

ANNUAL REPORT

2016 | 2017



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

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PART A

GENERAL INFORMATION



1. DEPARTMENT'S GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS / ACRONYMS

Below is a glossary of acronyms used in the Department of Public Enterprises:

AFS	Annual Financial Statement
AFDB	African Development Bank
AGM	Annual General Meeting
APP	Annual Performance Plan
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
CS	Corporate Services
CSI	Corporate Social Investment
CSDP	Competitive Supplier Development Programme
COE	Compensation of Employees
DAFF	Department of Agriculture, Forestry and Fisheries
DBSA	Development Bank of South Africa
DCT	Durban Container Terminal
DDG	Deputy Director-General
DG	Director-General
DM	Deputy Minister
DMR	Department of Mineral Resources
DOD	Department of Defence
DPE	Department of Public Enterprises
DPSA	Department of Public Service and Administration
EDI	Electricity Distribution Industry
EE	Economic Equity
EIA	Environmental Impact Assessments
EIPA	Economic Impact and Policy Alignment
EMP	Environmental Management Plan
ERM	Enterprise Risk Management
EXCO	Executive Committee
FET	Further Education and Training
GCIS	Government Communications and Information Systems
HR	Human Resources
IGR	Inter-Governmental Relations
IRP	Integrated Resource Plan
ISMO	Independent System and Market Operator
ESEID	Economic Sectors, Employment and Infrastructure Development Cluster
JV	Joint Venture
KLF	Komatiland Forests
KPI	Key Performance Indicator
MISS	Minimum Information Security Standards
MPAT	Management Performance Assessment Tool
MOI	Memorandum of Incorporation
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework



MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NFLS	National Freight Logistics Strategy
NGP	New Growth Path
NMPP	New Multi-Product Pipeline
NSF	National Skills Fund
NSG	National School of Governance
NT	National Treasury
OEM	Original Equipment Manufacturing
OPP	Operational Performance Plan
PFMA	Public Finance Management Act
PPP	Public-Private Partnerships
PSJV	Pooling and Sharing Joint Venture
PSP	Private Sector Participation
RMC	Richtersveld Mining Company
SAFCOL	South African Forestry Company Limited
SARA	Small African Regional Aircraft
SAX	South African Express Airways
SCM	Supply Chain Management
SID	Strategically Important Developments
SHC	Shareholder Compact
SIP	Supply Integrated Programme
SLA	Service Level Agreement
SMF	Significant and Materiality Framework
SOC	State Owned Company
TEUs	Twenty Feet Equipment Unit
TNPA	Transnet National Ports Authority
TOR	Terms of Reference
TFR	Transnet Freight Rail



MS LYNNE BROWN, MP
Minister

3. FOREWORD BY THE MINISTER

When I tabled the Annual Performance Plan and Medium Term Strategic Plan for the Department at the beginning of the period under review, I noted that they were introduced in a constrained and contested environment.

The South African economy had shown only sluggish growth since the global downturn of 2008/2009, and some sectors of society continued to advocate for the privatisation of certain State-Owned Companies (SOCs).

I emphasised, however, that in South Africa where the major part of the economy is controlled by the minority of the population, SOCs in the Department of Public Enterprises portfolio, with collective assets worth more than 1-trillion rand, had important roles to play in accelerating the development of the economy, and ensuring poverty alleviation, inclusive growth and socio-economic transformation.

I underscored the important role that SOCs play in a developmental state, generally, and specifically in supporting the attainment of the development goals defined in the National Development Plan.

To achieve these objectives, SOCs are required to be cognisant of the need to address two critical factors:

- The creation of a supportive policy framework to enable SOCs to diligently execute their mandates; and
- Coherence within Government on the role of SOCs, and the development of new architecture in the Shareholder Function to support the implementation of national policies.

Pursuant to the achievement of these goals I am pleased to announce a significant milestone in the SOC Reform Project. The principles of the new Shareholder Policy were approved by Cabinet in the last financial year.

The policy is meant to improve the performance of SOCs as well as to strengthen and sharpen Government's role as shareholder, regulator and policy maker in the governance of SOCs.

The Department will continue to engage stakeholders and accelerate its efforts to introduce a Draft Shareholder Management Bill during the 2017/18 financial year.

The Ministry and the Department's work in this domain forms an integral part of the wider national developmental agenda – and the re-energisation of SOCs within and outside the Ministry's portfolio.



Cabinet's approval in the year under review of the new SOC Remuneration and Incentives Standards for Non-Executive Directors, Executive Directors and Prescribed Officers (Rem Standards) was an important milestone.

The Rem Standards will help to ensure that SOCs are properly managed and directed to effect transformation of the economy, while remaining financially viable. Performance incentives of SOCs' executives will be transparently and directly linked to this desired outcome.

The lower than expected levels of economic growth registered in the period under review presented unique challenges for each of the SOCs in the Public Enterprises' portfolio.

Most of them nonetheless managed to achieve the necessary levels of operational and financial sustainability to lay a solid foundation for productive sectors to provide support in placing the economy on a recovery trajectory.

To this end, Eskom has managed to turn-around generation performance from the verge of collapse to a situation where in the country has surplus energy that exceeds demand by approximately 4000MW on any given day.

The new build programme has progressed, with Ingula now in full operation, Medupi Units 5 and 6 in commercial operation, and Kusile Unit 1 synchronised and undergoing optimisation tests. The benefits of this massive infrastructural investment will not only accrue to South Africa, but also to the Southern African region and the Continent as a whole.

Transnet also registered great successes in expanding its continental footprint. The company is negotiating partnerships with seven other African countries to address the continent's freight infrastructure deficit, and delivered 37 passenger locally engineered and manufactured coaches to Botswana Railways in the period under review.

The Road-to-Rail migration strategy also gained traction with approvals being granted for the revitalisation of three Branch Lines. This demonstrates government's commitment to re-industrialising the local economy, using SOCs as catalysts of transformation of the country's economic landscape.

SA Express was severely affected by challenging economic conditions over the past financial year. However, the company continued to demonstrate the important role it plays as the State's regional airline pathfinder and expander by developing routes that have since seen the entrance of new, private players.

Through collaboration with National Treasury, great strides have been achieved in the development of a strategy to restructure all South African State-Owned Airlines under the Executive Authority of the Ministry of Finance: SA Express, Mango and SAA.

Once completed, the Optimal Structure of Airlines should sustainably address the financial sustainability challenges that SA Express continues to grapple with.

Denel, SAFCOL and Alexkor remain on sound financial footing and continue to play a critical developmental role relating to among others, skills development, community development, and job creation.

Despite the constrained environment, the six SOCs holistically managed to produce a total of 10 655 graduate trainees from a variety of programmes in the last financial year.

The Department deepened its programmatic delivery under the administrative stewardship of the Accounting Officer, Mr Richard Mogokare Seleke, who, in his first full financial year with the Department, has managed to ensure that the leadership collective and staff work tirelessly to serve the public.

I am therefore confident that in the remaining MTSF period the work of the Department and the Ministry will continue to resonate with the struggles of South Africans to ensure that the promise of a "better life for all" is achieved.

Ms Lynne Brown MP
Minister of Public Enterprises



MR DIKOBEN BEN MARTINS, MP
Deputy Minister

4. DEPUTY MINISTER'S STATEMENT

The Annual Report provides an opportunity for the Department to reflect and report on the progress made with regard to the implementation of the Department's strategic objectives in the 2016/17 financial year. The report also highlights the Department's undertakings to execute on Government's key priorities and the important role it played in tandem with state owned companies (SOCs) as strategic drivers of the development programmes that aim to change the socio-economic landscape of our country.

The Department and SOCs deployed resources to unlock investment opportunities and to inter-alia contribute towards job creation, skills development and poverty alleviation. This was done recognising that concerted efforts are to be made on empowering previously marginalized sectors of society while also striving to maintain good governance as well as operational and financial stability across all SOCs.

The socio-economic impact of the portfolio of enterprises under the Ministry was further highlighted by the critical role Denel plays in supporting previously disadvantaged communities to access education, particularly in the areas of Physical Science and Mathematics. In this regard, Denel's initiatives contributed immensely towards the 93.2% matric pass rate achieved by the Free State province. This demonstrates that SOCs remain catalysts of

socio-economic transformation. Furthermore, Denel managed to further grow its revenues that have doubled from R3.9 billion in 2013 to R8.2 billion in 2016, which is testimony that the company possesses capabilities that remain competitive in the defence industry and critical to the country's sovereign security.

Alexkor's diamond operations almost doubled the company's revenues which increased from R386.5 million in the 2015/16 financial year to R758 million in the 2016/17 financial year. Furthermore, the Department completed studies on Richtersveld Diamond Deposit and the study confirmed that there is an opportunity to extend the life of the Alexkor Pooling and Sharing Joint Venture (Alexkor PSJV) diamond operations beyond the current estimated 10 years life of the mine. This should augur well for the creation of sustainable job opportunities for the youth in the area, local economic development and the primary livelihood of the Richtersveld community.

SAFCOL's business remained stable in the period under review and it was able to sustain itself without Government's support. The Board has developed a growth strategy, which has been assessed by the Department and approved by the Minister. A structure to support the strategy's implementation was also approved.



Progress has also been made to implement the Skills Development strategy through the SOC programmes. To date, Transnet celebrated the graduation of 513 graduates from the School of Maritime with qualifications ranging from marine pilots, tug masters, engineers and operators. Similarly, South African Express Airways (SAX) has created a skills pipeline to address the transformation requirements of the airline industry. In this regard, the Cadet Pilot Programme has continued to play a pivotal role in the strategic employment of black aviation professionals, particularly woman and youth. In aggregate, the six SOCs have enrolled 8 391 trainees in various scarce jobs and critical skills programmes, which further exemplifies the importance of SOCs as catalysts of transformation.

While the private sector was shedding jobs, the work of the Department and the Ministry ensured that SOCs solidified their roles and importance, particularly during challenging times that the country has experienced in the last couple of years. All the SOCs demonstrated their commitment to ensure that their retention as state owned assets resonated with the challenges faced by many ordinary citizens.

Against this background, in the past year the department together with the SOCs initiated the Provincial Engagement Programme to facilitate collaboration with Provincial Governments in order to create synergies with various state institutions and to fast-track the implementation of important SOCs' projects. To date, closer collaboration has been established with seven (7) provinces, namely Gauteng, Free State, Northern Cape, Eastern Cape, Limpopo, Mpumalanga and North West.

The engagement programme has yielded the successful launch of Matlabas Loop in Lephalale, which forms part of Transnet's expansion programme of the Waterberg Railway Line. The project entails constructing a long passing loop at Matlabas, thus making it possible for a 100 wagon train to cross without disrupting the operation of other trains on the line. The increased rail capacity, which commences in Lephalale (Limpopo) will pass through North-West, Gauteng, Mpumalanga and end in Richards Bay Coal Terminal in KwaZulu-Natal. The expansion will increase the coal handling capacity from 400 000 tonnes to 2 million tonnes of coal per annum.

Work meant to drive SOCs to contribute meaningfully towards job creation, poverty alleviation and inclusive growth will continue in the remaining MTEF period. Achieving developmental objectives has been enhanced by Cabinet's approval of the Rem Standards that are meant to incentivize the alignment between SOCs' performance and government immediate objectives as set out in the NDP.

Mr Dikobe Ben Martins MP

Deputy Minister of Public Enterprises



MR MOGOKARE RICHARD SELEKE
Accounting Officer

5. REPORT OF THE ACCOUNTING OFFICER

Operations and Strategic Overview

The year under review and the last preceding have seen an increase in the challenges facing the economy. The country's GDP growth for 2016 was initially forecast at 1.3%, which is among the assumptions that the Annual Performance Plan and the Shareholder Compacts agreed between the Minister and the Boards of SOCs were based on. However, the outlook continued to deteriorate as demonstrated by growth estimates that were revised to 0.9% while the actual growth averaged 0.6% during the period under review.

As a result, the Department and SOCs had to explore and invoke new ways of overcoming challenges in the operating environment. Among others, the Department established partnerships with universities in order to bring in research capabilities and expertise that will help intensify the department's programme delivery. The arrangement has mutual benefits to both parties as the financial resources availed to universities will alleviate their financial strain while the Department will in the long term manage to enhance its internal capabilities. These efforts directly correlate with

government's primary objectives relating to the desire to reduce the use of consultants, to build a capable state and to avail more resources towards the education of the youth that comes from disadvantaged backgrounds.

Despite the challenges, the Department has always recognised the need to boost confidence in the economy by driving SOCs to undertake prudent investments and by fostering greater collaboration across the SOCs within the Ministry in order to unlock additional levers that can drive inclusive growth and transformation of the country's economy as envisioned by the NDP. To date, the work of the Ministry, the Department and Eskom has seen the conversation around security of energy supply change from load shedding to how to stimulate energy demand across key sectors of the economy. The surplus energy also means that the 2020 goal of universal access and the provision of affordable electricity to all citizens should therefore be achievable. In essence, the country is therefore ready to holistically harvest the benefits of surplus electricity that should enable the economy to grow more rapidly as the conditions improve and also intensify regional integration efforts. To this end, the



Department developed the Africa Strategy in the last financial year in order to guide and support SOCs as they pursue investment opportunities and expand their footprint across Africa.

Work also continued to ensure that the role of SOCs features more prominently during challenging times, hence in collaboration with various Provinces, that were led by their respective Premiers, multi-year initiatives were launched to inter alia stimulate rural economic growth; develop rural manufacturing capabilities; improve the ease of doing business; and increase the footprint of and/impact of all SOCs under the Ministry. The NDP makes it clear that rural communities have long been marginalised therefore, to ensure that their living conditions do not worsen, the work started during the 2016/17 financial year continues in order to reduce unemployment, poverty and inequality.

The state's ability to ensure that executives in SOCs remain committed to and are directly accountable for delivering on government's socio-economic objectives received a major boost when the Remuneration and Incentives Standards for Executive Directors, Prescribed Officers and Non-Executive Directors (Remuneration Standards) developed by the Department were approved by Cabinet. The Remuneration Standards will apply to all Schedule 2 and 3 SOCs that provide critical services to the economy and thus should eliminate excessive and unjustified executives' remuneration that is not directly linked to the objective of utilising SOCs as instruments of rapid transformation of the country's socio-economic strata.

A significant milestone was reached when Cabinet approved the Government Shareholder Management Policy that outlines the rationale for continued state ownership of strategic assets given the current levels of socio-economic development. The approval paves the way for inter-alia, the development of a single overarching legislation that defines, separates and strengthens government's role as shareholder, policy maker and regulator of

SOCs. The policy is meant to foster coherence in the exercise of oversight of the State's strategic assets as well as to improve governance and development oriented performance of SOCs.

While work continues to reform the oversight model, the Department continued to leverage the existing legislative framework to promote accountability and transparency across all SOCs under the Ministry. The Shareholder's Compact remained the key instrument that the Department used to ensure that SOCs remain agile to expectations despite the prevailing economic conditions by addressing challenges and exploiting opportunities that emerged during the period under review. The need to ensure that SOCs remain financially sound while still optimally playing their developmental role continued to receive an enhanced focus in the period under review.

Accordingly, in line with the agreed contract between the Minister and the Board of Transnet, the company was driven to improve vessel turnaround time at ports of entry, which forms part of initiatives relating to Operation Phakisa. The efficiencies gained come on the back of R28 billion capital expenditure across the group for the year ended 31 March 2017 while the cumulative figure is R148 billion since the 2012/13 financial year. The company also managed to move 219 million tons of cargo across its freight system as a result of increased capacity in inland terminals and acquisition of new locomotives. Notwithstanding this, the country's freight logistics system still faces challenges as evidenced by 890 million tons of cargo that was moved on road in the period under review.

The work the Department completed on the National Freight Logistics Strategy (NFLS) and the establishment of the Rail Economic Regulator brings insights that if synthesised accordingly, should enable government to address the existing transport modal imbalance. In this regard, the capability and capacity Transnet has built since 2012 stands readily available to benefit the public, private sector and the country's general socio-economic objectives such as the desire to reduce road fatalities, maintenance costs, taxes, and congestion.



In addition, the Department in partnership with National Treasury achieved a critical milestone when it developed an Optimal Corporate Structure that is aimed at addressing the structural challenges that are impacting on the performance of state owned airlines, namely South African Airways and Mango that are under the shareholder oversight of NT as well as South African Express Airways that is under

the Executive Authority of the Ministry of Public Enterprises. The reform of the airlines will further assist in the rearrangement of the state owned airline asset portfolio and improvement of the operational business models. The revised structure is inter-alia envisioned to create efficiencies and lessen the airlines' reliance on government's support.

5.1. Overview of the financial results of the department

5.1.1 Departmental receipts

Departmental receipts	2016/2017			2015/2016		
	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(over)/under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	288	75	214	366	72	294
Transfers received	244	-	244	244	-	244
Interest, dividends and rent on land	11	1	10	11	7	4
Sales of capital assets	300	-	300	300	187	113
Financial transactions in assets and liabilities	240	5 136	(4 896)	240	3 111	(2 871)
TOTAL	1 083	5 212	(4 128)	1 161	3 377	(2 216)

Revenue narrative

The Department does not generate revenue as this area (revenue collection) is not part of its core function. Revenue collected during the year through the financial transactions in assets and liabilities relates to a refund of R4.6 million received from the Department of Government Communication and Information System.

5.1.2 Programme expenditure

Programme name	2016/2017			2015/2016		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	155 792	153 788	2 004	161 874	145 760	16 114
Legal and Governance	25 906	23 303	2 603	23 509	19 730	3 779
Portfolio Management and Strategic Partnerships	86 278	76 688	9 590	23 117 211	23 094 185	23 026
Total	267 976	253 779	14 197	23 302 594	23 259 675	42 919



Expenditure narrative

The Department has spent 94.7% (R253.8 million) of its total budget for the 2016/17 financial year. The under expenditure of 5.3% (R14.2 million) primarily relates to compensation of employees, resulting from vacant posts.

5.1.3 Virements

Virements of R1.2 million was made between three programmes during the adjustment budget in September 2016. This was due to the function shift which resulted in movement of posts within the Department.

5.1.4 Roll-overs

There was no roll-over request submitted to National Treasury (NT).

5.1.5 A description of the reasons for unauthorised, fruitless and wasteful expenditure and the amount involved as well as steps taken to address and prevent a recurrence

The Department has no unauthorised expenditure. The fruitless and wasteful expenditure of R14 886.50 was incurred during the 2016/17 financial year and consists of matters related to travel and accommodation expenditure such as non-arrival charges (no shows) and cancellation fees. The Department has subsequently instated measures to monitor, detect and deal with fruitless and wasteful expenditure. During the course of the year, various amounts in terms of “no shows” were transferred to receivables for recovery.

5.1.6 Future plans of the Department

In the remaining MTSF period, the Department will continue to pursue key initiatives that are geared to enhance the governance of SOCs and to optimise their socio-economic impact. The development of the Shareholder Management Bill is an area that will continue to receive enhanced focus from the Department and Cabinet.

Furthermore, the Department will work with Denel to secure the funding required to sustain the level of performance and impact it has demonstrated in the last few years as well as the need to ensure that the company is well-positioned to further utilise its capabilities to further grow its revenues. The review of some of the SOCs’ operating models and/or structures as well as the enhancement of their capabilities will feature prominently in the 2017/18 financial year. Among others, will be the finalisation of the appropriate structure for the State-owned airlines and the review of SAFCOL’s Sawlog allocation model.

Infrastructure remains the backbone of the country’s economy. Hence the Department will continue to focus on ensuring that Eskom’s Build Programme (Medupi and Kusile) is delivered successfully. In addition, work will commence in ensuring that Transnet’s City Deep inland intermodal facility is optimised to support the road-to-rail migration that is key to alleviating road infrastructure challenges the country is currently facing.

In the main, the projects to be undertaken by the Department in the 2017/18 financial year will seek to promote the SOCs financial stability, advance re-industrialisation of the South African economy and improve the commercial viability of SOC operations.



5.1.7 Public-Private Partnerships (PPPs)

The Department has no PPPs registered with NT.

5.1.8 Discontinued activities/activities to be discontinued

The Department has neither discontinued activities nor activities to be discontinued.

5.1.9 New or proposed activities

The Department has neither new nor proposed activities.

5.1.10 Supply chain management

The Department did not experience unsolicited bid proposals during the 2016/17 financial year. Three bid committees (i.e the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee) have been established to ensure compliance in the bidding process. The implementation of the Departmental financial and supply chain management policies and delegations help to prevent irregular expenditure.

5.1.11 Gifts and donations received in kind from non-related parties

There are no goods and services received by the Department from parties other than the related parties.

5.1.12 Exemption and deviations received from National Treasury

The Department received no exemption from NT except for the deviation from the bidding process which is in accordance with Treasury Regulations and Treasury Instruction number 3 of 2016/17.

5.1.13 Events after the reporting date

There are no events after the reporting date.

5.1.14 Other

There are no other material facts or circumstances to be reported.

5.2 Acknowledgement or appreciations

I wish to express my gratitude to the Minister and Deputy Minister for their leadership and guidance in advancing the realisation of the Department's vision during the period under review. I would also like to thank the staff of the Department for their hard work and dedication that enabled the Department to achieve its objectives.

5.3 Conclusion

The Department will undertake the implementation of the annual commitments to achieve the implementation of its plans for the next financial year.

Mr Mogokare Richard Seleke
Accounting Officer



6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

I acknowledge and confirm that to the best of my knowledge and belief:

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report has been prepared in accordance with the Guidelines on Annual Reports issued by NT.
- The Annual Financial Statements (AFS) have been prepared in accordance with modified cash standards and relevant frameworks and guidelines issued by the NT.
- There are systems of internal control established and implemented to provide reasonable assurance to the integrity and reliability of the performance information, human resource information and AFS.

In my opinion, the Annual Report fairly reflects the performance information, human resource information and financial affairs of the Department for the financial year ended 31 March 2017.

Yours faithfully

Mr Mogokare Richard Seleke

Accounting Officer

31 July 2017





7. STRATEGIC OVERVIEW

7.1 Vision

To drive investment, productivity and transformation in the Department's portfolio of SOCs, their customers and suppliers so as to unlock growth, drive industrialisation, create jobs and develop skills.

7.2 Mission

The SOCs are strategic instruments of industrial policy and core players in the New Growth Path (NGP). The Department aims to provide decisive strategic direction to the SOCs, so that their businesses are aligned with the national growth strategies arising out of the NGP. It will do this by ensuring that their planning, investments and activities are in line with Government's MTSF and the Minister's delivery agreement commitments.

7.3 Values

Bold – We must dare to be brave.

Professional – We must deliver work that reflects a professional level of care and skill.

Caring – This must be expressed in how we watch over and support the Department's people.

Integrity – We must do the right thing irrespective of implications.

Fun – Create an environment where people look forward to coming to work.

Passion – We are out to make the South African economy competitive. This requires high passion.

Batho Pele principles – guide our engagement.

