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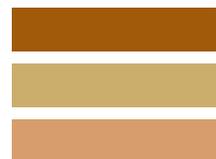
The Department plays a fundamental role in monitoring the performance of these SOE, including their financial and operational sustainability. The Department further directs these enterprises in an effort to promote efficiency and investment in strategically important economic sectors such as energy, transport, telecommunications and advanced manufacturing. The infrastructure expansion programmes of Transnet and Eskom, for example, will increase transport and energy capacity, thus providing for the needs of a growing economy.

SOE have a critical role to play in laying the foundation for higher and more sustainable economic growth. In addition, SOE can create opportunities for growth and development in supplier industries, which were adversely affected by three decades of Government under-investment in the capital goods sector.

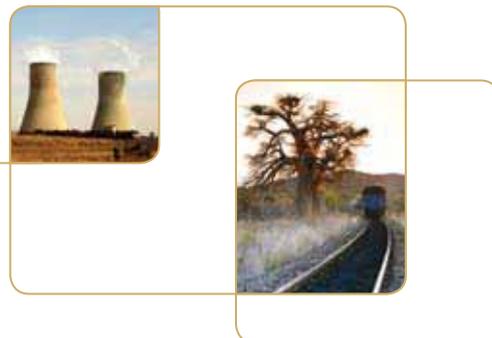
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annual report 2007/08



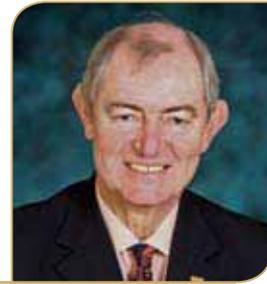
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MINISTER'S FOREWORD



The mandate of the Department of Public Enterprises is a challenging and economically important task. Each of the State Owned Enterprises (SOE) for which we have oversight responsibility have their own set of challenges and each is at a different stage of maturity. The year 2007/08 illustrated this only too well as the electricity emergency struck us in the middle of January 2008. Whilst this captured the headlines and took a great deal of hard work to manage, the year was in fact a very busy and successful one for the DPE on many other fronts.

One of the most significant achievements did not relate to the large SOE who normally take the limelight but rather to the brave struggle of a small and remote rural community. The handover ceremony following the Richtersveld settlement agreement was indeed a memorable event, not only for the people of the Richtersveld and the Northern Cape, but also for South Africa as a whole. The settlement will enable the Richtersveld community to exercise their rights as landowners with respect to the future mining activities of the area, and provides for the formation of a Pooling and Sharing Joint Venture (PSJV) between Alexkor and the community.

The enactment of the Broadband Infraco and South African Express Airways (SAX) Acts was a further milestone for the year. In January Broadband Infraco became a stand-alone SOE committed to expanding the country's broadband communications capacity. The Broadband Infraco-led Africa West Coast Cable initiative will be used to rapidly deploy broadband capacity and create a sustainable competitive international bandwidth market in South Africa. The work on extending Broadband Infraco's terrestrial network has proceeded well and will provide valuable new capacity for South Africa's information and communications technology systems.

Elsewhere, the movement of SAX out of Transnet allowed this profitable regional airline to spread its wings in the search for additional growth in the Southern African region.

However, the 2007/08 financial year in general served up significant challenges for the airline industry throughout the world. These difficult conditions also applied to South African Airways (SAA). The response was to embark on a major restructuring exercise that includes a far-reaching cost-cutting programme to improve its operational efficiency.

Transnet's rail and freight businesses once again made very significant progress towards financial stability, a factor which is critical to the success of its substantial capital expenditure programme. In terms of non-core disposals, the preparatory work for the transfer of Shosholoza Meyl to the South African Rail Commuter Corporation (SARCC) was completed during the year. The disposal of other non-core assets has also gone well. The ports and rail master plans were finalised. Transnet also took the lead in an important procurement reform that is part of the Competitive Supplier Development Programme (CSDP). This programme has as its objective the development of manufacturers in South Africa that can make a significant contribution towards supplying the massive capital equipment needs of the SOE.

Important progress was made in developing the Defence Related Industries Strategy, working with the Departments of Defence, Trade and Industry and Science and Technology. This in turn forms the basis of a joint submission by the departments of Public Enterprises and Defence that will inform the final restructuring of Denel.

