



ANNUAL REPORT 2019/2020



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE NO. 09

ANNUAL REPORT

2019/2020 FINANCIAL YEAR





CONTENTS

PART A: GENERAL INFORMATION	5
1. DEPARTMENTAL GENERAL INFORMATION	6
2. GLOSSARY OF ACRONYMS	7
3. FOREWORD BY THE MINISTER	8
4. DEPUTY MINISTER'S STATEMENT	10
5. REPORT OF THE ACCOUNTING OFFICER	11
6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT	15
7. STRATEGIC OVERVIEW	16
7.1. Vision	16
7.2. Mission	16
7.3. Values	16
8. LEGISLATIVE AND OTHER MANDATES	16
9. ORGANISATIONAL STRUCTURE	17
10. ENTITIES REPORTING TO THE MINISTER	18
PART B: PERFORMANCE INFORMATION	19
1. AUDITOR GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES	20
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	20
2.1 Performance Delivery Environment	20
2.2 Service Delivery Improvement Plan	21
2.3 Organisational Environment	21
2.4 Key Policy Developments and Legislative Changes	22
3. STRATEGIC OUTCOME ORIENTED GOALS	22
4. PERFORMANCE INFORMATION BY PROGRAMME	23
4.1 PROGRAMME 1 – ADMINISTRATION AND CORPORATE MANAGEMENT	23
4.2 PROGRAMME 2 – SOC GOVERNANCE AND PERFORMANCE	25
4.3 PROGRAMME 3 – BUSINESS ENHANCEMENT AND INDUSTRIALISATION	28
5. TRANSFER PAYMENTS	38
5.1 Transfer payments to public entities	38
5.2 Transfer payments to all organisations other than public entities	38



6. CAPITAL INVESTMENT	38
7. DONOR FUNDS RECEIVED	38
8. CAPITAL INVESTMENT	38

PART C: GOVERNANCE **39**

1. INTRODUCTION	40
2. RISK MANAGEMENT	40
3. FRAUD AND CORRUPTION	40
4. MINIMISING CONFLICT OF INTEREST	41
5. CODE OF CONDUCT	41
6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	41
7. PORTFOLIO COMMITTEE	42
8. SCOPA RESOLUTIONS	43
9. PRIOR MODIFICATIONS TO AUDIT REPORTS	44
10. INTERNAL CONTROL UNIT	44
11. INTERNAL AUDIT AND AUDIT COMMITTEES	44
12. AUDIT COMMITTEE REPORT	46
13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	48

PART D: HUMAN RESOURCE MANAGEMENT **49**

1. INTRODUCTION	50
2. OVERVIEW OF HUMAN RESOURCES	50
3. HUMAN RESOURCES OVERSIGHT STATISTICS	51

PART E: FINANCIAL INFORMATION **69**

1. REPORT OF THE AUDITOR GENERAL	70
2. ANNUAL FINANCIAL STATEMENTS	76



PART A

GENERAL INFORMATION



1. DEPARTMENTAL GENERAL INFORMATION

PHYSICAL ADDRESS: 80 Hamilton Street
Arcadia
Pretoria

POSTAL ADDRESS: Private Bag X15
Hatfield
0028

TELEPHONE NUMBER/S: 027 12 431 1000

FAX NUMBER: 027 086 501 2624

EMAIL ADDRESS: info@dpe.gov.za

WEBSITE ADDRESS: www.dpe.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

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

AGM	Annual General Meeting	MOA	Memorandum of Agreement
AGSA	Auditor General of South Africa	MOI	Memorandum of Incorporation
AO	Accounting Officer	MDS	Market Demand Strategy
ARC	Audit and Risk Committee	MISS	Minimum Information Security Standards
B-BBEE	Broad-Based Black Economic Empowerment	MTEF	Medium-Term Expenditure Framework
BRP	Business Rescue Plan	MSC	Modified Cash Standard
CAPEX	Capital Expenditure	MTSF	Medium-Term Strategic Framework
CFO	Chief Financial Officer	MW	Megawatts
CS	Corporate Services	MYPD	Multi-Year Price Determination
CSI	Corporate Social Investment	NCPM	National Corridor Performance Measurement
DAFF	Department of Agriculture, Forestry and Fisheries	NDP	National Development Plan
DCT	Durban Container Terminal	NEHAWU	National Education, Health and Allied Workers' Union
DDG	Deputy Director-General	NGP	New Growth Path
DEA	Department of Environmental Affairs	NT	National Treasury
DG	Director-General	OHS	Occupational Health and Safety
DM	Deputy Minister	PDP	Personal Development Plans
DOE	Department of Energy	PFMA	Public Finance Management Act
DOT	Department of Transport	PSA	Public Service Association
DPE	Department of Public Enterprises	PRC	Presidential Review Committee
DRDLR	Department of Rural Development & Land Reform	PSEC	Presidential State-Owned Enterprises Council
EAF	Energy Availability Factor	PSJV	Pooling and Sharing Joint Venture
EECC	Ethics and Expenditure Control Committee	SA	South African Express Airways
EIP	Environmental Implementation Plan	EXPRESS	
EXCO	Executive Committee	SAFCOL	South African Forestry Company Ltd
FET	Further Education and Training	SCM	Supply Chain Management
FSC	Forestry Stewardship Council	SHC	Shareholder Compacts
FY	Financial Year	SMS	Senior Management Service
GDP	Gross Domestic Product	SOC	State Owned Company
HDIs	Historically Disadvantaged Individuals	SOE	State Owned Enterprise
HR	Human Resources	StatsSA	Statistics South Africa
IA	Internal Audit	TFR	Transnet Freight Rail
IAA	Internal Audit Activity	TNPA	Transnet National Ports Authority
ICT	Information and Communication Technology	TOR	Terms of Reference
IPAP	Industrial Policy Action Plan (IPAP)	UCLF	Unplanned Capability Loss Factor
KPI	Key Performance Indicator	WSP	Workplace Skills Plan

3. FOREWORD BY THE MINISTER



Mr Pravin J. Gordhan

BUILDING FINANCIALLY SUSTAINABLE AND OPERATIONALLY ROBUST STATE-OWNED COMPANIES

South Africa's State-Owned Enterprises (SOEs) provide critical economic infrastructure, enable growth, distribute essential services and are the preferred infrastructure development partners to African countries.

However, their perilous financial state has been further exposed during this past financial year. This is the unavoidable consequence of years of state capture during which criminal activities involving the looting of funds from the SOCs' lack of assets maintenance and rampant mismanagement, including the absence of consequences for malfeasance and maladministration thrived.

When I assumed the role in 2018, the SOCs were rejuvenated by introducing new boards and management with the necessary experience and knowledge to ensure their financial stability. This remains inadequate in resetting the SOCs towards financial sustainability.

The damage caused by state capture has proven to be extensive and some of the SOCs (SAA and SA Express) have had to seek the protection of the courts through business rescue to restructure and attract new capital.

Further, effort into the restructuring of these SOCs, the cost of their operations relative to revenues raised, the tariff structure compared to other developing countries, the return on capital investment and assets deployed are areas that require particular attention going forward if the aspirations of post COVID-19 are to be achieved. We have started these conversations with the boards, and we are asking questions about the type of partnerships and strategies that will enable leveraging of state assets.

The eradication of malfeasance and state capture needs to be matched by appropriate policies, regulations, monitoring tools and systems; and structures to discourage misbehaviour. The Department is working furiously in this regard, and guidance will be given to SOCs to ensure that at the coalface, vigilant capacity is put in place. These initiatives are to ensure that the precipitous history of bad corporate governance, malfeasance and corruption is not repeated.

Our people deserve better.

In addition, law enforcement agencies are investigating all instances of state capture and corruption in the SOCs and the signs that good progress is being made in this regard are there. Moreover, Eskom and Transnet have initiated civil and criminal proceedings against individuals and companies implicated in corruption to recover funds that may have been stolen or contracts which may have been unduly awarded.

We are aware that the steps taken to stabilise the SOCs will require time, as we need to address deep embedded structural, financial and operational challenges. We are also cognisant of the speed that is required to address the drag that the SOCs are placing on the economy – through dependence on the fiscus, unaffordable administered prices, inefficient corporate arrangements, value destroying operational and capital expenditure and their conspiratorial role in malfeasance, amongst others.

The future that we intend to craft of these entities is one where there is clarity on their contribution to the GDP. Currently, their contribution to the GDP is 5% and, through conservative estimates, with a multiplier effect of 15%.

The Department needs to be able to set revenue targets driven by a reflection of what will be comparable to other developing countries. Further, how much of the national budget should the SOCs' contribution be since in countries like Malaysia, their SOCs contribute 5% of national budget, this is after a radical transformation of their portfolio, which included attraction of strategic equity partners and listing on their national bourse.

The portfolio should be able to deliver reliable electricity, freight logistics, sustainable utility services, public transport services, well priced indigenous world class manufactured products in all sectors these SOCs are participating in. In the same vein as we lead the government effort on the rest of the portfolio, these are the kinds of aspirations that inform the repositioning of the SOC portfolio in general.

On the continent there is movement towards ensuring connection and industrialisation. The Single African Air Transport Market (SAATM) and the African Continental Free Trade Area (AfCFTA) envisioned by the African Union are just some of the initiatives that are coming to the fore. We need to be able to define a role for SOCs beyond our borders and ensuring that they will perform in collaboration with others within and outside the continent.

A different narrative around our SOCs is possible. We intend to ensure that it is achieved, for the sake of our people



MR PRAVIN J. GORDHAN, MP

MINISTER OF PUBLIC ENTERPRISES



4. DEPUTY MINISTER'S STATEMENT



Phumulo Masualle

SA Express has been placed under provisional liquidation and its future will be determined by the liquidation process. The dire financial situation of the airline has since been exacerbated by the negative impact of the COVID-19 pandemic, which has immensely affected airlines globally.

The country's arms manufacturer, Denel, also finds itself under difficult conditions. We are working with the Denel Board to resolve the short-term liquidity challenges the company is facing, where payment of salaries are a challenge.

During the period under review, it is apparent that the sooner we implement the future state and ownership structures of the SOEs, the sooner SOEs will be able to play both their economic and developmental role.

A handwritten signature in black ink, appearing to read 'Phumulo'.

Phumulo Masualle (MP)

Deputy Minister of Public Enterprises

My appointment to the Department of Public Enterprises came after the sixth democratic elections, where among many other key focus areas in the ruling party's manifesto, stabilising State Owned Enterprises (SOEs) was one of them.

Many SOCs under the Department of Public Enterprises (DPE) found themselves in serious financial and governance problems that affected their operations. The gravity of the work needed to be done to turn around these strategic assets of the state looked insurmountable. The work to destabilise the SOCs under this portfolio had taken root. However, it has not been without its challenges. There has been hard decisions that had to be made, and harder ones to palate.

We are still a long way until we turn the tide and put the SOCs on a path of financial sustainability and operational excellence. Although having put in place competent directors to the Boards of South African Express Airways (SA Express), Denel and other SOCs, the problems persisted because of the historical issues.

5. REPORT OF THE ACCOUNTING OFFICER



Mr Kgathatso Tlhakudi

1.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

The 2019/20 Financial year was a challenging one for the Department of Public Enterprises (DPE) and the State Owned Companies (SOCs) in its portfolio. In the context of a depressed economy, SOCs have a fundamental role to play in leveraging growth of the economy by delivering essential services, such as energy and freight transport.

The calendar year ended on a muted note where South Africa's economy expanded at the slowest pace since the global financial crisis. Statistics South Africa (Stats SA) reported a gross domestic product which shrank at 1.4% in the last quarter of 2019. The economy only grew by 0,2% in 2019, the lowest reading since 2009 when the economy contracted by 1,5%.

As a result, the SOCs within the DPE portfolio had a fair share of blows which encroached the sustainability of State Owned Companies (SOCs). During the period under review, Eskom generation performance has deteriorated further,

resulting in stage 6 load shedding in December 2019. Eskom is currently implementing the Generation Recovery Plan to improve plant performance. In order to improve plant performance for Medupi and Kusile's new units, Eskom is currently implementing defects correction to improve the performance. Eskom's total debt increased to R480 billion (2018/19: R440 billion) by the end of 2019/20. Cash generation from operations of R39 billion is insufficient to cover debt obligations. The entity recorded a loss of R16.7 billion (2018/19 R20.7 billion) at the end of the 2019/20 financial year.

The two airlines, South African Express Airways (SA Express) and South African Airways (SAA) were placed under business rescue in December 2019 and February 2020 respectively. A business rescue plan for SAA was finalised and will be followed by a proposed restructuring process which the Department believes is fundamental and will create a solid base for the emergence of a competitive, viable and sustainable national airline for the country.

The persistent deterioration of the diamond operation has negatively impacted the financial position of Alexkor, which reported a loss of R9 million by the second quarter of the 2019/20 financial year and the prospects of improving the diamond production are minimal. The Department has subsequently proposed a number of strategic options for consideration by Government on the future role of the entity.

As a result of these challenges, the DPE has an enormous responsibility of ensuring that the SOCs in its portfolio are effecting the Government's priorities with respect to social and economic development. In so doing, an appropriate balance between financial and broader developmental goals needs to be achieved without compromising the competitiveness of the enterprises.

In order for the SOCs' performance to be improved, it will require changes in the SOCs' operational models and improved environment within which the SOCs operate. Evidently, this must be augmented by value-added efforts in the execution of the oversight function and capacity to ensure that SOCs are financially sustainable while executing key priorities of government. The reform of the SOCs remain an essential part of the work programme of the Department to curtail further losses experienced by some SOCs and to ensure that losses are significantly reduced.

The year ahead is expected to be equivalently a challenging one but with improved oversight tools, the Department will fulfil its mandate as the Government Shareholder and ensure that the operations of SOCs are fully aligned to the national priorities. To ensure that the current SOCs' performance

trajectory is improved, the DPE has tabled a new strategy framed to support the reform of the SOCs in line with the institutional plans as outlined in the 2019-2024 Medium-Term Strategic Framework (MTSF).

1.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

1.2.1 Departmental receipts

Departmental receipts	2019/2020			2018/2019		
	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	97	65	32	60	64	(4)
Interest, dividends and rent on land	2	-	2	1	-	1
Sales of capital assets	-	-		16	17	(1)
Transactions in financial assets and liabilities	115	44	71	140	285	(145)
TOTAL	214	109	105	217	366	(149)

1.2.2 Revenue narrative

The DPE does not generate revenue as revenue collection is not part of its core function.

1.2.3 Programme expenditure

Programme Name	2019/20			2018/19		
	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	163 121	149 077	14 044	151 979	136 031	15 948
State-owned Companies' Governance Assurance and Performance	41 613	36 880	4 733	39 084	33 490	5 594
Business Enhancement, Transformation and Industrialisation	56 678 296	56 660 432	17 864	6 331 851	6 305 272	26 579
TOTAL	56 883 030	56 846 389	36 641	6 522 914	6 474 793	48 121

1.2.4 Expenditure narrative

The Department has spent 99.9% (R56.846 billion of R56.883 billion) of the total budget, of which R246.4 million was for departmental operations and R56.6 billion was the capital injection for SOCs. The Department received R26 billion which was tabled in the Special Appropriation Bill, (2019) to assist Eskom with its financial obligations. During the 2019/20 medium-term budget adjustment, an additional amount of R30.6 billion was received and earmarked for Eskom (R23 billion), SA Express (R300 million), SAA (R5.5 billion) and Denel (R1.8 billion) for working capital and settlement of outstanding debts.

The under expenditure of R36 million primarily relates to compensation of employees (R21 million) and goods and services (R15 million). This was as a result of unfilled posts and non-implementation of the development of the Green Paper for the Shareholder Management Bill.

1.2.5 Virements/roll overs

A virement approval has been granted by National Treasury to shift R17.562 billion for recapitalisation in respect of Eskom's financial obligations from Programme 2: SOCs' Governance Assurance and Performance to Programme 3: Business Enhancement, Transformation and Industrialisation.

No roll over request was submitted to National Treasury.

1.2.6 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 did not incur any unauthorised expenditure. The fruitless and wasteful expenditure of R730 thousand reported in the Annual Financial Statements relates to production of episodes for a TV discussion programme about SOCs, storage of the production set and travel and subsistence. This matter is still under investigation to determine the root cause. The Department continues to implement control measures in place as well as monitor, detect and address fruitless and wasteful expenditure to ensure compliance with the Public Finance Management Act (PFMA, Act 1 of 1999 as amended).

1.2.7 Future plans of the Department

- Stabilisation of SOCs through repurposing these strategic companies to support growth and development.
- Continuous exploration of resources and capabilities of SOCs to promote inclusive growth, investment and creation of jobs.
- Refocus mandates /orientation of SOCs to ensure that they have viable business and operating models.
- Greater focus on SOCs' operational performances.

1.2.8 Public Private Partnerships

The Department has no public private partnerships registered with National Treasury.

1.2.9 Discounted activities/activities to be discontinued

The Department has neither discontinued any activities nor will it discontinue any planned activities.

1.2.10 New proposed activities

None

1.2.11 Supply chain management

The Department did not experience unsolicited bid proposals during the 2019/20 financial year. Three bid committees (i.e Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee) have been established to ensure compliance in the bidding process and the implementation of the Departmental Financial and Supply Chain Management Policies and Delegations to manage and prevent irregular expenditure. The Department trained the relevant bid committee members to ensure that they were able to carry out their responsibilities.

1.2.12 Gifts/ donation received in kind from non-related parties

There were no gifts/donations received by the department from non-related parties in the year under review.

1.2.13 Exemption and deviations received from National Treasury

The Department received no exemptions from National Treasury except for the deviations from the bidding process, which is in accordance with Treasury Regulations and Treasury Instruction number 3 of 2016/17.

1.2.14 Events after the reporting date

The Department received the article summons on 2 June 2020 from a service provider, which could result in a contingent liability. Furthermore, a labour dispute matter was settled after 31 March 2020.

The post of Director-General for the Department was filled in July 2020.

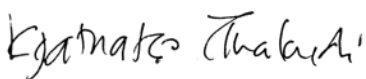
In April 2020 it was announced that the article support package towards COVID-19 must be prioritised. During the Special Adjustment Budget, the Department's budget for the 2020/21 financial year was reduced by 20%, which is R61.9 million of R309 million (these funds exclude payments for financial assets). This comprises R30 million from Compensation of Employees (COEs) and R31.9 million from Goods and Services. These reductions were implemented across all three programmes of the Department.

1.2.15 Other

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

Conclusion

I would like to express my gratitude to Minister Pravin Gordhan, Deputy Minister Phumulo Masualle and the DPE staff for their patronage and commitment during the financial year under review.



Mr Kgathatso Tlhakudi

Accounting Officer

Department of Public Enterprises



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

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

The annual report is complete, accurate and free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standards and the relevant frameworks and guidelines issued by the National Treasury.

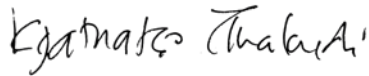
The Accounting Officer is responsible for the preparation of the Annual Financial Statements and the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2020.

Yours faithfully



Mr Kgathatso Tlhakudi

Accounting Officer

7. STRATEGIC OVERVIEW

7.1 Vision

To create an enabling environment in which SOCs add real economic value by focussing on operational excellence, commercial viability and fiscal prudence. This will drive developmental objectives, industrialisation, job creation and skills development.

In our view, this simplified vision statement reflects an end-state in which sustainable SOCs support economic growth by enabling industrialisation, job creation and skills development. Well-directed and effectively overseen, our SOCs will continue to actively enable the goals of the NDP.

7.2 Mission

To provide clear strategic direction and oversight to the Department's SOCs, seeking to ensure that:

- they are financially sustainable, adequately funded and operationally robust;
- their operating models keep pace with global development and innovation;
- they provide reliable, high-quality and cost-effective services and infrastructure to industry and our citizens;
- they secure investment and funding for strategic industrial development; and
- they align with national developmental objectives.

7.3 Values

Our values are a key enabler of performance and underpin the delivery of the DPE's vision and mission. They are as follows: -

Trusting – Having confidence in the character, ability, strength and commitment of each other;

Enabling – An environment that supports our people, our economy and our nation;

Caring – Treating employees and others with concern, kindness and empathy;

Leading – Providing clear direction, guidance and forward thinking;

Transparent – Ensuring visibility and accessibility of information relating to our business practices;

Prudent – Applying skill and good judgement in the use and application of resources and reducing risk;

Responsive – Responding quickly, appropriately and effectively; and

Relevant – Always being capable of addressing current needs.

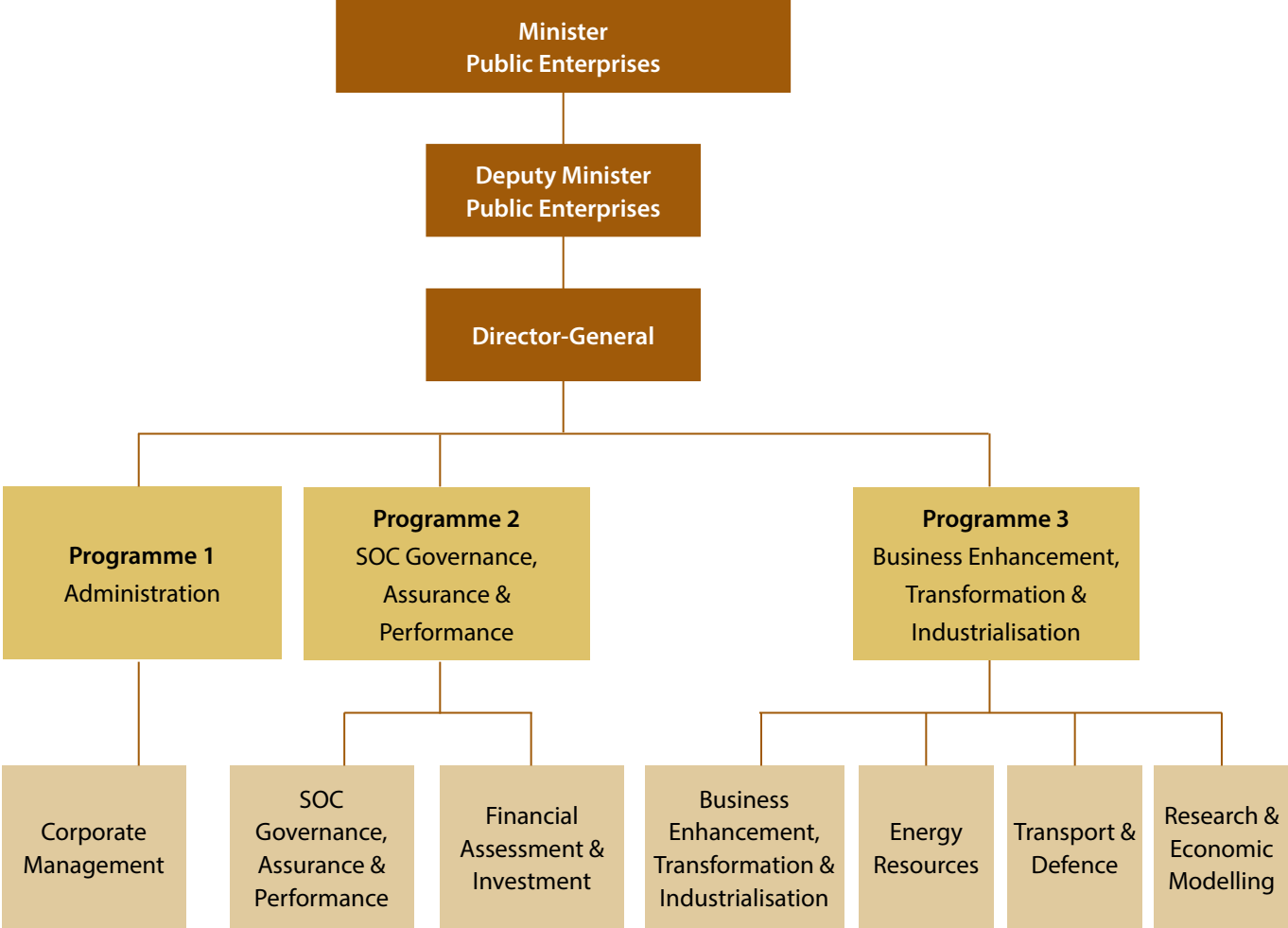
8. LEGISLATIVE AND OTHER MANDATES

The DPE is mandated to perform shareholder oversight on behalf of Government over seven SOCs that play a key role in enabling economic growth, creating jobs and promoting the industrialisation and transformation of the economy. All 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.

