

Vote 9

Public Enterprises

	2004/05 To be appropriated	2005/06	2006/07
MTEF allocations	R 75 988 000	R 79 482 000	R 80 305 000
Statutory amounts	-	-	-
Responsible Minister	Minister of Public Enterprises		
Administering Department	Department of Public Enterprises		
Accounting Officer	Director-General of Public Enterprises		

Aim

The aim of the Department of Public Enterprises is excellence in the management of state-owned enterprises to maximise shareholder value.

Programme purpose and measurable objectives

Programme 1: Administration

Purpose: Take responsibility for the overall direction and management of the Ministry and the department.

Programme 2: Restructuring of State-Owned Enterprises

Purpose: Develop, implement and manage the restructuring process to meet government's social and economic objectives.

Measurable objective: Maximise shareholder value by informing policy and planning processes on the restructuring of state-owned enterprises.

Programme 3: Performance Monitoring and Benchmarking

Purpose: Monitor and evaluate the financial, socio-economic and non-financial performance of state-owned enterprises.

Measurable objective: Manage government's shareholding interest in the restructuring process by monitoring the performance of state-owned enterprises.

Programme 4: Policy Development and Business Planning

Purpose: Provide informed research, policy development and analysis, knowledge management and business planning to drive the restructuring programme.

Measurable objective: Establish a framework on research, policy analysis, knowledge management and business planning that will drive the restructuring programme.

Strategic overview and key policy developments for 2000/01 – 2006/07

The Department of Public Enterprises' core function is restructuring state-owned enterprises. The policy framework, 'An accelerated agenda towards the restructuring of state-owned enterprises', forms the basis of the department's restructuring activities. A downturn in economic growth in many major economies following the war in Iraq in 2002 tended to dampen investor confidence. This has provided a less than ideal environment for restructuring, and some of the department's objectives have not been achieved and there have been some delays.

Move towards shareholder management

While the restructuring programme is not complete, progress has been such that consideration has to be given to government options of shareholding interests in business. This is encapsulated in the shareholding policy framework being developed in the department. Government policy to date indicates that state-owned enterprises will continue to operate in a highly regulated environment for the foreseeable future. This is because South Africa still has to address the provision of basic needs to the majority of people. Policy direction indicates that the state will focus on financial performance, achieving social objectives and sound corporate governance. In preparation for the downscaling of restructuring activities, the department will be placing more emphasis on corporate governance, performance management and risk management over the medium term. The growing emphasis on shareholder management marks a decided shift in the department's duties and therefore necessitates some policy developments and internal change over the medium term. It also implies the need to realign the activities of the department's programmes in order to realise this shift in focus.

Although state-owned enterprises are expected to achieve the targets set for them, these will be in the context within which they operate. This implies taking into consideration their dual mandate of being a profit-making entity as well as contributing to government's social and developmental objectives.

Over and above the focus on shareholder management, the activities of the department will continue to be driven by various government objectives, including black economic empowerment (BEE) and NEPAD. These will be mostly achieved through the state-owned enterprises that report to the Ministry.

Corporate governance

Key achievements in corporate governance issues in the department include the revision and publication of the protocol on corporate governance and the review of corporate governance practices in state-owned enterprises. The importance of ensuring sound corporate governance principles is not only advantageous for government as the shareholder, but also in instances where strategic equity partners have to be brought in, as it builds in a 15 per cent premium on an entity.

Focus on restructuring transport and energy

Over the medium term, the restructuring priorities of the department will focus on the transport and energy sectors as well as on the remaining non-core assets (Freight Dynamics, Autopax, Transnet Housing, Sapphire Executive Air, Eon Solutions Africa and Airborne Laser Solutions). In the transport sector, the focus will be on the finalisation of the ports concessioning model and its implementation, the Transnet end-state model and the future ownership of South African Airways. The focus on the energy sector will be on the division and incorporation of Eskom Ltd's business units and the introduction of competition in the generation of electricity.

Telkom

The after-market performance of the Telkom share price has been very strong, given the difficult market conditions in which the Telkom listing took place in March 2003. After the listing, the staff of the Initial Public Offering (IPO) office, under the *Restructuring of State-Owned Enterprises* programme, were shifted to other subprogrammes. The office will be revived when another IPO arises.

Performance monitoring and benchmarking

The International Relations Unit has been shifted from the Ministry to the *Performance Monitoring and Benchmarking* programme, to be more in line with state-owned enterprises' investment activities and issues related to NEPAD. *Performance Monitoring and Benchmarking* will also focus on establishing an effective integrated rural development strategy, in line with national objectives.

Policy development

The Strategic Analysis Unit, previously a subprogramme of *Performance Monitoring and Benchmarking*, is now a new programme called *Policy Development and Business Planning*. The activities of the new programme will concentrate on developing policies that support the oversight functions of the department, while continuing to conduct socio-economic impact analysis of the restructuring programme.

Expenditure estimates

Table 9.1: Public Enterprises

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04				
1 Administration	23 421	26 171	29 290	31 801	31 801	30 048	31 223	30 776
2 Restructuring of State-Owned Enterprises	5 988	162 726	171 515	45 434	45 434	25 446	25 631	26 325
3 Performance Monitoring and Benchmarking	2 952	5 058	6 248	7 281	7 281	16 359	17 603	18 355
4 Policy Development and Business Planning	1 951	2 460	3 247	3 612	3 612	4 135	5 025	4 849
Total	34 312	196 415	210 300	88 128	88 128	75 988	79 482	80 305
Change to 2003 Budget Estimate				27 923	27 923	11 806	11 392	