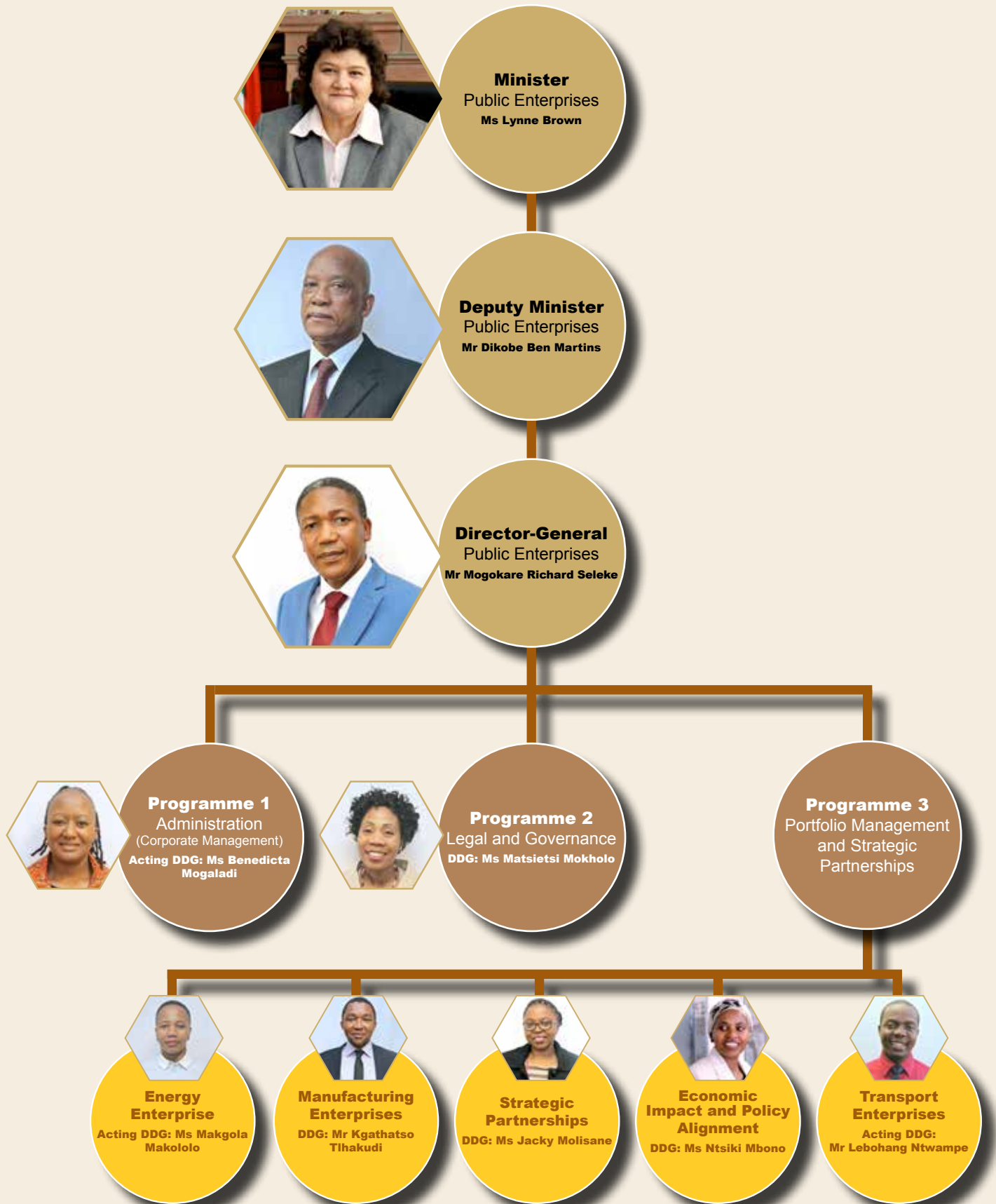
8. LEGISLATIVE AND OTHER MANDATES

The Department exercises shareholder oversight on six SOCs. All the SOCs are incorporated as companies in accordance with the provisions of the Companies Act, (Act 71 of 2008). Except for Denel, all the SOCs are established in terms of their own enabling legislation which sets out the purpose, mandate and objectives for which they were founded. The Department is the administrator and custodian of all legislation in relation to the establishment of SOCs.

The Public Finance Management Act (ACT 1 of 1999) (PFMA)

In terms of Section 63 (2) of the PFMA (1999), as amended, the Minister of Public Enterprises has, *inter alia*, the responsibility of ensuring that the SOCs comply with the PFMA.

9. ORGANISATIONAL STRUCTURE





10. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister:

Name of entity		Legislative mandate	Financial relationship	Nature of operations
Alexkor		Alexkor Limited Act (Act 116 of 1992)	Shareholder representative	Alexkor mines diamonds in the Alexander Bay area, including marine mining and land mining.
Denel		None	Shareholder representative	Denel supplies the South African Defence Force with strategic and sovereign capabilities. It also plays a major role in contributing to the development of South Africa's advanced manufacturing capabilities.
South African Express (SAX)		South African Express Act (Act 34 of 2007)	Shareholder representative	SAX operates regional and domestic flights from OR Tambo International Airport in Johannesburg, serving secondary routes in South Africa and Africa.
South African Forestry Company Limited (SAFCOL)		Management of State Forests Act (Act 128 of 1992)	Shareholder representative	SAFCOL manages and develops commercial forests. The company's activities include forestry management and timber harvesting and processing.
Eskom		Eskom Conversion Act (Act 13 of 2001)	Shareholder representative	Eskom generates 95 percent of the electricity used in South Africa and 45 percent of the electricity used in Africa.
Transnet		Legal Succession to the South African Transport Services Act (Act 9 of 1989)	Shareholder representative	Transnet is the largest and most crucial part of the freight logistics chain that delivers goods in South Africa.



PART B

PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES

The AGSA currently performs certain procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management.

Refer to page 94 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service delivery environment

The operating environment changed significantly during the course of the year as the economy grew below the level of projections that the APP was premised on at the beginning of the 2016/17 financial year. Therefore, naturally it would be expected that as business enterprises, the companies under the Ministry also faced additional challenges than originally anticipated at the beginning of the financial year.

The situation was made difficult by the inability to recruit critical human resources that would have supported optimum delivery of some of the APP targets. Notwithstanding the above, the available pool of resources were optimally utilised to ensure that the SOCs were driven to create and demonstrate value to the public during challenging times.

Stakeholder engagement initiatives were deepened in order to improve the footprint and impact of its SOCs at community level. Among others, the Corporate Social Investment (CSI) initiatives that were prioritised and approved for implementation cut across seven provinces, namely Limpopo, Mpumalanga, Free State, North-West, Northern Cape, Eastern Cape and Gauteng.

2.2 Service Delivery Improvement Plan (SDIP)

The Department completed the first draft of its SDIP as required by the Department of Public Service and Administration (DPSA). Although certain challenges were raised by the DPSA, the Department is currently working on a new three-year cycle of the SDIP 2018/19 – 2019/20. All the inputs from DPSA will be incorporated into the new plan. The new plan will focus on setting standards for the exercise of the oversight function in line with the legislative requirements and improving the interaction between the general public and the SOCs.

2.3 Organisational environment

During the year under review, the Department conducted an organisational re-alignment exercise to strengthen and enhance the existing structure. The re-alignment process seek to drive the operational efficiency that will improve the Department's ability to support the oversight functions of the SOCs. The Departments' initiatives to reform the governance of the SOCs informed the review of the organisational architecture to determine the extent to which the Department is structurally configured to deliver on its mandate. The development of the business case of the organisational architecture and the post establishment structure was finalised. During the 2016/17 financial year, the Department realised a budget cut on Compensation of Employees (COE). However, the Department continued to thrive to execute its mandate under the resource constraints.

2.4 Key policy developments and legislative changes

There were no policies or legislations that affected the departmental operations during the year under review.



3. STRATEGIC OUTCOME ORIENTED GOALS

The Department plays an instrumental role in supporting the priorities as set out in Chapter 4 of the NDP, which points to Outcome 6 with five sub-outcomes for the MTSF, namely:-

- Regulation, funding and investment improved.
- Reliable generation, transmission and distribution of energy ensured: electricity, liquid fuels, coal, and gas.
- Maintenance, strategic expansion, operational efficiency, capacity and competitiveness of our logistics and transport infrastructure ensured: ports, logistics hubs, road, rail and public transport infrastructure and systems.
- Maintenance and supply availability of our bulk water resources infrastructure ensured: dams and inter-basin transfers, bulk water and wastewater.
- Expansion, modernisation, access and affordability of our information and communications infrastructure and electronic communication services, including broadband and digital broadcasting.

The Department, through its role as the coordinator of Outcome 6, facilitates the implementation of the above-mentioned objectives that seek to achieve an efficient, competitive and responsive economic infrastructure network. SOCs play a central role towards driving the economic growth and investment growth. The delivery of the infrastructure programmes by the SOCs is pivotal towards turning the economy to a different trajectory.

While South Africa has a relatively good core network of national economic infrastructure, the challenge is to maintain and expand it to address the demands of inclusive economic growth. The economy has already been constrained by inadequate investment and ineffective operation and maintenance of existing infrastructure, while productive investment in historically black communities, that continue to face constraints from inadequate logistics, water, waste removal and electricity, is lagging behind. South Africa needs to make large investments to propel economic activity. These need to be made in a structured, considered manner in order to prevent implementation of inappropriate initiatives, protect South Africa's resources and ensure that prioritised investments are efficiently implemented.

Current investment levels are insufficient and maintenance programmes are lagging behind. Given the Government's limited finances, private funding will need to be sourced for some of these investments, and policy planning and decision-making will require trade-offs between competing national goals. The role and effectiveness of sector regulators needs to be reviewed. In addition to issuing licenses and setting tariffs, regulators need to place more emphasis on stimulating market competition, enhancing efficiencies and promoting affordable access to quality services in a manner that supports sustainable development.

3.1 Enhancing Performance of Freight Corridors

Transnet

Transnet spent R21.8 billion on infrastructure investment during the financial year ended 31 March 2017, representing a decline in investment since the previous financial year of R29.8 billion. The reduction was due to lower capacity requirements associated with the contracted economy as well as the substantial optimisation of current infrastructure. The bulk of the R21.8 billion investment was spent on the acquisition of new locomotives and the significant upgrading and maintenance of current infrastructure. In addition, investments were made in the New Multi-Product Pipeline, investment in the manganese rail line expansion and increased ports facilities for the export of manganese at the Port of Ngqura, among other capacity expansion at Transnet's major ports.



Transnet plans to invest an additional R84 billion in infrastructure over the next three years and to sustain and increase capacity on freight rail, ports and pipelines, in line with expected economic growth.

Rail volumes

By the end of the 2016/17 financial year, Transnet Freight Rail (TFR) moved a total of 219 million tons (mt) of rail volumes in the country. The MTSF required TFR to increase tonnage moved on rail from 207mt in 2012/13 to 330mt by end of the 2018/19 financial year. However, due to lacklustre performance in the domestic and global economy, the 2017/18 Corporate Plan projects that Transnet will only achieve 239.3mt instead of 330mt by the end of the 2018/19 financial year.

Increase port productivity

Transnet's performance on average anchorage waiting time, as one of the key ports productivity indicators, has improved significantly across all major or commercial ports. This indicator provides a valuable assessment on how much time vessels spend in South African waters while waiting for an opening by the berths for actual terminal operations. Gross crane moves per hour has also improved in the ports of Cape Town and Ngqura while in the Port of Durban the performance was not as good. Transnet continues to implement initiatives to improve levels of service and productivity in port performance in the country.

3.2 Energy Security Supply

Eskom

Eskom's infrastructural Build Programme will play a critical role in enhancing the economic capacity of South Africa and supporting industries that will ensure improved growth capable of creating employment opportunities. Although the pace of delivering power plants was behind schedule, Eskom have since improved project execution and managed to deliver all Ingula units and Medupi (Unit 5) ahead of the revised schedule. The combined units are supplying around 2 100MW to the grid. The improved delivery of the Build Programme and plant availability has resulted in excess capacity for Eskom, enabling an increase in energy export to regional countries to augment sales revenues.

Government support continues to play a pivotal role in ensuring completion of the infrastructural programme through the extension of the Government Framework Agreement to March 2021. Eskom revised the borrowing programme to R337 billion until 2021/22 to ensure expansion of the generating capacity, strengthening transmission grid and electrification and compliance with regulatory requirements. The investment in capital expenditure will contribute towards the eradication of poverty through employment creation, skills development, localisation and industrialisation.





4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Purpose

Provides strategic management, direction and administrative support to the Department which enables the Department to meet its strategic objectives.

Programme overview

The programme includes the Ministry, the Office of the Director-General and Support Services. The programme currently comprises the following sub-programmes: Ministry; Corporate Services; the Chief Financial Officer; Human Resources; Communications; Strategic Planning, Monitoring and Evaluation; Inter-Governmental and International Relations and Internal Audit.

The Office of the Director-General is responsible for Corporate Management.

Corporate Services is responsible for:

Security and Facilities Management provides a safe and secure environment and internal administration and facilities services to internal customers.

Information Management and Technology oversees Information Technology (IT) infrastructure and support, Records Management and Library Services.

The Office of the Chief Financial Officer is responsible for financial management services to ensure compliance with the PFMA, 1999 and Treasury Regulations; efficient and effective supply chain management services.

Human Resources is responsible for assisting line management to implement operational excellence and for developing the human capital potential in the Department.

Communications is responsible for positioning the Department as an activist shareholder; for making the DPE brand relevant and meaningful to ordinary South Africans; forstoring effective media relations and media communication and for improved employee engagement.

Strategic Planning, Monitoring and Evaluation is responsible for co-ordination, management and oversight of the outcomes-based performance reporting of the Department; implementation of performance monitoring and evaluation processes for individual programmes and business units as a mechanism for measuring delivery of our strategic objectives and for reporting to various stakeholders.

Inter-Governmental and Stakeholder Relations is responsible for coordination, support and provision of advice to the Minister, Deputy Minister, Director-General and the Department on matters related to intergovernmental, international and stakeholder relations.

Internal Audit provides independent and objective assurance and consulting designed to add value and improve the Department's operations and assists the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.



Strategic objectives

Programme 1: Administration					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comments on deviations
Strengthen and enhance internal process flows and systems	None.	4 system improvement projects implemented.	Not achieved.	<p>The delays in procurement processes affected the achievement of the target.</p> <p>The scope of the four projects (SharePoint, Lean, Project Management Office and Enterprise Architecture) had to be re-considered during the performance period owing to the re-alignment of the organisational structure and the relocation of the Department's offices.</p>	<p>Work is at an advanced stage, particularly on the SharePoint system.</p> <p>Work on the remaining projects continues to unfold. However, the timing of the final deliverables will remain aligned to the office relocation and re-alignment of the structure.</p>
Support service delivery through implementation of the Inter-Governmental Engagement Programme	DPE international engagement programme.	DPE inter-governmental engagement programme.	Achieved.	None.	None.



Performance indicators

Programme 1: Administration							
Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/17	Comment on deviations
Inter-Governmental Relations							
DPE Inter-governmental engagement programme	None.	None.	DPE international engagement programme.	Report on the impact of the number of programmes implemented.	Achieved.	None.	None.
Information Management							
Information and Communication Technology (ICT) architecture plan and schedule for implementation	None.	IT independent assessment.	None.	4 system improvements projects implemented focused on business process optimisation and Enterprise Information Portal (EIP).	Not achieved.	<p>The delays in procurement processes affected the achievement of the target.</p> <p>The scope of the 4 projects (SharePoint, Lean, Project Management Office and Enterprise Architecture) had to be re-considered during the performance period owing to the re-alignment of the organisational structure and the relocation of the Department's offices.</p>	<p>Terms of Reference for Lean and Enterprise Architecture have been approved.</p> <p>Terms of Reference for the Project Management Office are still to be finalised.</p> <p>SharePoint was developed and is in the testing stage. It will be finalised in the next financial year.</p>



2016/17 Key achievements

International Relations

The Department successfully coordinated the Minister's working visit to Kenya where a Memorandum of Understanding (MOU) was signed on the LAMU Port (Transnet and Mwalimu Ltd). Working visits were undertaken to Vietnam to explore opportunities in the aqua-culture and shipbuilding industries. Visits were also undertaken in Singapore to look at SOCs management, PPPs and the Special Economic Zones during the year under review.

In addition, visits were undertaken to United States of America to benchmark the efforts of the Department with international best practice in information technology-driven design and innovation. Bilateral engagements were also held with the senior leadership of the key stakeholders in business and government in order to strengthen the partnership between the two countries and to unlock opportunities for SOCs. Furthermore, the Department participated in the BRICS SOC Summit, hosted by the Government of India, to establish a platform of sharing experiences and knowledge in the oversight of SOCs.

Information Management

The Department enhanced its IT infrastructure during the period under review. Among those is "Skype for business" that has been deployed. This has been in response to the need to enhance efficiencies within the Department and to respond to government's call to curb expenditure relating to travel and accommodation, in light of the prevailing economic conditions. In addition, the Department upgraded its server, fibre data lines from 4 to 20 megabits per second (Mbps), and internet line from 4 to 10 Mbps. These achievements will enhance the Department's accessibility to the public and will also enable ease of communication with stakeholders.

Strategy to overcome areas of under performance

Key milestones in the four projects were achieved in the period under review. The SharePoint project is already in the testing phase and therefore, progress registered to date indicates that all four systems will be fully implemented in the 2017/18 financial year. Furthermore, the four projects have been disaggregated in order to ensure that each receives focused attention. Those aligned to relocation of the Department's offices and re-alignment of the organisational structure are addressed within the domain of external factors that may impact their delivery.

Reasons for all deviations

None

Changes to planned targets

During the review process of the APP targets were reduced from five systems to four, due to budget constraints.



Linking performance with budgets

Sub-programme Administration	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	29 118	29 026	92	31 420	28 937	2 483
Management (Programme 1)	12 119	11 750	369	20 992	12 834	8 158
Internal Audit	4 626	4 012	614	5 506	5 314	192
Corporate Services	29 998	29 840	158	32 009	30 108	1 901
Chief Financial Officer	15 314	15 285	29	14 375	13 866	509
Communication	23 981	23 747	234	12 335	12 014	321
Office Accommodation	10 658	10 657	1	8 518	9 988	(1 470)
Human Resources	20 998	20 877	121	24 884	22 167	2 717
Strategic Planning, Monitoring and Evaluation	4 329	4 186	143	5 121	4 824	297
Inter-Governmental Relations	4 651	4 408	243	6 714	5 708	1 006
Total	155 792	153 788	2 004	161 874	145 760	16 114

Expenditure Narrative

Expenditure on the programme amounted to R153.788 million or 98.7% of the total budget in 2016/17 as compared to R145.762 million or 90.0% of the total budget in 2015/16. The relative increase in expenditure is as a result of projects that were initiated and a majority of which were finalised in the current financial year. The underspending on compensation of employees is as a result of vacant posts that were placed on hold due to realignment of the departmental structure.





4.2 Programme 2: Legal and Governance

Purpose

Provides legal services and corporate governance systems, facilitates the implementation of all legal aspects of transactions that are strategically important to the Department and SOCs and ensures alignment with government's strategic intent.

The programme comprises the following sub-programmes:

- **Management** comprises the office of the Deputy Director-General (DDG), which provides strategic leadership and management of the programme personnel.
- **Legal** provides internal legal services and support in oversight of the SOCs. The unit provides legal services, including transaction and contract management support to the Department as well as work specifically related to the commercial activities of the sector teams in respect of the SOCs within their oversight.
- **Governance** develops and maintains effective corporate governance, systems and processes for the Department and its portfolio of SOCs, which includes providing an overarching policy framework for shareholder oversight.
- **Risk Management** identifies reports and monitors both the operational and shareholder risks including but not limited to SOCs' specific and cross-cutting risks.

Strategic objectives

Programme 2: Legal and Governance					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comments on deviations
Strengthen the shareholder function	None.	Draft Concept Paper on Shareholder Policy.	Achieved.	None.	None.
Completion of the liquidation of Aventura	None.	Draft Bill submitted to Cabinet.	Achieved.	None.	None.
Strengthen risk management practices within the Department	Feasibility Report on the Risk Modelling Tool.	Outcomes-Based Shareholder Risk Reporting Procedure Manual.	Not achieved.	The Department did not receive adequate proposals from the market on the services required to deliver on the project.	The project deferred to 2017/18 financial year.



Performance indicators

Sub-programme: Legal and Governance							
Performance indicator	Actual achievement 2013/14	Actual achievement 2014/15	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on deviations
Shareholder Concept Paper	None.	Government Shareholder Management Bill.	None.	Draft Concept Paper on Shareholder Policy.	Achieved.	None.	None.
Review of the Overvaal Act (Act 127 of 1993)	Appointment of the liquidator completed.	Draft Bill to repeal the Overvaal Act (1993).	None.	Draft Bill submitted to Cabinet.	Achieved.	None.	None.
Risk Modelling Tool, Shareholder Management Tools and Guidelines	None.	Feasibility Report on Risk Modelling Tool.	Risk Feasibility Study conducted.	Outcomes-based Shareholder Risk Reporting Procedure Manual.	Not achieved.	The Department did not receive adequate proposals from the market on the services required to deliver on the project.	The project deferred to 2017/18 financial year.

2016/17 Key achievements

The flagship project of developing the shareholder management policy together with a number of related initiatives such as the development of Remuneration Standards for SOCs gained a lot of traction in the 2016/17 financial year. Early in November 2016, a special Cabinet approved the principles of the shareholder management policy and that Cabinet members consult further on the policy document itself. Furthermore, the Remuneration Standards was approved for implementation by PFMA (1999) Schedule 2, 3b and 3d entities.

The liquidation of Aventura is at an advanced stage. Cabinet has approved the publication of the repeal of the founding legislation of the Aventura Overvaal Resorts Limited Act (1993) for public comment.

In supporting the DPSA, there has been extensive work done on developing a guide for the appointment of persons to boards of State and State-controlled institutions in an effort to provide government departments with a consistent and comprehensive board appointment methodology. The Department was able to issue an advertisement for a fresh round of potential candidates to further build the DPE database. It is anticipated that the process will assist in strengthening the SOC boards with the appropriate mix of skills and expertise to lead and direct the SOCs to fulfil their mandates.

Boards are given authority through the Significant and Materiality Framework (SMF) and Shareholder Compacts to lead the SOCs to long term sustainability. However, in the event where a board fails to perform its fiduciary duties, the shareholder has explicit step-in rights in the Memorandum of Incorporation (MOI) in certain instances to avoid the erosion of shareholder value. To ensure that government's role as the shareholder and the SOCs role in the economy are correctly reflected, the Department has participated in the development of the *King IV Report* and particularly in the SOE supplement of the Report.



Strategy to overcome areas of under performance

The Department did not receive adequate proposals from the market on the service required to deliver the project. In the 2017/18 financial year, the Department will re-issue the request for proposals. In addition, the flexibility relating to procurement that has been introduced by the 2017 Preferential Procurement Policy Framework Act (PPPFA) Regulations will be utilised to address any challenges that may surface.

Changes to planned targets

The targets were refined to align to the assets verification process and socio-economic assessment.

Linking performance with budgets

Sub-programme Legal and Governance	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	2 864	2 687	177	2 825	2 756	69
Legal	14 317	14 078	239	12 231	10 663	1 568
Governance	8 725	6 538	2 187	8 453	6 311	2 142
Total	25 906	23 303	2 603	23 509	19 730	3 779

Expenditure Narrative

Expenditure on the programme amounted to R23.303 million in 2016/17, as compared to R23.509 million in 2015/16. The increased expenditure variance of R3.573 million is as a result of finalisation of various disciplinary cases and the subsequent disbursements to service providers. Expenditure in the programme can be protracted, as it is also dependant on the decisions of the courts on outstanding litigations and disciplinary cases. The underspending on compensation of employees is as a result of delays in filling of vacant posts due to realignment of the departmental structure.