In terms of section 63 (2) of the Public Finance Management Act (PFMA Act 1 of 1999), as amended, the Minister of Public Enterprises has, inter alia, the responsibility of ensuring that the SOCs comply with the PFMA legislation.

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	A diamond mining company that operates primarily in Alexander Bay and the greater Namaqualand area.
Denel		None	Shareholder Representative	Denel is responsible for manufacturing defence equipment and maintains sovereign and strategic defence capabilities on behalf of the State.
South African Express Airways		South African Express Act (Act 34 of 2007)	Shareholder Representative	SA Express is a domestic and regional air carrier.
South African Airways		South African Airways (Act 5 of 2007)	Shareholder Representative	South African Airways is the South African national airline.
South African Forestry Company		Management of State Forests Act (Act 128 of 1992)	Shareholder Representative	SAFCOL is Government's forestry company which conducts timber harvesting, timber processing and related activities both domestically and regionally.
Eskom		Eskom Conversion Act (Act 13 of 2001)	Shareholder Representative	Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors.
Transnet		Legal Succession to the South African Transport Services Act (Act 9 of 1989)	Shareholder Representative	Transnet is a freight and logistics company responsible for pipelines, ports, and rail transport infrastructure and operations in South Africa.



PART B

PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit 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, with material findings being

reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 70 for the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The 2019/20 financial year marks the first year of the new Administration and the publication of the 2019-2024 Medium-Term Strategic Framework (MTSF). The MTSF outlines seven priorities and provides a medium-term roadmap that informs the institutional plans to achieve the NDP's goals. The DPE mainly supports the implementation of MTSF priority 1 – Capable, Ethical and Developmental State and MTSF priority 2 – Economic Transformation and Job Creation.

At the January 2020 Cabinet Lekgotla it was resolved that: *“By 2030, South Africa needs to be served by a set of efficient, financially sound and well-governed SOEs that address the country's developmental objectives in areas where neither the executive arms of government nor private enterprises are able to do so effectively. These enterprises must deliver quality and reliable service at a cost that enables South Africa to be globally competitive. To live up to these expectations, SOEs will require clear public-interest mandates, which are consistently enforced. Government will take further measures to ensure that all state-owned companies fulfil their economic and developmental mandates. We will need to confront the reality that the challenges at some of our SOEs are structural – that they do not have a sufficient revenue stream to fund their operational costs. These SOEs cannot borrow their way out of their financial difficulties, and we will therefore undertake a process of consultation with all stakeholders to review the funding model of SOEs and other measures”*

The Department has an important portfolio of SOCs in its stable and remains instrumental in ensuring reliable, affordable security of supply in a host of sectors ranging from energy to freight logistics. Ensuring that SOCs are self-sufficient, with sustainable financing and effective operations remains a major difficulty. It is paramount that all SOCs must be self-sustaining so that there is no need for Government

to provide in any funding if the entity is operating efficiently and is able to undertake a specific developmental mandate to support the realisation of the NDP's goals.

The financial sustainability of SOCs was the order of the day in the period under review. Funding for the SOCs emerged as one of the major challenges, with the roll-out of the build programme and grounding of airlines being on the spotlight.

Eskom generation performance has been poor. As at 31 March 2020, Energy Availability Factor (EAF) has deteriorated to 66.65% compared to 69.95% recorded for the period ended March 2019. Deterioration in EAF has resulted in Eskom implementing stage 6 load shedding for the first time in December 2019. The deterioration in the EAF was mainly due to increase in plant break downs (Unplanned Capability Loss Factor). The Unplanned Capability Loss Factor (UCLF) increased to 22.97% from 18.31% from the prior year. Poor maintenance philosophy and aging poor station (average 38 years) contributed to high UCLF. Poor performance of Medupi and Kusile units also contributed to low EAF. Eskom is currently resolving the plant defects problems at Medupi and Kusile power stations. Notwithstanding the satisfactory operational performance in the Transmission and Distribution Divisions in the period under review, risks also exist in the Transmission and Distribution environments. To effectively mitigate against these risks and ensure sustained improvement, Eskom has during the 2019/20 financial year undertaken a review to define improvement focus areas. These areas include initiatives for replacement of assets in poor condition, system expansion for growth and reliability, security upgrades and improvement actions for leading risk indicators. The escalating Municipal arrears debt remains a great threat to Eskom sustainability. Municipal arrears debt reached an amount of R28.04 billion in March 2020, an increase of R8.2 billion over the past 12 months.

Government's financial support to Eskom per year for the next 10 years was pronounced by Minister of Finance during the 2019 Budget Speech. The funds were further accelerated through the Special Appropriation Bill and an amount of R59 billion was allocated for the 2019/20 and 2020/21 financial years, with the amount split into R26 billion and R33 billion for the respective financial years. The additional financial support was to assist Eskom to service its debt obligations.

SAA and SA Express have been relying on debt to fund their operations, which have not been sustainable. As a result, the airlines have experienced significant financial challenges since 2011/12 resulting in their current poor financial performance and continued to operate at a loss which posed a major concern on the sustainability of the airlines. As a result, both South African Airways and SA Express were placed under business rescue on 6 December 2019 and 6 February 2020 respectively to facilitate the rehabilitation of the financially distressed airlines.

The performance of the sea ports continued to be below satisfactory level with key measures not being realised across the three strategic container terminals (i.e. Durban, Cape Town and Ngqura). Port equipment remained a critical bottleneck in improving the efficiency of terminal operations and berth productivity levels were unsatisfactory, resulting in long turnaround times for vessels and service or productivity levels across the container system below expected levels. The aptitude of Transnet to procure replacement parts to maintain its ports and rail equipment including rolling stock will require clear cut long-term localisation strategy (Demand Plan). The strategy will address the maintenance backlogs and other efficiency challenges that are persistently contributing to the poor performance of the national freight systems (in particular rail and ports) and will also identify initiatives to improve the system's future desired performance.

Over the years, SAFCOL continued to manage its assets in a sustainable manner by ensuring that both its plantations and sawmill are certified in terms of Forestry Stewardship Council (FSC). Whereas SAFCOL's focus has been on optimal value creation, there is a need to improve operational efficiencies through investment into new technologies to create higher demand for its products and therefore attract new markets. A development of an implementable strategy is essential for SAFCOL to compete in new markets that will improve the company's revenue streams.

The year under review was also marked by Alexkor's liquidity challenges due to lack of sustainable revenue generating

streams. The options to address the entity's sustainability going forward have been proposed and the assessment of the optimal option, including consultations with relevant stakeholders, is currently underway.

2.2 Service Delivery Improvement Plan


The Department's mandate does not directly provide services directly to the citizens. However, its function has a direct influence on the SOCs under the DPE portfolio. These SOCs play a pivotal role in the country's critical economic sectors. The entities' sustainability is required to work in the best interest of the public to achieve the developmental goals of the Government.

2.3 Organisational Environment

The DPE's shareholder oversight role has come under scrutiny, particularly the corporate governance practices, financial and operational monitoring of the SOCs, supported by various oversight instruments. The existing DPE oversight instruments and methodology were proven to be ineffective to curtail the challenges within the SOCs that crippled their ability to be both financially and operationally viable. The operational effectiveness of the SOC is at the core of a thriving and profitable business. It is important therefore to strengthen both the SOC and DPE systems, policies, processes, and practices that are equivalent to their industry peers. The delivery system of the Department will be improved and appropriate expertise will be consulted to augment the Department's capacity.

The State Owned Enterprises (SOE) are currently experiencing a number of challenges, including governance, policy and regulatory, financial and operational issues. Having undertaken a comprehensive review of the SOEs across all spheres of Government, the Presidential Review Committee (PRC) on SOEs made a number of recommendations for strengthening the role of SOEs and ensuring that, whilst remaining financially viable, they respond to a clearly defined public mandate. These recommendations included a proposal that Government enact a single overarching law (a so-called "SOE Act") governing all state-owned entities.

In supporting the SOCs' sustainability outcome, transparency in terms of reliable and constructive information to drive accountability will be key to promote the desired performance of the SOCs. The SOCs' institutional stability is therefore the key factor to success.



In June 2020, President Cyril Ramaphosa appointed members to the Presidential State-Owned Enterprises Council (PSEC) to strengthen the framework governing SOEs. Among its priorities, the Council's mandate is to develop an overarching Act governing SOEs and determine an appropriate Government Shareholder Ownership Model. The Department as a shareholder representative for Government with oversight responsibility for SOEs will provide secretariat support to PSEC.

The financial position of Alexkor deteriorated significantly over the period, which required a change of the current operating model of the entity. Alexkor depends on the proceeds from the Joint Venture Diamond Operations and over the past three years the operations experienced a number of challenges resulting in operating losses. The Department is exploring future options for the two entities to determine the optimal operating structure and overall strategic role.

3. STRATEGIC OUTCOME ORIENTED GOALS

The SOCs under the Department's portfolio contribute to a number of outcomes including improving the productivity of the economy, accelerating investment, promoting industrialisation and advanced manufacturing and uplifting the communities in which these SOCs operate. The Department, through its oversight function, ensures that the SOCs' investments and operational activities contribute to these outcomes.

During the year under review, the Department developed the Board Evaluation Framework ("the Framework") with the intention to drive continuous improvement in Board effectiveness to achieve governance outcomes, strategic organisational outcomes and impacts. In the context of revenue generating SOCs that need to balance the dual mandate of being self-sufficient and commercially viable, while delivering on developmental/social priorities for the public good, an effective Board needs to be able to demonstrate how the extent of achievement of the governance outcomes translates into SOC value creation. Therefore, Board effectiveness is about effective strategic leadership, effective oversight and accountability for performance, and effective management of board structures and operations, delegations, stakeholder relationships and ethical leadership. These outcomes are linked to the extent of achievement of SOC value creation.

Over the years, Denel has been relying on Government Guarantees which in turn increased the company's debt burden of the capital structure. The turnaround strategy was developed to address Denel's business model, operational efficiency and liquidity issues in order to return to sustainability performance. However, the implementation of the strategy has been largely impeded by the ongoing liquidity challenges and the entity has been unable to raise capital to resuscitate the operations. Although Denel continued to raise its order intake, the strength of its balance sheet remains a challenge.

2.4 Key Policy Developments and Legislative Changes

None.

The Department is cognisant that the Framework is only one part of the interventions to a more holistic approach to improve oversight and accountability. There are a number of corresponding enabling processes with potential impact to successfully implement the Framework. This includes the requirement for an extensive parallel review of the Department's oversight tools, such as the Memoranda of Incorporation (MOI) and the methodology for compacting on strategic key performance areas. The implementation of the Framework will continue in the 2020/21 financial year, with the anticipation that board effectiveness will be measured in line with the minimum standards of the Framework.

ESKOM

The Department successfully published a Special Paper on Eskom detailing the road map for the separation and unbundling of the entity. This was in-line with the President's announcement that Eskom will be unbundled into three separate companies under Eskom Holdings to deal with the lack of transparency and accountability currently found in the vertically integrated monopolistic structure. Eskom has, to date, achieved functional unbundling (Divisionalisation) milestones and timelines as prescribed in the special paper, it is envisaged that the legal unbundling will be fully implemented by December 2022, with the Transmission entity fully established by December 2021. However, the dates and

milestones have interdependencies to the policy, regulation and market rules that the Government is still to outline and develop. Operationally, the Department continues to engage Eskom on its Generation Recovery Nine-point plan to restore the integrity of plant and avert the supply constraints.

Medupi Power Station is almost complete. Medupi's last unit is expected to be in commercial operation by the end of March 2021. The focus on Medupi will be on improving plant performance through plant defects correction. Already Medupi unit 3 has been corrected and it has been performing well. Construction at Kusile Power Station is progressing well. One unit at Kusile has also been contributing 800MW to the grid. Eskom is planning to commercialise two units by 31 March 2021. Eskom will be applying lessons learned from Medupi in order to improve plant performance and latent defects at Kusile Power Station.

TRANSNET

The levels of economic growth were lower than expected during the year under review which presented unique challenges for SOCs, in particular Transnet. Nonetheless, the entity managed to achieve certain levels of operational

sustainability that laid solid support in placing the economy on a recovery trajectory.

The 2014-2019 MTSF set targets through the Transnet Freight Rail (TFR), to move rail addressable volumes from roads by increasing tonnage moved on rail from 207 to 330 mtpa by 2019. From 2014/15 to the 2016/17 financial year, Transnet moved 225mtpa, 224mtpa and 219mtpa respectively against the 330mtpa target. Over the three years, the volumes moved by rail declined. In the 2017/18 financial year, Transnet moved a total of 226mtpa, which was 32% lower than the 330 MTSF target. Subsequently, in the 2018/19 financial year, Transnet railed only 215mtpa, which was 38% lower than the MTSF target. The lower performance was mainly as a result of the negative Growth Domestic Product (GDP) growth made up of negative contribution from the mining, agriculture and manufacturing sectors, and low volume commitments from clients. Despite the unfavourable economic conditions that have impeded the desired domestic economic growth, TFR intends to improve its reliability in terms of services rendered, efficiencies and predictability of the services and cost effective services to its customers.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 PROGRAMME 1 – ADMINISTRATION AND CORPORATE MANAGEMENT

The programme includes the Ministry, the Office of the Director-General and Support Services. The programme is currently made up of the following sub-programmes: Ministry; Management; Corporate Services; Chief Financial Officer; Human Resources; Communications; Strategic Planning, Monitoring and Evaluation; Internal Audit and Office Accommodation.

Sub-programmes and strategic objectives for Corporate Services:

◆ Security and Facilities Management

Provides a safe and secure environment and internal administration and facilities services to internal customers.

◆ Information Management and Technology

Provides information technology services and applications as strategic tools for business enablement, coupled with comprehensive records management, knowledge management, library and information services.

◆ Office of the Chief Financial Officer

Provides effective and efficient financial management services to ensure compliance with various legislation, including the Public Finance Management Act, 1999 (PFMA Act No 1 of 1999) as amended and Treasury Regulations.

◆ Human Resources

Assists line management to implement operational excellence and develop the human capital potential in the Department.

◆ Communications

Repositions the DPE as a strong shareholder Department; makes the DPE brand relevant and meaningful to ordinary South Africans; provides impactful media relations and media communication; and improves employee engagement.

◆ Strategic Planning, Monitoring and Evaluation

Coordinates, manages and oversees the outcomes-based performance reporting of the Department; implements performance monitoring and evaluation processes for individual programmes and business units as a mechanism for measuring delivery of our strategic objectives; and reports to various stakeholders.

◆ Internal Audit

Provides independent and objective assurance and consulting, internal audit services 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.

Performance outputs to achieve the strategic objectives

The programme had two targets for the financial year and one target was achieved. The details of the progress made are provided in the table below:

Programme 1: Administration and Corporate Management					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Promote the development of a strong shareholder	Shareholder Management Policy developed, but was not submitted to Cabinet	Green Paper for the SOE Bill developed	Not achieved Green Paper for the SOE Bill not developed	The PSEC has been mandated to develop the overarching Act governing the SOEs	None
Promote alignment and efficiency across institutional model	22 training interventions provided in line with the Workplace Skills Plan (WSP)	20 training interventions provided (WSP)	Achieved 42 training interventions provided	There were additional training interventions required	None

Performance indicators

Programme 1: Administration and Corporate Management					
Performance indicator	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Government Shareholder Management Bill adopted into law by 2020/21	Shareholder Management Policy developed, but was not submitted to Cabinet	Green Paper for the SOE Bill developed	Not achieved Green Paper for the SOE Bill not developed	The PSEC has been mandated to develop the overarching Act governing the SOEs	None
Number of training interventions provided	22 training interventions provided in line with the Workplace Skills Plan (WSP)	20 training interventions provided (WSP)	Achieved 42 training interventions provided	There were additional training interventions required	None

Strategy to overcome areas of underperformance

The PSEC members were appointed by the President to support the government's reposition of the SOEs and the Council will also be responsible for the development of the SOE Bill.

Changes to planned targets

There were no changes to the planned targets during the financial year.

Linking performance with budgets

Expenditure on the programme amounts to R149.1 million or 91.4% of the total budget of R163.1 million in 2019/20, while expenditure for the 2018/19 financial year totalled R136 million or 89.5% of the total budget of R151.9 million. The primary cost drivers under Goods and Services include Travel and Subsistence, Operating Lease, Property Payments, Computer Services and Audit Fees.

Programme expenditure

Programme: Administration	2019/20			2018/19		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
Ministry	42 115	39 367	2 748	29 052	22 265	6 786
Management	11 466	10 962	504	14 197	11 894	2 303
Communications	31 817	28 864	2 953	36 803	33 627	3 176
Chief Financial Officer	21 193	20 784	409	17 649	17 166	483
Human Resources	29 805	24 355	5 450	29 124	27 547	1 577
Internal Audit	7 338	5 539	1 799	4 624	3 586	1 038
Corporate Services	4 050	3 870	180	3 799	3 218	581
Office Accommodation	15 337	15 335	2	16 731	16 728	3
Total	163 121	149 077	14 044	151 979	136 031	15 948

4.2 PROGRAMME 2 – SOC GOVERNANCE ASSURANCE AND PERFORMANCE

Purpose of the programme:

To provide and enforce SOCs' governance, legal assurance, financial and non-financial performance monitoring, evaluation and reporting systems, in support of the shareholder, to ensure alignment with the government's priorities.

Sub-programmes and strategic objectives:

- Management comprises the office of the Deputy Director-General, which provides strategic leadership and management of the programmes' personnel.
- Legal provides external legal services and support, including transaction and contract management support to sector teams and the commercial activities of SOCs within their portfolio.
- Governance develops, monitors and advises on legislative, corporate governance and shareholder management systems for the Department and SOCs in its portfolio. The sub-programme develops and implements risk and compliance management guidelines and systems for shareholder risk.

- Financial Assessment and Investment Support analyses SOCs' capital planning, operational performance, funding of capital programmes and proposed restructuring proposals; and advises on appropriate action.

Strategic objectives

Ensure effective shareholder oversight of SOCs by:

- Providing governance and legal systems.
- Developing and maintaining shareholder risk profiles and mitigating strategies for Government's SOCs.
- Monitoring, evaluating and reporting on the financial and non-financial performance of SOCs and proposing intervention measures when required.

Detailed information on the two sub-programmes is as follows:

4.2.1 Sub-programme: Governance, Legal Assurance, Risk Profiling and Mitigation

Performance outputs to achieve the strategic objectives

The sub-programme had four targets for the financial year and all targets were achieved. Details of the progress made are provided in the table below:

Sub-programme: Governance, Legal Assurance, Risk Profiling and Mitigation					
Strategic objective	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019	Comment on deviations
Promote the development of a strong shareholder	Five existing Boards reviewed and five new Boards appointed	Board performance evaluation framework developed	Achieved Board performance evaluation framework was developed	None	None
	None	Report on monitoring SOC compliance with the norms and standards on MOIs produced	Achieved Report on monitoring SOC compliance with the norms and standards on MOIs was produced	None	None
	Shareholder Anti-Fraud and Corruption Hotline established and maintained	80%	Achieved 87,5%	The minimum performance standard of 80% was informed by the baseline number of reports that was registered in the 2018/19 financial year and the uncertainty around the target	None
	Report on review of governance and risk practices produced	Draft SOC Risk Integrity Management Framework developed	Achieved Draft SOC Risk Integrity Management Framework was developed	None	None

Sub-programme performance indicators

Sub-programme: Governance, Legal Assurance, Risk Profiling and Mitigation					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Board Performance Evaluation Framework developed	Five existing Boards reviewed and five new Boards appointed	Board Performance Evaluation Framework developed	Achieved Board Performance Evaluation Framework was developed	None	None
Report on monitoring of SOC compliance with the norms and standards on MOIs	None	Report on monitoring SOC compliance with the norms and standards on MOIs produced	Achieved Report on monitoring SOC compliance with the norms and standards on MOIs was produced	None	None

Sub-programme: Governance, Legal Assurance, Risk Profiling and Mitigation					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Percentage of Anti-Fraud and Corruption Hotline incidents reports forwarded to the relevant authorities	Shareholder Anti-Fraud and Corruption Hotline established and maintained	80%	Achieved 87,5%	The minimum performance standard of 80% was informed by the baseline number of reports that was registered in the 2018/19 financial year and the uncertainty around the target	None
Develop SOC Risk Integrity Management Framework	Report on review of governance and risk practices produced	Draft SOC Risk Integrity Management Framework developed	Achieved Draft SOC Risk Integrity Management Framework was developed	None	None

Strategy to overcome areas of underperformance

There were no deviations from the planned targets.

Changes to Planned Targets

There were no changes to the planned targets during the financial year.

1.1.2 Sub-programme: Financial Assessment and Investment Support

Performance outputs to achieve the strategic objectives

The sub-programme had three targets for the financial year and all targets were achieved. Details of the progress made are provided in the table below:

Sub-programme: Financial Assessment and Investment Support					
Strategic Objective	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Promote independent financial sustainability of SOCs	27 SOCs' financial review reports produced	28	Achieved 28	None	None
	7 SOCs' corporate plans reviewed	7	Achieved 7	None	None
	None	2	Achieved 2	None	None

Sub-programme Performance Indicators

Sub-programme: Financial Assessment and Investment Support					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Number of SOC financial review reports assessed	27 SOCs' financial review reports produced	28	Achieved 28	None	None
Number of SOC corporate plans reviewed	7 SOCs' corporate plans reviewed	7	Achieved 7	None	None
Number of consolidated progress reports on SOCs' audit findings	None	2	Achieved 2	None	None

Strategy to overcome areas of underperformance

There were no deviations from the planned targets.