Economic classification

	29 764	192 392	207 203	79 137	79 137	67 885	72 442	78 366
Current payments								
Compensation of employees	12 166	20 422	25 525	32 467	32 467	42 825	44 313	46 972
Goods and services	17 598	171 970	181 678	46 670	46 670	25 060	28 129	31 394
Interest and rent on land	–	–	–	–	–	–	–	–
Financial transactions in assets and Liabilities	–	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–	–
Transfers and subsidies to:	35	60	1 573	8 441	8 441	7 051	5 759	581
Provinces and municipalities	35	60	73	99	99	129	133	144
Departmental agencies and accounts	–	–	1 500	8 342	8 342	6 922	5 626	437
Universities and technikons	–	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04				
Payments for capital assets	4 513	3 963	1 524	550	550	1 052	1 281	1 358
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	4 513	3 963	1 524	550	550	1 052	1 281	1 358
Cultivated assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Total	34 312	196 415	210 300	88 128	88 128	75 988	79 482	80 305

Expenditure trends

The sharp increase in expenditure between 2000/01 and 2002/03 was due to the preparatory work for the listing of Telkom in March 2003 falling within the *Restructuring of State-Owned Enterprises* Programme. Some of the costs include the appointment of financial advisors, lawyers, accountants and the Joint Global Co-ordinators to oversee and manage the listing process with specific reference to syndicate structure, offer size, listing locations, pricing and allocation strategies. Actual expenditure for the Telkom IPO was R220,0 million for 2001/02 and 2002/03 combined. A further R28,3 million was rolled over to 2003/04 to accommodate final IPO payments.

Departmental spending declines from 2004/05 compared to the previous year as a result of the finalisation of the listing of the Telkom IPO in 2003/04. Despite this decline, expenditure increases over the seven-year period by an annual average of 15,2 per cent to cater for an increase in staff due to the restructuring of the department for effective service delivery. Donor funding is another source of funding for the department, and is mainly used for goods and services.

Departmental receipts

Departmental receipts are accumulated from dividends, proceeds from selling state-owned enterprises, commissions on insurance premium deductions through the salary system, property income, and sales of goods and services.

The Transnet proceeds for 2001/02 were R1,4 billion. The income reflected in 2002/03 is mainly dividends received from Transnet (R1,6 billion) and Eskom (R549,0 million), while the income reflected in 2003/04 is dividends received from Safcol (R68,0 million). A final payment for proceeds received from Sun Air in 2003/04 amounts to R6,0 million. For the other years, proceeds from selling state-owned enterprises will only be disclosed during the course of the financial year, as no further information is currently available.

All revenue received is transferred to the National Revenue Fund.

Table 9.2: Departmental receipts

R thousand	Revenue outcome			Adjusted appropriation	Medium-term revenue estimate			
	Audited	Audited	Preliminary		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
Tax receipts	-	-	-	-	-	-	-	
Sales of goods and services produced by department (excl capital assets)	9	10	10	12	12	13	14	
Sales of scrap, waste, arms and other used current goods (excl capital assets)	3	22	2	13	4	4	5	
Transfers received	-	-	-	-	-	-	-	
Fines, penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	20	1 435 159	2 169 343	68 028	10	11	12	
Sales of capital assets	-	-	-	6 005	-	-	-	
Financial transactions in assets and liabilities	145	54	31	53	10	12	14	
Total departmental receipts	177	1 435 245	2 169 386	74 111	36	40	45	

Programme 1: Administration

Administration provides strategic leadership to the department. It includes the Ministry, the Office of the Director-General and corporate services. Support services are provided by the ministerial support staff, and the human resources, IT, financial management and communication units.

Expenditure estimates

Table 9.3: Administration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
Minister ¹	677	768	691	746	791	831	872	
Management	5 845	3 772	5 020	4 069	3 755	4 355	4 616	
Corporate Services	16 899	21 631	23 579	26 986	25 502	26 037	25 288	
Total	23 421	26 171	29 290	31 801	30 048	31 223	30 776	
Change to 2003 Budget Estimate				4 375	2 068	1 534		

¹ Payable as from 1 April 2003. Salary: R597 228. Car allowance: R149 307.

Economic classification

	19 437	24 451	28 208	31 359	29 506	30 639	30 156
Current payments							
Compensation of employees	7 053	10 420	13 318	15 895	17 315	18 215	19 308
Goods and services	12 384	14 031	14 890	15 464	12 191	12 424	10 848
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
Transfers and subsidies to:	21	31	39	42	52	54	58
Provinces and municipalities	21	31	39	42	52	54	58
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Payments for capital assets	3 963	1 689	1 043	400	490	530	562
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	3 963	1 689	1 043	400	490	530	562
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
Total	23 421	26 171	29 290	31 801	30 048	31 223	30 776

Details of transfer payments and subsidies:

Provinces and municipalities							
Municipalities							
Current	21	31	39	42	52	54	58
Regional Services Council levies	21	31	39	42	52	54	58
Total	21	31	39	42	52	54	58

Expenditure trends

Expenditure in *Administration* increased by an average annual rate of 10,7 per cent between 2000/01 and 2003/04 as a result of capacity-building and the implementation of the Integrated Document Management Strategy System, an IT tool enabling the electronic management of documents and records. Compensation of employees increased by 31,1 per cent annually during the same period due to capacity-building initiatives.

Programme 2: Restructuring of State-Owned Enterprises

The aim of the programme is to develop, manage, co-ordinate and implement the restructuring programme to meet government's economic and social objectives. Activities include: economic analysis, transaction marketing, legal affairs, financial modelling and risk analysis; preparing identified state-owned enterprises for their listing on the domestic and internal equity exchange markets; co-ordinating stakeholder interaction; and Parliamentary liaison.