4.3 Programme 3 - Portfolio management and strategic partnerships

Purpose

The purpose of the programme is to align the strategies of the SOCs with government policy and strategy, and to monitor and benchmark their financial and operational performance and capital investment plans. It also aims to align shareholder oversight with overarching government economic, social and environmental policies and builds focused strategic partnerships between SOCs, strategic customers, suppliers and financial institutions.

The sub-programmes in this programme are as follows:

- **Energy Enterprise** which Includes Eskom.
- **Manufacturing Enterprises** which includes Denel, Alexkor and SAFCOL.
- **Transport Enterprises** which includes SAX and Transnet.
- **Economic Impact and Policy Alignment** which aligns SOCs with overarching government economic, social and environmental policies.
- **Strategic Partnerships** which aims to ensure SOCs commercial sustainability and attainment of desired strategic outcomes and objectives by SOCs.

Programme expenditure

Sub-programme Portfolio Management and Strategic Partnerships	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Energy Enterprise	15 280	13 388	1 892	23 017 145	23 012 153	4 992
Manufacturing Enterprises	25 808	24 160	1 648	52 659	47 193	5 466
Transport Enterprises	16 616	14 607	2 009	22 897	18 336	4 561
Economic Impact and Policy Alignment	15 797	15 465	332	14 500	11 016	3 484
Strategic Partnerships	12 777	9 068	3 709	10 010	5 487	4 523
Total	86 278	76 688	9 590	23 117 211	23 094 185	23 026

Expenditure Narrative

Expenditure on the programme amounted to R76.688 million in 2016/17 financial year in comparison to R23.084 billion in the previous financial year, which included a transfer to Denel to the amount of R33.106 million in terms of the Denel Indemnity Claim and a further transfer of R23 billion to Eskom in terms of the Eskom Special Appropriation Act (Act 7 of 2015). The underspending on compensation of employees is as a result of delays in filling of vacant posts, due to the realignment of the departmental structure.





4.3.1 Sub-programme: Energy Enterprise

Eskom: Shareholder management and oversight of the Eskom business, including the generation, transmission and distribution with particular emphasis on ensuring security of supply. Also provides strategic financial and transactional analysis of Eskom businesses as well as monitoring of its capital investment programme.

Sub-programme strategic objectives

Sub-programme: Energy Enterprise					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comments on deviations
Oversee delivery of the Build Programme	Review and monitor the delivery of the Build Programme.	Monitor the delivery of the Build Programme (Medupi, Kusile and Ingula).	Achieved.	None.	None.
Support Eskom to reduce municipal and residential debt	None.	Position paper on municipal capacitation.	Achieved.	None.	None.
Monitor improvement in Eskom's operations to sustain supply of electricity	Improved operations to minimise load shedding.	Improve Eskom's operational performance.	Achieved.	None.	None.
Future role of Eskom in the electricity industry	Improved Eskom Financial Matrix and company financial sustainability.	New market opportunities as part of Africa Strategy identified.	Achieved.	None.	None.



Sub-programme performance indicators

Sub-programme: Energy Enterprise							
Performance indicator	Actual achievement 2013/14	Actual achievement 2014/15	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on deviations
Monitor Eskom operational performance	None.	None.	Improved operations to minimise load shedding.	Improved Eskom operational performance.	Achieved.	None.	None.
Progress report on the delivery of Eskom's Capital Programme	Capacity programme monitored. Study conducted to assess Eskom practice on the implementation of capacity expansion programme completed.	Quarterly assessment of Eskom's Capex programme.	Review and monitor the delivery of the Build Programme.	Monitor the delivery of the Build Programme (Medupi, Kusile and Ingula).	Achieved.	None.	None.
Proposals on the reduction of the municipal and residential debts	None.	None.	None.	Position paper on municipal capacitation.	Achieved.	None.	None.
Identification of new opportunities to support regional development	None.	None.	None.	New market opportunities identified as part of Africa Strategy.	Achieved.	None.	None.

2016/17 Key achievements

The Department conducted a review of the performance of Eskom's Generation Maintenance and Turnaround Strategy. The Turnaround Strategy was vital in ensuring that Eskom restores the integrity and performance of the fleet. The improved performance of the generation fleet as well as adding new capacity from Medupi, Kusile and Ingula Power stations ensured that the energy constraint challenges that once affected the country were mitigated.

The implementation of Eskom's Capex Programme has added more capacity to the grid with the Ingula units reaching commercial operation for all four units, adding 1333 MW to the grid. Medupi Unit 6 was commercialised, adding 800 MW and Unit 5 synchronised to the grid. Unit 5 of Kusile was synchronised, adding 800 MW to the grid. The turnaround in the performance of generation fleet and the expedition of the Build Programme has assisted Eskom in restoring security of supply.

The Department successfully led key engagements and interactions with intergovernmental stakeholders in trying to resolve the escalating municipal debt challenges. The plans and commitments jointly made by the parties will bear fruits in the medium-term. The Department will be looking broadly at structural challenges in the distribution sector which result in municipal debts.



The Department has successfully identified strategic business opportunities for collaboration that Eskom will pursue on the continent which will broaden the current Africa strategy. Eskom is currently looking at new opportunities that will support the Africa Strategy.

Strategy to overcome areas of underperformance

None.

Changes to planned targets

The targets were refined to align to the Department's oversight functions.

Linking performance with budgets

Sub-programme Energy Enterprise	2016/17			2015/17		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	1 382	1 055	327	1 398	1 248	150
Financial Analysis	6 117	4 569	1 548	4 138	2 343	1 795
Eskom	7 781	7 764	17	23 011 609	23 008 562	3 047
Total	15 280	13 388	1 892	23 017 145	23 012 153	4 992

Expenditure Narrative

Expenditure on the sub-programme amounted to R13.388 million in 2016/17, compared to R23.017 billion in 2015/16, which included the transfer payment of R23 billion to Eskom in terms of the Eskom Special Appropriation Act (2015). The underspending on compensation of employees is as a result of delays in filling of vacant posts, due to the realignment of the departmental structure.





4.3.2 Sub-programme: Manufacturing Enterprises

Purpose

The sub-programme provides shareholder management and oversight of Denel, SAFCOL and Alexkor. It further provides the Minister with operational, financial and capital programmes analysis compacting for planning, monitoring and evaluation of SOCs' performance.

DENEL'S assessment of financial performance and strategy.

ALEXKOR includes redirecting Alexkor's commercial focus and sustainability and overseeing the implementation of the Richtersveld deed of settlement.

SAFCOL includes forestry management, timber harvesting, timber processing and related activities, both domestically and internally, as well as oversight of the entity's restructuring.

Strategic objectives, performance indicators, planned targets and actual achievements

The programme ensures effective shareholder oversight of SOCs by:

- Ensuring continuous alignment between shareholder strategic intent and the objectives of SOCs in the defence, mining and forestry sectors by annually reviewing their enterprise strategies and mandates in the context of industry and sectoral policy shifts, and alert their boards to material deviations, if any.
- Supporting SOCs in delivering on their objectives, as set out in shareholder compacts and corporate plans, by assessing key performance measures quarterly and on an annual basis to gauge progress.

Sub-programme strategic objectives

Sub-programme: Manufacturing Enterprise					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comments on deviations
Support the re-industrialisation of the South African economy	Concept for the Small African Regional Aircraft (SARA) developed.	Government and other stakeholders' support of the SARA.	Achieved.	None.	None.
Support the transformation of the South African economy	None.	Co-operation agreement between DPE and provincial government(s).	Achieved.	None.	None.
Alignment and efficiency across the institutional model	None.	Recommendations on the optimal exploration programme of diamond resources	Achieved.	None.	None.
	None.	Draft amendment of Deed of Settlement.	Achieved.	None.	None.



Sub-programme performance indicators

Sub-programme: Manufacturing Enterprise							
Performance indicator	Actual achievement 2013/14	Actual achievement 2014/15	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on deviations
Develop proposal on SARA	None.	None.	Concept for SARA developed.	Government and other stakeholders' support for the SARA.	Achieved.	None.	None.
Develop DPE-SAFCOL Cooperation Agreement with provincial government (s) on leveraging the State forestry industry	None.	None.	None.	Cooperation agreement between DPE and provincial government(s).	Achieved.	None.	None.
Assessment and review of the Richtersveld Diamond Deposit	None.	None.	None.	Recommendations on the optimal exploration programme of diamond resources.	Achieved.	None.	None.
Review of the Deed of Settlement between government, Alexkor and the Richtersveld community	None.	None.	None.	Draft amendment of Deed of Settlement.	Achieved.	None.	None.

2016/17 key achievements

Denel

The State-owned company has grown exponentially over the last few years, more than doubling its revenues from R3.9 billion in 2013 to R8.2 billion in 2016. The company is set to grow even further over the next three years. Funding this growth is going to be a challenge that the Department is assisting the SOC to bridge.

In May 2017, Fitch Ratings affirmed Denel's national long-term and national short-term ratings as positive. This is a vote of confidence to the turnaround of Denel. The outlook for both ratings remains stable. The Department is working with Denel on a process to reduce the reliance on government guarantees to access the capital markets.

In 2016/17 Denel Aerostructures, for the first time, put a zero claim against the R1.6 billion Denel Aerostructures Indemnity Facility which was set up in 2006 in relation to the Airbus A-400M contract. This is evidence of the maturity of Denel Aerostructures as a reliable and sustainable supplier of complex systems to global original equipment manufacturers.



Denel has entered the maritime sector, in line with the expectations of the 2014 Defence Review through the assumption of management of the South African Navy Dockyard from ARMSCOR. The facility will be playing a critical role in the maintenance of existing fleet of the South African Navy and other State-owned vessels. The Dockyard will play a critical role in the manufacturing and support of the naval patrol and the hydrographic vessels for the Department of Defence (DoD).

Denel continues to play an important role in education within disadvantaged communities, particularly in the areas of Physical Science and Mathematics. With the support of Denel's engineers, the Xhariep District produced the second best results in the entire country in 2016, from being rated 78 in 2015. This turnaround contributed greatly towards the Free State achieving a 93.2% pass rate. Denel is building on the 2016 matric success and plans to extend its educational support programmes to other districts in the Free State and other provinces.

Alexkor

During the 2016/17 financial year, the Department completed the desktop study on the Richtersveld Diamond Deposit. The study confirmed that there is an opportunity to extend the life of the Alexkor Pooling and Sharing Joint Venture (Alexkor PSJV) diamond operations beyond the current estimated ten-year life of the mines. Further extensive studies are envisaged on diamond resources to improve levels of confidence and to determine the mineral wealth within the Richtersveld mining concessions.

Alexkor continued to experience operational challenges during the 2016/17 financial year. The carat production target was not achieved for the year under review. The deep-sea mining operations commenced in April 2017. Despite the challenges experienced during the commissioning stages, the deep-sea operations produced 112 047 carats against the budget of 120 000.

The diamond operations revenue increased from R386.5 million in the year 2015/16 to R758 million for the 2016/17 financial year.

SAFCOL

SAFCOL business remains stable and able to sustain itself without government support. The Board has developed a growth strategy which has been assessed by the Department and approved by the Minister. The Board has further developed a structure to support implementation and has commenced with the sourcing of talent to populate the structure.

Strategy to overcome areas of under performance

Since 2012/13, the Department has been having monthly meetings with the SOCs' executives to ensure implementation of agreed plans. These have enabled quicker interactions with principals where required. The business should, for the first time in 2016/17 breach R1billion turnover. It is also expected to report an operational profit, which will establish a solid base for sustainability.

Changes to planned targets

During the review process of the APP, the assessment of certain projects and annual targets were undertaken to ensure their relevance to support government outcomes. Consequently, the development of the Rooivalk Roadmap was removed because the DOD was still to engage Cabinet on the selected roadmap and this would not be achieved within the financial year.

Minor adjustments were done to the quarterly milestones and performance targets of the feasibility study of the SARA as the National Flagship Programme within the aerospace industry. A recommendation was then on the optimal exploration programme of diamond resources and the Cooperation Agreement between DPE and the Mpumalanga Government.



Linking performance with budgets

Sub-programme Manufacturing Enterprises	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	3 548	3 378	170	4 091	3 116	975
Denel	4 308	4 286	22	38 381	37 035	1 346
Alexkor	2 239	1 511	728	3 639	1 279	2 360
SAFCOL	15 713	14 985	728	6 548	5 763	785
Total	25 808	24 160	1 648	52 659	47 193	5 466

Expenditure Narrative

Expenditure on the sub-programme amounted to R24.160 million in 2016/17, compared to R47.193 million in 2015/16. The decrease in expenditure is due to the non-payment of transfers in the current financial year as compared to the previous year. The underspending on compensation of employees is as a number of posts that were put on hold due to the realignment of the departmental structure.





4.3.3 Sub Programme: Transport Enterprises

Purpose

To align the corporate strategies of Transnet and SAX with Government's strategic intent and to monitor and benchmark their financial and operational performance.

The programme comprises the following sub-programmes:

- **Transnet** – responsible for shareholder management and oversight of Transnet, which includes the capital expansion programme and effective operation of the entity and its business units.
- **SAX** – responsible for shareholder management and oversight of SAX, as well as overseeing its establishment as a regional carrier with a focus on the African market.

Strategic objectives, performance indicators, planned targets and actual achievements

The sub-programme ensures effective shareholder oversight of State-owned companies by:

- Assessing the corporate strategies of Transnet and SAX in line with government's strategic intent.
- Identifying appropriate benchmarks and key performance measures for the respective shareholder compacts.
- Creating an enabling environment for transport enterprises and ensuring an appropriate balance between the enterprises' interests, stability and developmental objectives.
- Monitoring effective utilisation of existing logistics infrastructure and planning for the creation of new infrastructure and the provision of optimal services on an ongoing basis.
- Supporting the achievements of the long-term sustainability of SAX.



Sub-programme strategic objectives

Transport Enterprises					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comments on deviations
Creating an enabling environment for transport enterprises to promote an appropriate balance between the enterprises, commercial interest, stability and developmental objectives	None.	Review of strategic position on the National Freight Logistics Strategy.	Achieved.	None.	None.
	None.	Review of strategic position on the establishment of the Rail Economic Regulator.	Achieved.	None.	None.
Support the achievement of the long-term sustainability of SA Express	Results of assessment of the implementation of SAX' austerity measures and 20:20 Vision	Strategic proposal for the optimal group structure of the State Owned Airlines.	Achieved.	None.	None.
	Review Transnet's financial sustainability and identify gaps.	None.	None.	None.	None.



Sub-programme performance indicators

Transport Enterprises							
Performance indicator	Actual achievement 2013/14	Actual achievement 2014/15	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on deviations
Review of strategic position on the National Freight Logistics Strategy	None.	None.	None.	Strategic position on the National Freight Logistics Strategy.	Achieved.	None.	None.
Review of strategic position on the establishment of the Rail Economic Regulator	None.	None.	None.	Strategic position on the establishment of the Rail Economic Regulator.	Achieved.	None.	None.
Develop a strategic proposal for the optimal group structure of the State-owned airlines	None.	None.	None.	Strategic proposal for the optimal group structure of the State-Owned airlines.	Achieved.	None.	None.

2016/17 key achievements

Transnet

Transnet has enriched the container capacity of City Deep inland terminal, the biggest inland terminal on the continent and the fifth-largest in the world. This inland terminal was increased from 240 000 to 400 000 TEUs (Twenty Feet Equivalent Unit) per annum. This enhances the efficiencies and productivity levels on the Durban-Free State-Gauteng Industrial and Logistics Corridor.

Ports

The commissioning of the two (Ship-to-Shore cranes on the East Quay of Durban Container Terminal (DCT) that will be effective to accommodate and handle large wide ships to improve the time taken by vessels within the South African ports has occurred.

The refurbishment of the 35 meter long, 900 ton outer caisson at the Port of Durban's 90-year old Prince Edward Graving Dry Dock in support of dry docks and vessel repairing in the Indian Ocean markets as part of the Operation Phakisa initiatives has taken place.



Rail

Transnet Engineering successfully delivered 37 passenger coaches to Botswana Railways, engineered and manufactured to the exact specification from its facilities in Pretoria and Cape Town depots. This was part of penetrating the African markets and honing the OEM skills to be internationally competitive.

Transnet Freight Rail has completed the 1.8 extra loop rail expansions at Lephalale (Matlabas loop) for trains between Lephalale and Richards Bay Coal Terminal. This will enable 100-wagon trains to cross without disrupting other rail operations on the line.

Iron Ore transported from Sishen to the Port of Saldanha's rail expansion programme was improved from 47mt to 60mt. In addition to the expansion, Transnet acquired the third tippler, wagons and locomotives to ramp up the capacity and efficiencies on the line.

118 of the 1064 locomotive acquisition programmes were completed by 31 October 2016. This programme has transformed the South African rail industry by creating export capability for locomotives, affording Transnet an opportunity and experience of becoming an original equipment manufacturer that will be competitive in the global markets.

Aviation

The Department, in partnership with NT, was instrumental in undertaking a process of developing an optimal corporate structure. This involved the realignment of the operations and ownership of State-Owned airlines, namely SAA, SAX and Mango. The project is an achievement milestone as it is aimed at addressing the structural challenges that are impacting on the performance of the State-owned airlines. Consultations will be undertaken with various stakeholders in the 2017/18 financial year to finalise the optimal corporate structure.

Strategy to overcome areas of under performance

None.

Changes to planned targets

The quarterly milestones were reviewed due to capacity constraints within the unit.

Linking performance with budget

Sub-programme Transport Enterprises	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	2 004	1 680	324	3 201	2 431	770
Transnet	8 677	7 009	1 668	13 635	10 368	3 267
SAX	5 935	5 918	17	6 061	5 537	524
Total	16 616	14 607	2 009	22 897	18 336	4 561

Expenditure Narrative

Expenditure on the sub-programme amounted to R14.607 million in 2016/17, compared to R18.336 in 2015/16. The underspending on compensation of employees is as a result of vacant positions that were put on hold due to the realignment of the departmental structure.





4.3.4 Economic impact and policy alignment (EIPA)

Purpose

To align shareholder oversight of SOCs in relation to overarching government economic, social and environmental policies and implement strategic interventions to contribute towards achievement of national objectives in support of economic growth and transformation.

The programme comprises the following sub-programmes:

- **Environmental Policy Alignment** – Oversees alignment and implementation of SOCs' Strategically Important Developments (SIDs), with a special focus on Eskom's and Transnet's Build Programmes. Oversight and alignment of the Climate Change Policy Framework for SOCs in support of national policies and the green economy.
- **Economic Policy Alignment** – This focuses on appropriate macro-economic modelling and research to enhance the links between industrial policy, macro-economic policy and the role of SOCs. Economic modelling will be outsourced to relevant institutions to determine the impact of SOC investments and operations on the economy, including the impact on customers and suppliers.
- **Transformation, Skills and Youth Development** – This focuses on the provision of scarce and critical skills by SOCs in support of the National Skills Agenda, the National Growth Path (NGP) and the NDP, as well as optimising SOC skills training facilities through the National Skills Fund (NSF), among others). Transformation and youth development areas will form new fields for incorporation into SOCs' Shareholder Compacts. This includes overseeing alignment and implementation of the SOCs' transformation agendas in support of national policies and the NGP Framework, with a focus on: job creation; youth development and the development of targeted groups (i.e. women, people with disabilities, co-operatives, etc); B-BBEE and Employment Equity (EE).

Strategic objectives

Sub-programme: Economic Impact and Policy Alignment					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comments on deviations
Accelerate the transformation of the South African economy.	None.	DPE Black Industrialist Programme approved.	Not achieved.	The Department lost human resources critical to the achievement of the target in the middle of the financial year.	Project deferred to 2017/18 financial year.
	None.	9 high impact CSI projects launched in rural areas.	Achieved.	None.	None.
	None	Economic Impact Assessment on selected SAFCOL Capex Programme completed.	Achieved.	None.	None.



Performance indicators

Sub-programme: Economic Impact and Policy Alignment							
Performance indicator	Actual achievement 2013/14	Actual achievement 2014/15	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on deviations
Develop Black Industrialists and Enterprise Development Programme.	None.	None.	None.	DPE Black Industrialist Programme approved.	Not achieved.	The Department lost human resources critical to the achievement of the target in the middle of the financial year.	Project deferred to 2017/18 financial year.
Develop high-impact CSI projects in rural communities.	None.	None.	None.	9 high impact CSI projects launched in rural areas.	Achieved.	None.	None.
Economic Impact Assessment on SAFCOL's selected CAPEX Programme.	None.	None.	Economic modelling and high impact assessment report.	Economic Impact assessment on selected SAFCOL CAPEX Programme completed.	Achieved.	None.	None.

2016/17 key achievements

The comprehensive high-level socio-economic impact assessment for selected projects for SAFCOL and Eskom was completed. In addition to a Departmental Research Policy, papers focusing on macro and industry specific research were developed, approved as well as presented to EXCO. Fifteen Memoranda of Understanding were signed with various South African universities to assist the Department to complete the work it does not have the capacity to complete internally. Regarding the macro-economic impact model, the framework for this model was developed, approved and presented to EXCO. Terms of Reference (for the impact model) were developed, advertised, the bids were received, evaluated and are currently with the bid adjudication committee.

The Air Quality and Compliance Forum meeting has helped expedite the processing of Water Use licences for SOCs.



Despite these highlights, generally a limited achievement was recorded in the 2016/17 financial year. A quarterly assessment of the progress with regard to the indicators is an integral part of the strategy in ensuring delivery on the set goals and targets. This ensures a robust approach to determine areas not delivering according to expectation. Nonetheless, material risks associated with the achievement of the 2016/17 deliverables existed and presented an uneasy encounter to delivery of the targets, especially in the last quarter of the financial year.

Strategy to overcome areas of under performance

Service Level Agreements for the Black Industrialist Project will be fast-tracked in the 2017/18 financial year. Tertiary institutions will be used to develop the concept of the project.

Changes to planned targets

The changes have been minor with regard to the high impact CSI projects and the Economic Impact Assessment on SAFCOL's selected CAPEX Programme.

Sub-programme expenditure

Sub-programme Economic Impact and Policy Alignment	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	2 481	2 438	43	2 746	2 423	323
Environmental Policy Alignment	2 269	2 259	10	3 586	2 825	761
Economic Policy Alignment	6 568	6 331	237	2 422	1 137	1 285
Transformation, Skills Development and Youth	4 479	4 438	41	5 746	4 631	1 115
Total	15 797	15 465	332	14 500	11 016	3 484

Expenditure Narrative

Expenditure in the sub-programme amounted to R15.465 million in 2016/17, compared to R11.016 in 2015/16. The underspending on compensation of employees is a result of vacant positions that were placed on hold due to the realignment of the Department.





4.3.5 Strategic partnerships

Purpose

To drive the building of strategic relationships between SOCs, key customers and supplier sectors to transform the sectoral and social composition of the economy.

The programme comprises the following sub-programmes:

- **Project Oversight** - definition of catalytic investments to be driven by DPE and oversight of project implementation from pre-feasibility to completion, including the design of relevant compacts.
- **Funding Mechanisms** - develops innovative funding structures and design of associated compacts with relevant partners.
- **Strategic Relationships** - development of over-arching procurement leverage policies; oversight of SOC fleet procurement design and implementation; and development and implementation of capability building programmes and institutions.

