

32: PUBLIC ENTERPRISES

AIM

The aim of the Office for Public Enterprises is to manage the State's interest and shareholding in public enterprises.

EXPENDITURE ESTIMATES

Table 32.1 Expenditure by programme

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Administration ¹	22,3	16,2	25,7	8,8	9,1	9,2	9,3
Management and restructuring of public enterprises	–	4,1	18,5	19,7	22,1	5,0	5,1
Total	22,3	20,3	44,2	28,5	31,2	14,2	14,4

¹ The activity, Management was previously included under this programme. From 1998/99 Management forms part of programme 2.

Table 33.2 Economic classification of expenditure

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Current							
Personnel expenditure ¹	3,3	4,5	4,7	6,2	5,2	5,3	5,5
Other current expenditure	19,0	8,3	22,1	22,3	26,0	8,9	8,9
Transfer payments	–	7,5	17,4	–	–	–	–
Total	22,3	20,3	44,2	28,5	31,2	14,2	14,4

¹ Departmental personnel expenditure includes employer's contributions to pension funds at a rate of 17 per cent of basic salary in 1998/99 and 15 per cent of basic salary in subsequent years.

DISCUSSION OF PROGRAMMES

Programme 1: Administration

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	9,1	8,8	8,8	9,1	9,2	–
1999 Budget	–	–	–	9,1	9,2	9,3

The programme *Administration* comprises financial management, personnel and provisioning administration, legal and other office support services and the formulation of policy by the Minister and management of the department.

Programme 2: Management and restructuring of public enterprises

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	19,4	19,8	19,7	8,2	7,1	–
1999 Budget	–	–	–	22,1	5,0	5,1

Management and restructuring of public enterprises entails an auxiliary service to Government to manage, commercialise and restructure services, functions and enterprises in the public sector. The programme also provides an administrative support service for the public enterprise restructuring process.

FUNCTIONS AND RESPONSIBILITIES

Expenditure on personnel and professional consultant services constitute the major portion of the budget of the Office for Public Enterprises. The functions and responsibilities of the Office are:

- ◆ Monitoring and evaluating the performance of public enterprises.
- ◆ Making recommendations to the Minister for Public Enterprises regarding the appointment of members to the Boards of Directors of the various enterprises.
- ◆ Co-ordinating and managing state asset re-structuring and privatisation.
- ◆ Processing certain payments to or on behalf of the public entities under its management.

Although other ministries are responsible for sectoral issues such as energy and transport policy, the management and reporting of public enterprises in these sectors are dealt with by this Office.

Restructuring of public enterprises

The Office works closely with Government's advisors on the restructuring of state assets and the Office of the Executive Deputy President. It also provides secretarial support to the Oversight Committee and the Inter-ministerial Cabinet Committee on the restructuring of state assets, which meet on a monthly basis to discuss progress and decide on the proposals of sectoral task teams dealing with restructuring.

Extra-ordinary payments

During 1996/97 Parliament appropriated R15 million, approved by the Minister of Finance in the previous year, to settle a claim by Rustenburg Platinum Mines Ltd against Eskom. The claim was for R4 million a year since 1990 when Becor took over part of the electricity network in the former Bophuthatswana. The Government liability resulted from the terms of the Interim Constitution and certain indemnities given by the former Bophuthatswana Government to Eskom.

Transfer payments of R7,5 million and R17,4 million were made to Eskom during 1996/97 and 1997/98 respectively for normalising electricity distribution in the former TBVC states.

In 1999 R15 million is to be paid to consultants for the restructuring/privatisation of Safcol, which is to be finalised during this year.

Government shareholding in public enterprises

Investments held by the Minister for Public Enterprises on behalf of the State amount to nearly R15 billion. The shares disclosed at book value are Alexander Bay Development Corporation Limited (with a capital of R50 million), Aventura Limited (capital of R60 million), Transnet Limited (R14 002 million capital), Denel (Pty) Limited (R442 million) and the South African Forestry Company Limited (R318 million).

The contingent liabilities of the enterprises consist mainly of financial guarantees issued by the State. It is estimated at R25 billion, mainly in guarantees issued for Transnet's international loans.