Changes to Planned Targets

There were no changes to the planned targets during the financial year.

Linking performance with budgets

Expenditure on the programme amounted to R 36.9 million in the 2019/20 financial year, as compared to R 33.5 million in the 2018/19 financial year. The spending on goods and services was mainly due to payments made to the State Attorney in respect of litigation matters.

Programme Expenditure

Sub-Programme Legal and Governance	2019/20			2018/19		
	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	2 989	1 978	1 011	2 989	2 739	250
Legal	13 714	11 104	2 610	14 830	12 066	2 764
Governance	12 451	11 627	824	9 565	8 782	783
Financial Assessment and Investment Support	12 459	12 172	287	11 700	9 903	1 797
Total	41 613	36 880	4 733	39 084	33 490	5 594

4.3. PROGRAMME 3 – BUSINESS ENHANCEMENT AND INDUSTRIALISATION

Purpose of the programme

To provide sector oversight to enhance the business of SOCs by advancing industrialisation, transformation, intergovernmental relations and international collaboration services, and support the Shareholder to strategically position and enhance the operations of SOCs.

The sub-programmes in this programme are as follows:

Business Enhancement Services – develops and coordinates the implementation of SOCs' strategies to leverage localisation programmes. Provides intergovernmental coordination and support to programmes and SOCs in relation to economic development programmes, as agreed with provincial and local governments. It maintains a register of commitments made by SOCs and lobbies for the implementation of special programmes focusing on skills development, transformation and the youth.

Energy Resources – exercises shareholder oversight over Eskom, Alexkor and SAFCOL.

Research and Economic Modelling – conducts cost benefit analysis reviews on business enhancement and transformation initiatives and develops economic sustainability models for proposed work packages and projects.

Transport and Defence – exercises shareholder oversight over Transnet, South African Express, South African Airways and Denel.

4.3.1 Sub-programme: Business Enhancement and Industrialisation

Programme Strategic Objectives

To contribute to the enhancement of the performance of SOCs on an ongoing basis by:

- Conducting reviews, research and modelling of pipelines and new business enhancement opportunities within the SOCs.
- Assessing operations of SOCs and developing mitigating instruments in conjunction with policy departments, regulatory bodies and industry.
- Conducting research, modelling job creation and transforming instruments for SOCs to inter alia inform compact alignment imperatives.

Performance outputs to achieve the strategic objectives

The sub-programme had six targets for the financial year and four targets were achieved. The details of the progress made are provided in the table below:

Sub-programme: Business Enhancement and Industrialisation					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Accelerate development of skills to support the needs of the economy	Four quarterly reports on SOCs' contribution to the development of scarce and critical skills	Four (4) Quarterly monitoring reports on SOCs' contribution to the skills development produced	Achieved Four (4) quarterly monitoring reports on SOCs' contribution to the skills development produced	None	None
Accelerate transformation of the South African economy	Annual Report on CSI strategic and high impact projects implemented	Four (4) quarterly reports on the monitoring of SOCs' CSI programmes	Achieved Four (4) quarterly reports on the monitoring of SOCs' CSI programmes completed	None	None
	None	Report on social impact assessment of SOCs' CSI programme produced	Not achieved Report on social impact assessment of SOCs' CSI programmes not produced	Report was not concluded due to delayed conclusion of the bid evaluation process	The study will be completed in the 2020/21 financial year
Position SOCs to support re-industrialisation of the South African economy	Development of the Industrialisation Strategic Framework	Assessment of SOCs' quarterly reports on the implementation of the Localisation Strategic Framework	Not achieved Assessment of SOCs' quarterly reports on the implementation of the Localisation Strategic Framework was not completed	Delay in finalising the quarterly monitoring report	The report will be finalised in the 2020/21 financial year
	None	DPE Africa Strategy reviewed	Achieved DPE Africa Strategy was reviewed	None	None
	SOC environmental research conducted	DPE EIP produced	Achieved DPE EIP was produced	None	None

Sub-programme performance indicators

Sub-programme: Business Enhancement and Industrialisation					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Monitoring reports on SOCs' contribution to the development of scarce and critical skills produced	Four quarterly reports on SOCs' contribution to the development of scarce and critical skills	Four (4) quarterly monitoring reports on SOCs' contribution to the skills development produced	Achieved Four (4) quarterly monitoring reports on SOCs' contribution to the skills development was produced	None	None
Monitoring of SOCs' CSI programmes	Annual Report on CSI strategic and high impact projects implemented	Four (4) quarterly reports on the monitoring of SOCs' CSI programmes	Achieved Four (4) quarterly reports on the monitoring of SOCs' CSI programmes completed	None	None
Report on social impact assessment of SOCs' CSI programmes	None	Report on social impact assessment of SOCs' CSI programme produced	Not achieved Report on social impact assessment of SOCs' CSI programmes not produced	Report was not concluded due to delayed conclusion of the bid evaluation process	The study will be completed in the 2020/21 financial year
Monitor Implementation of the Localisation Strategic Framework	Development of the Industrialisation Strategic Framework	Assessment of SOCs' quarterly reports on the implementation of the Localisation Strategic Framework	Not achieved Assessment of SOCs' quarterly reports on the implementation of the Localisation Strategic Framework was not completed	Delay in finalising the quarterly monitoring report	The report will be finalised in the 2020/21 financial year
Review DPE's Africa Strategy	New Indicator	DPE's Africa Strategy Reviewed	Achieved DPE's Africa Strategy reviewed	None	None
Develop Environmental Implementation Plan (EIP) for DPE	SOC environmental research conducted	DPE EIP produced	Achieved DPE EIP was produced	None	None

Strategy to overcome areas of under performance

The Department has put in place actions to catch up on the non-achieved targets, in particular the impact assessment of SOCs' CSI programme and assessment of SOCs' quarterly reports on the implementation of the Localisation Strategic Framework.

Changes to planned targets

There were no changes to the planned targets during the financial year.

4.3.2 Sub-programme: Energy and Resources

The sub-programme is responsible for the following SOCs:

Eskom SOC Limited

Supports the security of supply by:

- Examining Eskom maintenance plans, operational practices, electricity generation and distribution efficiency, and its reserve margin on an ongoing basis.
- Ensuring that Eskom supplies electricity by monitoring, evaluating and engaging Eskom on system security and the new Build Programme to alleviate constraints on an ongoing basis.
- Facilitates engagement between Eskom and other spheres of government to address municipal debt on an ongoing basis.

- Monitors the roll out of the capital investment programme to ensure that it is delivered on time, is of appropriate quality and within budget on an ongoing basis.

Alexkor SOC Limited

- Ensure increased diamond production and promote the financial stability of the joint venture by monitoring the implementation of Alexkor's strategy to promote financial sustainability and monitoring the pooling and sharing joint venture turnaround strategy, on a quarterly basis.
- Ensure collaboration and alignment of the two SOCs, to provide a clear indication to market by developing a collaborative model with the African Exploration Mining and Finance Corporation over the medium-term.
- Contribute to developing sustainable economic activities linked to the agricultural sector by continuously supporting and coordinating the joint efforts of the DPE with the Department of Mineral Resources (DMR) and the Department of Rural Development and Land Reform (DRDLR) to stabilise the Richtersveld region and make use of revenues.

SAFCOL SOC Limited

- Oversee the implementation of the land restitution strategy for claims over the Komatiland Forests Land Claims Settlement Model, to ensure meaningful benefits to the successful land claimants over the medium-term.
- Oversee the implementation of SAFCOL's corporate strategy over the medium-term.
- Engage with DRDLR, the Department of Agriculture, Forestry and Fisheries (DAFF), and the Department of Trade and Industry (DTI) to ensure the warehousing of the shares held by SAFCOL and shares in the four privatised forestry companies.
- Reduce reliance on the sawlog market by supporting the development of the new business strategy over the medium-term.

Performance outputs to achieve the strategic objectives

The sub-programme had seven targets for the financial year and five targets were achieved. Details of the progress made are provided in the table below:

Sub-programme: Energy and Resources					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Promote commercial viability of SOCs' operations	Three (3) Shareholder Compacts (2019/20) (Eskom, Alexkor and SAFCOL)	Three (3) Shareholder Compacts (2020/21) signed (Eskom, Alexkor and SAFCOL)	Not achieved 3 Shareholder Compacts not signed	Assumptions relating to some compact targets had to be reviewed as a result of the SOCs' financial constraints	The 2020/21 Shareholder Compact will be finalised during the 2020/21 financial year
	Review report of Eskom's generation fleet and life of plants	4	Achieved 4	None	None
	Draft report on Eskom's future operating model reviewed	4	Achieved 4	None	None
	None	MoA with State Organ/s into the review of the State Forestry Assets developed	Achieved MoA with State Organs on the review of State Forestry Assets was developed	None	None



Sub-programme: Energy and Resources					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
	Study on State-Owned Mining Assets to propose an optimum structure completed	4	Not achieved 0	There was a change of approach with regard to the proposed optimal shareholding structure arising from a drastic decline of the company's financial position	The implementation of the shareholding structure has been deferred to the 2020/21 financial year
Accelerate capital project delivery	Four (4) quarterly assessment reports on the delivery of Eskom's Build Programme (Medupi & Kusile)	Four (4) Assessment reports on the delivery of Eskom's Build Programme (Medupi, Kusile and Power Delivery Projects)	Achieved Four (4) Assessment reports on the delivery of Eskom's Build Programme (Medupi, Kusile and Power Delivery Projects) completed	None	None
	Assessment report on the electricity generation reserve margin to evaluate whether 19% is sustained and produced	Four (4) Assessment reports on the electricity generation reserve margin to evaluate whether 19% is sustained	Achieved Four (4) Assessment reports on the electricity generation reserve margin to evaluate whether 19% is sustained completed	None	None

Sub-programme performance indicators

Sub-programme: Energy and Resources					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Number of Shareholder Compacts signed (Eskom, Alexkor and SAFCOL)	3 Shareholder Compacts (2020/21) signed (Eskom, Alexkor and SAFCOL)	3 Shareholder Compacts (2020/21) signed (Eskom, Alexkor and SAFCOL)	Not achieved 3 Shareholder Compacts were not signed	Assumptions relating to some compact targets had to be reviewed as a result of the SOCs' financial constraints	The 2020/21 Shareholder Compact will be finalised during the 1 st quarter of the 2020/21 financial year
Review report on performance of Eskom's fleet produced	Review report of Eskom's generation fleet and life of plants	4	Achieved 4	None	None
Report on the implementation of Eskom's Turnaround Plan	Draft report on Eskom's future operating model reviewed	4	Achieved 4	None	None

Sub-programme: Energy and Resources					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Develop MoA with State Organ/s on the review of State Forestry Assets	None	MoA with State Organ/s on the review of State Forestry Assets developed	Achieved MoA with State Organs on the review of State Forestry Assets was developed	None	None
Reports on the implementation of Alexkor's proposed shareholding optimal Structure	Study on State-Owned Mining Assets to propose an optimum structure completed	4	Not achieved 0	There was a change of approach with regard to the proposed optimal shareholding structure arising from a drastic decline of the company's financial position	The implementation of the shareholding structure has been deferred to the 2020/21 financial year
Number of progress reports on the delivery of Eskom's Build Programme (Medupi, Kusile and Power Delivery Projects)	Four (4) quarterly assessment reports on the delivery of Eskom's Build Programme (Medupi & Kusile)	Four (4) assessment reports on the delivery of Eskom's Build Programme (Medupi, Kusile and Power Delivery Projects)	Achieved Four (4) assessment reports on the delivery of Eskom's Build Programme (Medupi, Kusile and Power Delivery Projects) completed	None	None
Assessment report on the electricity generation reserve margin to evaluate whether 19% is sustained	Assessment report on the electricity generation reserve margin to evaluate whether 19% is sustained and produced	Four (4) assessment reports on the electricity generation reserve margin to evaluate whether 19% is sustained	Achieved Four (4) assessment reports on the electricity generation reserve margin to evaluate whether 19% is sustained completed	None	None

Strategy to overcome areas of underperformance

Due to Alexkor's serious financial challenges experienced during the year under review, the proposed shareholding optimal structure was not implemented. Relevant stakeholders including the Richtersveld Community will be consulted on the proposed operating structure and Cabinet approval will be sought.

The 2020/21 Shareholder Compacts were not concluded due to the delayed process in finalising the 2019/20 Shareholder Compacts. To date, the draft 2020/21 Shareholder Compacts have been finalised and will be concluded in the first quarter of the 2020/21 financial year.

Changes to planned targets

There were no changes to the planned targets during the financial year.

4.3.3 Sub-programme: Transport and Defence

The sub-programme is responsible for the following SOCs:

- Transnet SOC Limited
- South African Express Airways SOC Limited
- South African Airways SOC Limited
- Denel SOC Limited

4.3.3.1 The sub-programme's purpose is as follows:

Transnet SOC Limited

- Provides oversight on Transnet's implementation of the Market Demand Strategy (MDS) to optimise the economic impact of infrastructure investment on the economy by monitoring the roll-out of Transnet's Capital Expenditure Programme quarterly and annually, to assess any significant deviations from corporate plans and potential cost overruns and time delays on major capital projects.

South African Express Airways SOC Limited and South African Airways SOC Limited

- Develops a strategic proposal for the optimal group structure of the State owned airlines to assist in rationalising the structures of these airlines as well as to unify their operations.

4.3.3.3 Performance outputs to achieve the strategic objectives

The sub-programme had six targets for the financial year and three targets were achieved. Details of the progress made are provided in the table below:

Sub-programme: Transport and Defence					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Promote commercial viability of SOCs' operations	Four (4) Shareholder Compacts (2019/20) signed (Transnet, SA Express, SAA and Denel)	Four (4) Shareholder Compacts (2020/21) signed (Transnet, SA Express, SAA and Denel)	Not achieved No Shareholder Compacts (2020/21) (Transnet, SA Express, SAA and Denel) were signed	Transnet Shareholder Compacts were not finalised due to delays in finalising the 2019/20 financial year. Due to financial challenges Denel, SAA and SA Express were not finalised.	None
	Report on implementation of Denel's Restructuring Plan reviewed	4	Achieved 4	None	None

- Facilitates the review of commercial arrangements as and when required to support the financial position of the company and ensure its long-term financial and commercial sustainability.

Denel SOC Limited

- Oversees the development of a long-term growth strategy to achieve financial stability and the growth of manufacturing export products on an ongoing basis.
- Leverages off the company's advances in manufacturing capability through securing work packages in support of the industrialisation drive aligned with the Industrial Policy Action Plan (IPAP) over the medium-term.
- Ensures Denel's ongoing sustainability by monitoring the implementation of the multi-year turnaround plan over the medium-term.
- Ensures proper balance between the need to develop indigenous capabilities in response to national defence equipment requirements and the need to cooperate and collaborate with international armaments companies in the context of high development costs and the importance of having access to selected markets on an ongoing basis.

4.3.3.2 Sub-programme objectives

- To promote commercial viability of SOCs' operations.

Sub-programme: Transport and Defence					
Strategic objectives	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
	Assessed increase in tonnage moved on rail to 235 mtpa by 2019	Assess increase in tonnage moved on rail to 235 mtpa by 2019	Achieved Increase in tonnage moved on rail to 235 mtpa by 2019 assessed	None	None
	Assessed improvement on operational performance of sea ports and inland terminals from 28 to 35 average GCM/H by 2019	Assess improvement on operational performance of sea ports and inland terminals from 28 to 35 average GCM/H by 2019	Achieved Improvement of operational performance of sea ports and inland terminals from 28 to 35 average GCM/H by 2019 was assessed	None	None
	New indicator	Report on implementation of SAA and SA Express Turnaround Plans completed	Not achieved Report on implementation of SAA and SA Express Turnaround Plans was not completed	Both SAA and SA Express were put under business rescue	None
	Report on implementation of aviation optimal group corporate structure produced	Report on the implementation of the approved optimal corporate structure for the State-owned airlines completed	Not achieved Report on the implementation of the approved optimal Corporate structure for the State-Owned airlines was not completed	Both SAA and SA Express were put under business rescue	None

4.3.3.4 Sub-programme Performance Indicators

Sub-programme: Transport and Defence					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Number of Shareholder Compacts signed (Transnet, SAA, SA Express and Denel)	Four (4) Shareholder Compacts (2019/20) signed (Transnet, SA Express, SAA and Denel)	Four (4) Shareholder Compacts (2020/21) signed (Transnet, SAA, SA Express and Denel)	Not achieved Four (4) Shareholder Compacts (2020/21) signed (Transnet, SAA, SA Express and Denel) not signed	Transnet Shareholder Compacts were not finalised due to delays in finalising the 2019/20 financial year. Due to financial challenges Denel, SAA and SA Express Shareholder Compacts were not finalised.	None
Report on the implementation of the Restructuring Plan for Denel	Report on the implementation of Denel's Restructuring Plan reviewed	4	Achieved 4	None	None

Sub-programme: Transport and Defence					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Assess increase in tonnage moved on rail to 330 mtpa by 2019	Assessed increase in tonnage moved on rail to 330 mtpa by 2019	Assess increase in tonnage moved on rail to 235 mtpa by 2019	Achieved Increase in tonnage moved on rail to 235 mtpa by 2019 assessed	None	None
Assess improvement of operational performance of sea ports and inland terminals from 28 to 35 average GCM/H by 2019	Assessed improvement of operational performance of sea ports and inland terminals from 28 to 35 average GCM/H by 2019	Assess improvement of operational performance of sea ports and inland terminals from 28 to 35 average GCM/H by 2019	Achieved Improvement of operational performance of sea ports and inland terminals from 28 to 35 average GCM/H by 2019 assessed	None	None
Report on implementation of SAA and SA Express Turnaround Plans	New indicator	Report on implementation of SAA and SA Express Turnaround Plans completed	Not achieved Report on implementation of SAA and SA Express Turnaround Plans was not completed	Both SAA and SA Express were put under business rescue	Business Rescue Plan to map the way forward
Optimal Corporate Structure for the State-Owned airlines	Report on implementation of aviation Optimal Group Corporate Structure produced	Report on the implementation of the approved Optimal Corporate Structure for the State-Owned airlines completed	Not achieved Report on the implementation of the approved Optimal Corporate Structure for the State-Owned airlines was not completed	Both SAA and SA Express were put under Business Rescue	Business Rescue Plan to map the way forward

4.3.3.5 Strategy to overcome areas of underperformance

The implementation of the turnaround plans was disrupted by SAA being placed under voluntary business rescue on 6 December 2019 and SA Express being placed under business rescue as a result of a court order on 6 February 2020.

In addition, the decision for consolidation and implementation of the optimal corporate structure for the state-owned airlines was not carried out due to the Business Rescue Plan process (BRP) initiated within SAA.

Financial challenges experienced by SOCs have an effect on the timely finalisation of the 2019/20 SHC which further delayed the 2020/21 SHC negotiation process. The Department will strengthen the development of the SHC by initiating the negotiation process to commence in the 2020/21 financial year.

4.3.3.6 Changes to Planned Targets

The indicators that were addressing work around airlines were not done as per the plans. These indicators are: "Report on implementation of SAA and SA Express Turnaround Plans" and "Optimal Corporate Structure for the state-owned airlines".

The reasons are that the airlines went under business rescue, which meant that any plans regarding this work could not be done. Subsequently, SA Express is facing liquidation now.

4.3.4 Sub-programme: Research and Economic Modelling

The sub-programme is responsible for the following:

- **Economic modelling** – Appropriate macroeconomic modelling and research to enhance links between industrial policy, macroeconomic policy and the role

of SOCs in economic development. To conduct socio-economic impact assessment as a result of SOCs' economic activities.

- **Research modelling** – conduct topical research to inform the development of policies and strategies.

4.3.4.1 Sub-programme purpose

- To conduct cost benefit analysis reviews of proposed business enhancement and transformation initiatives.
- To develop economic sustainability models for proposed work packages and projects.

4.3.4.2 The objective of the Sub-programme is:

- To accelerate transformation of the South African economy.

4.3.4.3 Performance outputs to achieve the strategic objectives

The sub-programme had two targets for the financial year and all targets were achieved. The details of the progress made are provided in the table below:

Sub-programme: Research and Economic Modelling					
Strategic objective	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Accelerate transformation of the South African economy	One (1) Socio-Economic Impact Assessment of Transnet's selected capital projects produced	Socio-Economic Impact Assessment Report of Eskom's selected capital projects completed	Achieved Socio-Economic Impact Assessment Report of Eskom's selected capital projects completed	None	None
	Two macro-economic and industry-specific researches conducted	10	Achieved 10	None	None

4.3.4.4 Sub-Programme Performance Indicators

Sub-programme: Research and Economic Modelling					
Performance indicators	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
Socio-Economic Impact Assessment Reports of SOCs' selected capital projects completed	One (1) Socio-Economic Impact Assessment of Transnet's selected capital projects produced	Socio-Economic Impact Assessment Report of Eskom's selected capital projects completed	Achieved Socio-Economic Impact Assessment Report of Eskom's projects was completed	None	None
Number of industry-specific researches conducted	Two (2) macro-economic and industry-specific researches conducted	10	Achieved 10	None	None

4.3.4.5 Strategy to overcome areas of underperformance

There were no deviations to the planned targets.

4.3.4.6 Changes to Planned Targets

There were no changes to the planned targets.

4.3.4.7 Linking performance with budget

Expenditure on the programme amounted to R 56.7 billion in the 2019/20 financial year in comparison to R 6.3 billion in the 2018/19 financial year. The significant increase in expenditure was mainly due to disbursement of funds to SOCs, which amounts to R49 billion to assist Eskom with its financial obligations, SA Express – R300 million, SAA – R5.5 billion and Denel – R1.8 billion for working capital and settlement of outstanding debts.

Programme expenditure

Sub-programme: Business Enhancement Transformation and Industrialisation	2019/20			2018/19		
	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
Business Enhancement Services	31 443	21 030	10 413	35 706	26 737	8 969
Energy Resources	49 015 722	49 013 553	2 169	13 658	9 504	4 154
Research and Economic Modelling	10 324	6 669	3 655	13 481	6 926	6 555
Transport and Defence	7 620 807	7 619 180	1 627	6 269 006	6 262 105	6 901
Total	56 678 296	56 660 432	17 864	6 331 851	6 305 272	26 579

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

The transfer payments made to organisations other than Public Entities relate to a payment made to the former Director-General in terms of his retirement benefit as well as a payment made to the Department of Public Works in terms of reinstatement costs for office accommodation.