Strategic objectives

Sub-programme: Strategic Partnerships					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comments on deviations
Ensure SOC financial sustainability	Review PSP Policy Framework. Funding Policy Framework.	Capital Structure Optimisation Strategy developed for the Department's portfolio.	Not achieved.	Further consultation required on the Capital Structure Optimisation Strategy.	Project deferred to 2017/18 financial year.
	Africa Strategy project pipeline development.	Updated DPE Africa Strategy.	Achieved.	None.	None.
Fast-track the delivery of the Build Programme	Approval of the business plans and commencements of implementation.	Establishment of the Executive Forum for SIPs chaired by the Minister.	Achieved.	None.	None.



Performance indicators

Sub-programme: Strategic Partnerships							
Performance indicator	Actual achievement 2013/14	Actual achievement 2014/15	Actual achievement 2015/16	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement for 2016/17	Comment on deviations
SOCs funding Optimisation Strategy	Draft innovative funding solution framework developed.	Draft Private Sector Participation Framework.	Review of PSP Policy Framework. Funding Framework.	Capital Structure Optimisation Strategy developed for the Department's portfolio.	Not achieved.	Further engagement required on the Capital Structure Optimisation Strategy.	Project deferred to 2017/18 financial year.
Revision of the DPE Africa Strategy	Africa Strategy approved and launched, roll-out to SOCs undertaken.	Establishment of the Steering Committee.	None.	Updated DPE Africa Strategy.	Achieved.	None.	None.
Implementation of Strategic Integrated Projects (SIPs) 9 and 10	None.	None.	Approval of the business plans and commencement of implementation.	Establishment of the Executive Forum for SIPs chaired by the Minister.	Achieved.	None.	None.

2016/17 key achievements

Africa Projects

The LAPPSET corridor project has been the biggest highlight of the South Africa Incorporation approach to market entry, as advocated by DPE's Africa Strategy. Transnet is collaborating with DBSA (South African Development Financial Institution), Group 5 (South African Private Sector), and Mwalimu Ltd (a Kenyan local partner) to develop the Lamu Port in Kenya. The project-specific MOU was signed in August 2016 to facilitate South African companies' involvement in Kenya.

The Department's Africa Strategy was updated to take into account the changing global and African economic situation and to incorporate the lessons learned with the implementation of the Strategy over the past three years. The updated strategy recognises that South Africa's SOCs have a catalytic role to play in the economic development of the continent through infrastructure development. The Strategy thus emphasises the SOCs as the anchors of South Africa's market entry into the continent, where the SOCs should lead with the private sector subsequent to SOCs laying foundation for market entry through infrastructure development.

The involvement of the SOCs as anchors can be highlighted on the basis of strategic projects in key markets where they can be the drivers of infrastructure or industrial development on the continent, i.e. Eskom to lead on the Mphana Nkuwa and STE projects in Mozambique and the INGA hydroelectric and transmission projects in the DRC, Transnet to lead on the Botswana rail project in Botswana and the LAPPSET Corridor Projects in Kenya, SAX to lead on the West Africa Aviation Hub in Ghana, and Denel to lead on the Rooivalk Helicopter upgrade in Egypt.



Strategic Integrated Projects (SIPs)

For the 2016/17 financial year, the unit has successfully established the Executive Forum for SIPs 09 and 10. The objective of the forum is to unlock issues that require executive attention and to provide guidance to steering committees to fast-track the delivery of the SIPs. Two Executive Forum meetings were convened in the 2016/17 financial year. It is encouraging to also report that through SIPs 9 and 10, major progresses have been achieved such as the commercialisation of all units of Ingula Pump Storage, Medupi Unit 5 and the synchronization of Kusile Unit 1. This success has ensured that the country does not experience any load shedding and it has also increased the country's electricity supply to neighbouring countries.

It is also important to report the satisfactory progress on the New Multi Product Pipeline with 14 440 million litres of diesel pumped from inception to date with 926 million litres of diesel pumped in Quarter 3 of 2016/17. In addition, the unit has also developed a dashboard model to track progress on all the SIPs in order to detect the early warning signs on infrastructure projects. Through the dashboard model the unit is able to track jobs created in the four SIPs coordinated by the department; track expenditure patterns and project delivery schedules. Part of the broader process is to create in-house modelling techniques, the unit has developed a partial equilibrium model with assistance from Energy Enterprise Unit to evaluate the potential impact of Integrated Resource Plan (IRP) policy on electricity industry and Eskom as the main supplier of electricity in the country.

Strategy to overcome areas of under performance

The review of the existing SOCs capital structure was undertaken during the 2016/17 financial year. The scope of the project to finalise the Capital Structure Strategy was extended to include key milestones. In order to ensure that the project progress is imbued with relevant information and receives continuous feedback, the Department has put in place periodic sessions on investment and funding as a platform to achieve the desired goal.

Changes to planned targets

The quarterly milestones of the performance indicators were refined during the revision of the APP.

Sub-programme expenditure

Sub-programme Strategic Partnerships	2016/17			2015/16		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	3 494	3 484	10	3 902	3 797	105
Project Oversight	2 813	2 503	310	1 426	1 317	109
Funding Mechanisms	3 477	2 716	761	3 807	27	3 780
Supplier Relationships	2 993	365	2 628	875	346	529
Total	12 777	9 068	3 709	10 010	5 487	4 523

Expenditure Narrative

Expenditure on the sub-programme is R9.068 million in 2016/17, compared to R5.487 million in 2015/16. The underspending on compensation of employees is as a result of posts that were put on hold, pending the departmental realignment process.



5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

The Department did not make any transfer payments to any public entity.

5.2 Transfer payments to all organisations other than public entities

Transfer payments to municipalities were as a result of purchases of motor vehicle licences in respect of departmental vehicles. Transfer payments to households include payments of leave gratuities to officials who resigned. The Department, on a monthly basis, tables a report to the Executive Authority and the Accounting Officer on the progress of expenditure against the budget with the primary purpose of monitoring the expenditure on all levels of the economic classification, including transfer payments.

6. CONDITIONAL GRANTS

None.

7. DONOR FUNDS

7.1 Donor funds received

None.

8. CAPITAL INVESTMENT

8.1 Capital investments, maintenance and asset management plans

The Department does not have any major capital and/or investment infrastructure projects.



PART C

GOVERNANCE



1. INTRODUCTION

The Department recognises that effective risk management and governance practices are integral to harnessing opportunities and addressing risks relating to the SOCs' programme development. In this regard, short and long term plans are being instituted to facilitate improvements and to be more responsive recommendations issued by internal and external assurance providers.

2. RISK MANAGEMENT

Enterprise Risk Management (ERM) architecture

The ERM architecture aims to ensure that the Department maintains sound risk management practices that support the implementation of the overall organisational strategy that is aligned to the NDP. The ERM Framework, its supporting tools, people and processes are aligned to the Department's strategy in order to address uncertainties associated with the objectives and goals outlined in the APP.

The ERM architecture provides a synopsis of the inputs, policies, processes and structures that inform the overall risk management activities of the Department.



ERM PROCESS

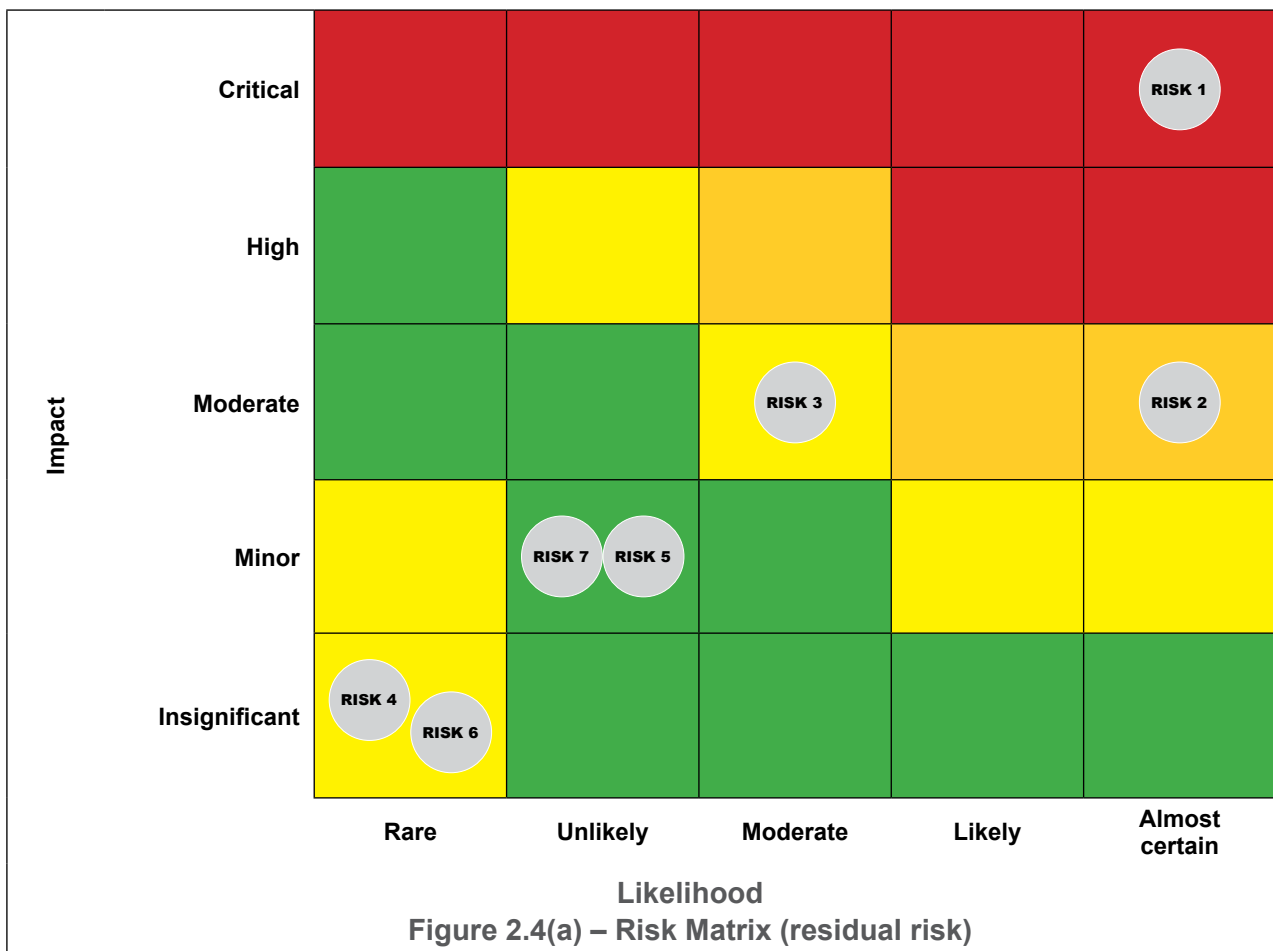




During the planning phase, risks were identified in line with the ERM Framework and linked to the strategic objectives and targets outlined in the APP and OPP. This was done to foster intrinsic links between risk and performance management as well as to ensure that risks are proactively managed by relevant functionaries and regularly reported to EXCO and Audit Review Committee (ARC), in line with the ERM policy. The integrated risk and performance reporting that the Department has adopted enabled the risk management activities to be directly linked to strategy delivery and enhanced the ability to identify emerging risks. The approach enabled each identified risk to be viewed from multiple internal and external perspectives that fostered the ability to timely reveal areas where performance appeared not to be in line with expectations despite linked risk mitigations being implemented.

2016/17 Strategic risk profile

The heat map below depicts the residual risk exposure as at 31 March 2017 concerning strategic risks that were identified as key to attaining the 2016/17 APP:



The risk exposure was assessed, managed and monitored quarterly against the defined risk tolerance thresholds in order to ensure that management responded accordingly on areas requiring corrective action. At the beginning of the financial year, the Department had seven strategic risks that it was exposed to and as at 31 March 2017, there remained two risks on the risk register while five were retired as the targets were either met and/or the risks were rendered negligible as a result of the efficacy of the mitigation strategies implemented. The risk response strategies implemented to address the three remaining risks could not reduce the related exposure within the tolerance levels approved by EXCO and as a result four targets that were linked to them could not be achieved.



	Strategic risks associated to annual performance targets	Inherent risk exposure	Residual risk exposure (31 March 2017)	Control effectiveness trend	Comments
1	Delays in procurement processes				Refer to Administration and Legal, Governance and Risk programme for additional information on targets linked to the risk.
2	Critical Skills and capacity management				Refer to Economic Impact and Policy Alignment and Strategic Partnerships programme for additional information on targets linked to the link.
3	Stakeholder cooperation and support				Refer to Manufacturing Enterprises programme for additional information on targets linked to the risk.
4	Delays in verification of assets belonging to the State				Refer to Legal, Governance and Risk programme for additional information on targets linked to the risk.
5	Inadequate policy alignment				Refer to Economic Impact Policy and Alignment for additional information on targets linked to the risk.
6	Misalignment of DPE and DOT strategy review processes				Refer to Transport Enterprises for additional information on targets linked to the risk.
7	Assessment of geopolitical risks				Refer to Strategic Partnerships programme for additional information on targets linked to the risk.

Legends			
High	Medium	Cautionary	Low

Control effectiveness		
Improved	Regressed	Same

Risk management maturity

The Department was into its fourth year of implementing the existing ERM Policies and Framework. In the year under review, more work focused on strengthening the integration between risk and performance management. As a result of these evolving practices, the ERM Framework and Policies will be reviewed during the 2017/18 financial year. The ERM Annual Implementation Plan will be designed to ensure that risk management activities meet and exceed all Management Performance Assessment Tool (MPAT) requirements; enhance decision making and resource allocation; and are further aligned to day-to-day business activities.



3. FRAUD AND CORRUPTION

The Department conducted a fraud risk assessment in line with its commitment on zero-tolerance of fraud and corruption. Although there were no registered incidents over the past financial year, the anonymous whistle-blowing box was maintained in order to support the desire to detect and address matters of misconduct within the Department. In addition, regular awareness initiatives were undertaken as part of efforts to prevent fraud and corruption. The Department has also established a dedicated committee, namely the Ethics and Expenditure Control Committee that among others, oversees the governance of fraud and corruption initiatives of the Department. In the 2017/18 financial year, the Department will focus on enhancing the protection of whistle-blowers by introducing an ICT enabled anonymous whistle-blowing system that can be accessed remotely to report matters of misconduct concerning the Department.

4. MINIMISING CONFLICT OF INTEREST

The management of conflict of Interest vests in the highest office of the Department in that the Chief of Staff in the Ministry is the Ethics Officer of the Department supported by two Directors in Human Resources. With effect from 1 August 2016, the Department has fully implemented Part 2 of Chapter 2 of the Revised Public Service Regulations 2016 dealing with the Financial Disclosures of Senior Managers as well as the newly-designated groups, being all Deputy Directors and all staff members employed in its Finance and Supply Chain business units.

The Department has further formed an Ethics and Expenditure Control Committee, where issues for engagement on potential or actual conflict of interest post the vetting of all financial e-Disclosures as well as applications by employees to perform remunerative work outside the Public Service, are raised and discussed. Awareness on the revised public service regulations has been communicated to all staff through newsflashes on the departmental intranet as well as through presentations at departmental meetings.

5. CODE OF CONDUCT

As a standard practice, all new employees have to sign receipt of the Code of Conduct on assumption of employment, and depending on the information that they may have access to, also sign a confidentiality agreement. During induction they are taken through the Code of Conduct. During the 2017/2018 financial year, Human Resources will facilitate training and awareness workshops on the Revised Code of Conduct 2016. The programme is intended to address, in particular, the issue of performing remunerative work outside the Public Service, conflicts of interest, the receiving of gifts and corruption.

6. HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES

- The Safety, Health Environment Risk and Quality (SHERQ) Policy has been reviewed and approved to ensure compliance and compatibility with DPSA policy framework on SHERQ.
- Occupational Health and Safety (OHS) representatives have been formally appointed.
- All appointed OHS representatives have attended relevant safety related training.
- DPE Employee and Health Awareness Reports for all four quarters, including the annual one, were submitted to DPSA as required.
- Two emergency evacuation drills were conducted on the premises.



7. PORTFOLIO COMMITTEES

During the year under review, the Department appeared before the Portfolio Committee as follows:

- On 06 April 2016, the Department appeared before the Portfolio Committee to present its 2016/17 Annual Performance Plan and Strategic Plan
- On 12 October 2016, the Department appeared before the Portfolio Committee to present its 2015/16 Annual Report, Financial Statements and First Quarter Performance Report
- On 08 March 2017, the Department appeared before the Portfolio Committee to provide an update on the performance of the State Owned Companies

During the year under review, the Department appeared before the Select Committee as follows:

- On 04 May 2016, the Department appeared before the Select Committee to present the DPE 2016/17 Annual Performance Plan and Strategic Plan
- On 22 February 2017, the Department appeared before the Select Committee to brief the Committee on the oversight responsibility over SOCs.
- On 15 March 2017, the Department appeared before the Select Committee to present the update on the performance of the State Owned Companies

During the Department's appearance before the Committee, there were several issues raised. Most importantly, the Committee urged the Department to fast-track the introduction of the Shareholder Management Bill which will empower the Department to carry out its oversight responsibilities over state-owned companies more effectively, especially in providing guidance on how to align SOCs' strategic priorities with government policies.

8. SCOPA RESOLUTIONS

The Department did not have any resolutions issued by SCOPA.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department has developed and implemented internal control measures at operational and strategic levels to mitigate the findings from a previous audit. This includes that establishment of an Ethics and Expenditure Control Committee, where matters relating to financial management are deliberated on. The Department has also appointed a permanent Chief Financial Officer. To this end, this also assists in augmenting the internal control measures. The primary matters arising out of the audit report centres around the Annual Financial Statements disclosure notes, including irregular, fruitless and wasteful expenditure and commitments are being managed on an ongoing basis and control measures have been put in place to prevent recurrence.

10. INTERNAL CONTROL UNIT

Refer to the Risk Management section on page 60.



11. INTERNAL AUDIT AND AUDIT COMMITTEE

Internal Audit

The Department applies a co-sourcing model to perform its internal audit mandate due to its size and complexity of the environment and also to allow diverse set of skills. The Internal Audit Activity (IAA) is responsible for evaluating the control environment and assisting the ARC to fulfil its responsibilities. The IAA also provides the ARC and the Director-General (DG) with assurance on whether internal controls, risk management and governance processes are adequate and effective. The purpose, authority and responsibility of IAA are stated in the Internal Audit Charter, which is endorsed by the DG and approved by the ARC. The Chief Audit Executive reports administratively to the DG and functionally to the ARC.

Internal Audit objective

The objective of the IAA is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. It assists the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes.

Internal Audit key activities

The IAA through engagement with internal (DPE SMS) stakeholders, the Audit Committee and the Auditor-General (AG), developed a comprehensive three-year rolling plan, incorporating an annual plan that was approved by the ARC. The IAA executed the risk-based audits assignment as per annual plan. Included in areas audited are Performance Information, Strategic, departmental planning (strategic, annual performance and operational plan) Financial Management, Interim Financial Statement, Supply Chain and Asset Management, Risk Management, Human Resources, Economic Impact and Policy Alignment, Strategic Partnerships, Legal and Governance, Information Technology and Annual Report (Financial Statement) reviews.

The IAA provides recommendations to management with regard to internal control, risk management and governance processes. It performs a follow-up of the agreed upon management action plan using the implementation date that has been provided by management. The IAA also provides management advisory services when requested by management, as and when necessary. It prepares and reports progress quarterly to EXCO and ARC against the approved annual plan.

Internal Audit achievements

The IAA scored 100% (highest score 4) compliance on its MPAT assessment conducted by The Presidency for 2016/17. The IAA successfully completed its approved annual plan and continued to increase its audit coverage in line with identified risks, management and ARC requests, had to take on additional audits: auditing of Interim Financial Statements per quarter.



Audit Committee objectives and key activities

The Department has established the AC in line with Section 77(c) of the PFMA (1999). The AC is an oversight body, providing independent oversight over governance, risk management and control processes of the Department. Their mandate and responsibilities are clearly defined in the AC charter. Seven AC meetings were convened for the year.

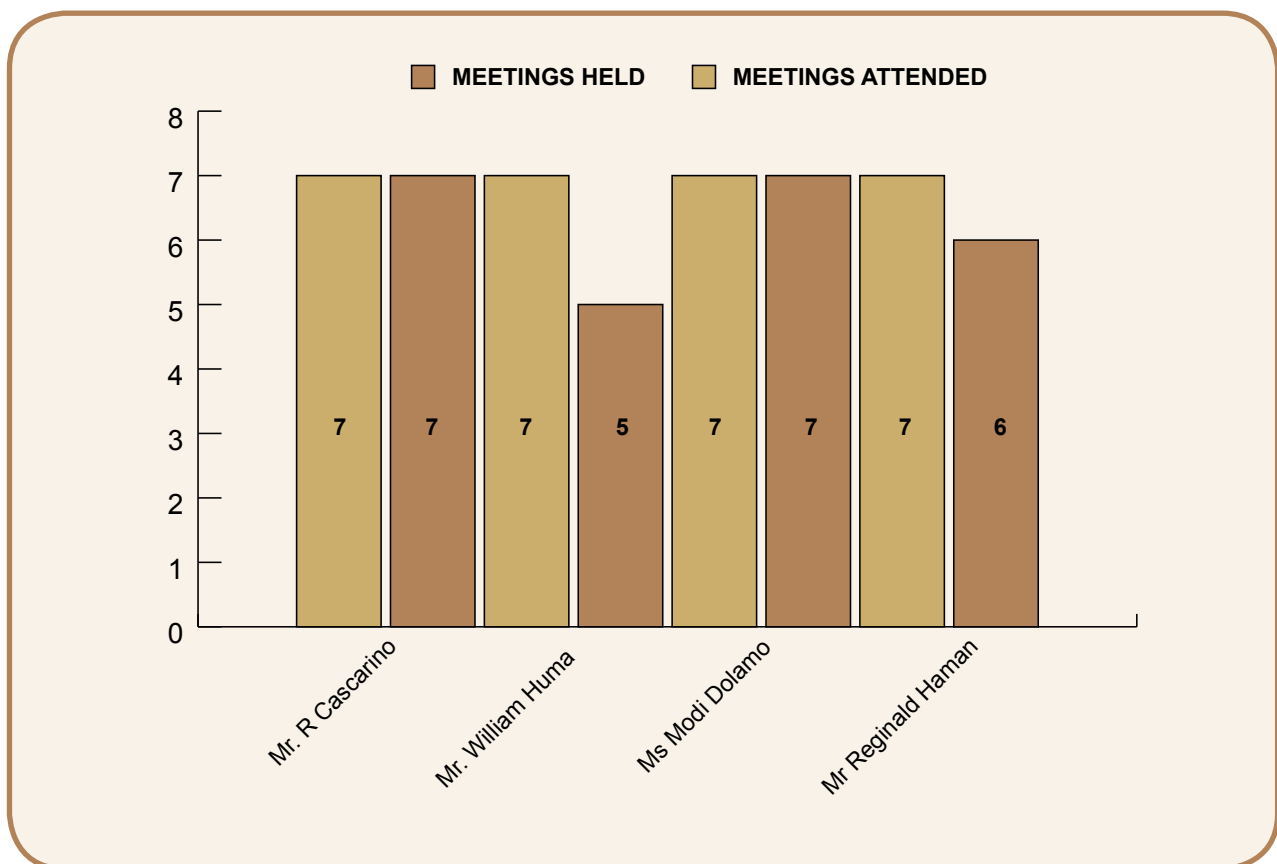
The overall objective and key activities of the AC is to support the DG and executive management in fulfilling oversight responsibilities for the financial reporting process, the audit process, and systems of internal control, governance and risk management, including:

- The integrity of the Department's financial reporting.
- Compliance with legal and regulatory obligations.
- The effectiveness of the Department's enterprise-wide risk management and internal control system.
- Oversight of the effectiveness and efficiency of the internal auditors, as well as the independence of the internal and external auditors.