The big news story of the year was the electricity situation. As Government, DPE and Eskom we were indeed caught on the back foot by the severity of the emergency that hit us in January. The impact on the mining industry after 24 January was particularly regrettable. However, the response of the industry was exceptionally positive and it has since been possible to achieve a reasonable degree of stability in the system despite the very tight reserve margin. The National Emergency Electricity Response Plan is working

and I am pleased with Eskom's response to the maintenance and coal stock challenges. However, the position remains serious and stability depends very heavily on the demand side management programmes and increased energy efficiency.

Primary energy costs remain a cause for concern for the whole economy. Over the next few years the Eskom build programme is critical and is being given top priority. In addition to the Eskom build programme, major Independent Power Producers (IPP) and cogeneration programmes have been initiated. Another welcomed development is that the distribution sector infrastructure and the implementation of the Regional Electricity Distributors (REDS) are being coordinated within the Accelerated and Shared Growth Initiative of South Africa (ASGISA) structures.

The Pebble Bed Modular Reactor (PBMR) project experienced a setback in its procurement processes for critical equipment for the pilot plant due to regulatory difficulties. However, all parties worked together to address these and the outcome will be a better system and understanding of the regulatory issues. The design work has gone well and this should mitigate the delay. Good progress has also been made with finalising the complex shareholder agreement with our international partner, Westinghouse, and important exploratory talks were held with key South African companies, including Sasol.

With Forestry, a detailed review of the SAFCOL disposal process was undertaken and it was decided to proceed with the disposal of Komatiland Forests. However, as the transaction guidelines were developed, it became increasingly clear that the full extent of potential land claims had to be factored into the process. This is now being done and adjustments to our plans will have to be made.

The Joint Project Facility had a very busy year. The property disposal programme is making good progress. The CSDP, which was approved by Cabinet in January 2007, is also coming to fruition. It is maturing into a major procurement reform, complete with SOE Supplier Development Plans (SDP); the continued rollout of procurement capacity-building programmes and the establishment of a supplier benchmarking programme to support the SOE.

A major extension of the supplier development initiative has been The South African Power Project (TSAPRO). Led by the JPF in DPE through the leadership of Thulani Gcabashe, former CEO of Eskom, the project is a collaboration between Eskom, PBMR, NECSA and the Departments of Science & Technology, Minerals & Energy, Trade & Industry and Public Enterprises. The work covers technology, supplier capacity,

skills and financing, and is designed to develop a strategy to leverage the build programme within the power sector so as to increase South Africa's capacity in all these areas. An interesting component of this is that specific steps are envisaged to involve other African economies into the process.

Some of the most interesting and important work done during the year under review was in the area of governance and what we define as shareholder management. The meetings of the Chairpersons and CEOs with the Department and myself continue to give rise to guidelines for governance of the SOE. The development of the Risk Management Framework for shareholder level risks, together with Cabinet approval of the remuneration guidelines governing remuneration for SOE Board members, were also successfully concluded during the year. The work culminated in a draft Government Shareholder Management Model (GSMM). Along with proposals for amending the Public Finance Management Act from the National Treasury, the work will form the basis for a major review of the governance of the SOE.

The Boards and management teams of the SOE have grown in strength during the year and they have had to deal with some exceptionally difficult matters. We are fortunate to have committed South Africans who are prepared to serve on these important but challenging Boards and I wish to express my most sincere thanks to them for the work they do.

I further believe that the Department itself has also grown from strength to strength in the quality and quantity of work it performed over the year. There are no quiet times in the DPE and the pressure of work replicates the intensity of that taking place in the SOE. Once again it requires committed people to do the work but I am sure that the experience gained is invaluable both for the public sector and the individuals involved.

There is a lot to be done in the 2008/09 financial year, the last of the current administration, and we remain committed to ensuring that our State Owned Enterprises are efficient, world-class entities which contribute substantially to the growth and development of the South African economy.



ALEC ERWIN
MINISTER OF PUBLIC ENTERPRISES



DIRECTOR-GENERAL'S REPORT



The Department of Public Enterprises has a mandate to ensure that state-owned enterprises (SOE) are efficient, financially sound entities which make a positive contribution to the growth of the South African economy.

As identified in the Accelerated and Shared Growth Initiative for South Africa (AsgiSA), SOE have a critical role to play in the economy, as they are responsible for investment in such key areas as infrastructure and advanced manufacturing, which can be a catalyst for higher economic growth and development.