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

None.

6.2 Conditional grants and earmarked funds received

None.

7. DONOR FUNDS RECEIVED

None.

8. CAPITAL INVESTMENT

None.



PART C

GOVERNANCE



1. INTRODUCTION

The Department has established systems and governance structures to oversee its processes to improve accountability. These systems and structures are crucial in promoting good

governance within the Department and ensuring that the Department complies with legislative requirements.

2. RISK MANAGEMENT

Risk Management forms one of the key management tools within the DPE. The risk management process was utilised to identify potential threats and challenges in relation to the predetermined objectives and Key Performance Indicators (KPIs) for the period under review. The identified strategic risks and operational risks were approved by the Executive Committee (EXCO). The Audit and Risk Committee (ARC) oversaw that management, the Risk Management Unit, Strategic Planning, Monitoring and Evaluation (SPME) and Internal Audit (IA) actively played their respective assurance roles.

While monitoring and evaluation of risk occurred throughout the year, the achievement of some KPIs was affected by risks that emerged during the performance period; risks that were out of the control of the Department and structural changes in the administration of some SOCs. Additional information on actual performance and reasons for deviation are set under Programme Performance Information.

The Department maintains and implements a Risk Management Framework which seeks to direct and guide

how risks should be consistently managed across the organisation. The Framework was reviewed in line with the need to ensure alignment with the department's operations, improvements recommended by assurance providers and the need to ensure alignment with best practice. The following risk governance documents were also reviewed to ensure that the department maintains a system of risk management that is consistent with prescripts applicable in the government: The Risk Management Policy and the Risk Appetite Statement.

The aforementioned governance guidelines are critical in ensuring that a top-down risk management philosophy within the Department is adopted and that all employees manage risks within their span of control on a daily basis. The Department will continue to design and implement processes to improve the maturity of risk practices. In the next financial year, the focus will be to utilise additional resources provided to the Risk Management Unit to foster a risk awareness culture, to strengthen the monitoring of risk at business unit level and foster accountability in the management of risk across the organisation.

3. FRAUD AND CORRUPTION

The DPE has adopted a zero tolerance on fraud and corruption. The message is driven from the top to the rest of the Department. The Department maintains a Fraud Prevention Plan to respond to identified fraud risks. The Whistle-Blowing Policy has been reviewed to ensure firm commitment against fraud and corruption. Ongoing fraud and risk awareness have been conducted to ensure that stakeholders are versed with all mechanisms put in place to prevent, detect and respond to incidents of fraud and corruption. Various measures are maintained and implemented to protect the identity of whistle blowers. Whistleblowing boxes have been placed in secure areas and a Fraud and Corruption Hotline has been maintained since its establishment and is independently managed to encourage stakeholders to blow the whistle on maladministration without the fear of reprisals. Some

matters reported through the hotline have been referred to law enforcement agencies, while others are awaiting decision on prosecution. The Department has the Ethics and Expenditure Control Committee (EECC) and the ARC that oversee the Department's response to fraud risks and actual incidents.

Additional human resource capacity was brought in to bolster the Department's overall efforts to respond to incidents of maladministration concerning SOCs. In the next financial year, work will continue to improve processes to oversee and manage fraud risks within the Department and across all SOCs. This will include the establishment of a dedicated unit for fraud and corruption, enhancement of governance arrangements concerning fraud risks, the review

and enhancement of anti-fraud and corruption capacity in the Department and across all SOCs.

The reported cases are captured in a register and reported to EXCO and the Minister on a monthly basis,

including any progress made on investigations and where recommendations were issued through forensic reports, to make sure that such recommendations are implemented by SOCs.

4. MINIMISING CONFLICT OF INTEREST

The Department monitors conflict of interest through enforcement of annual disclosure of financial interest by all relevant employees as required by the Public Service Regulations (PSR). Officials are also required to request the Minister's approval to conduct remunerated work outside of the public service. Employees are also regularly made aware and reminded to disclose conflict of interest and to recuse themselves from initiatives wherein they may be conflicted in carrying out their responsibilities. The measures are also adopted in the procurement of goods and services, especially for officials who are appointed to the bid evaluation and bid adjudication committees.

On the SOC front, the Department has constantly requested SOCs through various engagements to highlight the need for

disclosure and to promote awareness relating to conflict of interest. The Department is currently developing Norms and Standards on managing and reporting conflict of interest as part of the SOC Risk and Integrity Management Framework. The work is planned to be completed in the 2020/21 financial year.

The objective of the norms and standards is to foster across all SOCs, the rigorous assessment and consistent disclosure of conflict of interest relating to the leadership team, employees of the organisation, service providers in high value procurement initiatives and business partners (e.g. strategic equity partners, agents and so forth).

5. CODE OF CONDUCT

The Department has implemented a focused training programme aligned to the Public Service Code of Conduct in the form of training, awareness and workshops designed to address conflict resolution in the workplace paying specific attention to harnessing and assisting officials with best measures of understanding and resolving conflicts for the benefit of both the officials and the organisation. The

training interventions also catered for one on one education on financial disclosures and its implications to officials and the government at large. During the year under review, one formal disciplinary proceeding was invoked through the application of the Disciplinary Code and Procedure of the Public Service occasioned by acts of misconduct.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Organisation Health and Safety (OHS) Committee was reviewed during the year under review, following the implementation of the re-aligned structure, which resulted in migration of some of the officials within the Department. An induction session was offered to the newly appointed OHS Committee members facilitated by the Department of Employment and Labour. Subsequent to the induction, all members attended the mandatory OHS training as

stipulated by the Act. The committee is fully functional and has scheduled quarterly meetings to discuss and analyse health and safety matters within the Department and make recommendations to the Director-General.

The Department of Employment and Labour inspected the building during the 2019/20 financial year and three transgressions / findings were addressed and resolved within the stipulated time frame.

7. PORTFOLIO COMMITTEE

The DPE accounts to the Public Committee on Public Enterprises and Communication Portfolio Committee. During the period under review, the DPE attended meetings of its Portfolio Committee as follows:

DATE	AGENDA	MATTERS RAISED BY THE PC	RESOLUTIONS ON HOW THE DEPARTMENT ADDRESSED THE MATTERS
02/07/19	Election of the Chairperson	Internal process which does not require the Department.	None
03/07/19	Annual performance plans of DPE	The Department should forward the report on the audit findings to the Committee as soon as it has been released.	This was done as part of the quarterly financial and operational performance reporting to the committee.
10/07/19	Consideration of the Budget Vote Report	Internal process which does not require the department	None
21/08/19	Members' induction	Internal process which does not require the department	None
04/09/19	Briefing by Denel on governance	Denel should provide quarterly reports on progress on its turnaround plan and how it is responding to socio-economic challenges. Report on the value and capabilities of non-core assets.	Denel dealt with some of these issues when it appeared again before the committee, on the annual reporting and AFS.
10/09/19	Special Appropriation for Eskom	The company's business model was found to be outdated and operational structures inefficient.	Eskom would review all its procurement contracts, and there was a possibility to recover some monies from OEMs. The Department was also engaging with some contractors and its capacity was also being built for the necessary oversight to Eskom.
18/09/19	Briefing by Alexkor and SAA	Diamond theft and its processing being done in India without any beneficiation to SA. Concern about the Johannesburg office costs, whereas the actual operations of the entity are at Alexandra Bay. The PC noted progress made in the implementation of the LTTS and committed to support all efforts aimed at stabilising the company.	Alexkor was considering options around the closure of the Johannesburg office and would keep the PC updated. SAA was in the process of securing the 2-engine flights in order to reduce the fuel costs.
08/10/19	DPE Annual Reporting and AFS	Vacant positions within the department. Concern over the absence of legislation to control the mandates of SOCs.	This matter is being addressed with the priority to appoint the Director-General.
09/10/19	Eskom Annual Reporting and AFS	The increase of the municipal debt is a serious concern. The use of diesel and costs thereof are huge and wanted to know plans are in place to reduce this. Liquidity problems and reputational damage within Eskom as a result of the State Capture. Lack of an activist approach in resolving the community problems, especially in Soweto.	Admission that the IMTT had not yielded any results. The unbundling plan seeks to deconcentrate the risk on Eskom and the paper will soon be released by the President. Eskom continues to engage with some coal suppliers to renegotiate contracts in an effort to reduce baseload costs of electricity. The company will also do something to better communicate with the Soweto communities, for lasting solutions.
23/10/19	Transnet Annual Reporting and AFS	Expedite the filling of vacancies in the management. Concern over the under-expenditure on primary health care. Escalation of the multi-purpose pipeline costs and litigations by service providers are serious concerns. Saldanha community complains of unfair discrimination in terms of procurement processes.	There is only 7% vacancy rate and measures are in place to fill this gap and also restructure the institution. There will be regular reporting to the committee on progress.

DATE	AGENDA	MATTERS RAISED BY THE PC	RESOLUTIONS ON HOW THE DEPARTMENT ADDRESSED THE MATTERS
30/10/19	Safcol Annual Reporting, AFS and update on the land claims	Concern over the slow progress in resolving land claims, lack of beneficiation for the youth and community. Non-achievement of targets and what is being done about it.	Progress was being made (e.g. Makhado claims). There is a programme of reskilling people which will lead to diversification of products in order to increase revenue. The problems were due to previous leadership instability.
06/11/19	Denel Annual Reporting and AFS	Weak control systems resulting in irregular and fruitless expenditure. Denel's inability to honour its contractual obligations. Concern on the non-achievement of 16 out of 26 performance targets. Lack of skills transfer programmes within the institution.	The Board is committed to dealing with governance issues for future growth of the company and will keep the committee informed for a better oversight. There is no intention of selling assets that would compromise the capabilities of the company. Denel is in discussions with the National Treasury to improve its control systems (esp. SCM processes). There are plans in place to implement succession programmes.
13/11/19	Briefing by DPE on the medium-term financial and operational performance	DPE's mechanism to correct red audit findings in SOCs. Non-tabling of AFS to Parliament by SAA, SA Express and Alexkor. DPE's plans in mitigating non-achievement of targets by some SOCs.	DPE continues to work closely with SOCs in the implementation of their audit plans. Failure to table AFS is a result of financial challenges within these entities and this matter is receiving attention.
27/11/19	Alexkor Annual Reporting and AFS	What is being done to address the community and small miners concerns? What is being done to resolve the status of the PSJV? Lack of detailed strategy to improve operational and financial performance of the company.	Alexkor has not done an exploration study and there is no technical expertise at the mine, hence the company is not aware of the diamond magnitude. The success of the company should be about the beneficiation of the Northern Cape people and this is currently not the case. The Administrator is conducting a cost benefit analysis on the relocation of the company headquarters.
12/02/20	Consideration of the PC Programme	Internal process which does not require the Department	None
26/02/20	SONA implications and third quarter financial and operational performance	<ul style="list-style-type: none"> - Concern on vacancies and acting positions - Lack of transparency regarding the SAA and SA Express financials 	<ul style="list-style-type: none"> - This was a matter the department was prioritising, starting with the appointment of the DG. - A follow-up meeting with the Business Rescue Practitioners to brief the committee.
04/03/20	Stakeholder engagement on Eskom	Presentations by stakeholders	None
11/03/20	Stakeholder engagement on Transnet	Presentations by stakeholders	None

8. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
1.	SA Express non-tabling of AFS	The Minister had written to the Speaker of the National Assembly saying that the SA Express would not meet the submission date of its financial documentation and Annual Report.	The Annual Report was ultimately tabled and further engagements with the committee leading to the business rescue and liquidation of the company took place.	Yes
2.	Alexkor non-tabling of AFS	The Minister had written to the Speaker of the National Assembly saying that Alexkor would not meet the submission date of its financial documentation and Annual Report.	The Annual Report was ultimately tabled.	Yes

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
3.	SAA non-tabling of AFS	The Minister had written to the Speaker of the National Assembly saying that SAA would not meet the submission date of its financial documentation and Annual Report.	Engagements with the committee have taken place, even leading to the business rescue process.	On-going
4.	Municipal debt to Eskom	The escalating debt owed by municipalities to Eskom, from R9,8 billion in 2017 to R26 billion in 2019.	The IMTT had not yielded the desired results and the matter now rests with the Deputy President.	On-going
5.	SCOPA oversight recommendations to Eskom	The purpose of the meeting was for Eskom to address the Report of the SCOPA on its oversight visit to Eskom and the Medupi and Kusile projects in 2019 and to consider the power utility's response to the 23 recommendations set out in the report.	Eskom presented its report on all the committee's recommendations.	Yes

9. PRIOR MODIFICATION OF AUDIT REPORTS

None.

10. INTERNAL CONTROL

The Internal Control function under Governance, Legal Assurance, Risk Profiling and Mitigation Unit is fully functional.

11. INTERNAL AUDIT AND AUDIT COMMITTEE

11.1 INTERNAL AUDIT

The Internal Audit Activity (IAA) is responsible for evaluating the control environment and assisting the Audit and Risk Committee (ARC) to fulfil its responsibilities. The IAA also provides the ARC and the Director-General (DG) with independent, objective assurance and consulting services on governance, risk management and control processes to ensure they are adequate and effective in helping the department achieve its objectives. The purpose, authority and responsibility of the IAA is stated in the Internal Audit Charter which is endorsed by the DG and approved by the ARC.

11.2 INTERNAL AUDIT OBJECTIVES

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.

11.3 INTERNAL AUDIT KEY ACTIVITIES

The IAA through engagement with internal stakeholders (DPE SMS), the ARC and the AGSA developed a comprehensive three-year rolling plan, incorporating an annual plan that was approved by the ARC. The IAA executed the risk-based audit engagements as per the annual plan. Included in areas reviewed are Financial Management, Interim Financial Statements, Supply Chain & Asset Management, Departmental Planning Review (Strategic, Annual Performance Plan and Operational Plan), Performance Information Review, Review of the Annual Report (2018/19 AR), Human Resources, Business Enhancement Services (Energy & Resources / Transport & Defence), Financial Assessment & Investment Support, Information Technology, Office of the Director-General, Governance & Legal Assurance, Internal Quality Reviews, Audit Follow-Ups (AG Management Report, Risk Profiling & Mitigation, Security & Facilities (S&F) Management and High-Level Review of Draft Annual Financial Statements and Annual Performance Report (Financial Statements) reviews. The IAA provides recommendations to management with regard to governance, risk management and controls

processes. A follow-up on agreed management action plans is performed using the implementation date provided by management. The IAA also provides management advisory services when requested by management as and when necessary; and prepares and reports quarterly to the ARC progress against the approved Annual Audit Plan.

The IAA successfully completed 100% (15 out of 15) of the audit assignments as set in the approved IAA Annual Audit Plan. The IAA continued to increase its audit coverage in line with newly identified (emerging) risks, management and ARC requests.

11.4 AUDIT AND RISK COMMITTEE

The Department has established an Audit and Risk Committee (ARC) in line with Section 77(c) of the PFMA (1999 as amended). The ARC 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 ARC's charter and five ARC meetings were convened for the year under review.

The table below provides relevant information on the ARC members:

Name	Qualifications	Internal/ external	Date appointed	Date Resigned	No. of Meetings attended
Mr. Reginald Haman (Chairperson)	<ul style="list-style-type: none"> - Masters Degree in Business Administration (MBA) - Executive Leadership Programme - Post-Graduate Diploma in Business Administration (PDBA) - Graduate Diploma in Company Direction (GDCCD) - National Higher Diploma: School of Science - National Diploma: School of Science 	External	01 November 2015	N/A	4/5
Ms. Modi Dolamo	<ul style="list-style-type: none"> - Masters in Financial Management - Chartered Accountant (CA-SA) - B Com (Hons) and Certificate in Theory of Accounting (CTA) - Bachelor of Commerce (Accounting) 	External	01 April 2014	N/A	5/5
Ms. Zanele Monnakgotla	<ul style="list-style-type: none"> - Masters in Finance - Masters in Tax - Management Advance Programme - Bachelor of Laws - Bachelor of Commerce 	External	01 October 2017	N/A	4/5

11.4.1. Audit & Risk Committee objectives and key activities

The overall objective and key activities of the ARC is to support the DG and Executive Management in fulfilling their respective 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; and
- Oversight of the effectiveness and efficiency of the internal auditors, as well as the independence of internal and external auditors.

11.4.2. Attendance of ARC meetings and membership

In the 2019/20 financial year, the ARC consisted of the three members listed below. All the ARC members, including the Chairperson, are independent, which is in line with optimal corporate governance practice.



12. AUDIT COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2020.

Audit Committee Responsibility

The Audit and Risk 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 and Risk Committee adopted appropriate formal terms of reference as its Audit and Risk Committee Charter. The Audit and Risk Charter regulated the affairs of the Audit and Risk Committee and in compliance with this Charter the Committee has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

We note with appreciation the 100% completion of the Internal Audit Activity's risk based operational plan for the year under review. The Audit and Risk Committee reviewed findings reported by internal audit and is aware of some control deficiencies with room for improvement in the following areas reviewed by internal audit during the year under review:

- Review of the (2018/19) Annual Report (AR);
- Financial Management;
- Governance and Legal Assurance Service;
- Supply Chain and Asset Management;
- Interim Financial Statements,
- Quarterly Performance Information Report;
- Human Resources Management;
- Business Enhancement Services (Energy & Resources / Transport & Defence);
- Financial Assessment and Investment Support;
- Information and Communication Technology (ICT);
- Office of the Director-General;
- Departmental Planning Review (Strategic, Annual Performance Plan and Operational Plan);
- High-Level Review of Draft Annual Financial Statements;
- Follow-up reviews included:
 - AGSA Management Report;
 - Risk Profiling & Mitigation;
 - Security and Facilities (S&F) Management; and
- Internal Quality Reviews.

The Internal Audit Activity (IAA) provided value adding recommendations to management with regard to the Department's governance, risk management and controls processes. IAA also served as a coordinator for some forensic investigations which the department undertook. A follow-up on agreed management action plans will be performed in the next financial year to review the extent to which the recommendations were implemented as well as the results there-to. IAA prepared and reported on a quarterly basis to the Audit and Risk Committee progress against the approved annual internal audit plan.

The quality of performance information reporting still requires significant work, though there is substantial improvement compared to previous years.

The Audit and Risk Committee takes note of the network and system security vulnerability assessment in relation to the Department's ICT as part of the Information Technology General Controls review and trusts that management will take the necessary steps in respect of areas highlighted in the report.

The effectiveness of the Internal Audit Activity

The Internal Audit unit performed a wide range of operational, financial, compliance and information-technology audits. In addition to these planned audits, the unit also attended to certain management requests. The system of internal control within the department and the control environment was reasonably effective as seen from the various reports issued by internal audit and the Auditor General of South Africa. The ARC is still not satisfied with the capacity of the Internal Audit Activity and is of the view that capacitation of the unit should be prioritised in order to internal audit to function optimally to enable the department to benefit fully from a fully capacitated internal audit activity.

Enterprise Risk Management

The Audit and Risk Committee is responsible for the oversight of the Department's risk management activities. A strategic and operational risk assessment for the year under review was conducted. The Committee has reviewed the risk registers on a quarterly basis and has recommended certain improvements to be made. Moreover, a culture of risk management needs to be embedded in the daily activities of the Department to ensure effective enterprise wide risk management. The Committee will monitor progress with regard to this.

In-Year Management and Monthly/Quarterly Report

The audit committee reports that, during the year under review, it was presented with regular quarterly management reports to enable it to:

- Monitor the integrity, accuracy and reliability of the performance of the department;
- Review the disclosure in the financial reports of the department and the context in which statements on the financial health of the department are made; and
- Review all material information presented together with management accounts.

The reports were discussed with the Department's officials. Progress has been made in the development and quality of these management reports and the department has been reporting monthly and quarterly to all the relevant stakeholder Departments as required by the PFMA.

Evaluation of Financial Statements

The Audit and Risk Committee reviewed the Annual Financial Statements prepared by the Department before submission to the Auditor General of South Africa.

Auditor General's Report

The Audit and Risk Committee has reviewed the AGSA's annual audit report and the management letter and concur therewith. The ARC notes the emphasis of matter items as disclosed in the report. The ARC accepts the conclusion of the Auditor General on the annual financial statements and the annual performance information report, and will work with management to monitor this regression to ensure it is adequately addressed.



Mr Reginald Haman

Chairperson of the Audit and Risk Committee

Date: 30 September 2020

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act (2013) as determined by the Department of Trade and Industry.

Has the Department applied any relevant Code of Good Practice (BBBEE Certificate Level 1-8) with regard to the following:		
Criteria	Response Yes/No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisation in respect of economic activity in terms of any law?	Yes	Mosela & Sizwentsaluba Gobodo were appointed to verify and issue a B-BBEE certificate.
Developing and implementing a preferential procurement policy?	Yes	PPFA (2017), where it is feasible DPE bids stipulate pre-qualifications for prospective bidders.
Determining qualification criteria for the sale of an SOE?	No	N/A
Developing criteria for entering into partnerships with the private sector?	No	N/A
Determining criteria for the awarding of incentives, grants and investment scheme in support of B-BBEE?	Yes	Bids that were awarded and required B-BBEE certificate/ affidavit were granted B-BBEE points.



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. OVERVIEW OF HUMAN RESOURCES

1.1 Overview of human resources in the Department

The Department employed 181 individuals and has a total of 212 approved posts on the organisational structure. The staff turnover of 7.3% and the delay in the filling of vacancies resulted in the high vacancy rate of 15%. Additional descriptive statistics are provided in the tables below. Two duly authorised employee unions, the National Education, Health and Allied Workers' Union (NEHAWU) and the Public Service Association (PSA) represent workers. On the management side, the Department deploys a Labour Relations Unit to facilitate a conducive working environment for all staff. To this end, the Departmental Bargaining Chamber met four times in the period under review.

The Department's three highest priorities during the 2019/20 financial year were (1) to fill key funded posts, (2) to implement the re-aligned organisational structure, and (3) to implement 20 Human Resource Development (HRD) interventions. Of these, the HRD interventions were exceeded and successfully implemented, thus developing and maintaining required human resource competencies in line with the mission of the Department and its annual pre-determined objectives and the Workplace Skills Plan (WSP). The remaining priorities could not be accomplished due to a number of factors, primarily relating to budget cuts by National Treasury for compensation of employees.

During the period under review, the approved re-aligned organisational structure was implemented and a Migration and Placement Committee within the Department was established to ensure that the right employees with the right mix of skills are placed in the right positions. In addition, a WSP was developed following the skills gaps identified through the submission of Personal Development Plans (PDPs). As part of the implementation of the WSP, a number of training and development interventions were identified (including workshops and relevant conferences). The Department continued to service at least 47 bursaries as allocated to employees for the 2019 academic year.