Expenditure estimates**Table 9.4: Restructuring of State-Owned Enterprises**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Management	954	96 853	1 695	4 233	4 756	4 948	6 805
Restructuring	2 054	3 415	3 004	6 702	6 465	6 875	8 308
Specialist Services	1 528	1 782	2 440	1 774	4 608	5 345	7 774
Initial Public Offering Office	562	59 719	163 364	31 685	6 922	5 626	437
Stakeholder Liaison	890	957	1 012	1 040	2 695	2 837	3 001
Total	5 988	162 726	171 515	45 434	25 446	25 631	26 325
Change to 2003 Budget Estimate				28 337	5 444	4 647	

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03	2003/04			
Economic classification							
Current payments	5 675	161 718	169 764	37 041	18 338	19 753	25 620
Compensation of employees	3 644	6 485	7 543	10 473	11 311	11 876	12 589
Goods and services	2 031	155 233	162 221	26 568	7 027	7 877	13 031
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
Transfers and subsidies to:	10	18	1 521	8 378	6 958	5 663	477
Provinces and municipalities	10	18	21	36	36	37	40
Departmental agencies and accounts	-	-	1 500	8 342	6 922	5 626	437
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
Payments for capital assets	303	990	230	15	150	215	228
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	303	990	230	15	150	215	228
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
Total	5 988	162 726	171 515	45 434	25 446	25 631	26 325

Details of transfer payments and subsidies:

Provinces and municipalities							
Municipalities							
Current	10	18	21	36	36	37	40
Regional Services Council levies	10	18	21	36	36	37	40
Departmental agencies and accounts (Entities)							
Current	-	-	1 500	8 342	6 922	5 626	437
Diabo Trust	-	-	1 500	4 505	3 119	3 152	437
Khulisa Trust	-	-	-	3 837	3 803	2 474	-
Total	10	18	1 521	8 378	6 958	5 663	477

Expenditure trends

Expenditure increased by an average annual rate of 96,5 per cent between 2000/01 and 2003/04 due to the listing of the Telkom IPO. Over the medium term, the only expenditure emanating from the Telkom IPO is the payment of transfers to the Khulisa and Diabo trusts, which have been set up to assist with the administering of shares on behalf of the beneficiaries (namely Telkom employees and historically disadvantaged individuals). Over the medium term, the expenditure of restructuring activities will have been scaled down, resulting in a stable expenditure trend. Most of the restructuring activities in the different sectors are funded by different donors.

Service delivery objectives and indicators

Recent outputs

Energy

Eskom's 24 generation plants have been ring-fenced operationally into seven clusters: five coal clusters, one nuclear cluster and one peaking cluster. The clusters have been completed in preparation for establishing a South African Power Exchange and are currently being reviewed to select the first candidate for divestiture and the transaction structure that are to take place in the next financial year. To ensure that a legal and regulatory framework is in place to support the transition and the end-state of the industry, the drafting of legislation for the establishment of a national public entity, the creation of market and governance arrangements, and the drafting of the Electricity Supply Industry (ESI) Regulatory Bill have commenced. A multi-market model design has been completed, including an independent review of the design, resulting in the preparation of a functional description of the Market Code (market rules).

Transport

Government is proceeding with the restructuring of the Port Operations. Preparatory work for the port concessioning has been completed. Durban Container Terminal will be the first facility to be put forward for private sector participation, which will take place in early 2004.

A technical review of the Transnet holding structure has been completed. Additionally, a financial analysis of the Transnet Group was completed in October 2003, identifying areas of value creation and value destruction.

Telecommunications and IT sector

On 4 March 2003, Telkom was listed on the JSE Securities Exchange and the New York Stock Exchange in the largest state-owned enterprise-IPO to date, raising R4,3 billion.

In September 2003, government approved the disposal of Transnet's 5 per cent stake held in the MTN Group in terms of Section 54 of the Public Finance Management Act (1 of 1999) (PFMA).

In November 2003, government appointed transaction advisors to perform an independent valuation of Esitel (a subsidiary of Eskom) and Transtel (a division of Transnet). The aim is to fast track their integration into the Second Network Operator (SNO).

Other restructuring initiatives

The Komatiland forestry transaction was re-launched in July 2003 after the first effort to dispose of 75,0 per cent of the equity in Komatiland was cancelled, on the grounds of a tainted transaction process. In December 2003, Bonheur was selected as the preferred bidder to acquire 75,0 per cent of Richtersveld's R570,0 million forestry assets. In the Mountain-To-Ocean (MTO) forestry package, negotiations are being finalised with the preferred bidder and in Amatola, the lease and commercial agreements are being finalised.

The Aventura resorts have been disposed of to an international investor with black economic empowerment partners. The four additional resorts sold to individual companies are Roodeplaat, Heidelbergkloof, Eiland and Kareekloof. The last eight have been sold as a package to Forever Siyonwaba Resort consortium for R200,0 million, less liabilities that amount to approximately R99,0 million in respect of Club Privé.

In March 2003, Cabinet approved the 100 per cent disposal of Transnet Housing (a division of Transnet) through the open tender process. The transaction is at a stage where the bidders are to submit binding bids. The process is expected to be completed in February 2004.

Summary of proceeds from restructuring: 2000/01 to 2003/04

Enterprise	Date	(per cent) Stake sold	Total proceeds (Rm)	Paid to Exchequer (Rm)
M-Cell/MTN	Jun '00	6	2 400	2 000
M-Cell	Jan '02	20	5 300	5 000
Transnet: Production House	Jul '00	100	11	N/A
Transnet: Chemical Services	Aug '00	100	3	N/A
Transnet: Transwerk	Sep '00	65	19	N/A
Transnet: Transmed	Sep '00	100	5	N/A
Telkom (Ucingo)	Mar '01	3	564	564
Turbomeca/Aerospace	Apr '02	51	30	
MTN	Aug '02		1 100	1 100
Apron Services	Nov '02	51	117	
Aventura Kareekloof	Jan '03	100	1,75	
Aventura Eiland	Jan '03	100	5,6	
Aventura Heidelbergkloof	Jan '03	100	6,5	
Aventura Roodeplaat	Jun '03	100	16,2	
Eskom	Mar '03		549	549
Telkom	Mar '03	25	4 100	4 100
Aventura (eight resorts)	Jan '03		101	
Safcol - Mpumalanga	December '03	75	570	
Total			14 899,05	13 313

Medium-term output targets

Restructuring of State-Owned Enterprises

Measurable objective: Maximise shareholder value by informing policy and planning processes on the restructuring of state-owned enterprises.

