjusted appropriation	Apr 21 - Mar 22		Apr 21 - Mar 22 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 22 - Sep 22
R thousand									
Current payments	268 592	99 379	37.0	216 847	80.7	286 545	1.1	98 419	34.3
Compensation of employees	158 954	69 499	43.7	140 047	88.1	173 461	0.6	68 427	39.4
Goods and services	109 638	29 880	27.3	76 800	70.0	113 084	0.4	29 992	26.5
Transfers and subsidies	585	508	86.8	737	126.0	211	0.0	328	155.5
Provinces and municipalities	18	12	66.7	15	83.3	19	0.0	2	10.5
Households	567	496	87.5	722	127.3	192	0.0	326	169.8
Payments for capital assets	3 671	224	6.1	775	21.1	3 876	0.0	2 707	69.8
Machinery and equipment	3 671	224	6.1	775	21.1	3 876	0.0	2 707	69.8
Payments for financial assets	39 037 471	38 496 443	98.6	38 839 717	99.5	26 776 186	98.9	5 783 187	21.6
Total	39 310 319	38 596 554	98.2	39 058 076	99.4	27 066 818	100.0	5 884 641	21.7

Expenditure trends

Total expenditure in 2021/22 was R39.1 billion, 99.4 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2021/22 was R38.6 billion, 98.2 per cent of the adjusted appropriation, whereas expenditure in the first half of 2022/23 was R5.9 billion, 21.7 per cent of the adjusted appropriation of R27.1 billion. Compared to the first half of 2021/22, expenditure over the same period in 2022/23 decreased by R32.7 billion, 84.7 per cent. This was mainly due to delays in the disbursement of funds to Eskom as the entity was able to settle its debt and interest using its own funds.

Departmental receipts

Economic classification	2021/22					2022/23				
	Adjusted estimate	Outcome			Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Actual receipts		
		Apr 21 - Sep 21	Apr 21 - Sep 21 % of Adjusted Estimate	Apr 21 - Mar 22				Apr 21 - Mar 22 % of adjusted estimate	Apr 22 - Sep 22	Apr 22 - Sep 22 % of adjusted estimate
R thousand										
Departmental receipts	541	492	90.9	619	114.4	315	315	100.0	39	12.4
Sales of goods and services produced by department	82	33	40.2	68	82.9	101	101	32.1	34	33.7
Interest, dividends and rent on land	–	–	–	–	–	4	4	1.3	–	–
Sales of capital assets	–	–	–	–	–	65	65	20.6	–	–
Transactions in financial assets and liabilities	459	459	100.0	551	120.0	145	145	46.0	5	3.4
Total	541	492	90.9	619	114.4	315	315	100.0	39	12.4

Revenue trends

Mid-year revenue in 2021/22 was R492 000, 90.9 per cent of the adjusted estimate, whereas revenue for the first half of 2022/23 was R39 563, 12.4 per cent of the adjusted estimate of R315 000. Compared to the first half of 2021/22, revenue over the same period in 2022/23 decreased by R452 437, 92 per cent. This was mainly due to a decrease in transactions for financial assets and liabilities.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

		2022/23								
		Adjustments appropriation					Total adjustments appropriation		Adjusted appropriation	
R thousand	Appropriation	Roll-overs	Unforeseeable /Unavoidable	Virements and shifts	Amounts announced in the budget	Declared unspent funds	Other adjustments			
	Administration									
	Households									
	Social benefits									
	Current	-	-	-	192	-	-	-	192	192
	Employee social benefits	-	-	-	192	-	-	-	192	192