The new Regulations and Directives issued by DPSA required the Performance Management and Development System (PDMS) Policy for non-SMS employees to be reviewed. The Policy was reviewed and implemented during the 2019/20 performance cycle. Departmental awareness with regard to changes to the policy was conducted during the year under review. The compliance rate for the submission of performance agreements was maintained at well above 90% in the 2019/20 financial year.

In terms of compliance to employment equity targets as set by the Government, the Department employed 1.7% of people with disabilities during the 2019/20 financial year. In addition, the Department employed 43% females and 57% males on Senior Management Service (SMS), which is a decline from the previous year due to turnover and the non-filling of funded vacant positions. Affirmative action measures will have to be implemented to fast-track the representation of designated groups.

A comprehensive and structured Employee Health and Wellness Programme (EHWP) was developed and successfully implemented. The programme was complemented by the outsourced health services provider with the 24-hour online access. There was consistent compliance in reporting on the four pillars set by DPSA.

The Department implemented the re-aligned organisational structure with effect from 1 January 2019. However, more is still required to fully implement areas of improvement that are being identified on the implemented structure and once these amendments have been approved, the improved areas will be implemented in the 2020/21 financial year.

An ongoing challenge for the Department is the filling of vacancies, the current vacancy rate is 15% and this will have to be prioritised in the next cycle within the limited budget allocation for compensation of employees due to National Treasury budget cuts.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

The department provides the following key information on human resources. All the financial amounts agree with the amounts disclosed in the annual financial statements.

3.1 Personnel-related expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2019 to 31 March 2020

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
DPE: ADMINISTRATION	149 077,00	72 107,00	849,00	4 311,00	48,40	721,00
DPE: SOC Governance Assurance & Performance	36 880,00	28 198,00	0,00	1 662,00	76,50	881,00
DPE: Business Enhancement, Transformation & Industrialisation	56 660 432,00	48 884,00	0,00	6 177,00	0,10	959,00
Total	56 846 389,00	149 189,00	849,00	12 150,00	0,30	815,00

Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Personnel expenditure	% of total personnel cost	No of employees	Average personnel cost per employee
	R'000	R'000	R'000	R'000
Unskilled (Levels 1-2)	110,00	0,10	1,00	110 000,00
Skilled (Levels 3-5)	2 472,00	1,70	14,00	176 571,00
Highly skilled production (Levels 6-8)	22 228,00	14,90	48,00	463 083,00
Highly skilled supervision (Levels 9 - 12)	46 462,00	31,10	63,00	737 492,00
Senior and Top management (Levels >= 13)	77 917,00	52,20	57,00	1 366 965,00
Total	149 189,00	100,00	183,00	815 240,00

Table 3.1.3 Salaries, overtime, home owner's allowance and medical aid by programme for the period 1 April 2019 to 31 March 2020

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 cost
DPE Administration	65 114,00	90,30	523,00	0,70	960,00	1,30	1 625,00	2,30
DPE: SOC Governance Assurance & Performance	25 763,00	91,40	110,00	0,40	150,00	0,50	375,00	1,30
DPE: Business Enhancement, Transformation & Industrialisation	44 150,00	90,30	0,00	0,00	656,00	1,30	717,00	1,50
TOTAL	135 027,00	90,50	633,00	0,40	1 793,00	1,20	2 717,00	1,80

Table 3.1.4 Salaries, overtime, home owner's allowance and medical aid by salary band for the period 1 April 2019 to 31 March 2020

Salary band	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 cost
Unskilled (Levels 1-2)	110,00	0,10	0,00	0,00	0,00	0,00	0,00	0,00
Skilled (Levels 3-5)	2 056,00	1,40	4,00	0,00	84,00	0,10	164,00	0,10
Highly skilled production (Levels 6-8)	18 053,00	12,10	374,00	0,30	704,00	0,50	1 107,00	0,70
Highly skilled supervision (Levels 9-12)	40 385,00	27,10	255,00	0,20	561,00	0,40	1 001,00	0,70
Senior Management (Levels >= 13)	74 423,00	49,90	0,00	0,00	422,00	0,30	445,00	0,30
TOTAL	135 027,00	90,50	633,00	0,40	1 793,00	1,20	2 717,00	1,80

3.2 Employment and vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
DPE:Administration	117,00	100,00	14,50	1,00
DPE: SOC Governance Assurance & Performance	38,00	32,00	15,80	0,00
DPE: Business Enhancement, Transformation & Industrialisation	59,00	51,00	13,60	3,00
Total	214,00	183,00	14,50	4,00

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower Skilled (Levels 1-2)	2,00	1,00	50,00	0,00
Skilled (Levels 3-5)	15,00	14,00	6,70	0,00
Highly Skilled Production (Levels 6-8)	50,00	48,00	4,00	0,00
Highly Skilled Supervision (Levels 9-12)	72,00	63,00	12,50	0,00
Senior Management (Levels >= 13)	73,00	55,00	24,70	4,00
Other Occupations	2,00	2,00	0,00	0,00
Total	214,00	183,00	14,50	4,00

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2020

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administrative related, Permanent	33,00	28,00	15,20	0,00
Client inform clerks (switchboard receipt inform clerks) Permanent	4,00	4,00	0,00	0,00
Communication and information related, Permanent	6,00	6,00	0,00	0,00
Finance and economics related, Permanent	13,00	12,00	7,70	0,00

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Financial clerks and credit controllers, Permanent	7,00	7,00	0,00	0,00
Food services aids and waiters Permanent	5,00	4,00	20,00	0,00
Head of Department/Chief Executive Officer	1,00	0,00	100,00	0,00
Human Resources & Organisation Development & related	12,00	11,00	8,30	0,00
Information Technology related	8,00	6,00	25,00	0,00
Library mail and related clerks	10,00	8,00	20,00	0,00
Logistical support personnel	6,00	6,00	0,00	0,00
Messengers porters and deliveries	3,00	3,00	0,00	0,00
Secretaries & Other keyboards operating clerks	29,00	29,00	0,00	0,00
Security Officers	2,00	2,00	0,00	0,00
Other occupations	2,00	2,00	0,00	0,00
Senior Managers	73,00	55,00	24,70	4,00
TOTAL	214,00	183,00	14,50	4,00

3.3 Filling of SMS posts

Table 3.3.1 SMS post information as at 31 March 2020

SMS Level	Total number of 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/HOD	1	0	0	1	100
Salary level 16		1			
Salary level 15	9	5	56	4	44
Salary level 14	20	19	95	1	5
Salary level 13	43	30	70	13	30
TOTAL	73	55	75	18	25

Table 3.3.2 SMS post information as at 30 September 2019

SMS Level	Total number of 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/HOD	1	0	0	1	100
Salary level 16	2	2	100	0	0
Salary level 15	7	3	55	4	57
Salary level 14	20	17	85	3	15
Salary level 13	45	32	71	13	29
TOTAL	75	54	72	21	28

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 to 31 March 2020

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	0	0	0
Salary Level 13	0	0	0
Total	0	0	0

Table 3.3.4 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 2019 to 31 March 2020

Reasons for vacancies not advertised within 6 months
Vacancies have been escalated for reprioritisation, advertising and filling.

Reasons for vacancies not being filled within 12 months
Vacancies have been escalated for reprioritisation, advertising and filling.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2019 to 31 March 2020

Reasons for vacancies not advertised within 6 months
No disciplinary action taken

Reasons for vacancies not filled within 6 months
No disciplinary action taken

3.4 Job Evaluation

Table 3.4.1 Job Evaluation by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Number of posts approved and establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Unskilled (levels 1-2)	2	0	0	0	0	0	0
Skilled (levels 3-5)	15	0	0	0	0	0	0
Highly skilled production (levels 6-8)	50	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	72	0	0	0	0	0	0
Senior Management Service Band A	43	0	0	0	0	0	0
Senior Management Service Band B	20	0	0	0	0	0	0
Senior Management Service Band C	9	0	0	0	0	0	0
Senior Management Service Band D	1	1	100	0	0	0	0
Deputy Minister	1	0	0	0	0	0	0
Minister	1	0	0	0	0	0	0
TOTAL	214	1	0,5	0	0	0	0

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 to 31 March 2020

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 disability	0	0	0	0	0
TOTAL	0	0	0	0	0

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2019 to 31 March 2020

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Total number of employees whose salaries exceeded the level determined by job evaluation	1	7	8	Grade progression due to an employee being on the same salary level for a continuous period of 15 years
Percentage of total employed	0,5			

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2019 to 21 March 2020

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 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	0
--	----------

3.5 Employment changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Number of employees at beginning of period 1 April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Skilled (levels 3-5)	11,00	5,00	2,00	18,20
Highly skilled production (levels 6-8)	44,00	4,00	3,00	6,80
Highly skilled supervision (levels 9-12)	67,00	4,00	5,00	7,50
Senior Management Services Bands A	31,00	4,00	4,00	12,90
Senior Management Services Bands B	17,00	1,00	0,00	0,00
Senior Management Services Bands C	5,00	1,00	0,00	0,00
Senior Management Services Bands D	0,00	1,00	0,00	0,00
Deputy Minister	0	1	0	0
Minister	1	0	0	0
TOTAL	176,00	21,00	14,00	8,00

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2019 to 31 March 2020

Critical occupation	Number of employees at beginning of period April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related, Permanent	31,00	3,00	1,00	3,20
Client inform clerks (switch receipt inform clerks), Permanent	3,00	1,00	1,00	33,30
Communication and information related, Permanent	6,00	0,00	1,00	16,70
Finance and economics related, Permanent	12,00	0,00	2,00	16,70
Financial clerks and credit controllers, Permanent	7,00	0,00	0,00	0,00
Food services aids and waiters, Permanent	4,00	5,00	1,00	25,00

Critical occupation	Number of employees at beginning of period April 2019	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Head of department/chief executive officer, Permanent	0,00	0,00	0,00	0,00
Human resources & organisational development & related prof, Permanent	11,00	1,00	1,00	9,10
Information technology related, Permanent	5,00	1,00	0,00	0,00
Library mail and related clerks, Permanent	6,00	0,00	0,00	0,00
Logistical support personnel, Permanent	5,00	1,00	0,00	0,00
Messengers, porters and deliverers, Permanent	4,00	0,00	1,00	25,00
Security officers, Permanent	2,00	0,00	0,00	0,00
Secretaries and Keyboard operating clerks	25,00	1,00	2,00	8,00
Senior managers, Permanent	54,00	7,00	4,00	7,40
Other Occupations	1	1	0,00	0,00
TOTAL	176,00	21,00	14,00	8,00

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2019 to 31 March 2020

Termination type	Number	% of total resignations
Death	0	0
Resignation	10	71,40
Expiry of contract	2	14,30
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	8
Transfer to other Public Service Departments	1	7,10
Other	0	7,10
TOTAL	14	100
Total number of employees who left as a % of total employment		7.7%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2019 to 31 March 2020

Occupation	Employees 1 April 2019	Promotion 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, Permanent	25	1	4	14	56
Client inform clerks (switch receipt inform clerks), Permanent	2	1	4	14	56
Communication and information related, Permanent	6	0	0	0	0
Finance and economics related, Permanent	11	0	0	4	67
Financial clerks and credit controllers, Permanent	7	0	0	11	100
Food services aids and waiters, Permanent	8	0	0	7	100
Head of department/chief executive officer, Permanent	1	0	0	2	25
Human resources & organisational development & related prof, Permanent	10	0	0	0	0

Occupation	Employees 1 April 2019	Promotion 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
Information technology related, Permanent	6	3	50	3	50
Library mail and related clerks, Permanent	7	6	86	6	86
Logistical support personnel, Permanent	6	3	50	3	50
Messengers, porters and deliverers, Permanent	3	0	0	0	0
Security officers, Permanent	2	2	100	2	100
Secretaries and keyboard operating clerks	33	26	79	26	79
Senior managers, Permanent	55	38	69	38	69
Other Occupations	2	0	0	0	0
TOTAL	183	122	67	122	67

Table 3.5.5 Promotions by salary band for the period 1 April 2019 to 31 March 2020

Salary Band	Employees 1 April 2019	Promotion to another salary level	Salary level 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 (level 3-5)	11	0	0	4	36
Highly skilled production (levels 6-8)	52	1	2	39	75
Highly skilled supervision (levels 9-12)	63	0	0	45	71
Senior Management (levels 13-16)	55	0	0	38	69
Other occupations	2	0	0	0	0
Total	183	1	0,5	126	69

3.6 Employment equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers, Permanent	29	2	2	0	20	1	1	2	57
Professionals, Permanent	15	0	1	0	16	1	0	4	37
Technicians and associate professionals, Permanent	23	0	0	1	45	1		3	73
Clerks, Permanent	5	1	0	0	9	1	0	0	16
Service and sales workers, Permanent	0	0	0	0	0	0	0	0	0
Total	72	3	3	1	90	4	1	9	183

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	4	0	2	0	1	0	0	1	8
Senior management	25	2	0	0	19	1	1	1	49
Professionally qualified and experienced specialists and mid-management	15	0	1	0	16	1	0	4	37

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	23	0	0	1	45	1	0	3	73
Semi-skilled and discretionary decision making	5	1	0	0	9	1	0	0	16
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	72	3	3	1	90	4	1	9	183

Table 3.6.3 Recruitment for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	0	0	0	0	1
Senior management	4		0	0	2	0	0	1	7
Professionally qualified and experienced specialists and mid-management	3	2	0	0	0	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2	0	0	0	2	0	0	0	4
Semi-skilled and discretionary decision making	0	0	0	0	4	0	0	0	4
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	10	2	0	0	8	0	0	1	21

Employees with disabilities	0	0	0	0	0	0	0	0	0
-----------------------------	----------	----------	----------	----------	----------	----------	----------	----------	----------

Table 3.6.4 Promotions for the period 1 April 2019 to 31 March 2020

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 3.6.5 Terminations for the period 1 April 2019 to 31 March 2020

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,	1	2	0	0	0	0	1	0	4
Professionally qualified and experienced specialists and mid-management	4	0	0	0	1	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen	3	0	0	0	0	0	0	0	3
Semi-skilled and discretionary decision making	0	0	0	0	0	2	0	0	2
Total	8	2	0	0	1	2	1	0	14

Table 3.6.6 Disciplinary action for the period 1 April 2019 to 31 March 2020

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Gross dishonesty	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2019 to 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	27	2	1	0	20	1	1	2	54
Professionals	14	0	1	0	15	1	0	4	35
Technicians and associate professionals	11	0	0	1	14	0	0	2	28
Clerks	12	0	0	0	32	1	0	1	46
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	3	1	0	0	11	0	0	0	15
TOTAL	67	3	2	1	92	3	1	9	178
Employees with disabilities	1	0	0	0	0	0	0	2	3

3.7 Signing of performance agreements by SMS members

Table 3.7.1 Signing of a performance agreement by SMS members as at 31 May 2019

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/HOD	1	0	0	0
Salary level 15	9	6	2	33
Salary level 14	20	19	17	89
Salary level 13	43	30	27	90
TOTAL	73	55	46	83

Table 3.7.2 Reasons for not having concluded a performance agreement with all SMS members as at 31 March 2019

Reasons
The senior managers involved were either on leave due to ill-health, in disagreement with managers regarding their performance agreement or new appointments.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as at 31 March 2019

Reasons
None

3.8 Performance rewards

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2018 to 31 March 2019

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost R'000	Average cost per employee
African	28	71	39	717	26
Male	41	90	44	777	19
Female	0	0	0	0	0
Indian	1	1	100	56	56
Female	1	2	50	31	31
Male	0	0	0	0	0
Coloured	2	4	50	45	23
Female	1	3	33	47	47
Male	0	0	0	0	0
White	3	9	33	101	34
Female	0	1	0	0	0
Male	76	181	42	1774	23
TOTAL	28	71	39	717	26

Table 3.8.2 Performance rewards by salary band for personnel below senior management level for the period 1 April 2018 to 31 March 2019

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)	0	11	0	0	0	0
Highly skilled production (Levels 6-8)	31	52	60	385	12	0,3
Highly skilled supervision (Levels 9-12)	30	64	47	727	24	0,5
Total	61	126	48	1112	18	0,7

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2018 to 31 March 2019

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	14	25	56	257	18
Client inform clerks (switch board reception information clerks)	0	2	0	0	0
Communication and information related	2	6	33	39	19,5
Financial and economic related	4	11	36	74	18,5
Financial and related professionals					
Financial clerks and credit controllers	7	7	100	112	16
Food services aids	0	8	0	0	0
Head of department/chief executive officer	0	0	0	0	0
Human resources related	9	10	90	174	19
Information technology related	0	6	0	0	0
Library mail and related clerks	2	7	29	26	13
Material-recording and transport clerks	4	6	67	81	20
Messengers, porters and deliverers	0	3	0	0	0
Secretaries & other keyboard operating clerks	20	33	60	348	17
Security officers	0	2	0	0	0
Senior managers	14	55	25	663	47
Total	76	181	42	1774	23

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management level for the period 1 April 2018 to 31 March 2019

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	8	30	27	354	44	0,23
Band B	6	19	32	309	52	0,2
Band C	0	6	0	0	0	0
Band D	0	0	0	0	0	0
Total	14	55	25	663	47	0,5

3.9 Foreign workers

Table 3.9.1 Foreign workers by salary band for the period 1 April 2019 to 31 March 2020

Salary band	1 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled (Levels 3-5)	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
Senior Management (Levels 13-16)	2	100	3	100	1	33
Total	2	100	3	100	1	33

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2019 to 31 March 2020

Major occupation	1 April 2019		31 March 2020		Change	
	Number	% of Total	Number	% of total	Number	% Change
Senior management	2	100	3	100	1	33
Total	2	100	3	100	1	33

1.10 Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2019 to December 2020

Salary band	Total days	% of days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Skilled (Levels 3-5)	66,00	77,30	9	5,90	7	62,00
Highly skilled production (Levels 6-8)	387,00	65,10	47,00	30,90	8,00	642,00
Highly skilled supervision (Levels 9-12)	390,00	60,00	54,00	35,50	7,00	390,00
Top and senior management (Levels 13-16)	368,00	80,70	42,00	27,60	9,00	368,00
TOTAL	1 211,00	68,90	152,00	100,00	8,00	3 441,00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2019

Salary band	Total days	% of days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	18	100	2	67	0	18,2
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Top and senior management (Levels 13-16)	7	100	1	33	7	30,5
TOTAL	25	100	3	100	8	48,7

Table 3.10.3 Annual leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skills (Levels 1-2)	6,00	1,00	6,00
Skilled (Levels 3-5)	165	13,00	13,00
Highly skilled production (levels 6-8)	1250	55,00	23,00
Highly skilled supervision (Levels 9-12)	1 680	66,00	25,00
Senior management (Levels 13-16)	1256	57,00	22,00
Total	4357	192,00	23,00

Table 3.10.4 Capped leave for the period 1 January 2019 to 31 December 2019

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 at 31 March 2020
Skilled (Levels 3-5)	0,00	0,00	0,00	0,00
Highly skilled production (levels 6-8)	10,00	1,00	10,00	21,00
Highly skilled supervision (Levels 9-12)	0,00	0,00	0,00	33,00
Senior management (Levels 13-16)	0,00	0,00	0,00	34,00
Total	10,00	10,00	10,00	29,00

Table 3.10.5 Leave payout for the period 1 April 2019 to 31 December 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
ANNUAL - DISCOUNTING: WITH RESIGNATION (WORK DAYS)	315,00	7,00	45 000,00
ANNUAL - DISCOUNTING: UNUSED VACATION CREDITS (WORK DAYS)	206,00	3,00	68 667,00
ANNUAL - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT (WORK)	44,00	1,00	44 000,00
Total	569,00	11,00	

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
No employees have been classified as high risk	Not applicable

Table 3.11.2 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		Tshegofatso Motaung. Chief Director: SHR and OM
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the Health and well-being of 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		R1 094 00.00
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this programme.	X		Health Screenings are provided on a quarterly basis, Psycho-social assistance and monthly health awareness through the internal communication platform.
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 names of members of the committee and the stakeholders that they represent.		X	There is no dedicated committee to implement Part VI E.5(e).
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the unfair discrimination against employees on the basis of their HIV status? If so, list the employment policies/practices reviewed.	X		Employee Health and Wellness Policy, Recruitment Policy and Leave 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		Through the Management of HIV/AIDS in the Workplace, the Department has appointed a Wellness Service Provider to provide support for those infected and affected.
7. Does the Department encourage its employees to Undergo voluntary counselling and testing (VCT)? If so, list the results that you have achieved.	X		The Department has partnered with Government Medical Scheme (GEMS) to conduct quarterly Voluntary counselling and testing (VCT) and 41% of employees tested in the financial year 2019/20.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health Promotion programme? If so, list these measures/indicators to monitor & evaluate the impact of its health.	X		The quarterly participation of employees in the wellness events and the increase in utilisation of services offered by the department.