Subprogramme	Output	Measure/Indicator	Target
Restructuring	Proceeds from restructuring plans	Total amount realised in the restructuring process	R2 billion annually
	Implementation of restructuring and transaction plans in different sectors	Timely implementation of restructuring plans	75% on-time implementation
	Wider economic participation	Number of policies and initiatives developed to promote the participation of historically disadvantaged individuals (HDI) in state-owned enterprises	At least 2 initiatives per entity per year
		Percentage equity taken up by HDIs	Minimum 10%
	Global competitiveness of state-owned enterprises	Percentage increase in profitability	At least 5% annually
		Alignment with financial ratio multiples of in global sectors	Within 25% margin of international multiples
Specialist Services	Stakeholder support for restructuring plans	Union related initiatives undertaken	Employee Share Ownership Programmes implemented in 50% of transactions
	Disposal of Transnet Housing's loan book and properties	Timely implementation of transaction	June 2004
	Successful resolution of land claims on Aventura	Timely resolution and conclusion of the land claims	September 2004
	Restructuring conference	Conference takes place at the time specified	September 2004

Programme 3: Performance Monitoring and Benchmarking

Performance Monitoring and Benchmarking manages government's shareholding interest by monitoring and evaluating the overall performance of state-owned enterprises and by promoting

and advocating best practices to enhance shareholder value within an improved corporate governance environment. This programme has expanded in capacity due to the shift in the focus of the department towards excellence in state-owned enterprises' shareholder management systems. Consequently, the programme has been divided into five subprogrammes:

- Management is responsible for the co-ordination and overall management of the programme.
- Business Operations monitors the financial performance of state-owned enterprises through the procurement, benchmarking, investment map and state-owned enterprises' database information systems.
- Shareholder Management is tasked with looking at the compliance of state-owned enterprises in implementing and adhering to corporate governance systems and tools developed to protect shareholder interests.
- Socio Economic Performance aims to:
 - ensure that state-owned enterprises maintain a balance between the social and economic goals of their business, and that their corporate citizenship is reputable locally and internationally
 - provide performance measurement approaches that assist in interrogating the performance of state-owned enterprises in the South African economy
 - continually align state-owned enterprises' strategies and mandates to shareholder interests in a sustainable manner
- Regulatory and Ethics reviews the regulatory frameworks of state-owned enterprises and aligns them within the context of restructuring, and ensures that state-owned enterprises operate in an ethically sound environment.

Expenditure estimates

Table 9.5: Performance Monitoring and Benchmarking

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Management	1 266	2 385	2 305	3 095	5 857	6 366	6 687	
Business Operations	640	2 172	2 756	2 141	6 155	6 188	6 498	
Shareholder Management	1 046	501	1 187	758	1 340	1 635	1 672	
Socio Economic Performance	–	–	–	1 287	1 698	1 845	1 895	
Regulatory and Ethics	–	–	–	–	1 309	1 569	1 603	
Total	2 952	5 058	6 248	7 281	16 359	17 603	18 355	
Change to 2003 Budget Estimate				(4 821)	3 657	4 211		

Economic classification

	2 820	3 933	6 085	7 150	16 043	17 217	17 944
Current payments							
Compensation of employees	966	2 307	3 196	4 310	12 267	12 193	12 925
Goods and services	1 854	1 626	2 889	2 840	3 776	5 024	5 019
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03				
Transfers and subsidies to:	3	7	9	16	36	36	40
Provinces and municipalities	3	7	9	16	36	36	40
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
Payments for capital assets	129	1 118	154	115	280	350	371
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	129	1 118	154	115	280	350	371
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
Total	2 952	5 058	6 248	7 281	16 359	17 603	18 355

Details of transfer payments and subsidies:

Provinces and municipalities							
Municipalities							
Current	3	7	9	16	36	36	40
Regional Services Council levies	3	7	9	16	36	36	40
Total	3	7	9	16	36	36	40

Expenditure trends

The average annual growth rate of 35,6 per cent in *Performance Monitoring and Benchmarking* over the seven-year period shows the department's commitment to excellence in shareholder management systems. Over the medium term, the budget makes provision for capacity-building in the programme and for new projects to be undertaken. Capacity-building is reflected in the 184,6 per cent increase in compensation of employees in 2004/05 from the previous year.

Service delivery objectives and indicators**Recent outputs***Corporate governance*

Eskom was successfully converted into Eskom Holdings Ltd, a process that began with the adoption of the Eskom Conversion Act (13 of 2001). The implementation of the Act was delayed until the final approval of the Memorandum and Articles of Association of Eskom Holdings Ltd in 2002.

A review of corporate governance in state-owned enterprises was undertaken, and the general findings were that state-owned enterprises were complying with good corporate governance practices. Key among the challenges and remedial measures identified was the proposal for the induction and training of new appointees to boards of state-owned enterprises. Other remedial

measures have been introduced through the Protocol on Corporate Governance in the Public Sector and through shareholder compacts.

Monitoring and evaluation

A guarantee exposure monitoring system (GEMS) was developed and implemented during 2003/04 to increase the efficiency in the monitoring of financial guarantees issued to state-owned enterprises within the department's mandate.