Over the past five years, our focus has been to turn these enterprises around and position them for their role as engines of growth. The SOE are all at different levels of development, and would therefore not necessarily require the same level of intervention from the Shareholder. We have, however, introduced standardised standard governance oversight tools across the SOE, such as the Risk Management Framework and the Remuneration Guidelines, to ensure that there is uniformity in the way that the Department conducts its oversight role on SOE.

The development of the Government Shareholder Management Model (GSMM) is a key milestone in this regard. The model enables the integration of government's strategic economic intent with the enterprise's strategic planning process in a manner that supports the commercial sustainability of the enterprise. The use of the state's shareholding in an enterprise as an instrument by government to achieve developmental objectives can be extremely powerful, but needs to be managed with care as the sustainability of these enterprises depends on their ongoing viability. Enterprise ownership allows government to leverage well established and globally accepted institutional mechanisms to raise capital, develop productive capabilities and deliver services in the achievement of strategic national objectives. However, these advantages of a modern enterprise depend on the government conducting itself within the modern framework of a shareholder as it is understood in the market. This is a model many states are now evolving..

The year under review was a particularly challenging one for the Department, with the first quarter of 2008 bringing into sharp focus the issue of security of electricity supply, and the importance of maintaining an adequate reserve margin. While the situation has moderated since January 2008, the system remains under pressure, and will require interventions both from the supply and demand side, if we are to see sustainable improvements and continue

to accommodate electricity demand growth of 4%, thus creating the possibility for the achievement of a 6% GDP growth. This is an opportunity for all of us South Africans to become more efficient users of electricity, and to begin to work towards a tariff structure that best reflects the underlying costs of investing in and producing electricity, whilst protecting the poor.

Eskom's Build Programme is firmly underway, with the completion of two Open Cycle Gas Turbines (OCGTs), and the commencement of construction of the Medupi power station in Lephalale. The challenges, related to skills and capital, for example, are ones that we will continue to grapple with for the foreseeable future, as we compete with other economies also embarking on massive investment programmes.

Transnet, together with Eskom and the Pebble Bed Modular Reactor (PBMR), are part of the Competitive Supplier Development Programme (CSDP), an initiative by the Department and the Department of Trade and Industry. The CSDP aims to ensure that as these SOE undertake these large investment programmes, the development of the manufacturing sector related to the supply chains of these SOE is strengthened, in order to alleviate any supply constraints. Eskom and Transnet have recently submitted their Supplier Development Plans (SDPs), which identify focus areas for developing the competitiveness of the local supply base, and the procurement mechanisms which the SOE are going to use to achieve their targets.

A major highlight for the 2007/08 year was the signing of the deed of settlement with the Richtersveld community, following nearly a decade of negotiations and consultation. The settlement will enable the Richtersveld community to exercise their rights as landowners with respect to the future land mining activities of the area. The settlement provides for the formation of a Pooling and Sharing Joint Venture (PSJV) between Alexkor and the Richtersveld Community, which will put in place a mine development plan and programme to upgrade the land and sea diamond resources, and will develop a business plan to constitute a viable mining venture. We are proud of this small community from the Northern Cape, who fought valiantly, and have shown that it is not always your size which matters, but your tenacity and perseverance.

Another key milestone during the year was the enactment of Broadband Infracore as a stand-alone SOE in January this year, which brings us a step closer to realising Government's goal of lowering broadband costs, and therefore the cost of doing business in South Africa.

build

“Denel has within its operations very valuable capacity, both human and technological.

It does and will play an important role in the development of South Africa’s advanced manufacturing capacity.”

MINISTER ALEC ERWIN

The South African Express Airways Bill was also enacted, enabling the separation of the airline from Transnet and providing for its transfer to the State, under the management of the Department of Public Enterprises, as well as its conversion into a public company. We have now initiated a process to engage with SAX on the review of its Corporate Plan and the establishment of a Shareholder Compact ahead of the finalisation of the transaction.

The restructuring at South African Airways (SAA) is progressing well, and is set to turn the airline into a profitable entity. However there are more difficult times ahead as the cost of fuel continues to put pressure on the operations of the airline. The DPE, together with the departments of Defence (DoD), Trade and Industry (dti), and Science and Technology (dst) finalised the sector strategy for the defence industry. Further restructuring of Denel will be carried out and measures to support the industry will be implemented as part of the strategy.