3.12 Labour relations

Table 3.12.1 Collective agreements for the period 1 April 2018 to 31 March 2019

Subject matter	Date
Total number of collective agreements	0

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2019 to 31 March 2020

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

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 to 31 March 2020

Type of misconduct	Number	% of total
Non-compliance to disclosure of all financial interests	0	0
Performing remunerative work without authority	0	0
Refusal to comply with lawful instruction/insubordination	0	0
Poor work performance for reasons other than incapacity	0	0
Damage to State property and unauthorised use	1	100
Total	1	100

Table 3.12.4 Grievances logged for the period 1 April 2019 to 31 March 2020

Grievances	Number	% of total
Number of grievances resolved	2	66.6
Number of grievances not resolved	1	33.3
TOTAL NUMBER OF GRIEVANCES	3	100
LODGED		

Table 3.12.5 Disputes logged with councils for the period 1 April 2019 to 31 March 2020

Disputes	Number	% of total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
TOTAL NUMBER OF DISPUTES	0	0
LODGED	0	0

Table 3.12.6 Strike action for the period 1 April 2019 to 31 March 2020

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 3.12.7 Precautionary suspensions for the period 1 April 2019 to 31 March 2020

Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	8
Cost of suspension (R'000)	R42 667.43

3.13 Skills development

Table 3.13.1 Training needs identified for the period 1 April 2019 to 31 March 2020

Occupational category	Gender	Number of employees as on 1 April 2020	Training needs to be identified at start of the reporting period			
			Internship	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	24	0	15	0	15
	Male	30	0	19	0	19
Professionals	Female	20	0	14	0	14
	Male	15	0	3	0	3
Technicians and associate professionals	Female	16	0	12	0	12
	Male	12	0	4	0	4
Administration/Clerks	Female	34	0	4	0	4
	Male	12	0	10	0	10
Elementary occupations	Female	11	0	5	0	5
	Male	4	0	0	0	0
Sub Total	Female	105	0		0	0
	Male	73	0		0	0
Total		178	0	77	0	77

Table 3.13.2 Training provided for the period 1 April 2019 to 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at the start of the reporting period			
			Internship	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	24	0	12	2	14
	Male	30	0	8	4	12
Professionals	Female	20	0	2	6	8
	Male	15	0	6	4	10
Technicians and associate professionals	Female	16	0	13	6	19
	Male	12	0	16	2	18
Clerks	Female	34	0	16	3	19
	Male	12	0	9	2	11
Elementary occupations	Female	11	0	1	0	1
	Male	4	0	0	0	0
Sub Total	Female	105	0	85	29	114
	Male	73	0			
Total		178	0	85	29	114

Table 3.13.3 Injury on duty for the period 1 April 2019 to 31 March 2020

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

3.14 Severance packages**Table 3.14.1 Granting of employee initiated severance packages for the period 1 April 2019 to 31 March 2020**

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
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

3.15 Utilisation of consultants**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2019 to 31 March 2020**

Project title	Total number of consultants that worked on the project	Duration (work days)	Contract value in Rand
Forensic investigation into the relationship between Alexkor, Alexkor PSJV and its Marine Mining contractors	7	40	976 060.55
Forensic investigation into various allegations at DPE	4	90	972 207.63
Co-sourced internal audit and forensic investigation	3	20	448 594.88
Co-sourced internal audit service	9	160	1 581 486.26
Development and implementation of the enterprise architecture	7	120	177 744.00
Maintenance and support of Microsoft Share-point 2013 platform	4	130	694 267.09
Provision of IT technical support service	2	9	61 857.42
Maintenance and support of the opentext (edocs) Document Management System	3	21	128 340.00
Verification and awarding of B-BBEE certificate for the DPE	4	60	63 250.00
Facilitation of the strategic planning session	4	30	499 995.00
Impact assessment study of the corporatisation of NPA on Transnet SOC Limited	5	100	5 849 900.00
Audit of indemnity claim for 2018-2019	5	21	326 790.90
Re-design, maintaining and hosting of the DPE intranet and website	1	240	580 011.70
Legal advice	3	22	6 506 637.39
Legal advice on SAA business rescue	3	16	446 941.75
Development of a Board Evaluation Instrument	4	101	815 925.00
Review of Annual Financial Statements	7	7	60 352.00

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
16	25	370	20 190 999.19

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 – 31 March 2020

Project title	Percentage ownership HDI groups	Percentage management by HDI group	Number of consultants from HDI groups that work on a project
Forensic investigation into the relationship between Alexkor, Alexkor PSJV & its marine mining contractors	61.60%	61.60%	7
Forensic investigation into various allegations at the DPE	100%	100%	4
Co-sourced internal audit and forensic services	100%	50%	3
Co-sourced internal audit	100%	25%	5
Development and implementation of the enterprise architecture	55%	33%	3
Maintenance and support of Microsoft Share-point 2013 platform	51%	51%	3
Provision of IT technical support service	100%	100%	2
Maintenance and support of the open text (edocs) Document Management System	51%	51%	1
Verification of B-BBEE certificate for DPE	100%	60%	3
Facilitation of the strategic planning session	n/a	25%	1
Impact Assessment Study of the corporatisation of the NPA on Transnet SOC Limited and its operating division	100%	100%	2
Audit indemnity claims for 2018-2019	100%	100%	5
Re-design, maintenance and hosting of the DPE intranet and website	100%	33%	4
Legal advice	70%	70%	4
Legal advice on business rescue for SAA	33.33%	35%	3
Development of a Board Performance Evaluation Framework	51%	51%	2
Review of Annual Financial Statements	98%	98%	3

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2019 to 31 March 2020

None.

Table 3.15.4 Analysis of consultant appointments using donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 to 31 March 2020

None.





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 76 to 120, which comprise the appropriation statement, statement of financial position as at 31 March 2020, statement of financial performance, 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 2020, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of 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 this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2020.

Other matter

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 121 to 130 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 on them.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.

11. In preparing the financial statements, the accounting officer is responsible for assessing the department'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 the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

12. 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 the 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.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance measures included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures also do 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.
16. 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 programme presented in the annual performance report of the department for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 3 – Business Enhancement and Industrialisation	28 – 38

17. 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.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 3 – Business Enhancement and Industrialisation



Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 19 to 38 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a significant number of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3 – Business Enhancement and Industrialisation. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

23. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance and annual report

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. Material misstatements on disclosures for prior period error, related parties and impairments of investments identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified opinion.

Other information

25. The 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 and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

26. 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.

27. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. If based on the work we have performed, we conclude that there is a material misstatement in the other information; we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

29. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
30. Controls implemented by management for the review of the annual financial statements and the reported performance information were not adequate as material misstatements were identified in the annual financial statements and the reported performance information.

Auditor - General

Pretoria

30 September 2020



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 this 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 ability of the Department of Public Enterprises 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 my opinion on the financial statements. My conclusions are based on the information available to me at the date of this 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 determine 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 identified 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, actions taken to eliminate threats or safeguards applied.

Table of Contents

Appropriation Statement	76
Notes to the Appropriation Statement	94
Statement of Financial Performance	95
Statement of Financial Position	96
Statement of Changes in Net Assets	97
Cash Flow Statement	98
Notes to the Annual Financial Statements (including Accounting policies)	99
Annexures	121

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

Appropriation per programme										
Programme	2019/20					2018/19				
	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	R'000
1. Administration	163 121	-	-	163 121	149 077	14 044	91.4%	151 979	136 031	
2. State-owned Companies Governance Assurance and Performance	41 613	-	-	41 613	36 880	4 733	88.6%	39 084	33 490	
3. Business Enhancement, Transformation and Industrialisation	56 678 296	-	-	56 678 296	56 660 432	17 864	100.0%	6 331 851	6 305 272	
TOTAL	56 883 030	-	-	56 883 030	56 846 389	36 641	99.9%	6 522 914	6 474 793	
2019/20										
2019/20										
2018/19										
TOTAL (brought forward)				56 883 030	56 846 389			6 522 914	6 474 793	
Reconciliation with statement of financial performance										
ADD										
Departmental receipts				109				366		
Aid assistance				11 345				11 348		
Actual amounts per statement of financial performance (total revenue)				56 894 484				6 534 628		
ADD										
Aid assistance				-						635
Actual amounts per statement of financial performance (total expenditure)				56 846 389						6 475 428

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

		Appropriation per economic classification									
		2019/20					2018/19				
	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	R'000	
Economic classification											
Current payments	274 270	(4 122)	-	270 148	233 992	36 156	86.6%	263 586	215 494		
Compensation of employees	170 228	-	-	170 228	149 189	21 039	87.6%	170 770	143 813		
Salaries and wages	157 386	(2 998)	-	154 388	135 027	19 361	87.5%	154 602	130 347		
Social contributions	12 842	2 998	-	15 840	14 163	1 677	89.4%	16 168	13 466		
Goods and services	104 042	(4 122)	-	99 920	84 803	15 117	84.9%	92 816	71 681		
Administrative fees	1 562	(1 001)	-	561	545	16	97.1%	1 041	1 037		
Advertising	2 263	(2 020)	-	243	237	6	97.6%	1 375	752		
Minor assets	165	433	-	598	590	8	98.6%	1 464	1 406		
Audit costs: External	3 554	298	-	3 852	3 851	1	100.0%	3 962	3 962		
Bursaries: Employees	898	(350)	-	548	548	-	99.9%	617	617		
Catering: Departmental activities	961	(737)	-	224	139	85	62.3%	266	191		
Communication	5 179	(1 629)	-	3 550	3 081	469	86.8%	2 984	2 289		
Computer services	5 360	1 359	-	6 719	6 702	17	99.7%	5 508	5 400		
Consultants: Business and advisory services	32 724	(12 069)	-	20 655	12 151	8 504	58.8%	16 145	6 582		
Infrastructure and planning services	-	-	-	-	-	-	-	191	189		
Legal services	3 466	11 086	-	14 552	14 211	341	97.7%	6 190	6 188		
Contractors	4 364	(1 336)	-	3 028	1 466	1 562	48.4%	4 056	1 420		
Agency and support / outsourced services	485	(91)	-	394	391	3	99.2%	590	188		
Entertainment	32	-	-	32	-	32	-	33	3		
Fleet services (including government motor transport)	1 072	(2)	-	1 070	1 070	-	100.0%	800	785		
Consumable supplies	437	226	-	663	625	38	94.3%	1 573	1 423		

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

Appropriation per economic classification											
	2019/20						2018/19				
	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		R'000
Consumable: Stationery, printing and office supplies	1 511	(355)	-	1 156	1 081	75	93.5%	1 434	1 430		1 430
Operating leases	11 266	2 110	-	13 376	13 367	9	99.9%	15 939	15 926		15 926
Property payments	4 085	897	-	4 982	4 980	2	100.0%	3 677	3 672		3 672
Transport provided: Departmental activity	260	(260)	-	-	-	-	-	50	-		-
Travel and subsistence	18 757	800	-	19 557	15 728	3 829	80.4%	20 368	14 941		14 941
Training and development	1 162	(300)	-	862	849	13	98.4%	810	809		809
Operating payments	2 448	(199)	-	2 249	2 244	5	99.8%	1 945	1 880		1 880
Venues and facilities	1 450	(476)	-	974	873	101	89.7%	1 234	580		580
Rental and hiring	581	(506)	-	75	75	-	99.7%	564	12		12
Transfers and subsidies	5 322	3 285	-	8 607	8 128	479	94.4%	1 053	1 041		1 041
Provinces and municipalities	11	4	-	15	15	-	100.0%	12	12		12
Municipalities	11	4	-	15	15	-	100.0%	12	12		12
Municipal bank accounts	11	4	-	15	15	-	100.0%	12	12		12
Public corporations and private enterprises	1 025	2 977	-	4 002	3 574	428	89.3%	-	-		-
Public corporations	-	2 977	-	2 977	2 976	1	100.0%	-	-		-
Other transfers to public corporations	-	2 977	-	2 977	2 976	1	100.0%	-	-		-
Private enterprises	1 025	-	-	1 025	598	427	58.3%	-	-		-
Other transfers to private enterprises	1 025	-	-	1 025	598	427	58.3%	-	-		-
Households	4 286	304	-	4 590	4 539	51	98.9%	1 041	1 029		1 029
Social benefits	4 286	304	-	4 590	4 539	51	98.9%	1 041	1 029		1 029

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2020

Appropriation per economic classification									
	2019/20					2018/19			
	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
Payments for capital assets	3 438	795	-	4 233	4 228	5	99.9%	9 270	9 253
Machinery and equipment	3 288	912	-	4 200	4 197	3	99.9%	8 813	8 797
Other machinery and equipment	3 288	912	-	4 200	4 197	3	99.9%	8 813	8 797
Intangible assets	150	(117)	-	33	31	2	93.9%	457	456
Payments for financial assets	56 600 000	42	-	56 600 042	56 600 041	1	100.0%	6 249 005	6 249 005
TOTAL	56 883 030	-	-	56 883 030	56 846 389	36 641	99.9%	6 522 914	6 474 793

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

Programme 1: Administration										
	2019/20					2018/19				
	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	R'000	R'000
Sub programme										
1.1 Ministry	30 908	11 207	-	42 115	39 367	2 748	93.5%	29 052	22 265	
1.2 Management	20 852	(9 386)	-	11 466	10 962	504	95.6%	14 197	11 894	
1.3 Communications	40 228	(8 411)	-	31 817	28 864	2 953	90.7%	36 803	33 627	
1.4 Chief Financial Officer	19 367	1 826	-	21 193	20 784	409	98.1%	17 649	17 166	
1.5 Human Resources	29 332	473	-	29 805	24 355	5 450	81.7%	29 124	27 547	
1.6 Internal Audit	6 888	450	-	7 338	5 539	1 799	75.5%	4 624	3 586	
1.7 Corporate Services	3 977	73	-	4 050	3 870	180	95.6%	3 799	3 218	
1.8 Office Accommodation	11 569	3 768	-	15 337	15 335	2	100.0%	16 731	16 728	
Total for sub programmes	163 121	-	-	163 121	149 077	14 044	91.4%	151 979	136 031	
Economic classification										
Current payments	155 447	(3 850)	-	151 597	137 609	13 988	90.8%	141 726	125 806	
Compensation of employees	85 421	-	-	85 421	72 107	13 314	84.4%	81 667	69 644	
Salaries and wages	79 076	(1 169)	-	77 907	65 115	12 792	83.6%	73 850	62 993	
Social contributions	6 345	1 169	-	7 514	6 993	521	93.1%	7 817	6 651	
Goods and services	70 026	(3 850)	-	66 176	65 501	675	99.0%	60 059	56 162	
Administrative fees	1 562	(1 029)	-	533	517	16	97.0%	1 041	1 037	
Advertising	2 263	(2 020)	-	243	237	6	97.6%	1 297	752	
Minor assets	165	433	-	598	590	8	98.6%	1 464	1 406	
Audit costs: External	3 554	298	-	3 852	3 851	1	100.0%	3 962	3 962	
Bursaries: Employees	898	(350)	-	548	548	-	99.9%	617	617	
Catering: Departmental activities	912	(744)	-	168	106	62	62.9%	219	171	
Communication	4 260	(1 584)	-	2 676	2 667	9	99.7%	2 132	1 933	
Computer services	5 360	1 359	-	6 719	6 702	17	99.7%	5 508	5 400	
Consultants: Business and advisory services	12 594	(8 249)	-	4 345	4 311	34	99.2%	2 225	2 221	

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2020

Programme 1: Administration												
	2019/20						2018/19					
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Infrastructure and planning services	-	-	-	-	-	-	-	-	191	-	189	
Legal services	499	8 738	-	9 237	9 231	6	99.9%	679	679	678		
Contractors	2 768	(2 232)	-	536	491	45	91.6%	1 940	1 940	1 285		
Agency and support/ outsourced services	485	(91)	-	394	391	3	99.2%	590	590	188		
Entertainment	-	-	-	-	-	-	-	3	3	3		
Fleet services (including government motor transport)	1 072	(2)	-	1 070	1 070	-	100.0%	800	800	785		
Consumable supplies	437	226	-	663	625	38	94.3%	1 515	1 515	1 423		
Consumable: Stationery, printing and office supplies	1 511	(369)	-	1 142	1 068	74	93.5%	1 434	1 434	1 430		
Operating leases	11 266	2 110	-	13 376	13 367	9	99.9%	15 939	15 939	15 926		
Property payments	4 085	897	-	4 982	4 980	2	100.0%	3 677	3 677	3 672		
Transport provided:												
Departmental activity	260	(260)	-	-	-	-	-	50	50	-		
Travel and subsistence	10 511	920	-	11 431	11 116	315	97.2%	11 213	11 213	10 046		
Training and development	1 162	(300)	-	862	849	13	98.4%	810	810	809		
Operating payments	2 448	(395)	-	2 053	2 049	4	99.8%	1 763	1 763	1 699		
Venues and facilities	1 373	(700)	-	673	663	10	98.5%	897	897	529		
Rental and hiring	581	(506)	-	75	75	-	99.7%	93	93	1		
Transfers and subsidies	4 268	2 981	-	7 249	7 199	50	99.3%	978	978	968		
Provinces and municipalities	11	4	-	15	15	-	100.0%	12	12	12		
Municipalities	11	4	-	15	15	-	100.0%	12	12	12		
Municipal bank accounts	11	4	-	15	15	-	100.0%	12	12	12		

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

Programme 1: Administration											
	2019/20						2018/19				
	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	%	R'000	R'000		R'000
Public corporations and private enterprises	-	2 977	-	2 977	2 976	1	100.0%	-	-		-
Public corporations	-	2 977	-	2 977	2 976	1	100.0%	-	-		-
Other transfers to public corporations	4 257	-	-	4 257	4 208	49	98.8%	966	956		956
Households	4 257	-	-	4 257	4 208	49	98.8%	966	956		956
Social benefits	3 406	827	-	4 233	4 228	5	99.9%	9 270	9 252		9 252
Payments for capital assets	3 288	912	-	4 200	4 197	3	99.9%	8 813	8 796		8 796
Machinery and equipment	3 288	912	-	4 200	4 197	3	99.9%	8 813	8 796		8 796
Other machinery and equipment	118	(85)	-	33	31	2	93.9%	457	456		456
Intangible assets	-	42	-	42	41	1	97.6%	5	5		5
Payments for financial assets	163 121	-	-	163 121	149 077	14 044	91.4%	151 979	136 031		136 031
Total	163 121	-	-	163 121	149 077	14 044	91.4%	151 979	136 031		136 031

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2020

	2019/20						2018/19			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
1.1 Ministry										
Economic classification										
Current payments	30 752	11 207	-	41 959	39 259	2 700	93.6%	28 584	21 806	
Compensation of employees	23 095	-	-	23 095	20 465	2 630	88.6%	20 620	13 967	
Goods and services	7 657	11 207	-	18 864	18 794	70	99.6%	7 964	7 839	
Transfers and subsidies	156	-	-	156	108	48	69.2%	468	459	
Households	156	-	-	156	108	48	69.2%	468	459	
1.2 Management										
Economic classification										
Current payments	16 783	(9 386)	-	7 397	6 894	503	93.2%	13 835	11 533	
Compensation of employees	6 074	-	-	6 074	5 630	444	92.7%	9 782	9 772	
Goods and services	10 709	(9 386)	-	1 323	1 264	59	95.6%	4 053	1 761	
Transfers and subsidies	4 069	-	-	4 069	4 068	1	100.0%	362	361	
Households	4 069	-	-	4 069	4 068	1	100.0%	362	361	

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	2019/20					2018/19			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.3 Communications									
Current payments	36 895	(6 695)	-	30 200	27 251	2 949	90.2%	29 796	26 623
Compensation of employees	17 477	-	-	17 477	14 644	2 833	83.8%	17 103	14 570
Goods and services	19 418	(6 695)	-	12 723	12 607	116	99.1%	12 693	12 053
Transfers and subsidies	19	-	-	19	19	-	100.0%	136	136
Households	19	-	-	19	19	-	100.0%	136	136
Payments for capital assets	3 314	(1 716)	-	1 598	1 594	4	99.7%	6 871	6 868
Machinery and equipment	3 196	(1 631)	-	1 565	1 563	2	99.9%	6 414	6 412
Software and other intangible assets	118	(85)	-	33	31	2	93.9%	457	456
1.4 Chief Financial Officer									
Current payments	19 356	(631)	-	18 725	18 317	408	97.8%	17 632	17 149
Compensation of employees	11 832	-	-	11 832	11 522	310	97.4%	10 432	9 994
Goods and services	7 524	(631)	-	6 893	6 795	98	98.6%	7 200	7 155
Transfers and subsidies	11	4	-	15	15	-	100.0%	12	12
Provinces & Municipalities	11	4	-	15	15	-	100.0%	12	12
Payments for capital assets	-	2 411	-	2 411	2 411	-	100.0%	-	-
Machinery and equipment	-	2 411	-	2 411	2 411	-	100.0%	-	-
Payments for financial assets	-	42	-	42	41	1	97.6%	5	5

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	2019/20						2018/19		
	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	3 977	73	-	4 050	3 870	180	95.6%	3 799	3 218
Compensation of employees	3 416	-	-	3 416	3 278	138	96.0%	3 262	3 196
Goods and services	561	73	-	634	592	42	93.4%	537	22

	2019/20						2018/19		
	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	11 569	3 768	-	15 337	15 335	2	100.0%	16 731	16 728
Goods and services	11 569	3 768	-	15 337	15 335	2	100.0%	16 731	16 728

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2020

Programme 2: State-owned Companies Governance Assurance and Performance											
2019/20											2018/19
	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	%	R'000	R'000	R'000	R'000
Sub programme											
2.1 Management	3 120	(131)	-	2 989	1 978	1 011	66.2%	2 989	2 739		2 739
2.2 Legal	12 231	1 483	-	13 714	11 104	2 610	81.0%	14 830	12 066		12 066
2.3 Governance	11 589	862	-	12 451	11 627	824	93.4%	9 565	8 782		8 782
2.4 Financial Assessment and Investment Support	14 673	(2 214)	-	12 459	12 172	287	97.7%	11 700	9 903		9 903
Total for sub programmes	41 613	-	-	41 613	36 880	4 733	88.6%	39 084	33 490		33 490
Economic classification											
Current payments	40 559	(260)	-	40 299	35 995	4 304	89.3%	39 084	33 490		33 490
Compensation of employees	31 659	-	-	31 659	28 198	3 461	89.1%	30 132	26 318		26 318
Salaries and wages	28 849	(250)	-	28 599	25 762	2 837	90.1%	27 450	24 154		24 154
Social contributions	2 810	250	-	3 060	2 436	624	79.6%	2 682	2 164		2 164
Goods and services	8 900	(260)	-	8 640	7 797	843	90.2%	8 952	7 172		7 172
Catering: Departmental activities	16	1	-	17	9	8	51.7%	19	15		15
Communication	312	(24)	-	288	175	113	60.6%	290	150		150
Consultants: Business and advisory services	3 534	(1 871)	-	1 663	1 663	-	100.0%	350	36		36
Legal services	2 967	2 289	-	5 256	4 923	333	93.7%	5 511	5 510		5 510
Contractors	-	-	-	-	-	-	-	760	124		124
Travel and subsistence	2 007	(683)	-	1 324	1 000	324	75.5%	1 950	1 314		1 314
Venues and facilities	64	28	-	92	28	64	30.4%	60	12		12
Rental and hiring	-	-	-	-	-	-	-	12	11		11
Transfers and subsidies	1 054	260	-	1 314	885	429	67.4%	-	-		-
Public corporations and private enterprises	1 025	-	-	1 025	598	427	58.3%	-	-		-

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

Programme 2: State-owned Companies Governance Assurance and Performance										
	2019/20					2018/19				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Private enterprises	1 025	-	-	1 025	598	427	58.3%	-	-	-
Other transfers to private enterprises	1 025	-	-	1 025	598	427	58.3%	-	-	-
Households	29	260	-	289	287	2	99.3%	-	-	-
Social benefits	29	260	-	289	287	2	99.3%	-	-	-
Total	41 613	-	-	41 613	36 880	4 733	88.6%	39 084	33 490	33 490
2.1 Management										
	2019/20					2018/19				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Economic classification										
Current payments	3 120	(224)	-	2 896	1 886	1 010	65.1%	2 989	2 739	2 739
Compensation of employees	2 591	-	-	2 591	1 762	829	68.0%	2 492	2 486	2 486
Goods and services	529	(224)	-	305	124	181	40.7%	497	253	253
Transfers and subsidies	-	93	-	93	92	1	98.9%	-	-	-
Households	-	93	-	93	92	1	98.9%	-	-	-