A benchmarking evaluation system was developed in 2002/03. It is a consolidated reporting tool, which will be used to set targets against which state-owned enterprises' performance may be judged according to relevant industry benchmarks. The system was completed in 2003/04 and is now ready for piloting within state-owned enterprises.

Policy development

Gaps have been identified in policies that require shareholder intervention and incorporation into shareholder compacts for ongoing monitoring. For example, a materiality framework (to determine the adequate level of materiality in terms of sustainability and profitability) has been developed to ensure uniformity across all the state-owned enterprises. This has been done because a materiality level is not set in section 54 of the PFMA. It is envisaged that the materiality framework will be implemented in 2004/05.

A remuneration policy has been developed, and the model is awaiting the Minister of Public Enterprises' approval. The policy is to look specifically at the remuneration of the chief executive officers, the boards and non-executive directors of state-owned enterprises, to achieve parity among state-owned enterprises and ensure that remuneration levels are reasonable and justifiable in the public sector context.

Work on a dividend policy initiated by the department was halted to consider similar work done by other departments. The project will, however, commence in 2004, taking into account issues relating to administered pricing and regulation with regard to the impact of price increases by state-owned enterprises on the CPIX.

Medium-term output targets

Performance Monitoring and Benchmarking

Measurable objective: Manage government's shareholding interest in the restructuring process by monitoring the performance of state-owned enterprises.

Subprogramme	Output	Measure/Indicator	Target
Business Operations	Electronic interface between state-owned enterprises and the department	State-owned enterprises' database launch	May 2004
		Updating of state owned enterprises' information on the database	Quarterly
	Reports to ensure compliance with various legislative frameworks such as the PFMA	Assessment of quarterly reports submitted in relation to legislative compliance	Quarterly
	Updated financial evaluation model	Reports on the financial position of state-owned enterprises	Quarterly, half yearly and annually
	Regular reports to Cabinet on state-owned enterprises' overall performance	Timely implementation of the database Timely submission of reports by state-owned enterprises	March 2004 March of each year

Subprogramme	Output	Measure/Indicator	Target
Shareholder Management	Shareholder compacts with state-owned enterprises	Timely approval and sign-off between executive authority and state-owned enterprises	Annually
	Good governance policies	Corporate governance audit reviews Reports provided to Cabinet on level of compliance and adherence to policies	Annually March 2004
Socio Economic Performance	Corporate performance measurement systems	Implementation of performance measurement systems Timeously captured state-owned enterprises' data for reporting	Quarterly May 2004
	Socio-economic indicator framework	Framework for socio-economic performance of state-owned enterprises implemented	September 2004
Regulatory and Ethics	A framework for the code of ethics within state-owned enterprises	Timely development of the framework	July 2004
		Compliance by state-owned enterprises	Annually

Programme 4: Policy Development and Business Planning

The programme performs research and policy support functions, business planning, sectoral analysis and macroeconomic impact analysis, and knowledge management.

Expenditure estimates

Table 9.6: Policy Development and Business Planning

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Management	402	1 780	2 070	1 979	1 989	2 390	2 414
Strategic Analysis and Business Planning	698	360	597	561	825	1 128	1 077
Research and Policy Development	851	320	315	589	796	867	800
Knowledge Management	–	–	265	483	525	640	558
Total	1 951	2 460	3 247	3 612	4 135	5 025	4 849
Change to 2003 Budget Estimate				32	637	1 000	

Economic classification

	1 832	2 290	3 146	3 587	3 998	4 833	4 646
Current payments							
Compensation of employees	503	1 210	1 468	1 789	1 932	2 029	2 150
Goods and services	1 329	1 080	1 678	1 798	2 066	2 804	2 496
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
Transfers and subsidies to:	1	4	4	5	5	6	6
Provinces and municipalities	1	4	4	5	5	6	6
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Payments for capital assets	118	166	97	20	132	186	197
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	118	166	97	20	132	186	197
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
Total	1 951	2 460	3 247	3 612	4 135	5 025	4 849

Details of transfer payments and subsidies:

Provinces and municipalities							
Municipalities							
Current							
Regional Services Council levies	1	4	4	5	5	6	6
Total	1	4	4	5	5	6	6

Expenditure trends

Policy Development and Business Planning is a newly created programme that previously existed as the Strategic Analysis subprogramme within *Performance Monitoring and Benchmarking*. The average annual growth of 16,4 per cent over the seven years is as a result of additional posts being created, due to the restructuring of the department and the development and implementation of projects. These include the quality and pricing of public goods, the developmental role of state-owned enterprises, and a knowledge management strategy and systems.

Service delivery objectives and indicators**Recent outputs**

To determine the macroeconomic impacts of restructuring a scoping exercise, which determines whether a full exercise of developing a macroeconomic model of restructuring is justified, will have been completed by the end of 2003/04, after a study on the impact of restructuring on employment in the energy sector has been completed. Based on this research, the programme has engaged donor assistance to broaden the scope to other representative sectors, which will be completed in 2004/05.

Various restructuring projects are now complete and these will be compiled into case studies to document lessons. A draft IPO reference manual has been produced, which details steps and procedures. The final manual is due by the end of February 2004, and is expected to save costs by building capacity for future government IPOs.

A study on the quality and pricing of public goods has been undertaken as part of identifying gaps in the policies of state-owned enterprises. The study was driven by the recent price hikes, which to an extent are fuelled by the activities of state-owned enterprises, for example electricity prices. The purpose of the study was to understand cost-drivers for state-owned enterprises and the determination of tariffs by regulators in sectors which have them. At a macro level, the study aimed to ensure that the activities of state-owned enterprises are not in conflict with national government objectives nor undermine the cost recovery responsibilities of state-owned enterprises.