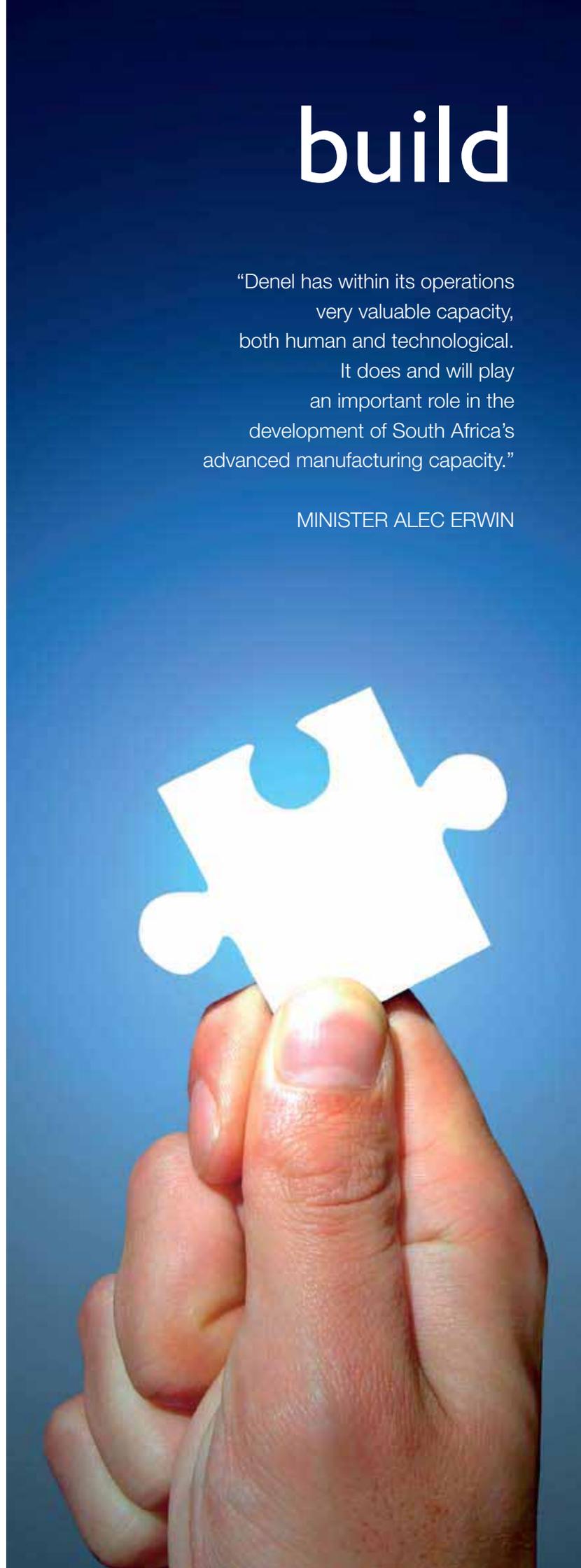
The year under review has been a busy one for the Department and the SOE reporting to it. The volume and complexity of work has been a challenge we have all embraced and enjoyed.

I would like to thank Minister Alec Erwin for his visionary thinking and leadership and most important presence at all times. Working with him has been a challenging but ultimately rewarding experience, and an opportunity to learn and grow, not just for me but the DPE team as a whole.

I also wish to thank the Portfolio and Select Committees, for their vigilance and oversight of our work, and to the team of good people at DPE, I am always humbled by your dedication, spirit and unflagging energy, ma kwande.



PORTIA MOLEFE
DIRECTOR-GENERAL



2007/08 OVERVIEW



As shareholder representative on behalf of Government, the Department of Public Enterprises (DPE) has a mandate to provide oversight management of nine State Owned Enterprises (SOE): Alexkor, Broadband Infraco, Denel, Eskom, the Pebble Bed Modular Reactor, South African Airways, South African Express Airways, South African Forestry Company (Ltd) and Transnet.

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SOE have a critical role to play in laying the foundation for higher and more sustainable economic growth. In addition, SOE can create opportunities for growth and development in supplier industries, which were adversely affected by three decades of Government under-investment in the capital goods sector.

Shareholder management occurs at three levels: the enterprise, the industry, and the broader sectoral and regional development levels. At the enterprise level, emphasis is placed on ensuring the sustainability of the enterprise, its adherence to good governance requirements and its ability to contribute to overall economic competitiveness. At the industry level, the focus is on optimising service delivery from the industry as a whole, through defining a strategic role for the SOE, as well as identifying and facilitating the contribution of other key players. Shareholder management at the broader sectoral and regional development levels seeks to leverage the infrastructure build programmes and defence spend to promote investment in, and the development of, supplier industries.