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	2019/20						2018/19		
	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
2.2 Legal									
Economic classification									
Current payments	11 206	1 316	-	12 522	10 340	2 182	82.6%	14 830	12 066
Compensation of employees	7 771	-	-	7 771	6 124	1 647	78.8%	8 102	6 066
Goods and services	3 435	1 316	-	4 751	4 216	535	88.7%	6 728	6 000
Transfers and subsidies	1 025	167	-	1 192	764	428	64.1%	-	-
Public corporations and private enterprises	1 025	-	-	1 025	598	427	58.3%	-	-
Households	-	167	-	167	166	1	99.4%	-	-
2.3 Governance									
Economic classification									
Current payments	11 589	862	-	12 451	11 627	824	93.4%	9 565	8 782
Compensation of employees	9 641	-	-	9 641	8 820	821	91.5%	8 855	8 525
Goods and services	1 948	862	-	2 810	2 807	3	99.9%	710	257
2.4 Financial Assessment and Investment Support									
Economic classification									
Current payments	14 644	(2 214)	-	12 430	12 143	287	97.7%	11 700	9 903
Compensation of employees	11 656	-	-	11 656	11 493	163	98.6%	10 683	9 241
Goods and services	2 988	(2 214)	-	774	650	124	84.0%	1 017	662
Transfers and subsidies	29	-	-	29	29	-	100.0%	-	-
Households	29	-	-	29	29	-	100.0%	-	-

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

Programme 3: Business Enhancement, Transformation and Industrialisation											
	2019/20						2018/19				
	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	R'000	R'000
Sub programme											
3.1 Energy Resources	49 013 732	1 990	-	49 015 722	49 013 553	2 169	100.0%	13 658	9 504		
3.2 Research and Economic Modelling	12 524	(2 200)	-	10 324	6 669	3 655	64.6%	13 481	6 926		
3.3 Transport and Defence	7 620 013	794	-	7 620 807	7 619 180	1 627	100.0%	6 269 006	6 262 105		
3.4 Business Enhancement Services	32 027	(584)	-	31 443	21 030	10 413	66.9%	35 706	26 737		
Total for sub programmes	56 678 296	-		56 678 296	56 660 432	17 864	100.0%	6 331 851	6 305 272		
Economic classification											
Current payments	78 264	(12)		78 252	60 388	17 864	77.2%	82 776	56 199		
Compensation of employees	53 148	-	-	53 148	48 884	4 264	92.0%	58 971	47 852		
Salaries and wages	49 461	(1 579)	-	47 882	44 150	3 732	92.2%	53 302	43 200		
Social contributions	3 687	1 579	-	5 266	4 734	532	89.9%	5 669	4 652		
Goods and services	25 116	(12)	-	25 104	11 504	13 600	45.8%	23 805	8 347		
Administrative fess	-	28	-	28	28	-	100.0%	-	-		
Advertising	-	-	-	-	-	-	-	78	-		
Catering: Departmental activities	33	6	-	39	25	14	64.1%	28	4		
Communication	607	(21)	-	586	239	347	40.9%	562	206		
Consultants: Business and advisory services	16 596	(1 949)	-	14 647	6 177	8 470	42.2%	13 570	4 325		
Legal Services	-	59	-	59	58	1	98.3%	-	-		
Contractors	1 596	896	-	2 492	975	1 517	39.1%	1 356	11		
Entertainment	32	-	-	32	-	32	-	30	-		
Consumable supplies	-	-	-	-	-	-	-	58	-		
Consumable: Stationery,printing and office supplies	-	14	-	14	13	1	92.9%	-	-		

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	2019/20						2018/19		
	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	6 239	563	-	6 802	3 612	3 190	53.1%	7 205	3 581
Operating payments	-	196	-	196	195	1	99.5%	182	181
Venues and facilities	13	196	-	209	182	27	87.1%	277	39
Rental and hiring	-	-	-	-	-	-	-	459	-
Transfers and subsidies	-	44	-	44	44	-	100.0%	75	73
Households	-	44	-	44	44	-	100.0%	75	73
Social benefits	-	44	-	44	44	-	100.0%	75	73
Payments for capital assets	32	(32)	-	-	-	-	-	-	-
Software and other intangible assets	32	(32)	-	-	-	-	-	-	-
Payments for financial assets	56 600 000	-	-	56 600 000	56 600 000	-	100.0%	6 249 000	6 249 000
Total	56 678 296	-	-	56 678 296	56 660 432	17 864	100.0%	6 331 851	6 305 272

3.1 Energy Resources	2019/20						2018/19		
	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	13 732	1 990	-	15 722	13 553	2 169	86.2%	13 658	9 504
Current payments	9 916	1 919	-	11 835	11 738	97	99.2%	10 151	8 522
Compensation of employees	3 816	71	-	3 887	1 815	2 072	46.7%	3 507	982
Goods and services	-	-	-	-	-	-	-	-	-
Payments for financial assets	49 000 000	-	-	49 000 000	49 000 000	-	100.0%	-	-

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

3.2 Research and Economic Modelling									
Economic classification	2019/20					2018/19			
	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	12 492	(2 168)	-	10 324	6 669	3 655	64.6%	13 428	6 873
Compensation of employees	7 800	-	-	7 800	6 385	1 415	81.9%	9 019	6 022
Goods and services	4 692	(2 168)	-	2 524	284	2 240	11.3%	4 409	851
Transfers and subsidies	-	-	-	-	-	-	-	53	53
Households	-	-	-	-	-	-	-	53	53
Payments for capital assets	32	(32)	-	-	-	-	-	-	-
Software and other intangible assets	32	(32)	-	-	-	-	-	-	-

3.3 Transport and Defence									
Economic classification	2019/20					2018/19			
	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	20 013	794	-	20 807	19 180	1 627	92.2%	20 006	13 105
Compensation of employees	15 288	(2 223)	-	13 065	12 005	1 060	91.9%	15 638	11 842
Goods and services	4 725	3 017	-	7 742	7 175	567	92.7%	4 368	1 263
Payments for financial assets	7 600 000	-	-	7 600 000	7 600 000	-	100.0%	6 249 000	6 249 000

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09
APPROPRIATION STATEMENT
 FOR THE YEAR ENDED 31 MARCH 2020

3.4 Business Enhancement Services	2019/20						2018/19		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	32 027	(628)	-	31 399	20 986	10 413	66.8%	35 684	26 717
Compensation of employees	20 144	304	-	20 448	18 756	1 692	91.7%	24 163	21 466
Goods and services	11 883	(932)	-	10 951	2 230	8 721	20.4%	11 521	5 251
Transfers and subsidies	-	44	-	44	44	-	100%	22	20
Households	-	44	-	44	44	-	100%	22	20

NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

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

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

3. Details on payments for financial assets

Details 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 R'000	Variance as a % of Final Appropriation
Administration	163 121	149 077	14 044	8.61
State-owned Companies Governance Assurance and Performance	41 613	36 880	4 733	11.37
Business Enhancement, Transformation and Industrialisation	56 678 296	56 660 432	17 864	0.03
Total	56 883 030	56 846 389	36 641	0.06

4.2 Per economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments	270 148	233 992	36 156	13.38
Compensation of employees	170 228	149 189	21 039	12.36
Goods and services	99 920	84 803	15 117	15.13
Transfers and subsidies	8 607	8 128	479	5.57
Provinces and municipalities	15	15	-	-
Public corporations and private enterprises	4 002	3 574	428	10.69
Households	4 590	4 539	51	1.11
Payments for capital assets	4 233	4 228	5	0.12
Machinery and equipment	4 200	4 197	3	0.07
Intangible assets	33	31	2	6.06
Payments for financial assets	56 600 042	56 600 041	1	0.00
Total	56 883 030	56 846 389	36 641	0.06

Note: The under expenditure primarily relates to compensation of employees and goods and services. This is as a result of unfilled posts and non-implementation of the development of the Green Paper for the Shareholder Management Bill.

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/2020 R'000	2018/19 R'000
REVENUE			
Annual appropriation	1	56 883 030	6 522 914
Departmental revenue	2	109	366
Aid assistance	3	11 345	11 348
TOTAL REVENUE		56 894 484	6 534 628
EXPENDITURE			
Current expenditure			
Compensation of employees	4	149 189	143 813
Goods and services	5	84 803	71 681
Aid assistance	3	-	635
Total current expenditure		233 992	216 129
Transfers and subsidies			
Transfers and subsidies	7	8 128	1 041
Total transfers and subsidies		8 128	1 041
Expenditure for capital assets			
Tangible assets	8	4 197	8 797
Intangible assets	8	31	456
Total expenditure for capital assets		4 228	9 253
Payments for financial assets	6	56 600 041	6 249 005
TOTAL EXPENDITURE		56 846 389	6 475 428
SURPLUS/(DEFICIT) FOR THE YEAR		48 095	59 200
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		36 641	48 121
Annual appropriation		36 641	48 121
Departmental revenue and NRF Receipts	2	109	366
Aid assistance	3	11 345	10 713
SURPLUS/(DEFICIT) FOR THE YEAR		48 095	59 200

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Note	2019/2020 R'000	2018/19 R'000
ASSETS			
Current assets		207 307	207 266
Cash and cash equivalents	9	206 495	206 543
Prepayments and advances	10	790	643
Receivables	11	22	80
Non-current assets		188 998 923	132 398 963
Investments	12	188 998 133	132 398 133
Receivables	11	790	830
TOTAL ASSETS		189 206 230	132 606 229
LIABILITIES			
Current liabilities		207 055	207 054
Voted funds to be surrendered to the Revenue Fund	13	36 641	48 121
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	-	2
Payables	15	138	
Aid assistance unutilised	3	170 276	158 931
Non-current liabilities			
Payables	16	371	371
TOTAL LIABILITIES		207 426	207 425
NET ASSETS		188 998 804	132 398 804
Represented by:			
Capitalisation reserve		188 998 133	132 398 133
Recoverable revenue		671	671
TOTAL		188 998 804	132 398 804

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
Capitalisation Reserves			
Opening balance		132 398 133	103 140 375
Transfers:			
Movement in Equity		56 600 000	6 249 000
Movement in Operational Funds			
Other movements		-	23 008 758
Closing balance		188 998 133	132 398 133
Recoverable revenue			
Opening balance		671	-
Debts raised		-	671
Closing balance		671	671
TOTAL		188 998 804	132 398 804

Note: Movement in Equity includes an amount of R26 billion that was tabled in the Special Appropriation Bill, 2019 to assist Eskom with its financial obligations. An additional amount of R30.6 billion was earmarked for Eskom (R23 billion), SA Express (R300 million), SAA (R5.5 billion) and Denel (R1.8 billion) for working capital and settlement of outstanding debts. An amount of R671 thousand is for debts owed to the department.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20 R'000	2018/19 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		56 894 484	6 534 611
Annual appropriated funds received	1.1	56 883 030	6 522 914
Departmental revenue received	2	109	349
Aid assistance received	3	11 345	11 348
Net (increase)/decrease in working capital		49	2 191
Surrendered to Revenue Fund		(48 232)	(16 669)
Current payments		(233 992)	(216 129)
Payments for financial assets		(56 600 041)	(6 249 005)
Transfers and subsidies paid		(8 128)	(1 041)
Net cash flow available from operating activities	17	4 140	53 958
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(4 228)	(9 253)
Proceeds from sale of capital assets	2.2	-	17
(Increase)/decrease in investments		(56 600 000)	(29 257 758)
(Increase)/decrease in non-current receivables		40	
Net cash flows from investing activities		(56 604 188)	(29 266 994)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		56 600 000	29 258 429
Increase/(decrease) in non-current payables		-	(144)
Net cash flows from financing activities		56 600 000	29 258 285
Net increase/(decrease) in cash and cash equivalents		(48)	45 249
Cash and cash equivalents at beginning of period		206 543	161 294
Cash and cash equivalents at end of period	9	206 495	206 543

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

PART A: ACCOUNTING POLICIES

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. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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.

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 spot exchange rates prevailing at the date of payment / receipt.

6 Comparative information

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

6.2 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 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

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.

Write-offs are made according to the department's debt write-off policy.

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 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.

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.

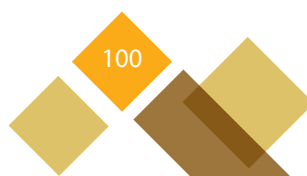
The operating lease commitments are recorded in the notes to the financial statements.

9 Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

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.



DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable 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 as a current liability.

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

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. Write-offs are made according to the department's write-off policy.

13 Investments

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

14 Financial assets**14.1 Financial assets (not covered elsewhere)**

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, financial assets are measured at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

14.2 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

Payables recognised in the statement of financial position are recognised 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 reliably, 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 forms part of the cost of the existing asset when ready for use.

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 reliably, 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 of a capital nature forms part of the cost of the existing asset when ready for use.

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.

18 Capital Commitments

Capital 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.

19 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.

20 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 irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

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.

DEPARTMENT OF PUBLIC ENTERPRISES**VOTE 09****NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020****21 Changes in accounting policies, accounting estimates and errors**

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22 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.

23 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 Revenue Fund when the underlying asset is disposed and the related funds are received.

24 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

25 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 within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

26 Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

PART B: EXPLANATORY NOTES

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:

	2019/20			2018/19		
	Final appropriation	Actual funds received	Funds not requested/not received	Final appropriation	Appropriation received	Funds not requested / not received
	R'000	R'000	R'000	R'000	R'000	
Administration	163 121	163 121	-	151 979	151 979	-
State-owned Companies						
Governance Assurance and Performance	41 613	41 613	-	39 084	39 084	-
Business Enhancement, Transformation and Industrialisation	56 678 296	56 678 296	-	6 331 851	6 331 851	-
Total	56 883 030	56 883 030	-	6 522 914	6 522 914	-

2. Departmental revenue

	Note	2019/20 R'000	2018/19 R'000
Sales of goods and services other than capital assets	2.1	65	64
Sales of capital assets	2.2	-	17
Transactions in financial assets and liabilities	2.3	44	285
Total revenue collected		109	366
Departmental revenue collected		109	366

2.1 Sales of goods and services other than capital assets

	2019/20 R'000	2018/19 R'000
Sales of goods and services produced by the department	65	64
Sales by market establishment	37	37
Other sales	28	27
Total	65	64

2.2 Sale of capital assets

	2019/20 R'000	2018/19 R'000
Tangible assets	-	17
Machinery and equipment	-	17
Total	-	17

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2.3 Transactions in financial assets and liabilities

	2019/20 R'000	2018/19 R'000
Receivables	44	285
Total	44	285

3. Aid assistance

	2019/20 R'000	2018/19 R'000
Opening Balance	158 931	148 218
Transferred from statement of financial performance	11 345	10 713
Closing Balance	170 276	158 931

3.1 Analysis of balance by source

	2019/20 R'000	2018/19 R'000
Aid assistance from other sources	170 276	158 931
Closing balance	170 276	158 931

3.2 Analysis of balance

	2019/20 R'000	2018/19 R'000
Aid assistance unutilised	170 276	158 931
Closing balance	170 276	158 931

3.3 Aid assistance expenditure per economic classification

	2019/20 R'000	2018/19 R'000
Current	-	635
Total aid assistance expenditure	-	635

4. Compensation of employees

4.1 Salaries and Wages

	2019/20 R'000	2018/19 R'000
Basic salary	100 919	98 027
Performance award	1 715	1 947
Compensative/circumstantial	3 109	2 985
Other non-pensionable allowances	29 283	27 387
Total	135 026	130 346

4.2 Social contributions

	2019/20	2018/19
	R'000	R'000
Employer contributions		
Pension	11 429	10 932
Medical	2 717	2 519
Bargaining council	17	16
Total	14 163	13 467
Total compensation of employees	149 189	143 813
Average number of employees	183	180

5. Goods and services

	Note	2019/20	2018/19
		R'000	R'000
Administrative fees		544	1 036
Advertising		237	752
Minor assets	5.1	590	1 406
Bursaries (employees)		548	617
Catering		141	191
Communication		3 079	2 290
Computer services	5.2	6 702	5 401
Consultants: Business and advisory services		12 150	6 582
Infrastructure and planning services		-	188
Legal services		14 211	6 188
Contractors		1 465	1 421
Agency and support / outsourced services		391	187
Entertainment		-	3
Audit cost – external	5.3	3 851	3 962
Fleet services		1 070	786
Consumables	5.4	1 705	2 853
Operating leases		13 367	15 926
Property payments	5.5	4 980	3 671
Rental and hiring		75	13
Travel and subsistence	5.6	15 730	14 938
Venues and facilities		873	580
Training and development		849	809
Other operating expenditure	5.7	2 245	1 881
Total		84 803	71 681

5.1 Minor assets

	2019/20	2018/19
	R'000	R'000
Tangible assets	590	1 406
Machinery and equipment	590	1 406
Total	590	1 406

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

5.2 Computer services

	2019/20 R'000	2018/19 R'000
SITA computer services	2 301	1 911
External computer service providers	4 401	3 490
Total	6 702	5 401

5.3 Audit cost – External

	2019/20 R'000	2018/19 R'000
Regularity audits	3 851	3 962
Total	3 851	3 962

5.4 Consumables

	2019/20 R'000	2018/19 R'000
Consumable supplies	624	1 424
Uniform and clothing	-	23
Household supplies	424	563
Building material and supplies	-	60
Communication accessories	55	18
IT consumables	60	92
Other consumables	85	668
Stationery, printing and office supplies	1 081	1 429
Total	1 705	2 853

5.5 Property payments

	2019/20 R'000	2018/19 R'000
Municipal services	2 525	1 488
Property management fees	119	74
Property maintenance and repairs	-	85
Other	2 336	2 024
Total	4 980	3 671

5.6 Travel and subsistence

	2019/20 R'000	2018/19 R'000
Local	11 364	12 743
Foreign	4 366	2 195
Total	15 730	14 938

5.7 Other operating expenditure

	2019/20 R'000	2018/19 R'000
Professional bodies, membership and subscription fees	1 007	841
Other	1 238	1 040
Total	2 245	1 881

6. Payments for financial assets

	Note	2019/20 R'000	2018/19 R'000
Purchase of equity		56 600 000	6 249 000
Debts written off	6.1	41	5
Total		56 600 041	6 249 005

Note: The amount of R26 billion was tabled in the Special Appropriation Bill, 2019 to assist Eskom with its financial obligations. An additional amount of R30.6 billion was earmarked for Eskom (R23 billion), SA Express (R300 million), SAA (R5.5 billion) and Denel (R1.8 billion) for working capital and settlement of outstanding debts.

6.1 Debts written off

	2019/20 R'000	2018/19 R'000
Nature of debts written off		
Departmental debts written-off	41	5
Total debt written off	41	5

7. Transfers and subsidies

	Note	2019/20 R'000	2018/19 R'000
Provinces and municipalities		15	12
Public corporations and private enterprises	Annexure 1D	3 574	-
Households	Annexure 1G	4 539	1 029
Total		8 128	1 041

Note: The increase in transfers and subsidies is attributed to payment made to the former Director-General in terms of his retirement benefit. Transfers and subsidies also include payment made to the department of Public Works in terms of reinstatement cost for office accommodation.

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

8. Expenditure for capital assets

	Note	2019/20 R'000	2018/19 R'000
Tangible assets		4 197	8 797
Machinery and equipment	29.1	4 197	8 797
Intangible assets		31	456
Software	31.1	31	456
Total		4 228	9 253

8.1 Analysis of funds utilised to acquire capital assets – 2019/20

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4 197	-	4 197
Machinery and equipment	4 197	-	4 197
Intangible assets	31	-	31
Software	31	-	31
Total	4 228	-	4 228

8.2 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	8 797	-	8 797
Machinery and equipment	8 797	-	8 797
Intangible assets	456	-	456
Software	456	-	456
Total	9 253	-	9 253

9. Cash and cash equivalents

	Note	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General Account		36 162	47 555
Cash on hand		57	57
Investments (Domestic)*		170 276	158 931
Total		206 495	206 543

* 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

	Note	2019/20 R'000	2018/19 R'000
Advances paid (Not expensed)	10.1	790	643
Total		790	643

10.1 Advances paid (Not expensed)

	Note	Balance as at 1 April 2019 R'000	Less: Amount expensed in current year R'000	Add or Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2020 R'000
National departments	10	643	(553)	-	700	790
Total		643	(553)	-	700	790

	Note	Balance as at 1 April 2018 R'000	Less: Amount expensed in current year R'000	Add or Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2019 R'000
National departments	10	833	(790)	-	600	643
Total		833	(790)	-	600	643

11. Receivables

	Note	2019/20			2018/19		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Recoverable expenditure	11.1	-	-	-	36	-	36
Staff debt	11.2	24	15	39	44	12	56
Fruitless and wasteful expenditure	11.3	-	12	12	-	14	14
Other receivables	11.4	(2)	763	761	-	804	804
Total		22	790	812	80	830	910

11.1 Recoverable expenditure (disallowance accounts)

	Note	2019/20 R'000	2018/19 R'000
Diners club	11	-	36
Total		-	36

11.2 Staff debt

	Note	2019/20 R'000	2018/19 R'000
Other	11	39	56
Total		39	56

11.3 Fruitless and wasteful expenditure

	Note	2019/20 R'000	2018/19 R'000
Opening balance	11	14	17
Less amounts written off		(2)	(3)
Total		12	14

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11.4 Other receivables

	Note	2019/20	2018/19
	11	R'000	R'000
Suppliers		671	677
Ex-employees		92	127
National department		(2)	-
Total		761	804

12. Investment

	Note	2019/20	2018/19
		R'000	R'000
Non-Current			
Shares and other equity			
Alexkor SOC Ltd		400 000	400 000
Denel SOC Ltd		7 976 376	6 176 376
Eskom SOC Ltd		132 000 000	83 000 000
Safcol SOC Ltd		318 013	318 013
Transnet SOC Ltd		12 660 986	12 660 986
South African Express SOC Ltd		2 134 000	1 834 000
South African Airways SOC Ltd		33 508 758	28 008 758
Total		188 998 133	132 398 133
Analysis of non-current investments			
Opening balance		132 398 133	103 140 375
Additions in cash		56 600 000	6 249 000
Non-cash movements		-	23 008 758
Closing balance		188 998 133	132 398 133

12.1 Impairment of investments

	Note	2019/20	2018/19
		R'000	R'000
Estimate of impairment of investment			
Alexkor SOC Ltd		199 302	66 639
South African Express Airways (Pty) Ltd		2 134 000	1 593 625
Denel		7 976 376	-
South African Airways		33 508 758	-
Total		43 818 436	1 660 264

Note: The impairment of investments is based on the difference between the cost of investment and the net asset value at reporting date.

The impairments are estimates as these figures are based on provisional amounts and are still subject to the SOC's external audit process and therefore subject to change.

The total impairment for the current financial year amounts to R43.8 billion which is in respect of Alexcor, SA Express, Denel and SAA.

The total cost of investment in SA Express, Denel and SAA have been impaired wholly as the future economic benefits of these investments are reflected at negative asset values.

The other three SOC's have not been impaired since the cost of investment of Eskom, Transnet, SAFCOL are lower than their net asset value.