An internal discussion document on the shareholder model for the department has been developed, and proposes a government approach to shareholder management. Once approved, the document will be used as a basis for the shareholder management functions of the department.

Medium-term output targets

Policy Development and Business Planning

Measurable objective: Establish a framework on research, policy analysis, knowledge management and business planning that will drive the restructuring programme.			
Subprogramme	Output	Measure/Indicator	Target
Strategic Analysis and Business Planning	Sectoral analysis	Frequency of reports per sector Timely availability of reports	2 reports per sector twice a year June and December each year
Research and Policy Development	Development of policies which inform the restructuring programme	Number of proactive policies completed on time each year Approval of policy guidelines by Cabinet	2 proactive policies annually 90% approval by March 2005
Knowledge Management	A fully functional knowledge management unit	Case studies and manuals produced for restructuring transactions Research audits and centralised information repository established	3 per year July 2004

Public entities reporting to the Minister

Alexkor

Alexkor's core business is the mining of diamonds on land, along rivers, on beaches and in the sea along the north-west coast of South Africa. Alexkor Limited is a juristic entity established in terms of the Alexkor Limited Act (116 of 1992) and wholly owned by government. It has two divisions: Alexander Bay Mining (ABM) and Alexander Bay Trading (ABT) (identified as non-core activities). The vision is to transform Alexkor into a competitive and sustainable organisation that will contribute positively towards the needs of all stakeholders. The mission is to optimise revenues and returns to the shareholder, and implement socio-economic upliftment for the community and the surrounding areas.

Alexkor's results showed an improvement for the 2002/03 financial year, with operating profits improving by 177,0 per cent (excluding the non-recurring profit from the sale of assets) to R44,2 million from R15,9 million profit in 2002 (2001 recorded a loss of R301,0 million). The Alexkor Bay Trading division of Alexkor reported losses to the amount of R6,1 million and R5,1 million in 2002 and 2003 respectively, negatively affecting profitability.

Revenue increased by 1,5 per cent from R287,9 million in 2002 to R292,2 million in 2003. Diamond mining would have increased by R43,5 million if the budgeted exchange rate of \$1:R10 was achieved. An average exchange rate of \$1:R8,5 affected the dollar revenue negatively. The income statement items included in Alexkor's income statement were reclassified in order to fully appreciate the actual financial performance from operating activities. Non-sustainable income from inventory adjustment of R12,4 million and adjustment to the provision for bad debts of R5,0 million were reported, which also contributed R17,4 million additional income to the net profit after taxes of R6,3 million. Operating margins (profitability) also improved by 9,6 per cent to 15,1 per cent in 2003. The provision for post-retirement medical aid contributions increased by 330,1 per cent from R10,3 million in 2002 to R44,3 million in 2003, mainly due to the change in the contribution factor from 75,0 per cent to 100,0 per cent. Alexkor would have reported a negative earnings before interest and taxes – a loss of R25,8 million – had it not been for the non-sustainable income of R32,1 million. It is therefore doubtful if Alexkor will be as profitable, or even report profits in the future. The net current assets amounted to R86,2 million. Cash and cash

equivalents increased from R26,7 million in 2002 to R67,4 million in 2003, mainly derived from cash in-flows from actual operating activities.

Aventura

Aventura Ltd operates self-catering resorts around the country. Aventura reported a turnover of R138,8 million with an after-tax profit of R1,6 million for 2001/02 including profit of R7,7 million from the sale of resorts. Aventura still operates under severely constrained market conditions, reporting high operational costs.

Denel

Denel (Pty) Ltd is a major player in South Africa's defence-related industries.

The Denel Group has shown an improvement in its profitability, liquidity and cash flow situation. Revenue has increased by 12,0 per cent from R3,9 billion to R4,4 billion from 2002/03 to 2003/04. Export sales comprised 56,0 per cent of the total sales as opposed to 52,0 per cent in the previous year. The gross profit increased by 35,0 per cent for the group and 45,0 per cent for the company.

The net loss has decreased by 80,0 per cent compared to the previous year, declining from R363,0 million to R73,0 million. Conversely, the financial structure of the group worsened as evidenced by the decline in the solvency and debt ratios, mainly due to the bonds issued and net losses cumulatively incurred in the previous years.

Operating profits increased 17 times from R12,8 million in 2002 to R219,2 million in 2003. The discontinued operations made an operating loss of R21,1 million in 2003, compared to an operating loss of R80,1 million in 2002.

Eskom

Eskom is South Africa's dominant electricity utility and supplies over 95 per cent of the country's electricity. The building of more power stations resulted in more capital expenditure in the 1970s and 1980s. The capacity that was built then still provided sufficient supply in the 1990s, but it is anticipated that Eskom might start running out of capacity from the year 2007. Due to the growth in the demand for energy and the anticipated shortage, there is a need for more capacity to support the growth in demand. If Eskom runs out of capacity earlier than anticipated, it could lead to severe financial implications and also a shortage of supply in South Africa. Eskom is currently reporting profits of over R2 billion per annum, mainly because it is still the lowest cost producer in the world. However, these profits may not be sustainable due to the need to re-invest in further capacity for the generation of electricity.

Revenue has increased by 13,8 per cent compared to 2001, from R26,1 billion to R29,7 billion. Revenue comprises 95 per cent electricity revenue and 5 per cent other revenue. Profit after tax has increased by 42,3 per cent compared to 2001, from R2,6 billion to R3,7 billion. The solvency ratio (total assets:total liabilities) improved from 1,72:1 in 2000 to 1,86:1 in 2002. The total debt written off during 2002 increased to R337 million from R169 million in 2001. According to the director's report, this was mainly due to the lower payment levels in the Central region, specifically in Soweto where the payment levels decreased from 61 per cent in 2001 to 36 per cent in 2002. The directors expect that the negotiated Service Delivery Framework should address the situation in 2003.