VISION



Our vision is to have SOE that:

- Are efficiently managed, meeting domestic and international industry operational benchmarks;
- Play a role in the industry in which they operate that ensures an optimal allocation of responsibilities between the public and private sector;
- Undertake investment programmes with a “reserve margin” to accommodate faster economic growth; and
- Leverage their investment programmes to the benefit of the South African and African economies on a sustainable basis.



MISSION



Our mission is to provide:

- SOE with clear mandates;
- Consistent and strategic performance management of SOE;
- Simple and unambiguous governance systems.



MANDATE



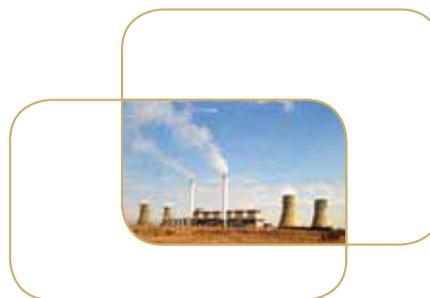
The mandate of the DPE is to ensure alignment of the SOE business strategies with the sector department policies and regulatory authorities whilst ensuring that SOE are sustainable businesses that provide economic benefit to the country.

Core elements of the DPE mandate are:

- Financial and operational oversight of the SOE against their strategic objectives;
- Oversight of the disposal of non-core assets in line with transaction guidelines;
- Leverage of all SOE assets for the benefit of the economy; and
- Ensuring that SOE procurement beneficially maximises investment opportunities for SA manufacturers.

Given this mandate, the Department currently has an important role to play in monitoring the planning, delivery, and financing of Eskom and Transnet’s infrastructure programmes, the turnaround programmes of Denel and SAA, the establishment of Broadband Infracore, the growth strategy for Alexkor, and the design and development programme for the Pebble Bed Modular Reactor (PBMR).

KEY POLICY DEVELOPMENTS AND RECENT ACHIEVEMENTS



- The Broadband Infraco Bill, which authorises the transfer of Broadband Infraco shares from Eskom Enterprises to Government, was enacted in January this year, paving the way for the lowering of telecommunications costs, as well as increasing productivity and economic growth. Broadband Infraco is a strategic intervention by Government, which is aimed at addressing the high cost of broadband in South Africa, by making infrastructure in the national backbone and international connectivity available at cost-related prices. Broadband Infraco's full service network for national long-distance connectivity is now operational, following the upgrade to a 10Gbit/s dense wavelength division multiplexing platform.
- The enactment of the South African Express Bill provides for the transfer of the regional airline from Transnet to the State, under the management of the Department of Public Enterprises, to allow Transnet to focus on its core business in the areas of rail, ports and pipelines. The Board of SAX has been reconstituted ahead of its transfer from Transnet to the DPE. The Department has also initiated a process of engagement with SAX on the review of its corporate plan and the establishment of a shareholder compact ahead of the transfer being finalised.
- The South African Power Project has been established to investigate and recommend how the benefits of the Eskom Capital Expansion Programme can be leveraged to the benefit of the South African economy. This will entail the creation of a sustainable local industrial manufacturing base for power equipment and related plant to meet the requirements of the Build Programme.
- Developments by the energy SOE indicate progress towards securing long-term and environmentally sustainable electricity. Eskom finalised an integrated strategic electricity plan, which is awaiting Cabinet approval, and completed a reserve margin study, which has implications for the security of energy supply. Phase 1 of the next generation nuclear programme was delivered in June 2007. The PBMR corporate plan was approved. A draft nuclear policy and strategy was completed, and a monitoring committee comprised of the Department of Public Enterprises, PBMR and National Treasury was established. PBMR submits reports to this committee, which meets monthly.
- The Competitive Supplier Development Programme (CSDP) was established to facilitate the development of South Africa's manufacturing sector in the supply chains related to SOE infrastructure investment programmes, as well as to relieve supply constraints. Eskom and Transnet have recently submitted draft Supplier Development Plans (SDPs), following a process of consultation with industry associations and relevant Government departments. The SDPs identify focus areas for developing the competitiveness of the local supply base, and identify the procurement mechanisms which the SOE are going to implement to achieve targets in this regard.
- The Transnet Pension Fund Amendment Act was promulgated, establishing that long-term Transnet employees who were employed in a business that was then transferred to a Government department or SOE would receive the same pension benefits and tax protection as if they had remained at Transnet.
- The Defence Sector Strategy was finalised and approved by Cabinet. A key recommendation by Cabinet was that a target of between 60% to 70% of defence procurement requirements should be directed towards local industry. Further discussions have taken place with the Departments of Defence and Trade and Industry on implementing the strategy.
- After almost ten years of extensive negotiations and consultation, the Deed of Settlement in the historic Richtersveld Community's land claim was signed on 22 April 2007, and was confirmed by the Land Claims Court on 9 October 2007. The ceremonial handover of the settlement took place in December 2007.
- The Department facilitated the emergency recapitalisation of SAA in the form of a guarantee and a cash transfer, thus providing SAA with sufficient equity to fund its restructuring.