13. Voted funds to be surrendered to the Revenue Fund

	Note	2019/20 R'000	2018/19 R'000
Opening balance		48 121	16 283
Transfer from statement of financial performance		36 641	48 121
Paid during the year		(48 121)	(16 283)
Closing balance		36 641	48 121

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

	Note	2019/20 R'000	2018/19 R'000
Opening balance		2	22
Transfer from Statement of Financial Performance		109	366
Paid during the year		(111)	(386)
Closing balance		-	2

15. Payables – current

	Note	2019/20 R'000	2018/19 R'000
Clearing accounts	15.1	138	-
Total		138	-

15.1 Clearing accounts

	Note	2019/20 R'000	2018/19 R'000
SARS	15	136	-
Pension Fund		2	-
Total		138	-

16. Payables – non-current

	Note	2019/20				2018/19
		R'000	R'000	R'000	R'000	R'000
		One to two years	Two to three years	More than three years	Total	Total
Advances received	16.1	-	-	371	371	371
Total		-	-	371	371	371

16.1 Advances received

	Note	2019/20 R'000	2018/19 R'000
Public entities	Annexure 8B	371	371
Total		371	371

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

17. Net cash flow available from operating activities

	2019/20 R'000	2018/19 R'000
Net surplus/(deficit) as per Statement of Financial Performance	48 095	59 200
Add back non cash/cash movements not deemed operating activities	(43 955)	(5 242)
(Increase)/decrease in receivables	58	2 167
(Increase)/decrease in prepayments and advances	(147)	218
Increase/(decrease) in payables – current	138	(194)
Proceeds from sale of capital assets	-	(17)
Expenditure on capital assets	4 228	9 253
Surrenders to Revenue Fund	(48 232)	(16 669)
Net cash flow generated by operating activities	4 140	53 958

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

	Note	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General account		36 162	47 555
Cash on hand		57	57
Cash with commercial banks (Local)		170 276	158 931
Total		206 495	206 543

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

	Note	2019/20 R'000	2018/19 R'000
Liable to Nature			
Other guarantees	Annex 3A	353 086 632	308 206 667
Claims against the department	Annex 3B	575 536	578 042
Total		353 662 168	308 784 709

Note: According to section 70 of the PFMA, Act 1 of 1999 (as amended by Act 29 of 1999) the Department is responsible for 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 guarantee exposure is equal to the sum of the closing balances, accrued interest and revaluation adjustments on inflation linked bonds due to changes to the inflation rates. An amount R 308.206 billion on other guarantees has been reinstated to include revaluation due to inflation rate movement as per National Treasury instruction note 3 of 2019.

20. Capital Commitments

	Note	2019/20 R'000	2018/19 R'000
Class of assets			
Computer Equipment		2 544	-
Other Machinery and Equipment		12	-
Total		2 556	-

Note: This note has been amended in terms of the revised Modified Cash Standards which require a disclosure of only capital expenditure commitment, and as a result 2018/19 figure has been restated.

21. Accruals and payables not recognised

21.1 Accruals

Listed by economic classification			2019/20	2018/19
			R'000	R'000
	30 Days	30+ Days	Total	Total
Goods and services	834	-	834	3 826
Capital Assets	14	-	14	-
Total	848	-	848	3 826
Listed by programme level				
Administration			842	3 587
SOC Governance Assurance & Performance			6	154
Business Enhancement & Industrialisation			-	85
Total			848	3 826

22. Employee benefits

	Note	2019/20	2018/19
		R'000	R'000
Leave entitlement		6 418	4 775
Service bonus		3 021	2 774
Performance awards		1 277	2 562
Capped leave commitments		1 525	1 464
Total		12 241	11 575

23. Lease commitments

23.1 Operating leases

2019/20	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	12 012	394	12 406
Later than 1 year and not later than 5 years	-	-	7 304	466	7 770
Total lease commitments	-	-	19 316	860	20 176

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	11 174	280	11 454
Later than 1 year and not later than 5 years	-	-	19 316	174	19 490
Total lease commitments	-	-	30 490	454	30 944

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

	Note	2019/20 R'000	2018/19 R'000
Opening balance		821	821
Less: Prior year amounts condoned		(821)	-
Closing balance		-	821
Analysis of awaiting condonation per age classification			
Prior years		-	821
Total		-	821

24.2 Details of irregular expenditure condoned

Incident	Condoned by (relevant authority)	2019/20 R'000
Appointment of a supplier without a valid tax clearance certificate.	National Treasury	471
Allocation of points to a supplier without BEE certificate	National Treasury	350
Total		821

24.3 Details of irregular expenditure under assessment (not included in the main note)

Incident	2019/20 R'000
Forensic Services	974
Total	974

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	2019/20 R'000	2018/19 R'000
Opening balance	713	27
Fruitless and wasteful expenditure – relating to prior year	-	532
Fruitless and wasteful expenditure – relating to current year	27	181
Less : Amounts resolved (written off and recovered)	(9)	(27)
Closing balance	731	713

25.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2019/20 R'000
No shows and cancellation fees	Conduct investigation to determine the cause	27
Total		27

25.3 Details of fruitless and wasteful expenditure written off

Incident	2019/20 R'000
No show	9
Total	9

25.4 Details of fruitless and wasteful expenditures under assessment (not included in the main note)

Incident	2019/20 R'000
Settlement agreement between service provider and the department	1 010
Total	1 010

26. Related Party Transaction**26.1 Payments made**

	2019/20	2018/19
ESKOM	49 000 000	-
SAA	5 500 000	5 000 000
SA Express	300 000	1 249 000
Denel	1 800 000	-
Total	56 600 000	6 249 000

26.2 Other

Other	2019/20	2018/19
Guarantees issued/received	<i>Annex 3A</i> 38 737 199	61 892 247
Total	38 737 199	61 892 247

Related party relationship and the nature thereof

Name of Entity	Relationship	Nature of Operations
Alexkor	Shareholder Representative	A diamond mining company that operates primarily in Alexander Bay and the greater Namaqualand area.
Denel		Denel is responsible for manufacturing defence equipment and maintains sovereign and strategic defence capabilities on behalf of the state.
South African Express Airways		SA Express is a domestic and regional air carrier.
South African Airways		South African Airways is the South African national airline.
South African Forestry Company		SAFCOL is government's forestry company which conducts timber harvesting, timber processing and related activities both domestically and regionally.
Eskom		Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors.
Transnet		Transnet is a freight and logistics company responsible for pipelines, ports, and rail transport infrastructure and operations in South Africa.

27. Key management personnel

	No. of Individuals	2019/20 R'000	2018/19 R'000
Political office bearers	2	3 895	2 402
Officials:			
Level 15 to 16	11	15 475	15 746
Level 14 (incl. CFO if at a lower level)	19	26 193	23 420
Total		45 563	41 568

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

28. Non-adjusting events after reporting date

Nature of event	2019/20
	R'000
Zam Projects	16 900
Total	16 900

Note: The Department received summons on the 02 June 2020 from a service provider.

29. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	38 730	-	4 197	548	42 379
Transport assets	6 118	-	2 411	-	8 529
Computer equipment	18 989	-	1 307	407	19 889
Furniture and office equipment	4 746	-	80	132	4 694
Other machinery and equipment	8 877	-	399	9	9 267
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	38 730	-	4 197	548	42 379

29.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	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	4 197	-	-	-	4 197
Transport assets	2 411	-	-	-	2 411
Computer equipment	1 307	-	-	-	1 307
Furniture and office equipment	80	-	-	-	80
Other machinery and equipment	399	-	-	-	399
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4 197	-	-	-	4 197

29.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	57	491	548	
Computer equipment	48	359	407	-
Furniture and office equipment	-	132	132	-
Other machinery and equipment	9	-	9	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	57	491	548	

29.3 Movement for 2018/19

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	34 481	-	8 817	(4 568)	38 730
Transport assets	6 118	-	-	-	6 118
Computer equipment	17 772	-	3 964	(2 747)	18 989
Furniture and office equipment	3 765	-	1 509	(528)	4 746
Other machinery and equipment	6 826	-	3 344	(1 293)	8 877
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	34 481	-	8 817	(4 568)	38 730

30. Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	64	-	5 416	-	5 480
Value adjustments	-	-	-	(2)	-	(2)
Additions	-	-	-	590	-	590
Disposals	-	-	-	(481)	-	(481)
TOTAL MINOR ASSETS	-	64	-	5 523	-	5 587

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	165	-	165
Number of minor assets at cost	-	19	-	3 800	-	3 819
TOTAL NUMBER OF MINOR ASSETS	-	19	-	3 965	-	3 984

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	50	-	4 530	-	4 580
Additions	-	14	-	1 392	-	1 406
Disposals	-	-	-	(506)	-	(506)
TOTAL MINOR ASSETS	-	64	-	5 416	-	5 480

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	165	-	165
Number of minor assets at cost	-	19	-	3 706	-	3 725
TOTAL NUMBER OF MINOR ASSETS	-	19	-	3 871	-	3 890

31. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	3 653	-	31	-	3 684
TOTAL INTANGIBLE CAPITAL ASSETS	3 653	-	31	-	3 684

31.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash	Non-Cash	(Development 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	31	-	-	-	31
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	31	-	-	-	31

31.2 Movement for 2018/19

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	3 197	-	456	-	3 653
TOTAL INTANGIBLE CAPITAL ASSETS	3 197	-	456	-	3 653

32. Prior Period Error

32.1 Correction of prior period errors

	Note	Amount before error correction	Prior period error 2019/20	Restated Amount
		2018/19	2018/19	2018/19
		R'000	R'000 R'000 0	R'000
Liabilities:				
Contingent Liabilities	19	301 009 549	7 775 160	308 784 709
Net effect		301 009 549	7 775 160	308 784 709

Note: The guarantee exposure is equal to the sum of the closing balances, accrued interest and revaluation adjustments on inflation linked bonds due to changes to the inflation rate.

The amount of R301 billion reported in 2018/19 did not include the inflation rate of R7.775 million and this resulted in an error. An amount of R 308.206 billion on other guarantees has been restated to include revaluation due to inflation rate movement as per National Treasury instruction note 3 of 2019

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2018/19			
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality %	Division of Revenue Act R'000	Actual transfer R'000
City of Ishwane Metropolitan Municipality	-	-	-	-	15	-	-	-	-	-	-	-	12
TOTAL	-	-	-	-	15	-	-	-	-	-	-	-	12

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2019/20	
	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									
Department of Public Works	2 976	-	-	2 976	2 976	100.0%	-	-	-
Private Enterprises	2 976	-	-	2 976	2 976	100.0%	-	-	-
Transfers									
EY Stuart	598	-	-	598	598	100.0%	-	-	-
	598	-	-	598	598	100.0%	-	-	-
TOTAL	3 574	-	-	3 574	3 574	100.0%	-	-	-

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
HOUSEHOLDS							
Transfers							
Leave Gratuity	471	-	-	471	471	100%	1 029
Retirement benefit	4 068	-	-	4 068	4 068	100%	-
TOTAL	4 539	-	-	4 539	4 539	100%	1 029

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 19/20	% Held 18/19	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Yes/No Losses guaranteed
				2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
				R'000		R'000		R'000		R'000		
National/Provincial Public Entity												
Alexkor SOC LTD	2	100	100	400 000 000	400 000 000	400 000	400 000	200 698	205 698	(5 000)	(149 591)	No
Denel SOC Ltd	2	100	100	1 225 057 663	1 225 056 663	7 976 376	6 176 376	(1 568 000)	(1 694 000)	(1 672)	(1 749)	No
Eskom SOC Ltd	2	100	100	132 000 000 001	83 000 000 001	132 000 000	83 000 000	193 946 000	151 644 000	(16 966 000)	(20 820 000)	No
Safcol SOC Ltd	2	100	100	318 013 254	318 013 254	318 013	318 013	2 980 000	3 189 317	(216 000)	(117 635)	No
Transnet SOC Ltd	2	100	100	12 660 986 310	12 660 986 310	12 660 986	12 660 986	129 955 000	148 631 000	4 136 000	6 047 000	No
South African Express SOC Ltd	2	100	100	*452	*452	2 134 000	1 834 000					No
South African Airways SOC Ltd	2	100	100	**13 008 758 154	**13 008 758 154	33 508 758	28 008 758	(13 082 000)	(12 770 000)	(5 188 000)	(5 045 000)	No
TOTAL				159 612 815 834	110 612 814 834	188 998 133	132 398 133	312 431 698	289 206 015	(18 240 672)	(20 086 975)	

Note: * The number of shares held in respect of SA Express excludes shares still to be issued for R1.549 billion investment (2018/19 - 2019/20) financial year.

**The number of shares held in respect of SAA excludes shares still to be issued for R20.5 billion investment (2017/18 - 2019/20) financial year.

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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		
		2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Controlled entities													
Alexkor Limited	Mining	400 000	400 000	200 698	205 698								
Denel (Pty) Ltd	Manufacturing of Arms	7 976 376	6 176 376	(1 568 000)	(1 694 000)								
Eskom Limited	Energy	132 000 000	83 000 000	193 946 000	151 644 000								
SAFCOL Limited	Forestry	318 013	318 013	2 980 000	3 189 317								
Transnet Limited	Transport	12 660 986	12 660 986	129 955 000	148 631 000								
South African Express Airways (Pty)Ltd	Transport	2 134 000	1 834 000										
South African Airways	Transport	33 508 758	28 008 758	(13 082 000)	(12 770 000)								
TOTAL		188 998 133	132 398 133	312 431 698	289 206 015								

Note: The net asset value of the investment and profit/loss for the year ended 31 March 2020 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 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	
		Shares valued @	Convertible loan
Paid	R140 million To acquire SA Express shares and acquire loan	R57 million	R357 million
Transferred	R445 million Recapitalise SA Express	R445 million	-
Paid during 2018/19	R1,249 billion	R1,249 billion	
Paid during the year	R300 million	R 300 million	
Total (2019/20)	R2,134 billion	R2,051 billion	

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2020 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2019 R'000	Other Movements R'000	Guarantees draw downs during the year R'000	Guarantees repayments/cancelled/reduced during the year R'000	Revaluation due to foreign currency movements R'000	Closing balance 31 March 2020 R'000	Revaluations due to inflation rate movements R'000	Accrued guaranteed interest for year ended 31 March 2020 R'000
	Other									
SA Express	SA Express covenants breached	123 000	123 000	-	-	-	-	123 000	-	-
	Working Capital	-	-	-	-	-	-	-	-	-
	Letters of Credit	40 300	40 300	-	-	-	-	40 300	-	-
	New Guarantee June 2018	1 740 000	-	-	-	-	-	-	-	-
SAA	SAA Recapitalisation	1 300 000	784 665	-	-	-	-	784 665	-	24 856
	Going Concern 1	1 600 000	1 448 000	-	78 000	-	-	1 526 000	-	32 708
	Going Concern 2	5 006 000	3 908 811	-	-	-	196 989	4 105 800	-	95 762
	Going Concern 3	6 488 000	5 001 011	-	2 900 359	1 500 000	-	6 401 370	-	129 036
	Going Concern 4	4 720 000	4 119 800	-	2 600 000	2 000 000	-	4 719 800	-	47 013
Denel	Note Programme	3 430 000	3 430 000	-	-	-	-	3 430 000	-	-
	General Facility	1 000 000	-	-	1 000 000	-	-	1 000 000	-	-
	Egypt Missile Export Contract	2 500 000	-	-	-	-	-	-	-	-
Eskom	Eskom bonds – ES23	-	17 927 192	-	1 856 562	-	-	19 783 754	-	364 150
	Eskom bonds – ES26	-	28 851 239	-	4 046 701	-	-	32 897 940	-	1 284 588
	Eskom bonds – ES33	-	33 904 491	-	625 119	-	-	34 529 610	-	119 634
	Eskom bonds – ES42	-	15 200 612	-	5 708 049	-	-	20 908 661	-	772 101
	Eskom bonds – EL28	-	5 278 241	-	-	-	-	5 278 241	2 589 425	83 228
	Eskom bonds – EL29	-	3 709 000	-	-	-	-	3 709 000	1 665 529	37 592
	Eskom bonds – EL30	-	3 664 990	-	-	-	-	3 664 990	1 391 272	20 128
	Eskom bonds – EL31	-	4 076 329	-	-	-	-	4 076 329	1 312 438	37 412
	Eskom Bonds - EL36	-	3 753 000	-	-	-	-	3 753 000	1 045 045	18 091
	Eskom Bonds - EL37	-	3 811 000	-	27 000	-	-	3 838 000	1 068 714	18 501
	Paper Issued Float Rate Notes	-	4 000 000	-	-	-	-	4 000 000	-	45 814
	Short Term Notes	-	1 130 000	-	-	-	-	5 625 000	-	-
	Utilised	142 064 526	-	-	4 495 000	-	-	-	-	-
	Unutilised portion	2 935 474	-	-	-	-	-	-	-	-
	TOTAL	172 947 300	144 161 681	-	23 336 790	3 500 000	196 989	164 195 460	9 072 423	3 130 614

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE 3A (CONTINUED)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2020 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2019 R'000	Other Movements R'000	Guarantees draw downs during the year R'000	Guarantees repayments/cancelled/reduced during the year R'000	Revaluation due to foreign currency movements R'000	Closing balance 31 March 2020 R'000	Revaluations due to inflation rate movements R'000	Accrued guaranteed interest for year ended 31 March 2020 R'000
Transnet	Euro-Rand medium term note (Tranche1) #	2 000 000	2 000 000	-	-	-	-	2 000 000	-	257 425
	Euro-Rand medium term note (Tranche2) #	1 500 000	1 500 000	-	-	-	-	1 500 000	-	411
Eskom	AfDB (ZAR)	10 630 000	7 369 397	-	128 870	714 121	-	6 784 146	-	77 920
	AfDB (EUR)	10 262 457	9 823 736	-	577 503	977 280	1 921 650	11 345 609	-	-
	World Bank (IBRD) USD	4 939 602	2 666 591	(2 606 738)	375 230	78 960	85 787	441 910	-	4 497
	World Bank (IBRD) ZAR	22 831 023	30 011 268	2 606 738	-	1 611 071	-	31 006 935	-	1 229 030
	AfDB-SERE USD	73 649	109 830	-	-	8 907	23 863	124 786	-	470
	AfDB-CTF USD	809 510	613 211	-	-	-	144 091	757 302	-	301
	World Bank (IBRD) CTF (USD250m)	1 992 925	506 061	-	-	-	118 914	624 975	-	651
	AfDB ZAR (Private Sector)	1 800 000	1 266 667	-	-	133 333	-	1 133 334	-	14 242
	AfDB USD (Private Sector)	2 581 034	2 666 961	-	-	284 571	564 550	2 946 940	-	13 908
	AfD (ZAR) - SERE	980 840	766 281	-	-	61 303	-	704 978	-	20 671
AfD (ZAR)	2 273 055	2 273 055	-	-	-	-	2 273 055	-	85 264	
KfW DFI (ZAR)	3 934 500	3 934 500	-	-	196 725	-	3 737 775	-	2 069	
KfW (USD)	1 353 380	-	-	-	-	-	-	-	-	
MIGA	8 463 525	7 652 432	-	-	-	-	1 551 782	9 204 214	-	19 175
AfDB A loan (USD)	1 48 250	136 820	-	-	-	-	22 210	159 030	-	1 199
AfDB B loan (USD)	14 306 125	13 979 810	-	-	8 158	-	3 293 115	17 264 767	-	130 155
AfDB Senior Unsecured ZAR	5 292 354	4 998 334	-	-	294 020	-	4 704 314	-	-	78 925
CDB Short-Term (USD)-Medupi/Kusile	-	7 243 425	-	-	7 337 100	-	93 675	-	-	-
CDB Long-Term (USD)-Medupi	20 131 950	14 486 850	-	-	-	-	3 404 100	17 890 950	-	30 113
CDB Long-term (USD) Kusile	32 998 500	7 967 768	-	-	14 162 880	-	4 491 086	26 621 734	-	42 885
USD 1bn bond	14 115 000	14 486 850	-	-	-	-	3 404 100	17 890 950	-	159 175

DEPARTMENT OF PUBLIC ENTERPRISES

VOTE 09

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2019 R'000	Other Movements R'000	Guarantees draw downs during the year R'000	Guarantees repayments/ cancelled/ reduced during the year R'000	Revaluation due to foreign currency movements R'000	Closing balance 31 March 2020 R'000	Revaluations due to inflation rate movements R'000	Accrued guaranteed interest for year ended 31 March 2020 R'000
	Syndicate loan - Credit Facility Agreement	15 000 000	15 000 000	-	-	-	-	15 000 000	-	208 752
	AFDB ZAR (Public Sector)	2 900 000	-	-	-	-	-	-	-	-
	AFDB USD (Public Sector)	346 000	-	-	-	-	-	-	-	-
	AFD Tranche 1	1 441 305	-	-	-	-	-	-	-	-
	New Development Bank (NDB)	2 534 184	-	-	155 926	-	37 256	193 182	-	11
	Unutilised Guarantees	22 860 831	-	-	-	-	-	-	-	-
	Total	208 499 999	151 459 847	-	15 400 409	11 705 549	19 156 179	174 310 886	-	2 377 249

DEPARTMENT OF PUBLIC ENTERPRISES
VOTE 09

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2020

Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	1 April 2019 R'000	R'000	R'000	R'000	31 March 2020 R'000
Claims against the department					
Equity Alliance (Pty) Ltd vs Government of RSA	572 000	-	-	-	572 000
Zam Projects	2 038	-	(2 038)	-	-
Labour Disputes	4 004	791	(1 259)	-	3 536
TOTAL	578 042	791	(3 297)	-	575 536

Note: An amount of R 1,259 million in respect of labour dispute matter was settled after the reporting dates.

ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ANNEXURE 8A

INTER-ENTITY ADVANCES PAID (note 10)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2020 R'000	31/03/2019 R'000	31/03/2020 R'000	31/03/2019 R'000	31/03/2020 R'000	31/03/2019 R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperations	-	-	790	643	790	643
Total	-	-	790	643	790	643

ANNEXURE 8B

INTER-ENTITY ADVANCES RECEIVED (note 16)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2020 R'000	31/03/2019 R'000	31/03/2020 R'000	31/03/2019 R'000	31/03/2020 R'000	31/03/2019 R'000
PUBLIC ENTITIES						
Non-Current						
16 days of activism against women and child abuse	371	371	-	-	371	371
TOTAL	371	371	-	-	371	371



DEPARTMENTAL INFORMATION

Physical address

80 Hamilton Street
Arcadia
Pretoria

Postal address

Private Bag X15
Hatfield
0028

Telephone: +27 12 431 1000

Fax: +27 086 501 2624

E-mail: info@dpe.gov.za

Website: www.dpe.gov.za

RP298/2020

ISBN: 978-0-621-4838-1