South African Forestry Company

The South African Forestry Company Ltd (Safcol) is charged with the management, development and optimisation of the state's investment in forestry, according to accepted commercial and

conservation principles. Safcol has 11 wholly owned subsidiaries, among them ValGrace Investments (Pty) Ltd, Mistlands Timber (Pty) Ltd and Sunningdale Farm (Pty) Ltd, which together are the largest in terms of share value. All 11 subsidiaries have a collective share value of R2,6 million.

The overall performance of Safcol is satisfactory considering its strong balance sheet at 30 June 2002. In 2002, Safcol reported a net profit of R32,9 million. The company declared a special restructuring dividend of R66,7 million. The dividend was declared by the company in a general meeting on 14 November 2001 and paid to the shareholder on 16 November 2001 from the proceeds of the Siyaqhubeka restructuring transaction. This resulted in Safcol reporting a retained loss of R33,7 million. The company had no government guarantee as at 30 June 2002.

Included in the operating profit were a number of non-recurring items, including an amount of R45,6 million that relates to the total profit on disposal of assets. The sale of assets relates to the sale of operations in KwaZulu-Natal to Siyaqhubeka Forests for a profit of R69,1 million. The combined Eastern Cape North operations of Safcol and the Department of Water Affairs and Forestry were sold to Singisi Forest Products for a loss of R23,5 million. Also included was the reversal of a general insurance fund provision of R53,1 million for 2001. Provision for termination benefits to the value of R62,5 million were also taken into account. Impairment write-offs of property, plant and equipment amounted to R17,8 million. A loss of R2,3 million with corporatisation was also accounted for under non-recurring items. The items listed above collectively accounted for a R16,1 million positive impact on the operating profit figure of R44,4 million.

Transnet

Transnet Limited is the holding company behind South Africa's largest transport businesses and consists of ten divisions – Spoornet, Port Authority, Port Operations, Freight Dynamics, Petronet, Metrorail, Propnet, Transtel, Transwerk and South African Airways. Overall revenue and operational profits increased dramatically during 2002/03, mainly due to real growth in volumes in aviation, maritime and rail services, and the implemented cost-cutting and efficiency measures. Net profit from the sale of subsidiaries, associates and divisions amounted to R2,8 billion, and the disposal of the MTN Group Limited shares resulted in an impairment of investment of R991,0 million.

The group remains plagued by a high gearing ratio (61,0 per cent), which is also severely affected by foreign currency exposures. The current gearing of the group limits financial stability and affects capital expansion due to the cash-flow constraints caused by debt and interest obligations. Other, even more costly, debt facilities are therefore used to finance long-term activities. Typically, short-term debt will be replaced by interest-bearing long-term debt to alleviate cash-flow problems.

At 31 March 2003, Transnet had a total asset base of R68,8 billion and total debt of R51,1 billion. It reported a turnover of R41,2 billion and a net loss of R421,0 million. The loss for the Transnet group is mainly due to the total loss of R6,0 billion declared by South African Airways (Pty) Ltd, of which R5,4 billion was a result of the derivative loss disclosed in terms of AC133 (the accounting statement for financial instruments including derivatives). Despite the loss, Transnet still managed to post an operating profit, before miscellaneous revenue and retirement cost, of R5,0 billion – a dramatic increase from the previous figure of R1,4 billion, and Transnet's best ever result.

Annexure

Vote 9: Public Enterprises

Table 9.7: Summary of expenditure trends and estimates per programme

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

Table 9.9: Summary of personnel numbers and compensation of employees

Table 9.10: Summary of expenditure on training

Table 9.11: Summary of information and communications technology expenditure

Table 9.12: Summary of official development assistance expenditure

Table 9.7: Summary of expenditure trends and estimates per programme

	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2000/01	2001/02	2002/03					2004/05	2005/06	2006/07
R thousand										
1 Administration	23 421	26 171	29 290	27 621	4 180	31 801	31 801	30 048	31 223	30 776
2 Restructuring of State-Owned Enterprises	5 988	162 726	171 515	16 902	28 532	45 434	45 434	25 446	25 631	26 325
3 Performance Monitoring and Benchmarking	2 952	5 058	6 248	11 742	(4 461)	7 281	7 281	16 359	17 603	18 355
4 Policy Development and Business Planning	1 951	2 460	3 247	3 940	(328)	3 612	3 612	4 135	5 025	4 849
Total	34 312	196 415	210 300	60 205	27 923	88 128	88 128	75 988	79 482	80 305
Change to 2003 Budget Estimate						27 923	27 923	11 806	11 392	

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

	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2000/01	2001/02	2002/03					2004/05	2005/06	2006/07
R thousand										
Current payments										
Compensation of employees	12 166	20 422	25 525	32 467	-	32 467	32 467	42 825	44 313	46 972
- Salaries and wages	11 127	18 576	23 123	30 910	(110)	30 800	30 800	40 424	41 683	44 184
- Social contributions	1 039	1 846	2 402	1 557	110	1 667	1 667	2 401	2 630	2 788
Goods and services	17 598	171 970	181 678	27 089	19 581	46 670	46 670	25 060	28 129	31 394
Interest and rent on land	-	-	-	-	-	-	-	-	-	-
- Interest	-	-	-	-	-	-	-	-	-	-
- Rent on land	-	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities										
Unauthorised expenditure										
Total current payments	29 764	192 392	207 203	59 556	19 581	79 137	79 137	67 885	72 442	78 366
Transfers and subsidies to:										
Provinces and municipalities										
- Provinces	35	60	73	99	-	99	99	129	133	144
- Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-
- Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-
- Municipalities	35	60	73	99	-	99	99	129	133	144
- Municipalities	35	60	73	99	-	99	99	129	133	144
- Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts										
- Social security funds	-	-	1 500	-	8 342	8 342	8 342	6 922	5 626	437
- Departmental agencies (non-business entities)	-	-	1 500	-	8 342	8 342	8 342	6 922	5 626	437