Membership and attendance of the AC meetings

The AC consists of four members listed below. All Audit Committee members, including the Chairperson, are independent, which is in line with optimal corporate governance practice.

The table below provides relevant information on the Audit Committee members:



Mr. R Cascarino

QUALIFICATIONS

- Master of Business Administration (MBA).
- SCOTBEC Diploma in Computer Data Processing.
- Certified Internal Auditor (CIA).
- Certified Information Systems Auditor (CISA).
- Certified Fraud Examiner (CFE).
- Certified Information Security Manager (CISM).
- Certification in Risk Management Assurance (CRMA).

DATE APPOINTED
19 November 2012

DATE RESIGNED
N/A

Mr William Huma

QUALIFICATIONS

- Baccalareus Procurationis (B Proc).
- Bachelor of Law (LLB).
- Master of Law (LLM).
- Doctor of Law (LLD) (thesis outstanding).
- Diploma in Company Direction (Corporate Governance).
- Financial Management (Finance for non-financial managers).

DATE APPOINTED
1 April 2014

DATE RESIGNED
08 November 2016

Ms Modi Dolamo

QUALIFICATIONS

- Bachelor of Commerce (B COM) (Accounting).
- B Com (Hons) and Certificate in the Theory of Accounting (CTA).
- Chartered Accountant, South Africa.

DATE APPOINTED
1 April 2014

DATE RESIGNED
N/A

Mr Reginald Haman

QUALIFICATIONS

- Executive Leadership Programme.
- MBA.
- Graduate Diploma in Company Direction.
- Postgraduate Diploma in Business Administration.
- National Higher Diploma: School of Science.
- National Diploma: School of Science.

DATE APPOINTED
18 January 2016

DATE RESIGNED
N/A



12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Department, noted certain weaknesses which were then raised with the Department.

The following internal audit work was completed during the year under review:

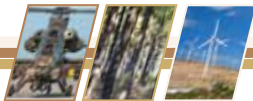
- Enterprise Risk Management (ERM)
- Performance Information
- Review of the draft Annual Report
- Follow up audit (AG and Internal Audit reports)
- Economic Impact and Policy Alignment (EIPA)
- Strategic Partnerships (SP)
- Legal and Governance
- Management Performance Assessment Tool (MPAT)
- Human Resource Management
- Supply Chain and Asset Management
- Financial Management
- Interim Financial Statement
- Information Technology (Vulnerability assessment)

The Audit and Risk Committee (ARC) concludes that the systems of internal control tested were found to be adequate and materially effective. The key executive positions that were vacant were filled which has resulted in an improved leadership and control environment within the organisation during the 2016/2017 financial year.

We do, however, emphasise that in certain instances controls were found to be only partially effective. These areas require further improvement, and we have received assurance that management is addressing the matter. The ARC will monitor the implementation of these corrective actions.

The following were areas of concern/assessment of IA reports:

- Lack of supporting evidence for reported Performance Information achievement;
- Some of the performance indicators and targets not meeting SMART criteria requirements;
- Implementation of the ICT governance framework; and
- Adequacy and effectiveness of the existing controls and mitigation as per strategic and operational risk register.



The effectiveness of the Internal Audit Activity

The internal audit function has been operating satisfactorily and all planned audits for the 2016/2017 financial year were completed. The function has remained effective and independent of the management function.

Enterprise Risk Management

Enterprise risk management is a structured process which focuses on the identification, assessment, management and monitoring of risk.

The following were areas of concern:

- Risk Management was not entirely effective.
- A separate risk management committee is required to monitor and oversee the control of risk identification throughout the Department and also to ensure that effective risk management processes are in place.

In-Year Management and Monthly/Quarterly Report

The Department reported quarterly to the Treasury as required by the PFMA. The ARC is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

Evaluation of Financial Statements

The ARC reviewed and discussed with the Director-General, DPE Executives and Auditor General South Africa (AGSA), the annual financial statements to be included in the annual report. Reviewed the AGSA's management letter and the management's response to it. We are satisfied with the submission and quality of both the interim and annual financial statements prepared by the Department.

Auditor General's Report

The ARC concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Mr Richard Cascarino

Chairperson of the Audit Committee
Department of Public Enterprises
31 July 2017



PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The information contained in this part of the Annual Report has been prescribed by the Minister of Public Service and Administration for all departments in the Public Service.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

Human Resources play a pivotal role in ensuring that the Department has adequate and efficient capacity to enhance service delivery and performance. During the year under review, the Department strived to implement its key strategic objective despite the budget cuts.

The organisational re-alignment process to ensure that the capacity within the Department exists to execute its strategic objectives is currently underway. Subsequently, the process is intended to improve and strengthen the Department's ability to provide adequate strategic support to SOCs to deliver on their mandate.

The change management process will be ongoing and appropriate platforms will be created to keep all stakeholders informed and ensure that they are consulted. The Department's Human Resources Plan will be reviewed when the re-alignment process has been finalised.

The overall staff turnover rate for 206/17 decreased, however, by the end of the financial year 2016/17 the vacancy rate was still high on 13%. The overall staff complement was 223 as at 31 March 2017.

The Department continues to monitor organisational and individual performance to ensure alignment and achievement of strategic goals. Individual performance agreements were aligned to organisational targets and government performance directives.

The health and wellness service provider appointed by the Department continues to provide support to all employees and their immediate family members on a 24-hour basis. In addition, an Executive Wellness Programme initiated for all Senior Management Service (SMS) members was implemented in response to the high levels of stress and strain experienced by senior officials. Quarterly interventions on health and wellness challenges were rolled out in support of the annual health calendar.

Ongoing training in line with the Workplace Skills Plan is provided annually. New bursaries were awarded and funding of existing bursaries continued for those applicants who comply with the requirements as per their contracts.

The Employee Relations function successfully implemented the Financial Disclosures for Senior Managers online and one of two pending disciplinary cases was concluded.

The tables that follow provide detailed information on various aspects of human resource management and development, recorded in the Department for the 2016/ 17 financial year.



2.1 Personnel related expenditure

Table 2.1.1 Personnel expenditure by programme for the period 1 April 2016 to 31 March 2017

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	Average personnel cost per employee
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Administration	153 788	77 893	1 225	6 626	50.65	701
Legal and Governance	23 303	17 695	49	485	75.93	983
Port man & Strat Partnerships	76 688	52 733	0	12 712	68.76	850
Total as on Financial Systems(BAS)	253 779	148 321	1 274	19 823	58.44	2 534

Table 2.1.2 Personnel costs by salary band for the period 1 April 2016 to 31 March 2017

Salary band	Personnel expenditure	% of total personnel cost	Number of employees	Average personnel cost per employee
	(R'000)			(R'000)
Contract (levels 13-16)	20 413	14	14	1 458
Contract (levels 3-5)	202	0.14	1	202
Contract (levels 6-8)	2 077	1.46	5	415
Contract (levels 9-12)	7 866	5.54	14	562
Highly skilled production (levels 6-8)	15 997	11.27	47	340
Highly skilled supervision (levels 9-12)	36 179	25.49	62	584
Senior management (levels 13-16)	50 852	35.82	49	1 038
Skilled (levels 3-5)	1 240	.87	6	207
Abnormal appointment	1 868	1.32	32	58
Periodical remunerations	3 179	2.24	45	71
Total	139 873	98.15	275	4 935

Table 2.1.3 Salaries, overtime, home owner's allowance and medical aid by programme for the period 1 April 2016 to 31 March 2017

Programme	Salaries		Overtime		Home owner's allowance		Medical aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	(R'000)		(R'000)		(R'000)		(R'000)	
Department: Administration	49 519	63.57	1 019	1.31	993	1.27	1 524	1.96
Department: Legal and Governance	10 713	60.54	35	0.2	48	0.3	215	1.2
Department: Portfolio management and strategic partnerships	34 200	64.86	40	0.1	713	1.35	759	1.4
Total	94 431	63.67	1 094	0.74	1 754	1.18	2 498	1.7



Table 2.1.4 Salaries, overtime, home owner's allowance and medical aid salary band for the period 1 April 2016 to 31 March 2017

Programme	Salaries		Overtime		Home owner's allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Highly skilled production (levels 3-5)	774	67.8	0.9	0.8	68	5.9	86	7.6
Highly skilled production (levels 6-8)	10 168	68.7	459	3.1	518	3.5	711	4.8
Highly skilled supervision (levels 9-12)	25 243	76.3	210	0.6	391	1.2	763	2.3
Senior management (levels 13-16)	38 261	82.8	0	0	377	0.8	375	0.8
Contract (levels 3-5)	163	96.1	0	0	0	0	0	0
Contract (levels 6-8)	1 645	89.8	32	1.8	0	0	27	1.4
Contract (levels 9-12)	5 407	80.8	60	0.9	36	0.5	91	1.4
Contract (levels 13-16)	16 234	92.1	0	0	67	0.4	32	0.2
Periodical remuneration	115	4	0	0	0	0	0	0
Abnormal appointment	1 552	97.8	0	0	0	0	0	0
Total	99 562	79	770	0.6	1 456	1.2	2 085	1.7

2.2 Employment and vacancies

The tables in this section summarise the position with regard to employment and vacancies. The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- Programme.
- Salary band.
- Critical occupations (see definitions in notes below).

The Department has identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.



Table 2.2.1 Employment and vacancies by programme as at 31 March 2017

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate (%)	Number of employees additional to the establishment
Department: Administration (Permanent)	121	111	8.26	5
Department: Legal and Governance (Permanent)	21	18	14.28	0
Department: Portfolio Management and Strategic Partnerships (Permanent)	81	62	23.45	0
Total	223	191	14	5

Table 2.2.2 Employment and vacancies by salary band as at 31 March 2017

Salary band	Number of posts	Number of posts filled	Vacancy rate (including frozen posts)	Number of posts filled additional to the establishment
Lower skilled (levels 1-2)	0	0	0	
Skilled (levels 3-5)	10	9	10	
Highly skilled production (levels 6-8)	51	48	6	1
Highly skilled supervision (levels 9-12)	76	71	7	4
Senior management (levels 13-16)	86	63	27	
Total	223	191	14.00	5

Table 2.2.3 Employment and vacancies by critical occupation as at 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of post filled	Vacancy rate (%)	Number of employees additional to the establishment
Administrative-related (Permanent)	21	21	0.00	2
Client inform clerks (switchboard, reception, information clerks), (Permanent)	3	3	0.00	0.00
Communication and information related (Permanent)	6	4	33.3	0
Finance and economics related (Permanent)	11	9	18.00	2
Financial clerks and credit controllers (Permanent)	6	6	0.00	0
Food services aids and waiters (Permanent)	4	4	0	0
Head of department/chief executive officer (Permanent)	1	1	0	0
Human resources and organisational development and related professionals (Permanent)	10	10	0	0
Information technology related (Permanent)	8	7	12.5	0
Library mail and related clerks (Permanent)	5	5	0	0
Material-recording and transport clerks (Permanent)	5	5	0	0
Secretaries and keyboard operators (Permanent)	49	46	6.12	1
Messengers porters and deliverers (Permanent)	5	5	0	0
Security officers (Permanent)	3	2	33.3	0
Senior managers (Permanent)	86	63	26.7	0
Total	223	191	14	5



2.3 Filling of SMS posts

Table 2.3.1 SMS post information as at 31 March 2017

SMS level	Total number funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100	0	0
Salary level 16	0	0	0	0	0
Salary level 15	9	5	56	4	44
Salary level 14	27	19	70	8	30
Salary level 13	49	38	76	11	22
Total	86	63	73	23	27

Table 2.3.2 SMS post information as at 30 September 2016

SMS level	Total number funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100	0	0
Salary level 16	0	0	0	0	0
Salary level 15	9	6	66.6	3	33
Salary level 14	27	22	81	5	19
Salary level 13	49	40	81.6	9	18
Total	86	69	80	17	20

Table 2.3.3 Advertising and filling SMS posts for the period as at 31 March 2017

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/Head of Department	0	0	0
Salary level 16	0	0	0
Salary level 15	0	0	0
Salary level 14	4	0	1
Salary level 13	7	1	0
Total	11	1	1

Table 2.3.4 Reasons for not having complied with the filling of funded vacant SMS posts advertised within 6 months after becoming vacant for the period 1 April 2016 to 31 March 2017

This was due to the Department undergoing the process of realigning the structure.

Table 2.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2016 to 31 March 2017

No disciplinary steps were taken.



2.4 Job evaluation

Table 2.4.1 Job evaluation by salary band for the period 1 April 2016 to 31 March 2017

Salary Band	Number of posts on approved establishment	Number of jobs evaluated	% of post evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	Posts evaluated	Number	% of posts evaluated
Lower skilled (levels 1-2)	0	0	0	0	0	0	0
Skilled (levels 3-5)	10	0	0	0	0	0	0
Highly skilled production (levels 6-8)	51	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	76	0	0	0	0	0	0
Senior management (service band A)	49	0	0	0	0	0	0
Senior management (service band B)	27	0	0	0	0	0	0
Senior management (service band C)	9	0	0	0	0	0	0
Senior management (service band D)	1	0	0	0	0	0	0
Total	223	0	0	0	0	0	0

Table 2.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 to 31 March 2017

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0
Total	0	0	0	0	0

Table 2.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 to 31 March 2017

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0	0	0	0
None	0	0	0	0
None	0	0	0	0
None	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job Evaluation	0	0	0	0
Percentage of total employed	0	0	0	0



Table 2.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 to 21 March 2017

Gender	African	Asian	Coloured	White	Total
Female					0
Male					0
Total					0
Employees with a disability	0	0	0	0	0
Total	0	0	0	0	0
Total number of employees whose salaries exceeded the grades determined by job evaluation					None

2.5 Employment changes

Table 2.5.1 Annual turnover rates by salary band for the period 1 April 2016 to 31 March 2017

Salary band	Number of employees at beginning of period - 1 April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	8	1	0	0
Highly skilled production (levels 6-8)	49	5	5	10
Highly skilled supervision (levels 9-12)	74	1	2	3
Senior management (service band A)	41	2	2	5
Senior management (service band B)	22	3	6	27
Senior management (service band C)	7	0	2	29
Senior management (service band D)	1	0	0	0
Total	202	12	17	8

Table 2.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 to 31 March 2017

Critical occupation	Number of employees at beginning of period - 1 April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related (permanent)	21	0	2	10
Client information clerks (switchboard, reception, information clerks) (permanent)	3	0	0	0
Communication and information related (permanent)	4	1	1	25
Finance and economics related (Permanent)	11	2	0	0
Financial clerks and credit controllers (permanent)	6	1	0	0



Critical occupation	Number of employees at beginning of period - 1 April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Food services aids and waiters (Permanent)	4	0	0	0
Human resources and organisational development and related professionals (permanent)	10	0	0	0
Information technology related (permanent)	8	0	0	0
Library mail and related clerks (permanent)	5	0	1	20
Head of Department	1	0	0	0
Secretaries and other keyboard operators	48	1	3	6
Material-recording and transport clerks (permanent)	5	1	0	0
Messengers porters and deliverers (permanent)	4	1	0	0
Security officers (permanent)	2	0	0	0
Senior managers (permanent)	70	5	10	14
Total	202	12	17	8

Table 2.5.3 Reasons why staff left the Department for the period 1 April 2016 to 31 March 2017

Termination type	Number	% of Total Resignations
Death	0	0
Resignation	13	76
Expiry of contract	2	12
Dismissal – operational changes	1	6
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfers to other public service departments	1	6
Other	0	0
Total	17	100%
Total number of employees who left as a % of total employment	9	100%



Table 2.5.4 Promotions by critical occupation for the period 1 April 2016 to 31 March 2017

Occupation	Employees 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	21	0	0	16	76
Client inform clerks (switchboard, reception and information clerks)	3	0	0	2	67
Communication and information related	5	0	0	2	40
Finance and economics related	11	0	0	8	72
Financial clerks and credit controllers	6	0	0	2	33
Food services aids and waiters	4	0	0	1	25
Human resources and organisational development and related professionals	10	0	0	9	90
Information technology related	8	0	0	2	25
Library mail and related clerks	5	0	0	3	60
Material-recording and transport clerks,	5	0	0	1	20
Messengers porters and deliverers	4	0	0	1	25
Security officers	2	0	0	1	50
Secretaries and other keyboard operating clerks	48	0	0	32	67
Senior managers	70	0	0	22	31
Total	202	0	0	102	50

Table 2.5.5 Promotions by salary band for the period 1 April 2016 to 31 March 2017

Salary band	Employees 1 April 2016	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Skilled (levels 3-5) (permanent)	8	0	0	3	38
Highly skilled production (levels 6-8) (permanent)	48	0	0	26	52
Highly skilled supervision (levels 9-12) (permanent)	76	0	0	44	58
Senior management (levels 13-16) (permanent)	70	0	0	29	41
Total	202	0	0	102	50
Employees with disabilities	4	0	0	2	



2.6 Employment equity

Table 2.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (permanent)	29	5	1	1	19	2	2	2	61
Professionals (permanent)	17	0	1	0	17	1	1	4	41
Technicians and associate professionals (permanent)	16	0	0	1	12	0	0	2	31
Clerks	9	0	0	0	33	1	0	1	44
Service and sales workers (permanent)	6	1	0	0	7	0	0	0	14
Elementary occupations (permanent)	0	0	0	0	0	0	0	0	0
Total	77	6	2	2	88	4	3	9	191
Employees with disabilities	1	0	2	1	0	0	0	0	4

Table 2.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2017

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	3	0	0	1	6
Senior management	27	5	1	1	16	2	2	1	55
Professionally qualified and experienced specialists and mid-management	16	0	1	1	17	1	1	4	41
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	16	0	0	1	12	0	0	2	31
Semi-skilled and discretionary decision making	15	1	0	0	40	1	0	1	58
Total	76	6	2	3	88	4	3	9	191



Table 2.6.3 Recruitment for the period 1 April 2016 to 31 March 2017

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management (permanent)	0	2	0	0	3	0	0	0	5
Professionally qualified and experienced specialists and mid management (permanent)	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen (permanent)	4	0	0	0	2	0	0	0	6
Semi skilled and discretionary decision making (permanent)	0	0	0	0	0	1	0	0	1
Total	4	2	0	0	5	1	0	0	12
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 2.6.4 Promotions for the period 1 April 2016 to 31 March 2017

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0



Table 2.6.5 Terminations for the period 1 April 2016 to 31 March 2017

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	1	0	0	0	2
Senior management	3	1	0	1	3	0	0	0	8
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen	2	0	0	0	5	0	0	0	7
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Total	6	1	0	1	9	0	0	0	17

Table 2.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Gross dishonest	1	0	0	0	1	0	0	0	2
Total	1	0	0	0	1	0	0	0	2

Table 2.6.7 Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	2	0	0	13	0	0	1	29
Professionals	6	0	1	0	4	0	0	1	12
Technicians and associate professionals	10	0	0	0	7	0	0	0	17
Clerks	10	0	0	0	8	0	0	0	18
Elementary occupations	3	0	0	0	4	0	0	0	7
Total	42	2	1	0	36	0	0	2	83
Employees with disabilities	1	0	0	0	0	0	0	1	2



2.7 Signing of performance agreements by SMS members

Table 2.7.1 Signing of a performance agreement by SMS members as at 31 May 2016

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	performance agreements as a % of total number of SMS members
Director-General/Head of Department	1	1	1	100%
Salary level 16	0	0	0	0
Salary level 15	9	7	7	100%
Salary level 14	27	21	21	100%
Salary level 13	49	41	41	100%
Total	86	70	70	100%

Table 2.7.2 Reasons for not having concluded a performance agreement with all SMS members as at 21 March 2017

Reasons

All Performance Agreements were concluded within the circle of 2015/16

Table 2.7.3 Disciplinary steps taken against SMS members for not having concluded a Performance Agreement as at 31 March 2017

Reasons

None.

2.8 Performance rewards

Table 2.8.1 Performance rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African					
Female	73	88	46	671	9
Male	65	76	41	710	11
Asian					
Female	2	3	1	38	19
Male	1	2	1	23	23
Coloured					
Female	4	4	3	41	10
Male	3	6	2	139	46
White					
Female	6	7	4	72	24
Male	1	1	1	5	5
Disability	3	4	2	33	11
Total	158	191	101	1698	158



Table 2.8.2 Performance rewards by salary band for personnel below senior management level for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee (R'000)	
Skilled (levels 3-5)	1	9	1	25	25	36
Highly skilled production (levels 6-8)	35	37	34	156	4	23
Highly skilled supervision (levels 9-12)	63	72	61	536	9	13
Contract (levels 3-5)	0	0	0	0	0	0
Contract (levels 6-8)	0	9	0	0	0	0
Contract (levels 9-12)	4	4	4	20	5	20
Periodical remuneration	0	0	0	0	0	0
Abnormal appointment	0	0	0	0	0	0
Total	103	131	100	737	43	18

Table 2.8.3 Performance rewards by critical occupation for the period 1 April 2016 to 31 March 2017

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee (R'000)
Administrative related	24	27	15	134	6
Client inform clerks (switchboard, reception, information clerks)	1	3	1	8	8
Communication and information related	1	3	1	8	8
Computer system designers and analysts	1	1	1	5	5
Economists	1	1	1	15	15
Financial and economic related	13	13	8	128	10
Financial and related professionals	2	4	1	39	20
Financial clerks and credit controllers	4	4	2	20	5
Food services aids and waiters	4	4	2	11	3
Head of department/chief executive officer	0	1	0	0	0
Human resources and organisational development & related prof	8	8	5	79	10
Human resources clerks	0	0	0	0	0
Human resources related	3	3	2	15	5
Information technology related	3	3	2	15	5
Library mail and related clerks	3	4	2	39	13
Logistical support personnel	1	1	1	4	4
Material-recording and transport clerks	6	6	4	30	5
Messengers, porters and deliverers	5	5	2.9	14	3
Other administrative and related clerks and Organisers	2	2	1	8	4
Other information technology personnel	1	1	1	10	10
Other occupations	0	0	0	0	0
Secretaries and other keyboard operating clerks	25	35	16	148	6
Security officers	2	2	1	8	4
Senior managers	48	60	30	958	20
Total	158	191	100	1698	194



Table 2.8.4 Performance related rewards (cash bonus), by salary band for senior management level for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee (R'000)	
Band A	29	38	61	512	18	40
Band B	15	17	31	272	18	22
Band C	4	5	8	97	24	7
Band D	0	1	0	0	0	0
Total	48	61	100	908	60	71

2.9 Foreign workers

Table 2.9.1 foreign workers by salary band for the period 1 April 2016 to 31 March 2017

Salary band	1 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0	0	0
Contract (levels 9-12)	0	0	0	0	0	0
Contract (levels 13-16)	4	100	4	100	0	0
Total	4	100	4	100	0	0

Table 2.9.2 foreign workers by major occupation for the period 1 April 2016 to 31 March 2017

Major occupation	1 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Senior management	4	100	4	100	0	0
Total	4	100	4	100	0	0

2.10 Leave utilisation

Table 2.10.1 Sick leave for the period 1 January 2016 to December 2016

Salary Band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skills (levels 1– 2)						
Skilled (levels 3 – 5)	33	33	6	4	6	25
Highly skilled production (Levels 6-8)	329	38	42	26	8	442.00
Highly skilled supervision (levels 9-12)	380	51	52	32	7	853.00
Top and senior management (levels 13-16)	247	56	38	23	7	920.00
Contracts (levels 3-5)	5	80	1	0.62	5	4.00
Contract (levels 6-8)	39	64	7	4	6	45.00
Contract (levels 9-12)	28	21	9	6	3	63.00
Contract (levels 13-16)	28	54	7	4	4	127.00
Total	1089	48	162	100	7	2479.00



Table 2.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Senior management (levels 13 -16)	45	100	1	100	45	158.00
Total	45	100	1	100	45	158.00

Table 2.10.3 Annual leave for the period 1 January 2016 to 31 December 2017

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skills (level 1-2)	0	0	0
Skilled (levels 3-5)	160	8	20
Highly skilled production (levels 6-8)	1043	57	18
Highly skilled supervision (levels 9-12)	1351	70	19
Senior management (levels 13-16)	970	53	18
Contracts (levels 3-5)	25	1	25
Contract (levels 6-8)	124	7	18
Contract (levels 9-12)	207	15	14
Contract (levels 13-16)	235	17	14
Total	4 115	228	146

Table 2.10.4 Capped leave for the period 1 January 2016 to 31 December 2017

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2017
Lower skills (level 1-2)		0		
Skilled (levels 3-5)		0		6
Highly skilled production (levels 6-8)		0		18
Highly skilled supervision (levels 9 -12)		0		33
Senior management (levels 13-16)		0		36
Contract (levels 13-16)		0		18
Total		0		27

Table 2.10.5 Leave payout for the period 1 April 2016 to 31 December 2017

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2015/16 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2016/17	306	9	34
Current leave payout on termination of service for 2016/17	291	7	42
Total	597	16	37

2.11 HIV/Aids and health promotion programmes

Table 2.11.1 Details of health promotion and HIV/AIDS programmes (tick the applicable boxes and provide the required information)

None.