- Shareholder compacts, which establish SOE performance targets, were signed with Eskom, Denel, Transnet, SAA and Alexkor. In addition, quarterly performance reports, which enable risk monitoring, were provided by all SOE and assessed by the Department. The development and finalisation of an SOE risk management framework further contributes to strengthening SOE balance sheets and improving their sustainability. Shareholder good practice guidelines were prepared in relation to board remuneration, board induction, founding documents and shareholder agreements.
- The Department initiated an internal Energy Savings Campaign, to ensure that the Department and staff members contribute to a more efficient use of energy.
- Cabinet approved a recommendation that the Diabo Trust be wound down. The remaining funds available in the Diabo Trust are to be transferred to the State and the State will undertake a final attempt to trace any remaining beneficiaries of the Diabo Trust to effect payment of options.
- To determine the magnitude of the skills requirements and potential shortage of artisans, technicians and technologists, the Department, in conjunction with all SOE, initiated a human resources and capacity-building project. The findings were shared with the Joint Initiative on Priority Skills Acquisition (JIPSA) to ensure Government adopts a co-ordinated economy-wide approach to skills acquisition.

PROPERTY MANAGEMENT

SOE property disposals are geared towards contributing to capital infrastructure funding, transforming the property sector and promoting the optimal use of property. Much of the groundwork for facilitating property disposals has been completed and the moratorium on the disposal of SOE non-core property was lifted in order to expedite the disposals.

The majority of Denel's non-core property portfolio has been sold. Key transactions concluded for the year include the sale of Denel's property at OR Tambo International Airport to ACSA in support of the airport expansion and the sale of Transnet property to Servcon to assist in addressing the national housing backlog, as well as the bulk transfer of houses to four local authorities.

A portfolio of property has been identified for development, and preparatory work is being undertaken to facilitate this process. The Property Project also assists with various SOE property acquisitions in support of the Build Programmes.

A set of Broad Based Black Economic Empowerment (BBBEE) guidelines have been developed for the disposals, and aligned with the Department of Trade and Industry's gazetted Codes of Good Practice, along with a toolkit for self-assessment.



CAPITALISATION AND PORTFOLIO RESTRUCTURING



The provision of world-class modern infrastructure in freight logistics, telecommunications and energy, amongst others, lays a solid foundation for our economy to become a more competitive business hub, as well as a more attractive investment destination. In this regard, many of our SOE have undergone fundamental restructuring. This allows them to focus more closely on their core business and better equips them to deliver on Government's key growth and job creation objectives. Appropriate steps to secure suitable capitalisation are imperative to ensure that SOE are positioned to deliver on these objectives.

In this context, there are five important factors adversely impacting on the financial position of the DPE portfolio of SOE, indicating that a change is required in the way capital is allocated to the portfolio, particularly if a more comprehensive developmental portfolio is to be constructed. These factors are:

- The guarantee mechanism increasingly in use as the financial instrument of choice for SOE requiring balance sheet support has, in some cases, a negative impact in that revenues, cost bases and resultant cashflows of the SOE do not support substantial additional payments in respect of interest and guarantee fees;
- Certain of the SOE, while in the early stages of improving their operating performance through restructuring, remain loss-making and continue to be under-capitalised with weak financial positions;
- Rapid and substantial capital investment programmes to meet South Africa's infrastructure and growth requirements tend to consume cash faster than it can be generated through retaining earnings and borrowing, thus damaging the quality of the SOE balance sheet;
- Legacy or contingent liabilities burden certain SOE in respect of products supplied or capital equipment utilised for the provision of services; and
- Lastly, the regulatory imposition of pricing constraints restricts or will restrict the profitability required to fund the infrastructure programmes.