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

	Expenditure outcome				Medium-term expenditure estimate					
	Audited	Audited	Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03							
R thousand					2003/04					
Universities and technicians	-	-	-	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-
- Public corporations	-	-	-	-	-	-	-	-	-	-
- Subsidies on production	-	-	-	-	-	-	-	-	-	-
- Other transfers	-	-	-	-	-	-	-	-	-	-
- Private enterprises	-	-	-	-	-	-	-	-	-	-
- Subsidies on production	-	-	-	-	-	-	-	-	-	-
- Other transfers	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-
- Social benefits	-	-	-	-	-	-	-	-	-	-
- Other transfers to households	-	-	-	-	-	-	-	-	-	-
Total transfers and subsidies	35	60	1 573	99	8 342	8 441	8 441	7 051	5 759	581
Payments on capital assets										
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
- Buildings	-	-	-	-	-	-	-	-	-	-
- Other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 513	3 963	1 524	550	-	550	550	1 052	1 281	1 358
- Transport equipment	-	-	-	-	-	-	-	-	-	-
- Other machinery and equipment	4 513	3 963	1 524	550	-	550	550	1 052	1 281	1 358

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

	Expenditure outcome				Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand				2003/04				
Cultivated assets	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	
Of which: Capitalised compensation	-	-	-	-	-	-	-	
Total payments on capital assets	4 513	3 963	1 524	550	1 052	1 281	1 358	
Total	34 312	196 415	210 300	60 205	88 128	79 482	80 305	

Table 9.9: Summary of personnel numbers and compensation of employees¹

Personnel numbers	2000/01	2001/02	2002/03	2003/04	2004/05
1 Administration	56	66	76	75	80
2 Restructuring of State-Owned Enterprises	24	37	36	35	39
3 Performance Monitoring and Benchmarking	4	15	31	19	35
4 Policy Development and Business Planning	3	6	8	12	13
Total	87	124	151	141	167
Total compensation of employees (R thousand)	12 166	20 422	25 525	32 467	42 825
Unit cost (R thousand)	139.8	164.7	169.0	230.3	256.4

¹ Full-time equivalent

Table 9.10: Summary of expenditure on training

	Expenditure outcome						Medium-term expenditure estimate		
	Audited		Preliminary outcome		Adjusted appropriation	Medium-term expenditure estimate			
	2000/01	2001/02	2002/03	2003/04		2004/05	2005/06	2006/07	
R thousand									
1 Administration	1 150	1 597	1 012	1 662	1 950	2 045	2 124		
2 Restructuring of State-Owned Enterprises	-	118	564	-	-	-	-		
3 Performance Monitoring and Benchmarking	-	320	223	-	-	-	-		
4 Policy Development and Business Planning	-	85	166	-	-	-	-		
Total	1 150	2 120	1 965	1 662	1 950	2 045	2 124		

Table 9.11: Summary of information and communications technology expenditure

	Expenditure outcome						Medium-term expenditure estimate		
	Audited		Preliminary outcome		Adjusted appropriation	Medium-term expenditure estimate			
	2000/01	2001/02	2002/03	2003/04		2004/05	2005/06	2006/07	
R thousand									
1 Administration									
Technology	-	1 615	1 595	1 004	1 130	1 198	1 270		
IT services	-	1 087	642	315	380	403	427		
	-	528	953	689	750	795	843		
2 Restructuring of State-Owned Enterprises									
Technology	-	152	10	11	11	12	13		
IT services	-	142	-	-	-	-	-		
	-	10	10	11	11	12	13		
3 Performance Monitoring and Benchmarking									
Technology	-	123	179	266	250	265	281		
IT services	-	105	161	247	224	239	253		
	-	18	18	19	26	26	28		
4 Policy Development and Business Planning									
Technology	-	59	187	64	106	112	119		
IT services	-	52	180	53	96	100	106		
	-	7	7	11	10	12	13		
Total	-	1 949	1 971	1 345	1 497	1 587	1 683		

Table 9.12: Summary of official development assistance expenditure

Donor	Programme / project name	Cash or kind	Expenditure Outcome					Medium-term expenditure estimate				
			2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07			
R thousand												
DFID	Support to department	Kind	-	-	-	-	-	-	-	-	-	-
	Energy sector specialist		-	228	-	-	-	-	81 600	-	-	-
	Ports specialists		-	932	296	-	-	-	-	-	-	-
	ODI		-	426	-	-	-	-	-	-	-	-
	Corporate governance		-	267	-	-	-	-	-	-	-	-
	Performance monitoring		-	116	-	-	-	-	-	-	-	-
	Training		-	-	442	-	-	-	-	-	-	-
	Training		-	58	407	-	-	-	-	-	-	-
	Project management system		1 733	3 984	-	-	-	19 036	-	-	-	-
	Ports study		361	-	-	-	-	-	-	-	-	-
	Preliminary study of ports restructuring		135	78	-	-	-	-	-	-	-	-
	Corporate governance		-	200	-	-	-	-	-	-	-	-
	Audit of SOEs		775	-	-	-	-	-	-	-	-	-
Training of SOEs directors		2 510	-	-	-	-	-	-	-	-	-	
Database enhancements		-	179	-	-	-	-	-	-	-	-	
		149	-	-	-	-	-	-	-	-	-	
Total		5 663	6 468	1 145	-	100 636	3 750	-	-	-	-	