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None.	None.

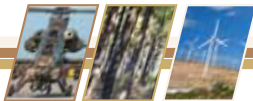


Table 2.11.2 Details of health promotion and HIV/AIDS programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001. If so, provide her/his name and position.	X		Director Employee Relations and Wellness: Mr Darol Holby
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Three employees; annual budget: R1,173,000
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	X		Appointed an outside service provider to deliver a confidential counselling service to affected employees both in their personnel and work life. The emphasis is to focus on emotional and personal difficulties, family and relationships; management of stress and change; financial matters; legal concerns career issues; violence and trauma; HIV and AIDs; general health concerns bereavement and loss. SMS members were offered the opportunity to go for holistic executive wellness assessments and received personal feedback with recommendations. During wellness programmes, health screening including HIV&AIDS and TB services are offered on a quarterly basis service by the Government Employees Medical Scheme (GEMS). The aim is to ensure a healthy and productive workforce.
4. Has the Department established a committee as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholders that they represent.		X	
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices reviewed.	X		HIV & AIDS and TB policy; Wellness policy
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		A service provider is appointed to assist employees who may need assistance whether infected or affected. Further nurses provide pre- and post-counselling when testing employees for HIV& ADIS and TB. If an employee discloses status a full support service will be arranged including time to medical visits.
7. Does the Department encourage its employees to undergo voluntary counselling and testing (VCT)? If so, list the results that you have you achieved.	X		Opportunities for testing are arranged Quarterly. 179 employees tested negative and 1 positive.
8. Has the Department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	X		Monitor the results of employees tested for Health Risk assessment; HIV & TB; screening on a quarterly basis.



2.12 Labour relations

Table 2.12.1 Collective agreements for the period 1 April 2016 to 31 March 2017

Subject matter	Date
----------------	------

Table 2.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 to 31 March 2017

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	1	33.3
Final written warning	1	33.3
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	1	33.3
Not guilty	0	0
Case withdrawn	0	0
Total	3	100
Total number of disciplinary hearings finalised		3

Table 2.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 to 31 March 2017

Type of misconduct	Number	% of total
Maladministration	1	33.3
Poor performance due to reasons other than incapacity	2	66.6
Total	3	100

Table 2.12.4 Grievances logged for the period 1 April 2016 to 31 March 2017

Grievances	Number	% of total
Number of grievances resolved	0	0
Number of grievances not resolved	2	100
Total number of grievances lodged	2	100

Table 2.12.5 Disputes logged with councils for the period 1 April 2016 to 31 March 2017

Disputes	Number	% of total
Number of disputes upheld	1	100
Number of disputes dismissed	0	0
Total number of disputes lodged	1	100

Table 2.12.6 Strike action for the period 1 April 2015 to 31 March 2016

Total number of persons working days lost	0
Total cost of working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 2.12.7 Precautionary suspensions for the period 1 April 2016 to 31 March 2017

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0



2.13 Skills development

Table 2.13.1 Training needs identified for the period 1 April 2016 to 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female		0	18	17	35
	Male		0	29	5	34
Professionals	Female		0	13	2	15
	Male		0	20	4	24
Technicians and associate professionals	Female		0	26	12	38
	Male		0	34	14	48
Clerks	Female		0	43	20	63
	Male		0	13	12	25
Elementary occupations	Female		0	15	0	15
	Male		0	13	0	13
Sub total	Female		0	115	51	166
	Male		0	109	35	144
Total			0	224	86	310

Table 2.13.2 Training provided for the period 1 April 2016 to 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female		0	7	16	23
	Male		0	7	15	22
Professionals	Female		0	3	1	4
	Male		0	12	2	14
Technicians and associate professionals	Female		0	5	9	14
	Male		0	8	13	21
Clerks	Female		0	28	4	32
	Male		0	6	0	6
Elementary occupations	Female		0	4	0	4
	Male		0	10	0	10
Sub total	Female		0	0	0	0
	Male		0	0	0	0
Total			0	90	60	150



2.14 Injury on duty

Table 2.14.1 Injury on duty for the period 1 April 2016 to 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	2	100

2.15 Utilisation of consultants

Table 2.15.1 Report on consultant appointments using appropriated funds

Project title	Total number of consultants that worked on the project	Duration of work (days)	Contract value (Rand)	Name of company or consultant
Strategic communication support	2	90	495 900.00	Oryx Multimedia
Strategic Planning Workshop	5	22	492 650.00	Better Best Skills Development
Legal opinion on re-claim against Transnet and others pension fund class action	1	14	165 500.00	Eric H Louw Attorneys
National Corridor Performance Measurement (NCPM)	7	N/A	987 012.12	EOH
CSI Study	3	60	224 848.49	Dialogue
Event management	9	44	1 951 689.85	Zam Projects
Executing Critical Reforms of SOCs	7	N/A	1 935 669.00	Deloitte & Touche
Litigation matter between Vermooten and DPE	1	3,5	164 352.80	Molefe Diepu
Co-sourcing of Internal Audit	7	135	1 803 414.41	SAB&T
Co-sourcing of Internal Audit	5	51	182 313.75	Morar
Media executive training	17	12	42 750.00	Flow Communication
Media monitoring	3	90	164 400.00	Sakhile/ IKGB Media
Maintenance of website and intranet	1	12	185 850.57	nVISION
Training for Heat System	5	2	27 146.25	Chombo
Training of IT Steering Committee	2	2	159 999.00	FINWEB
SharePoint	8	120	553 672.69	EOH
Organisational re-alignment	6	143	327 353.28	NKA Management
Total			9 864 522.21	

Historically Disadvantaged Individuals (HDIs)

Please note: The information attached hereto is of a confidential nature and is distributed for the sole and express purposes of compliance to proposal/tender requirements. The attached contains confidential information which is updated on a monthly basis; records may not be retained or distributed internally or externally to third parties other than potential clients in furtherance of a possible engagement for the provision of professional services.



Table 2.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the year ended 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Strategic communication support	50	50	1
Strategic Planning Workshop	26	52	3
Legal opinion on re-claim against Transnet and others pension fund class action	0	0	0
National Corridor Performance Measurement (NCPM)	42	42	3
CSI Study	33.4	0	0
Event management	100	100	6
Executing critical reforms of SOCs	0	0	5
Litigation matter between Vermooten and DPE	100	100	1
Co-sourcing of Internal Audit (SAB & T)	64	70	7
Co-sourcing of Internal Audit (Morar)	96	99	5
Media executive training	30	33.3	8
Media monitoring	100	100	3
Maintenance of website and intranet	62.89	0	1
Training for Heat System	100	100	3
Training of IT Steering Committee	0	0	0
SharePoint	56.66	0	5
Organisational re-alignment	100	100	5
Total			

2.16 Severance packages

Table 2.16.1 Granting of employee initiated severance packages for the period 1 April 2016 to 31 March 2017

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by the Department
Lower skilled (levels 12)	0	0	0	0
Skilled (levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0
Senior management (levels 13-16)	0	0	0	0
Total	0	0	0	0



PART E

FINANCIAL INFORMATION



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 9: DEPARTMENT OF PUBLIC ENTERPRISES

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Public Enterprises set out on pages 98 to 148, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, the statement of financial performance, the statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Public Enterprises as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by National Treasury and the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

7. The supplementary information set out on pages 149 to 161 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the department of public enterprise's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the department or cease operations, or there is no realistic alternative but to do so.



Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 - legal and governance	31 - 34
Programme 3 - portfolio management and strategic partnerships	34 - 52

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 2 - legal and governance
 - Programme 3 - portfolio management and strategic partnerships.



Other matters

17. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 21 to 57 for information on the achievement of planned targets for the year and explanations provided for the nonachievement of certain targets.

Report on audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. I did not raise any material findings on the department's compliance with specific matters in key legislation.

Other information

21. The Department of Public Enterprises' accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor - General

Pretoria

31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a department to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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1. APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Appropriation per programme									
Programme	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1. Administration	155 792	-	-	155 792	153 788	2 004	98.7%	161 874	145 760
2. Legal and Governance	25 906	-	-	25 906	23 303	2 603	90%	23 509	19 730
3. Portfolio Management and Strategic Partnerships	86 278	-	-	86 278	76 688	9 590	88.9%	23 117 211	23 094 185
Total	267 976	-	-	267 976	253 779	14 197	94.7%	23 302 594	23 259 675





	2016/17		2015/16	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)	267 976	253 779	23 302 594	23 259 675
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	5 213		3 377	
Aid assistance	10 490		8 493	
Actual amounts per statement of financial performance (total revenue)	283 679		23 314 464	
ADD				
Aid assistance		6 884		31
Actual amounts per statement of financial performance (total expenditure)		260 663		23 259 706



Appropriation per economic classification									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	263 935	(264)	-	263 671	249 480	14 191	94.6%	259 814	217 838
Compensation of employees	162 150	-	-	162 150	148 321	13 829	91.5%	152 020	139 977
Salaries and wages	148 579	(1 115)	-	147 464	134 970	12 494	91.5%	138 745	127 735
Social contributions	13 571	1 115	-	14 686	13 351	1 335	90.9%	13 275	12 242
Goods and services	101 785	(264)	-	101 521	101 159	362	99.6%	107 794	77 861
Administrative fees	1 472	18	-	1 490	1 488	2	99.9%	2 340	2 334
Advertising	1 629	196	-	1 825	1 824	1	99.9%	2 390	2 326
Minor assets	200	(108)	-	92	87	5	94.6%	451	224
Audit costs: External	3 650	(320)	-	3 330	3 328	2	99.9%	3 561	3 559
Bursaries:	960	(553)	-	407	407	-	100%	972	724
Employees									
Catering:	1 320	(844)	-	476	456	20	95.8%	979	698
Departmental activities									
Communication	4 447	2 991	-	7 438	7 416	22	99.7%	4 729	4 165
Computer services	6 803	(2 040)	-	4 763	4 762	1	100%	3 983	3 958
Consultants:	28 349	(8 354)	-	19 995	19 823	172	99.1%	35 389	14 800
Business and advisory services									
Legal services	3 162	288	-	3 450	3 450	-	100%	2 738	829
Contractors	9 514	(4 780)	-	4 734	4 725	9	99.8%	2 545	2 039
Agency and support / outsourced services	1 080	8 322	-	9 402	9 398	4	100%	1 677	1 659



Appropriation per economic classification									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Entertainment	116	(113)	-	3	-	3	-	53	-
Fleet services	1 018	(53)	-	965	965	-	100%	960	771
Inventory: Clothing material and supplies	-	1	-	1	1	-	100%	1	1
Inventory: Materials and supplies	-	18	-	18	18	-	100%	6	5
Inventory: Medical supplies	-	-	-	-	-	-	-	3	3
Inventory: Medicine	-	-	-	-	-	-	-	2	2
Inventory: Other suppliers	-	-	-	-	-	-	-	20	-
Consumable supplies	775	1 102	-	1 877	1 866	11	99.4%	521	356
Consumable: Stationery, printing and office supplies	1 339	(72)	-	1 267	1 265	2	99.8%	1 750	1 566
Operating leases	1 709	8 328	-	10 037	10 032	5	100%	1 629	1 223
Property payments	9 636	(7 662)	-	1 974	1 972	2	99.9%	9 039	10 321
Transport provided: Departmental activity	71	347	-	418	416	2	99.5%	211	208
Travel and subsistence	18 381	(723)	-	17 658	17 571	87	99.5%	23 878	19 233
Training and development	1 800	(525)	-	1 275	1 274	1	99.9%	1 576	1 466
Operating payments	3 038	(1 338)	-	1 700	1 695	5	99.7%	3 204	2 867
Venues and facilities	1 218	711	-	1 929	1 925	4	99.8%	2 157	1 554
Rental and hiring	98	4 899	-	4 997	4 995	2	100%	1 030	970



Appropriation per economic classification									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	323	116	-	439	434	5	98.9%	35 486	35 476
Provinces and municipalities	1	10	-	11	9	2	81.8%	-	-
Municipalities	1	10	-	11	9	2	81.8%	-	-
Municipal bank accounts	1	10	-	11	9	2	81.8%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	33 106	33 106
Public corporations	-	-	-	-	-	-	-	33 106	33 106
Other transfers to public corporations	-	-	-	-	-	-	-	33 106	33 106
Households	322	106	-	428	425	3	99.3%	2 380	2 370
Social benefits	211	197	-	408	405	3	99.3%	1 881	1 874
Other transfers to households	111	(91)	-	20	20	-	100%	499	496
Payments for capital assets	3 718	148	-	3 866	3 865	1	100%	7 274	6 341
Machinery and equipment	3 604	160	-	3 764	3 763	1	100%	6 662	5 731
Transport equipment	1 350	(77)	-	1 273	1 273	-	100%	2 213	1 319
Other machinery and equipment	2 254	237	-	2 491	2 490	1	100%	4 449	4 412
Intangible assets	114	(12)	-	102	102	-	100%	612	610
Payment for financial assets	267 976	-	-	267 976	253 779	14 197	94.7%	23 000 020	23 000 020



Programme 1: Administration									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
Ministry	27 778	1 340	-	29 118	29 026	92	99.7%	31 420	28 937
Management	11 329	790	-	12 119	11 750	369	97%	20 992	12 834
Corporate Services	35 010	(5 012)	-	29 998	29 840	158	99.5%	32 009	30 108
Chief Financial Officer	16 965	(1 651)	-	15 314	15 285	29	99.8%	14 375	13 866
Human Resources	23 854	(2 856)	-	20 998	20 877	121	99.4%	24 884	22 167
Communications	16 004	7 977	-	23 981	23 747	234	99%	12 335	12 014
Strategic Planning, Monitoring and Evaluation	4 701	(372)	-	4 329	4 186	143	96.7%	5 121	4 824
Intergovernmental Relations	5 119	(468)	-	4 651	4 408	243	94.8%	6 714	5 708
Internal Audit	6 062	(1 436)	-	4 626	4 012	614	86.7%	5 506	5 314
Office Accommodation	8 970	1 688	-	10 658	10 657	1	100%	8 518	9 988
Total for sub programmes	155 792	-	-	155 792	153 788	2 004	98.7%	161 874	145 760
Economic classification									
Current payments	151 840	(226)	-	151 614	149 614	2 000	98.7%	152 857	137 685
Compensation of employees	79 829	-	-	79 829	77 893	1 936	97.6%	76 194	73 461
Salaries and wages	73 318	(1 262)	-	72 056	70 567	1 489	97.9%	69 411	66 909
Social contributions	6 511	1 262	-	7 773	7 326	447	94.2%	6 783	6 552
Goods and services	72 011	(226)	-	71 785	71 721	64	99.9%	76 663	64 224
Administrative fees	1 472	18	-	1 490	1 488	2	99.9%	2 332	2 326
Advertising	1 629	174	-	1 803	1 802	1	99.9%	2 390	2 326
Minor assets	200	(108)	-	92	87	5	94.6%	451	224
Audit costs: External	3 650	(320)	-	3 330	3 328	2	99.9%	3 561	3 559



Programme 1: Administration									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Bursaries: Employees	960	(553)	-	407	407	-	100%	972	724
Catering:	1 201	(771)	-	430	426	4	99.1%	802	679
Departmental activities									
Communication	3 649	2 688	-	6 337	6 333	4	99.9%	3 836	3 716
Computer services	6 803	(2 040)	-	4 763	4 762	1	100%	3 756	3 731
Consultants: Business and advisory services	13 575	(6 944)	-	6 631	6 626	5	99.9%	16 946	9 366
Legal services	1 000	(970)	-	30	30	-	100%	900	119
Contractors	5 745	(1 030)	-	4 715	4 707	8	99.8%	2 463	1 978
Agency and support / outsourced services	1 080	3 800	-	4 880	4 877	3	99.9%	1 677	1 659
Entertainment	76	(76)	-	-	-	-	-	8	-
Fleet services	1 018	(53)	-	965	965	-	100%	960	771
Inventory: Clothing material and supplies	-	1	-	1	1	-	100%	1	1
Inventory: Materials and supplies	-	18	-	18	18	-	100%	6	5
Inventory: Medical supplies	-	-	-	-	-	-	-	3	3
Inventory: Other supplies	-	-	-	-	-	-	-	20	-
Consumable supplies	769	1 015	-	1 784	1 777	7	99.6%	520	356
Consumable: Stationery, printing and office supplies	1 339	(72)	-	1 267	1 265	2	99.8%	1 750	1 566
Operating leases	1 709	8 328	-	10 037	10 032	5	100%	1 629	1 223
Property payments	9 636	(7 710)	-	1 926	1 972	(46)	102.4%	9 039	10 321
Transport provided: Departmental activity	71	347	-	418	416	2	99.5%	211	208



Programme 1: Administration									
	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Travel and subsistence	10 897	747	-	11 644	11 640	4	100%	15 444	12 853
Training and development	1 800	(575)	-	1 225	1 225	-	100%	1 475	1 466
Operating payments	3 038	(1 172)	-	1 866	1 590	276	85.2%	3 142	2 806
Venues and facilities	596	1 546	-	2 142	1 817	325	84.8%	1 339	1 268
Rental and hiring	98	3 486	-	3 584	4 130	(546)	115.2%	1 030	970
Transfers and subsidies	234	78	-	312	309	3	99%	1 723	1 714
Provinces and municipalities	1	10	-	11	9	2	81.8%	-	-
Municipalities	1	10	-	11	9	2	81.8%	-	-
Municipal bank accounts	1	10	-	11	9	2	81.8%	-	-
Households	233	68	-	301	300	1	99.7%	1 723	1 714
Social benefits	122	159	-	281	280	1	99.6%	1 224	1 218
Other transfers to households	111	(91)	-	20	20	-	100%	499	496
Payments for capital assets	3 718	148	-	3 866	3 865	1	100%	7 274	6 341
Machinery and equipment	3 604	160	-	3 764	3 763	1	100%	6 662	5 731
Transport equipment	1 350	(77)	-	1 273	1 273	-	100%	2 213	1 319
Other machinery and equipment	2 254	237	-	2 491	2 490	1	100%	4 449	4 412
Intangible assets	114	(12)	-	102	102	-	100%	612	610
Payments for financial assets	-	-	-	-	-	-	-	20	20
Total	155 792	-	-	155 792	153 788	2 004	98.7%	161 874	145 760



1.1 Ministry										
Economic classification	2016/17					2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	26 427	1 256	-	27 683	27 592	91	99.7%	29 094	27 506	
Compensation of employees	20 003	250	-	20 253	20 171	82	99.6%	18 505	18 112	
Goods and services	6 424	1 006	-	7 430	7 421	9	99.9%	10 589	9 394	
Transfers and subsidies	1	161	-	162	161	1	99.4%	113	112	
Provinces and municipalities	1	-	-	1	-	1	-	-	-	
Households	-	161	-	161	161	-	100%	113	112	
Payments for capital assets	1 350	(77)	-	1 273	1 273	-	100%	2 213	1 319	
Machinery and equipment	1 350	(77)	-	1 273	1 273	-	100%	2 213	1 319	



1.2 Management									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 257	791	-	12 048	11 679	369	96.9%	20 992	12 834
Compensation of employees	6 193	603	-	6 796	6 438	358	94.7%	6 683	6 336
Goods and services	5 064	188	-	5 252	5 241	11	99.8%	14 309	6 498
Transfers and subsidies	72	(1)	-	71	71	-	100%	-	-
Households	72	(1)	-	71	71	-	100%	-	-
1.3 Corporate Services									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	32 732	(5 237)	-	27 495	27 337	158	99.4%	26 938	25 076
Compensation of employees	13 048	500	-	13 548	13 410	138	99%	12 878	12 169
Goods and services	19 684	(5 737)	-	13 947	13 927	20	99.9%	14 060	12 907
Transfers and subsidies	15	(1)	-	14	14	-	100%	30	29
Households	15	(1)	-	14	14	-	100%	30	29
Payments for capital assets	2 263	226	-	2 489	2 489	-	100%	5 041	5 003
Machinery and equipment	2 149	238	-	2 387	2 387	-	100%	4 429	4 393
Intangible assets	114	(12)	-	102	102	-	100%	612	610



1.4 Chief Financial Officer									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	16 951	(1 661)	-	15 290	15 263	27	99.8%	13 361	12 853
Compensation of employees	8 969	(1 800)	-	7 169	7 149	20	99.7%	6 785	6 310
Goods and services	7 982	139	-	8 121	8 114	7	99.9%	6 576	6 543
Transfers and subsidies	14	10	-	24	22	2	91.7%	994	993
Provinces and municipalities	-	10	-	10	9	1	90%	-	-
Households	14	-	-	14	13	1	92.9%	994	993
Payments for financial assets	-	-	-	-	-	-	-	20	20

1.5 Human Resources									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	23 854	(2 856)	-	20 998	20 877	121	99.4%	24 759	22 043
Compensation of employees	13 948	2 000	-	15 948	15 835	113	99.3%	15 209	15 110
Goods and services	9 906	(4 856)	-	5 050	5 042	8	99.8%	9 550	6 933
Transfers and subsidies	-	-	-	-	-	-	-	125	124
Households	-	-	-	-	-	-	-	125	124



1.6 Communications									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	15 774	8 069	-	23 843	23 610	233	99.0%	11 864	11 548
Compensation of employees	8 998	(2 500)	-	6 498	6 268	230	96.5%	6 047	5 878
Goods and services	6 776	10 569	-	17 345	17 342	3	100%	5 817	5 670
Transfers and subsidies	125	(91)	-	34	34	-	100%	451	447
Households	125	(91)	-	34	34	-	100%	451	447
Payments for capital assets	105	(1)	-	104	103	1	99%	20	19
Machinery and equipment	105	(1)	-	104	103	1	99%	20	19

1.7 Strategic Planning, Monitoring and Evaluation									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 694	(372)	-	4 322	4 179	143	96.7%	5 111	4 815
Compensation of employees	2 170	947	-	3 117	2 978	139	95.5%	4 140	4 135
Goods and services	2 524	(1 319)	-	1 205	1 201	4	99.7%	971	680
Transfers and subsidies	7	-	-	7	7	-	100%	10	9
Households	7	-	-	7	7	-	100%	10	9



1.8 Intergovernmental Relations									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5 119	(468)	-	4 651	4 408	243	94.8%	6 714	5 708
Compensation of employees	4 009	-	-	4 009	3 767	242	94%	3 990	3 629
Goods and services	1 110	(468)	-	642	641	1	99.8%	2 724	2 079

1.9 Internal Audit									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 062	(1 436)	-	4 626	4 012	614	86.7%	5 506	5 314
Compensation of employees	2 491	-	-	2 491	1 877	614	75.4%	1 957	1 782
Goods and services	3 571	(1 436)	-	2 135	2 135	-	100%	3 549	3 532

1.10 Office Accommodation									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 970	1 688	-	10 658	10 657	1	100%	8 518	9 988
Goods and services	8 970	1 688	-	10 658	10 657	1	100%	8 518	9 988



Programme 2: Legal and Governance										
	2016/17					2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Sub programme										
Management	3 167	(303)	-	2 864	2 687	177	93.8%	2 825	2 756	
Legal	13 091	1 226	-	14 317	14 078	239	98.3%	12 231	10 663	
Governance	9 648	(923)	-	8 725	6 538	2 187	74.9%	8 453	6 311	
Total for sub programmes	25 906	-	-	25 906	23 303	2 603	90%	23 509	19 730	
Economic classification										
Current payments	25 844	(28)	-	25 816	23 213	2 603	89.9%	23 509	19 730	
Compensation of employees	20 095	-	-	20 095	17 695	2 400	88.1%	18 453	17 087	
Salaries and wages	18 375	-	-	18 375	16 273	2 102	88.6%	17 047	15 693	
Social contributions	1 720	-	-	1 720	1 422	298	82.7%	1 406	1 394	
Goods and services	5 749	(28)	-	5 721	5 518	203	96.5%	5 056	2 643	
Catering: Departmental activities	19	(5)	-	14	1	13	7.1%	8	3	
Communication	169	(29)	-	140	134	6	95.7%	319	113	
Consultants: Business and advisory services	1 756	(1 105)	-	651	485	166	74.5%	1 438	612	
Legal services	2 162	1 258	-	3 420	3 420	-	100%	1 838	710	
Entertainment	13	(10)	-	3	-	3	-	4	-	
Consumable supplies	2	-	-	2	2	-	100%	-	-	
Travel and subsistence	1 481	(120)	-	1 361	1 349	12	99.1%	1 393	1 171	
Training and development	-	50	-	50	49	1	98%	-	-	
Operating payments	-	39	-	39	39	-	100%	-	-	
Venues and facilities	147	(106)	-	41	39	2	95.1%	56	34	
Transfers and subsidies	62	28	-	90	90	-	100%	-	-	
Households	62	28	-	90	90	-	100%	-	-	
Total	25 906	-	-	25 906	23 303	2 603	90%	23 509	19 730	



Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Current payments	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Compensation of employees	3 167	(303)	-	2 864	2 687	177	93.8%	2 825	2 756
Goods and services	2 295	-	-	2 295	2 131	164	92.9%	2 327	2 324
	872	(303)	-	569	556	13	97.7%	498	432

Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Current payments	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Compensation of employees	13 029	1 198	-	14 227	13 988	239	98.3%	12 231	10 663
Goods and services	9 652	-	-	9 652	9 418	234	97.6%	9 555	9 323
	3 377	1 198	-	4 575	4 570	5	99.9%	2 676	1 340
Transfers and subsidies	62	28	-	90	90	-	100%	-	-
Households	62	28	-	90	90	-	100%	-	-

Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Current payments	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Compensation of employees	9 648	(923)	-	8 725	6 538	2 187	74.9%	8 453	6 311
Goods and services	8 148	-	-	8 148	6 146	2 002	75.4%	6 571	5 440
	1 500	(923)	-	577	392	185	67.9%	1 882	871



Programme 3: Portfolio Management and Strategic Partnership										
	2016/17					2015/16				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Sub programme										
Energy and Broadband Enterprises	17 016	(1 736)	-	15 280	13 388	1 892	87.6%	23 017 145	23 012 153	
Manufacturing Enterprises	19 682	6 126	-	25 808	24 160	1 648	93.6%	52 659	47 193	
Transport Enterprises	23 018	(6 402)	-	16 616	14 607	2 009	87.9%	22 897	18 336	
Economic Impact and Policy Alignment	13 580	2 217	-	15 797	15 465	332	97.9%	14 500	11 016	
Strategic Partnerships	12 982	(205)	-	12 777	9 068	3 709	71%	10 010	5 487	
Total for sub programmes	86 278	-	-	86 278	76 688	9 590	88.9%	23 117 211	23 094 185	
Economic classification										
Current payments	86 251	(10)		86 241	76 653	9 588	88.9%	83 448	60 423	
Compensation of employees	62 226	-		62 226	52 733	9 493	84.7%	57 373	49 429	
Salaries and wages	56 886	(13)		56 873	48 130	8 743	84.6%	52 287	45 133	
Social contributions	5 340	13		5 353	4 603	750	86%	5 086	4 296	
Goods and services	24 025	(10)		24 015	23 920	95	99.6%	26 075	10 994	
Administrative fees	-	-		-	-	-	-	8	8	
Advertising	-	22		22	22	-	100%	-	-	
Catering: Departmental activities	100	(68)		32	29	3	90.6%	169	16	
Communication	629	322		961	949	12	98.8%	574	336	
Computer services	-	-		-	-	-	-	227	227	



Programme 3: Portfolio Management and Strategic Partnership

	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants:	13 018	(305)	-	12 713	12 712	1	100%	17 005	4 822
Business and advisory services	3 769	(3 750)	-	19	18	1	94.7%	82	61
Contractors	-	4 522	-	4 522	4 521	1	100%	-	-
Entertainment	27	(27)	-	-	-	-	-	41	-
Inventory: Medicine	-	-	-	-	-	-	-	2	2
Consumable supplies	4	87	-	91	87	4	95.6%	1	-
Travel and subsistence	6 003	(1 350)	-	4 653	4 582	71	98.5%	7 041	5 209
Training and development	-	-	-	-	-	-	-	101	-
Operating payments	-	67	-	67	66	1	98.5%	62	61
Venues and facilities	475	(405)	-	70	69	1	98.6%	762	252
Rental and hiring	-	865	-	865	865	-	100%	-	-
Transfers and subsidies	27	10	-	37	35	2	94.6%	33 763	33 762
Public corporations and private enterprises	-	-	-	-	-	-	-	33 106	33 106
Public corporations	-	-	-	-	-	-	-	33 106	33 106
Other transfers to public corporations	-	-	-	-	-	-	-	33 106	33 106
Households	27	10	-	37	35	2	94.6%	657	656
Social benefits	27	10	-	37	35	2	94.6%	657	656
Payment for financial assets	-	-	-	-	-	-	-	23 000 000	23 000 000
Total	86 278	-	-	86 278	76 688	9 590	88.9%	23 117 211	23 094 185



3.1 Energy and Broadband Enterprises									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 016	(1 736)	-	15 280	13 388	1 892	87.6%	17 104	12 112
Compensation of employees	13 053	328	-	13 381	11 528	1 853	86.2%	13 065	11 206
Goods and services	3 963	(2 064)	-	1 899	1 860	39	97.9%	4 039	906
Transfers and subsidies	-	-	-	-	-	-	-	41	41
Households	-	-	-	-	-	-	-	41	41
Payment for financial assets	-	-	-	-	-	-	-	23 000 000	23 000 000

3.2 Manufacturing Enterprises									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19 682	6 116	-	25 798	24 151	1 647	93.6%	19 553	14 087
Compensation of employees	13 306	625	-	13 931	12 286	1 645	88.2%	12 947	11 208
Goods and services	6 376	5 491	-	11 867	11 865	2	100%	6 606	2 879
Transfers and subsidies	-	10	-	10	9	1	90%	33 106	33 106
Public corporations and private enterprises	-	-	-	-	-	-	-	33 106	33 106
Households	-	10	-	10	9	1	90%	-	-



3.3 Transport Enterprises

Economic classification	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	23 018	(6 402)	-	16 616	14 607	2 009	87.9%	22 286	17 725
Compensation of employees	16 747	(2 603)	-	14 144	12 146	1 998	85.9%	16 097	12 884
Goods and services	6 271	(3 799)	-	2 472	2 461	11	99.6%	6 189	4 841
Transfers and subsidies	-	-	-	-	-	-	-	611	611
Households	-	-	-	-	-	-	-	611	611

3.4 Economic Impact and Policy Alignment

Economic classification	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments	13 562	2 217	-	15 779	15 488	331	97.9%	14 500	11 016
Compensation of employees	9 523	950	-	10 473	10 166	307	97.1%	9 023	8 815
Goods and services	4 039	1 267	-	5 306	5 282	24	99.5%	5 477	2 201
Transfers and subsidies	18	-	-	18	17	1	94.4%	-	-
Households	18	-	-	18	17	1	94.4%	-	-



3.5 Strategic Partnerships									
Economic classification	2016/17					2015/16			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 973	(205)	-	12 768	9 059	3 709	71%	10 005	5 483
Compensation of employees	9 597	700	-	10 297	6 607	3 690	64.2%	6 241	5 316
Goods and services	3 376	(905)	-	2 471	2 452	19	99.2%	3 764	167
Transfers and subsidies	9	-	-	9	9	-	100%	5	4
Households	9	-	-	9	9	-	100%	5	4



NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.



4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
1. Administration	155 792	153 788	2 004	1.29
2. Legal and Governance	25 906	23 303	2 603	10.05
3. Portfolio Management and Strategic Partnerships	86 278	76 688	9 590	11.12
Total	267 976	253 779	14 197	5.30

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Current payments	263 671	249 480	14 191	5.38
Compensation of employees	162 150	148 321	13 829	8.53
Goods and services	101 521	101 159	362	0.36
Transfers and subsidies	439	434	5	1.14
Provinces and municipalities	11	9	2	18.18
Households	428	425	3	0.70
Payments for capital assets	3 866	3 865	1	0.03
Machinery and equipment	3 764	3 763	1	0.03
Intangible assets	102	102	-	-
Total	267 976	253 779	14 197	5.30

The department has incurred an underspending of R13.8 million in respect of compensation of employees due to vacant posts in Programme 2 and 3. These vacancies are as the result of the difficulty in recruiting suitably skilled personnel.



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
REVENUE			
Annual appropriation	<u>1</u>	267 976	23 302 594
Departmental revenue	<u>2</u>	5 213	3 377
Aid assistance	<u>3</u>	10 490	8 493
TOTAL REVENUE		283 679	23 314 464
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	148 321	139 975
Goods and services	<u>5</u>	101 159	77 863
Aid assistance	<u>3</u>	6 884	31
Total current expenditure		256 364	217 869
Transfers and subsidies			
Transfers and subsidies	<u>7</u>	434	35 476
Total transfers and subsidies		434	35 476
Expenditure for capital assets			
Tangible assets	<u>8</u>	3 763	5 731
Intangible assets	<u>8</u>	102	610
Total expenditure for capital assets		3 865	6 341
Payments for financial assets	<u>6</u>	-	23 000 020
TOTAL EXPENDITURE		260 663	23 259 706
SURPLUS/(DEFICIT) FOR THE YEAR		23 016	54 758
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		14 197	42 919
Annual appropriation		14 197	42 919
Departmental revenue and NRF Receipts	<u>15</u>	5 213	3 377
Aid assistance	<u>3</u>	3 606	8 462
SURPLUS/(DEFICIT) FOR THE YEAR		23 016	54 758



STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2016/17 R'000	2015/16 R'000
ASSETS			
Current assets			
		157 390	182 394
Cash and cash equivalents	<u>9</u>	153 393	181 496
Prepayments and advances	<u>10</u>	1 050	347
Receivables	<u>11</u>	2 947	551
Non-current assets			
		103 140 659	104 491 773
Investments	<u>12</u>	103 140 375	103 140 375
Receivables	<u>11</u>	284	268
Loans	<u>13</u>	-	1 351 130
TOTAL ASSETS		103 298 049	104 674 167
LIABILITIES			
Current liabilities			
		157 530	182 662
Voted funds to be surrendered to the Revenue Fund	<u>14</u>	14 197	42 919
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>15</u>	281	3
Payables	<u>16</u>	744	1 038
Aid assistance unutilised	<u>3</u>	142 308	138 702
Non-current liabilities			
	<u>17</u>		
Payables		144	-
TOTAL LIABILITIES		157 674	182 662
NET ASSETS		103 140 375	104 491 505
Represented by:			
Capitalisation reserve		103 140 375	104 491 505
TOTAL		103 140 375	104 491 505



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Capitalisation Reserves			
Opening balance		104 491 505	21 551 505
Transfers:			
Movement in Equity		-	82 940 000
Other movements		(1 351 130)	-
Closing balance		<u>103 140 375</u>	<u>104 491 505</u>
TOTAL		<u>103 140 375</u>	<u>104 491 505</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016/17 R'000	2015/16 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		283 679	23 314 277
Annual appropriated funds received	<u>1.1</u>	267 976	23 302 594
Departmental revenue received	<u>2</u>	5 212	3 183
Interest received	<u>2.2</u>	1	7
Aid assistance received	<u>3</u>	10 490	8 493
Net (increase)/decrease in working capital		(3 409)	(471)
Surrendered to Revenue Fund		(47 854)	(22 858)
Current payments		(256 364)	(217 869)
Payments for financial assets		-	(23 000 020)
Transfers and subsidies paid		(434)	(35 476)
Net cash flow available from operating activities	<u>18</u>	(24 382)	37 583
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(3 865)	(6 341)
Proceeds from sale of capital assets	<u>2.3</u>	-	187
(Increase)/decrease in loans		1 351 130	-
(Increase)/decrease in investments		-	(82 940 000)
Net cash flows from investing activities		1 347 265	(82 946 154)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(1 351 130)	82 940 000
Increase/(decrease) in non-current payables		144	-
Net cash flows from financing activities		(1 350 986)	82 940 000
Net increase/(decrease) in cash and cash equivalents		(28 103)	31 429
Cash and cash equivalents at beginning of period		181 496	150 067
Cash and cash equivalents at end of period	<u>9</u>	153 393	181 496



Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard. The “modification” results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses. Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid.

In addition supplementary information’s provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R’000).

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.

6. Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. Revenue

7.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.



The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2 Departmental revenue

All Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.

Accrued expenditure payable is measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.



The operating lease commitments are recorded in the notes to the financial statements.

9. Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

10. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12. Loans and receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13. Investments

Investments are recognised in the statement of financial position at cost.

14. Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15. Payables

Loans and payables are recognised in the statement of financial position at cost.



16. Capital Assets

16.1 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity, in which case the completed project costs are transferred to that department.

16.2 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

17. Contingents

17.1 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.2 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities, thereby incurring future expenditure that will result in the outflow of cash.



18. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

19. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregularity unless it is impracticable to determine, in which case reasons are therefore provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

20. Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period, but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

21. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

22. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions are recorded in the notes to the financial statements when the transaction is not at arm's length.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	Final Appropriation	2016/17 Actual Funds Received	Funds not requested/not received	Final Appropriation	2015/16 Appropriation received
	R'000	R'000	R'000	R'000	R'000
1. Administration	155 792	155 792	-	161 874	161 874
2. Legal and Governance	25 906	25 906	-	23 509	23 509
3. Portfolio Management and Strategic Partnerships	86 278	86 278	-	23 117 211	23 117 211
Total	267 976	267 976	-	23 302 594	23 302 594



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Departmental revenue

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets	<u>2.1</u>	75	72
Interest, dividends and rent on land	<u>2.2</u>	1	7
Sale of capital assets	<u>2.3</u>	-	187
Transactions in financial assets and liabilities	<u>2.4</u>	5 137	3 111
Departmental revenue collected		<u>5 213</u>	<u>3 377</u>

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	75	72
Sales by market establishment	46	45
Other sales	29	27
Total	<u>75</u>	<u>72</u>

2.2 Interest, dividends and rent on land

Interest	1	7
Total	<u>1</u>	<u>7</u>

2.3 Sale of capital assets

Machinery and equipment	<u>30</u>	-	187
Total		<u>-</u>	<u>187</u>

2.4 Transactions in financial assets and liabilities

Receivables	2	46
Other receipts including Recoverable Revenue	5 135	3 065
Total	<u>5 137</u>	<u>3 111</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Aid assistance

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Opening Balance		138 702	130 240
Transferred from the statement of financial performance		3 606	8 462
Closing Balance		142 308	138 702

3.1 Analysis of balance by source

Aid assistance from other sources	142 308	138 702
Closing balance	142 308	138 702

3.2 Analysis of balance

Aid assistance unutilised	142 308	138 702
Closing balance	142 308	138 702

4. Compensation of employees

4.1 Salaries and Wages

	2016/17	2015/16
	R'000	R'000
Basic salary	98 271	92 343
Performance award	2 957	2 081
Service Based	18	792
Compensative/circumstantial	4 663	4 021
Periodic payments	-	46
Other non-pensionable allowances	29 060	28 451
Total	134 969	127 734

4.2 Social contributions

Employer contributions

Pension	10 842	9 825
Medical	2 499	2 401
Bargaining council	11	15
Total	13 352	12 241

Total compensation of employees

148 321	139 975
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. Goods and services

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Administrative fees		1 489	2 334
Advertising		1 823	2 327
Minor assets	<u>5.1</u>	87	224
Bursaries (employees)		407	724
Catering		453	700
Communication		7 417	4 167
Computer services	<u>5.2</u>	4 761	3 957
Consultants: Business and advisory services		19 824	14 799
Legal services		3 450	829
Contractors		4 726	2 038
Agency and support / outsourced services		9 398	1 659
Audit cost – external	<u>5.3</u>	3 328	3 559
Fleet services		966	771
Inventory	<u>5.4</u>	19	10
Consumables	<u>5.5</u>	3 135	1 921
Operating leases		10 033	1 223
Property payments	<u>5.6</u>	1 971	10 322
Rental and hiring		4 994	971
Transport provided as part of the departmental activities		416	207
Travel and subsistence	<u>5.7</u>	17 567	19 231
Venues and facilities		1 925	1 557
Training and development		1 274	1 466
Other operating expenditure	<u>5.8</u>	1 696	2 867
Total		101 159	77 863

5.1 Minor assets

Tangible assets	87	224
Machinery and equipment	87	224
Total	87	224

5.2 Computer services

SITA computer services	1 608	2 037
External computer service providers	3 153	1 920
Total	4 761	3 957

5.3 Audit cost – External

Regularity audits	3 179	3 379
Investigations	149	180
Total	3 328	3 559



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5.4 Inventory

Clothing material and accessories	1	1
Materials and supplies	18	5
Medical supplies	-	4
Total	19	10

5.5 Consumables

Consumable supplies	1 869	355
Uniform and clothing	11	11
Household supplies	450	216
IT consumables	39	80
Other consumables	1 369	48
Stationery, printing and office supplies	1 266	1 566
Total	3 135	1 921

5.6 Property payments

Municipal services	1 827	10 013
Property management fees	51	-
Property maintenance and repairs	67	56
Other	26	253
Total	1 971	10 322

Note: Operating lease and property payments have been reclassified as per Standard Chart of Accounts (SCOA)

5.7 Travel and subsistence

Local	15 119	16 181
Foreign	2 448	3 050
Total	17 567	19 231

5.8 Other operating expenditure

Professional bodies, membership and subscription fees	372	717
Resettlement costs	106	200
Other	1 218	1 950
Total	1 696	2 867

6. Payments for financial assets

	Note	2016/17	2015/16
		R'000	R'000
Purchase of equity		-	23 000 000
Debts written off	6.1	-	20
Total		-	23 000 020



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6.1 Debts written off

Nature of debts written off

Staff debts written-off	-	20
Total debt written off	-	20

7. Transfers and subsidies

		2016/17 R'000	2015/16 R'000
Provinces and municipalities		9	-
Public corporations and private enterprises	<i>Annex 1D</i>	-	33 106
Households	<i>Annex 1G</i>	425	2 370
Total		434	35 476

8. Expenditure for capital assets

		2016/17 R'000	2015/16 R'000
Tangible assets		3 763	5 731
Machinery and equipment	<u>29</u>	<u>3 763</u>	<u>5 731</u>
Intangible assets		102	610
Software	<u>30</u>	<u>102</u>	<u>610</u>
Total		3 865	6 341

8.1 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	3 763	-	3 763
Machinery and equipment	<u>3 763</u>	<u>-</u>	<u>3 763</u>
Intangible assets	102	-	102
Software	<u>102</u>	<u>-</u>	<u>102</u>
Total	3 865	-	3 865

8.2 Analysis of funds utilised to acquire capital assets – 2015/16

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	5 731	-	5 731
Machinery and equipment	<u>5 731</u>	<u>-</u>	<u>5 731</u>
Intangible assets	610	-	610
Software	<u>610</u>	<u>-</u>	<u>610</u>
Total	6 341	-	6 341



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9. Cash and cash equivalents

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		11 021	42 764
Cash on hand		64	64
Investments (Domestic)*		142 308	138 668
Total		153 393	181 496

*This amount is ring fenced against the disbursement of funds to beneficiaries of Telkom Shares after Telkom was acquired by Government.

10. Prepayments and advances

		2016/17 R'000	2015/16 R'000
Travel and subsistence		5	1
Advances paid	<i>10.1</i>	1 045	346
Total		1 050	347

10.1 Advances paid (Not expensed)

National departments	<i>Annex8A</i>	1 045	346
Total		1 045	346

10.2 Prepayments (Expensed)

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Goods and services		3 958	-
Total		3 958	-

Prepayments were made to Universities under the statement of financial performance.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11. Receivables

		Current	2016/17 Non- current	Total	Current	2015/16 Non- current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	<u>11.1</u>	-	-	-	52	-	52
Recoverable expenditure	<u>11.2</u>	2 733	26	2 759	161	-	161
Staff debt	<u>11.3</u>	175	4	179	338	268	606
Fruitless and wasteful expenditure	<u>11.4</u>	19	-	19			
Other debtors	<u>11.5</u>	20	254	274			
Total		2 947	284	3 231	551	268	819

11.1 Claims recoverable

National departments	-	52
Total	-	52

11.2 Recoverable expenditure (disallowance accounts)

Cell phone Expenditure	26	161
Diners club	2 488	-
Ex-employees	245	-
Total	2 759	161-

11.3 Staff debt

Bursaries	-	12
Other	179	594
Total	179	606

11.4 Fruitless and wasteful expenditure

Transfers from note 25.1 Fruitless and Wasteful expenditure	<u>25.1</u>	19	-
Total		19	-

11.5 Other debtors

Suppliers	274	-
Total	274	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12. Investments

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Non-Current			
Shares and other equity			
Alexkor SOC Ltd		400 000	400 000
Denel SOC Ltd		6 176 376	6 176 376
Eskom SOC Ltd		83 000 000	83 000 000
Safcol SOC Ltd		318 013	318 013
Transnet SOC Ltd		12 660 986	12 660 986
South African Express SOC Ltd		585 000	585 000
Total		<u>103 140 375</u>	<u>103 140 375</u>
Analysis of non-current investments			
Opening balance		103 140 375	20 200 375
Additions in cash		-	23 000 000
Disposals for cash [^]		-	(60 000)
Non-cash movements		-	60 000 000
Closing balance		<u>103 140 375</u>	<u>103 140 375</u>

12.1 Impairment of investments

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Estimate of impairment of investments			
Alexkor SOC Ltd		37 696	75 388
Denel SOC Ltd		3 540 508	3 855 508
South African Express SOC Ltd		585 000	453 125
Total		<u>4 163 204</u>	<u>4 384 021</u>

Note: The impairment of investments is based on the difference between the cost of the investment and the net asset value at the reporting date. The impairment of the investment is limited to cost, so the investment cannot be impaired lower than the cost.

The impairments for the 2016/17 are estimates as these figures are based on provisional amounts and are still subject to the SOCs external audit process and therefore subject to change.

Impairment for previous financial year has been recalculated to R4.384 billion. This is due to the fact that some of the SOCs were not impaired as reflected above.

In the current financial year, Alexkor's impairment has been reduced by R38 million to R38 million from the prior period of R75 million, being the difference between the cost of the investment of R400 million (2015/16: R400 million) and the net asset value of R362 million (2015/16: R325 million).

In the current financial year, Denel's impairment has been reduced by R315 million to R3 540 million from the prior period of R3 855 million, being the difference between the cost of the investment of R6 176 million (2015/16: R6 176 million) and the net asset value of R2 636 million (2015/16: R2 321 million).

The South African Express (SAX) investment has been fully impaired to 585 million as the entity does not have a positive net asset value.

The other three SOCs ie Eskom, Transnet and Safcol have not been impaired since they have a positive difference between the cost of investment and the net asset value.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. Loans

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Public corporations		-	1 351 130
Total		<u>-</u>	<u>1 351 130</u>
Analysis of Balance			
Opening balance		1 351 130	1 351 130
Ceded to		(1 351 130)	
Closing balance		<u>-</u>	<u>1 351 130</u>

Note: The rights of the loan were ceded to the Department of Telecommunications and Postal Services

14. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Opening balance		42 919	19 481
Transfer from statement of financial performance		14 197	42 919
Paid during the year		(42 919)	(19 481)
Closing balance		<u>14 197</u>	<u>42 919</u>

15. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Opening balance		3	3
Transfer from Statement of Financial Performance		5 213	3 377
Paid during the year		(4 935)	(3 377)
Closing balance		<u>281</u>	<u>3</u>

16. Payables – current

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Advances received	<u>16.1</u>	667	667
Clearing accounts	<u>16.2</u>	77	227
Other payables	<u>16.3</u>	-	144
Total		<u>744</u>	<u>1 038</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

16.1 Advances received

Public entities	<i>Annex8B</i>	667	667
Total		667	667

16.2 Clearing accounts

SARS	77	212
Pension Fund	-	15
Total	77	227

16.3 Other payables

Ex employee	-	144
Total	-	144

16.4 Payables – non-current

	<i>Note</i>	2016/17			R'000 Total	2015/16
		R'000 One to two years	R'000 Two to three years	R'000 More than three years		R'000 Total
Other payables	<i>17.1</i>	144	-	-	144	-
Total		144	-	-	144	-

16.5 Other payables

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Description			
Ex-employee		144	-
Total		144	-

17. Net cash flow available from operating activities

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Net surplus/(deficit) as per Statement of Financial Performance		23 015	54 758
Add back non cash/cash movements not deemed operating activities		(47 397)	(17 175)
(Increase)/decrease in receivables – current		(2 411)	(98)
(Increase)/decrease in prepayments and advances		(703)	(176)
Increase/(decrease) in payables – current		(294)	(197)
Proceeds from sale of capital assets		-	(187)
Expenditure on capital assets		3 865	6 341
Surrenders to Revenue Fund		(47 854)	(22 858)
Net cash flow generated by operating activities		(24 382)	37 583



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

18. Reconciliation of cash and cash equivalents for cash flow purposes

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General account		11 021	42 764
Cash on hand		64	64
Cash with commercial banks (Local)		142 308	138 668
Total		153 393	181 496

19. Contingent liabilities and contingent assets

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Liable to Nature			
Other guarantees	<i>Annex 3A</i>	209 566 694	180 164 464
Claims against the department	<i>Annex 3B</i>	699 435	697 776
Total		210 266 129	180 862 240

Note: According to section 70 of the PFMA, Act 1 of 1999 (as amended by Act 29 of 1999) the Department is responsible for the reporting on all guarantees that were issued to Public Entities under its control. Any payment under a guarantee will be a direct charge against the National Revenue fund via the Department.

The amount in respect of other guarantees consists of closing balance and guaranteed interest as at 31 March as reflected in Annexure 3A.

20. Commitments

	<i>Note</i>	2016/17 R'000	2015/16 R'000
Current expenditure			
Approved and contracted		35 763	8 148
Approved but not yet contracted		983	20 952
Total Commitments		36 746	29 100

21. Accruals and payables not recognised

	2016/17 R'000			2015/16 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	3 831	17	3 848	238
Total	3 831	17	3 848	238
Listed by programme level				
Administration			3 813	229
Legal and Governance			5	2
Portfolio Management and Strategic Partnerships			30	7
Total			3 848	238



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

22. Employee benefits

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Leave entitlement		5 671	2 191
Service bonus (Thirteenth cheque)		2 760	2 556
Performance awards		1 785	1 630
Capped leave commitments		1 369	1 201
Total		11 585	7 578

23. Lease commitments

23.1 Operating leases expenditure

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	414	414
Later than 1 year and not later than 5 years	-	-	-	546	546
Total lease commitments	-	-	-	960	960

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	236	236
Total lease commitments	-	-	-	236	236

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Opening balance		14 849	11 694
Prior period error		-	80
As restated		14 849	11 774
Add: Irregular expenditure – relating to prior year		2 037	-
Add: Irregular expenditure – relating to current year		-	3 075
Less: Prior year amounts condoned		(15 804)	-
Less: Current year amounts not condoned and recoverable		(261)	-
Closing balance		821	14 849

Analysis of awaiting condonation per age classification

Current year	-	3 075
Prior years	821	11 774
Total	821	14 849



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

24.2 Details of irregular expenditure condoned

Incident	Condoned by	2016/17 R'000
Procurement process not followed	Accounting Officer	12 452
Contract value exceeded	Accounting Officer	979
Human Resources regulations not adhered to	Accounting Officer	2 373
Total		15 804

24.3 Details of irregular expenditure recoverable (not condoned)

	Note	2016/17 R'000
Performance bonuses paid		261
Total		261

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	Note	2016/17 R'000	2015/16 R'000
Opening balance		20	263
Prior period error		-	(245)
As restated		20	18
Fruitless and wasteful expenditure – relating to prior year		5	-
Fruitless and wasteful expenditure – relating to current year		15	2
Less: Amounts resolved		(21)	-
Less: Amounts transferred to receivables for recovery		(19)	-
Fruitless and wasteful expenditure awaiting resolution		-	20

25.2 Analysis of awaiting resolution per economic classification

Current	-	2
Total	-	2

25.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
Penalty on late cancellation and no shows	No disciplinary steps required - investigation conducted and expenditure has been condoned	15
Total		15



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

26. Related party transactions

Payments made	Note	2016/17 R'000	2015/16 R'000
Goods and services		11 400	-
Payments for financial assets		-	83 000 000
Transfers		-	33 106
Total		11 400	83 033 106
Other			
Guarantees issued/received	<i>Annex 3A</i>	42 615 142	11 495 310
Total		42 615 142	11 495 310

27. Key management personnel

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers	2	4 211	4 226
Officials:			
Level 15 to 16	8	11 631	11 499
Level 14 (incl. CFO if at a lower level)	24	21 941	22 885
Total		37 783	38 610

Note: The prior year key management personnel for Political office bearers includes travel and subsistence amount of R15 000.

28. Non-adjusting events after reporting date

Nature of event	2016/17 R'000
Labour Dispute	730
Total	730

29. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIP- MENT	27 906		3 763	(1 754)	29 915
Transport assets	5 394	-	1 273	-	6 667
Computer equipment	14 381	-	2 165	(889)	15 657
Furniture and office equipment	3 817	-	13	(72)	3 758
Other machinery and equipment	4 314	-	312	(793)	3 833
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	27 906	-	3 763	(1 754)	29 915



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

29.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	3 763	-	-	-	3 763
Transport assets	1 273	-	-	-	1 273
Computer equipment	2 165	-	-	-	2 165
Furniture and office equipment	13	-	-	-	13
Other machinery and equipment	312	-	-	-	312
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3 763	-	-	-	3 763

29.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	1 754	1 754	-
Transport assets	-	-	-	-
Computer equipment	-	889	889	-
Furniture and office equipment	-	72	72	-
Other machinery and equipment	-	793	793	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	1 754	1 754	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

29.3 Movement

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	23 474	-	5 731	1 299	27 906
Transport assets	5 329	-	1 319	1 254	5 394
Computer equipment	10 385	-	4 041	45	14 381
Furniture and office equipment	3 727	-	90	-	3 817
Other machinery and equipment	4 033	-	281	-	4 314
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	23 474	-	5 731	1 299	27 906

29.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	50	-	4 540	-	4 590
Additions	-	-	-	88	-	88
Disposals	-	-	-	366	-	366
TOTAL MINOR ASSETS	-	50	-	4 262	-	4 312
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	180	-	180
TOTAL NUMBER OF MINOR ASSETS	-	-	-	180	-	180



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	5	18

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	50	-	4 317	-	4 367
Additions	-	-	-	225	-	225
Disposals	-	-	-	(2)	-	(2)
TOTAL MINOR ASSETS	-	50	-	4 540	-	4 590

30. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	2 881	-	102	-	2 983
TOTAL INTANGIBLE CAPITAL ASSETS	2 881	-	102	-	2 983



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

30.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	102	-	-	-	102
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	102	-	-	-	102

30.2 Movement for 2015/16

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	2 271	-	610	-	2 881
TOTAL INTANGIBLE CAPITAL ASSETS	2 271	-	610	-	2 881

ANNEXURE 1D STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2015/16 Appropriation Act
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000	
Public Corporations									
Transfers									
Denel	-	-	-	-	-	-	-	-	33 106
Total	-	-	-	-	-	-	-	-	33 106



ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2015/16 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
Leave Gratuity	405	-	-	405	405	100
Bert Koster Percussion CC	-	-	-	-	-	-
Bursaries for non-employees	-	-	-	-	-	109
Ritchie Community in Northern Cape	-	-	-	-	-	307
Community in Western Cape	-	-	-	-	-	26
Badiramogo Old Age	-	-	-	-	-	19
Nongoma Unveiling of Borehole	-	-	-	-	-	24
Books for Tertiary Students	20	-	-	20	20	100
Total	425	-	-	425	425	2 370

ANNEXURE 1J

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2016/17	2015/16
	R'000	R'000
Made in kind		
16 days of activism against women and child abuse	-	411
TOTAL	-	411





ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	State Entity's PFMA Schedule type (state year-end if not 31 March)	% Held 16/17	% Held 15/16	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
				2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
				R'000		R'000		R'000		R'000		
National/Provincial Public Entity												
Alexkor Limited	II	100%	100%	400 000 000	400 000 000	400 000	400 000	362 304	324 612	35 820	(35 500)	No
Denel (Pty) Ltd	II	100%	100%	1 225 049 663	1 225 049 663	6 176 376	6 176 376	2 635 868	2 320 868	315 000	395 000	No
Eskom Limited	II	100%	100%	83 000 000 001	83 000 000 001	83 000 000	83 000 000	175 942 000	182 352 000	888 000	5 151 000	No
SAFCOL Limited	II	100%	100%	318 013 254	318 013 254	318 013	318 013	3 322 584	3 233 894	53 190	(49 739)	No
South African Express Airways (Pty)Ltd	II	100%	100%	452	452	585 000	585 000	(120 732)	131 875	(252 607)	16 956	No
Transnet Limited	II	100%	100%	12 660 986 310	12 660 986 310	12 660 986	12 660 986	143 635 000	143 290 000	2 837 000	393 000	No
TOTAL				97 604 049 680	97 604 049 680	103 140 375	103 140 375	325 777 023	331 653 249	3 876 403	5 870 717	

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment			Amounts owing to Entities		Amounts owing by Entities			
		R'000		R'000			R'000		R'000			
		2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
Controlled entities												
Alexkor Limited	Mining	400 000	400 000	362 304	324 612	-	-	-	-	-	-	-
Denel (Pty) Ltd	Manufacturing of Arms	6 176 376	6 176 376	2 635 868	2 320 868	-	-	-	-	-	-	-
Eskom Limited	Energy	83 000 000	83 000 000	175 942 000	182 352 000	-	-	-	-	-	-	-
Safcol Limited	Forestry	318 013	318 013	3 322 584	3 233 894	-	-	-	-	-	-	-
South African Express Airways (Pty) Ltd	Transport	585 000	585 000	(120 732)	131 875	-	-	-	-	-	-	-
Transnet Limited	Transport	12 660 986	12 660 986	143 635 000	143 290 000	-	-	-	-	-	-	-
TOTAL		103 140 375	103 140 375	325 777 023	331 653 249	-	-	-	-	-	-	-

The net asset value of the investment and profit/loss for the year ended 31 March 2017 is based on provisional amounts and is still subject to the SOC's external audit process and therefore subject to change.

For South African Express Airways', the amount reflected in Department's financial statements differs from the amount reflected in SAX financial statements due to using different accounting frameworks. The SOC's report in terms of International Financial Reporting Standards (IFRS) and the Department uses Modified Cash Basis of Accounting.

Department's Financial Statements Modified Cash Basis of Accounting	Transaction Details	SAX' Financial Statements	
		IFRS Accounting	Convertible loan
Paid	To acquire SAX shares and acquire loan	R57 million	-
Transferred	Recapitalize SAX	R445 million	R357 million
Total		R502 million	R357 million





ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2016 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Other Movements	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
SAX	Other	439 000	439 000	-	-	-	-	439 000	-	-
	Convenants breached									
	Working Capital	100 000	100 000	-	-	-	-	100 000	-	-
	Working Capital	567 000	-	-	346 000	(58 000)	-	288 000	-	-
Denel	Note Programme	1 850 000	1 850 000	-	-	-	-	1 850 000	-	-
Eskom	Eskom bonds – ES15	-	-	-	-	-	-	-	-	-
	Eskom bonds – ES18	-	9 577 496	-	34 786	(7 131 373)	-	2 480 909	102 663	-
	Eskom bonds – ES23	-	12 213 139	-	3 808 000	(146 241)	-	15 874 898	289 433	-
	Eskom bonds – ES26	-	19 825 573	-	5 477 806	(248 359)	-	25 055 020	974 841	-
	Eskom bonds – ES33	-	29 563 477	-	336 000	(470 592)	-	29 428 885	101 961	-
	Eskom bonds – ES42	-	11 796 853	-	1 804 758	(125 813)	-	13 475 798	497 197	-
	Eskom bonds – EL15	-	-	-	-	-	-	-	-	-

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2016 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Other Movements	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Eskom bonds – EL28	-	3 941 000	-	264 000	(35 794)	-	4 169 206	57 704	-
	Eskom bonds – EL29	-	3 700 000	-	-	(16 000)	-	3 684 000	32 746	-
	Eskom bonds – EL30	-	3 700 000	-	-	(44 010)	-	3 655 990	17 459	-
	Eskom bonds – EL31	-	3 740 000	-	429 000	(167 671)	-	4 001 329	32 183	-
	Eskom bonds – EL36	-	3 741 000	-	9 000	-	-	3 750 000	15 711	-
	Eskom bonds – EL37	-	3 250 000	-	400 000	-	-	3 650 000	15 288	-
	Sort term notes	-	-	-	2 000 000	-	-	2 000 000	-	-
	Subtotal	2 956 000	107 437 538	-	14 909 350	8 443 853	-	113 903 035	2 137 186	-
	TOTAL	2 956 000	107 437 538	-	14 909 350	8 443 853	-	113 903 035	2 137 186	-





ANNEXURE 3A (CONTINUED)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2016 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Other Movements	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced/ released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Transnet	Other									
	Euro-Rand medium term note (Tranche 1) #	2 000 000	2 000 000	-	-	-	-	2 000 000	256 685	-
Eskom	Euro-Rand medium term note (Tranche 2) #	1 500 000	1 500 000	-	-	-	-	1 500 000	411	-
	AFDB Loan (ZAR)	10 630 000	9 363 818	-	102 891	(693 616)	-	8 773 093	106 589	-
	AFDB Loan (Euro)	10 262 457	9 039 638	-	1 818 750	(674 575)	(1 419 398)	8 764 415	57	-
	Worldbank loan USD	2 905 930	1 752 057	-	5 617 419	-	(307 942)	2 905 930	8 820	-
	Worldbank loan ZAR	30 128 313	25 972 709	-	-	-	-	30 128 313	1 170 549	-
	AFDB USD Renewable	2 145 202	133 803	-	-	(4 068)	(12 146)	117 589	316	-
	AFDB USD Renewable - CTF	809 510	524 515	-	91 201	-	(49 738)	565 978	229	-
	Worldbank Renewables AFDB	1 992 925	424 603	-	85 970	-	(43 491)	467 082	498	-
	AFDB (Pvt Sector)	1 800 000	1 666 667	-	-	(133 333)	-	1 533 334	21 563	-
	AFDB (Pvt Sector)	3 175 228	3 562 595	-	-	(264 953)	(317 886)	2 979 756	12 252	-

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2016 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Other Movements	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	Realised losses not recoverable i.e. claims paid out	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Eskom	AFDB (French Development Bank) ZAR	980 840	950 189	-	-	61 303	-	888 886	25 850	-	
	AFDB (French Development Bank) EUR	1 365 520	50 317	-	-	-	(7 454)	42 863	304	-	
	AFDB (French Development Bank) ZAR	2 273 055	-	-	815 766	-	-	815 766	28 570	-	
	KFW ZAR	3 934 500	3 934 500	-	-	-	-	3 934 500	2 177	-	
	KFW ZAR	1 383 510	-	-	-	-	-	-	-	-	
	MIGA	7 883 028	7 883 028	-	-	-	(1 167 864)	6 715 164	131 151	-	
	AFDB A LOAN (USD)	148 250	-	-	126 212	-	7 498	133 710	138	-	
	AFDB B LOAN (USD)	14 306 125	-	-	12 179 458	-	723 557	12 903 015	13 360	-	
	EIB-CSP	1 068 750	-	-	-	-	-	-	-	-	
	CBD Short term USD	6 813 725	-	-	6 868 125	-	(182 625)	6 685 500	10 060	-	
	Subtotal		107 506 868	68 758 439	-	27 705 792	1 831 848	(2 777 489)	91 854 894	1 671 579	-
	TOTAL		107 506 868	68 758 439	-	27 705 792	1 831 848	(2 777 489)	91 854 894	1 671 579	-





ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017

Nature of Liability	Opening Balance 1 April 2016	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2017
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Equity Alliance (Pty) Ltd vs Government of RSA	572 000	-	-	-	572 000
By Choice Catering CC vs Department of Public Enterprises	119	-	-	-	119
Nabera vs Alexkor & Government	123 000	-	-	-	123 000
Assignments on Contract	29	-	-	-	29
Quinton Bean vs Department of Public Enterprises	66	-	-	-	66
Mr. Solomon vs The Minister & Eskom	-	400	-	-	400
Labour Disputes	2 562	2 861	1 602	-	3 821
TOTAL	697 776	3 261	1 602	-	699 435

Note: Nabera vs Alexkor and Government of RSA, the amount collectively claimed is R123m (i.e. R119m for value addition and R4m for management fee). Assignments on Contract are claiming R29 190.70 from the department. Mr Bean is claiming R65 769.68 from the department. Mr Solomon is claiming R400 000.00 from the department. Labour disputes against the department are estimated at R3 820 871.00

ANNEXURE 4

CLAIMES RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000
Department of Economic Development	-	-	-	52	-	52
TOTAL	-	-	-	52	-	52



ANNEXURE 6

INVENTORIES

Inventory	Note	2016/17		2015/16	
		Quantity	R'000	Quantity	R'000
Opening balance		167	31	341	56
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases - Cash		-	-	19 925	1 086
Add: Additions - Non-cash		-	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		-	-	(19 803)	(1 061)
Add/(Less): Adjustments		(167)	(31)	(296)	(50)
Closing balance		-	-	167	31

ANNEXURE 8A

INTER-ENTITY ADVANCES PAID (note 10)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperations	-	-	1 045	346	1 045	346
Total	-	-	1 045	346	1 045	346

* Amount paid to DIRCO for foreign accommodation and shuttle services.

ANNEXURE 8B

INTER-ENTITY ADVANCES RECEIVED (note 21 AND note 22)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000
NATIONAL DEPARTMENTS						
Current						
16 days of activism against women and child abuse	667	667	-	-	667	667
TOTAL	667	667	-	-	667	667





Minister Lynne Brown hosts a youth career exhibition in George



Deputy Minister Dikobe Ben Martins addresses delegates at the Safcol Forestry Industrialisation Roundtable



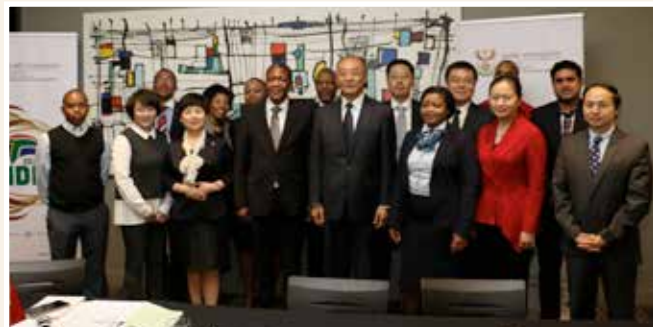
Deputy Minister Dikobe Ben Martins hosts Nongoma learners at the Richards Bay Port during the learner tours initiative



Minister Lynne Brown made remarks about Transnet's continental initiative at the Port of Durban Tour



DPE Africa Month Celebration



Bilateral Meeting between Director-General, Mr Mogokare Seleke and DPE officials and Secretary General of SASAC, Mr Yan Xiaofeng and delegates



DPE Africa Month Celebration



DPE Rewards and Recognition ceremony



DPE Womens Day Celebration



The Minister of Public Enterprises, Ms Lynne Brown together with the North West MEC for Finance launch the Mokgalwana Village Multi-Purpose Community Centre for youth economic upliftment



President Zuma and Minister Brown launch the Transnet Trans-Africa Locomotive



DPE 16 Days of Activism Event



DPE Womens Day Celebration



DPE Womens Day Celebration



Deputy Minister Dikobe Ben Martins hosts a youth exhibition at Newcastle



President Zuma and Minister Brown launch the Transnet Trans-Africa Locomotive



Deputy Minister Dikobe Ben Martins hosts a youth career exhibition in Newcastle



Minister Lynne Brown hosts a youth career exhibition in George



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