All these factors suggest the need for a specialised mechanism for the allocation of capital to the SOE as an intrinsic component of the shareholder management process. This differs from the normal budget process, as the decisions are intrinsically strategic (as opposed to operational) and are commercial in nature. Moreover, the dynamic environments in which SOE operate require a high degree of flexibility and responsiveness from the shareholder.

Associated with capitalisation decisions are decisions relating to the restructuring (additions and subtractions) of the SOE portfolio. Additions to the portfolio will be driven by the identification of the need for an SOE to correct a strategic market failure, particularly in infrastructure (as in the case of the establishment of Broadband InfraCo), as well as the need to respond to opportunities created by the dynamics of the global market. Alternatively, the sale of an SOE can be driven by the recognition that the enterprise's strategic mandate is redundant.



DPE SOE PORTFOLIO FIVE-YEAR REVIEW



In March this year, the Department concluded its review of the financial performance of SOE over the past five years (2002/03 – 2006/07). A summary of the key findings follows.

Eskom



The Eskom build programme has received a commitment of R60 billion from Government. In addition to this, the company will have to raise further capital in the local and international markets to fund its expansion programme. This means that the low energy prices Eskom offered historically are no longer sustainable in the context of a global energy shortage. The key question facing Eskom going forward is what combination of debt, equity and price increase will be used to fund the massive investment programme. South Africa's electricity remains the cheapest in the world by a wide margin. A compounding factor to the current crisis is that many of the coal-fired plants are more than halfway through their lifecycles and are becoming more expensive to operate. Open-cycle gas turbines that were intended for use as peak-load are now often being used as base-load stations.

All of this is occurring in the context of dramatic increases in the price of energy on a global scale. By way of indication, the cost of constructing a typical "six-pack" coal-fired station has more than doubled in recent years, from R40 billion to R85 billion. Eskom needs to build one of these stations every 2.7 years for the next twenty years - an estimated total expenditure in excess of R1.3 trillion. Furthermore, Eskom's solvency ratio has declined from 1.84 to 1.65 in the past five years, reflecting the deteriorating ability of the company to borrow without State support. The debt to equity ratio has also increased since 2005 and stands at 0.30, reflecting the increased borrowing required to finance infrastructure investment. These figures place the R60 billion loan from Government in perspective. In the absence of additional funds from Government, Eskom will have to raise additional capital on local and international markets and will have to show an economic rate of return in order to do so.

Transnet



Transnet's ongoing re-engineering, together with a capital investment programme of R84 billion, will enable it to offer sufficient capacity to its customers. Transnet has shown a distinct improvement in its overall financial performance in the past three years, which coincided with the implementation of the four-point turnaround strategy. This strategy aims to build Transnet's core business units into efficient, profitable and customer-oriented entities. Transnet generated a profit of R6.3 billion off a turnover of R28.2 billion in 2006/07. Turnover and profitability have shown a steady increase since 2004/05 when non-core businesses were no longer reported on in group financial statements, pending their disposal.

Two years ago the group embarked on a substantial re-engineering programme, which has achieved substantial productivity improvements. This, together with the capital investment programme, has positioned Transnet to be able to offer capacity ahead of demand. Prior to this there had been under-investment in rolling stock and maintenance for 20 years. The last acquisition of a locomotive was in the 1980s and the average age of the fleet was 36 years. Furthermore, challenges experienced with the maintenance side of the business impacted negatively on the reliability and productivity of rolling stock. This has been partially reversed as additional investment to sustain and expand infrastructure is ongoing.

Transnet's gearing has significantly improved from 65% (2003) to 39% (2007) and the company is now well positioned to fund the five-year capital expenditure programme of R84 billion cost effectively. Interest cover also improved over the five-year period by 40% from 2.5 times (2003) to 3.5 times (2007), despite capital expenditure in 2007 being significantly higher when compared to 2003.

The improvement in gearing and interest cover has contributed positively to Transnet's credit rating, raising it from BBB- to BBB+. This, in turn, has lowered the cost of raising capital. Transnet is thus able to borrow in future on the strength of its balance sheet without the need for a Government guarantee. The increase in interest cover demonstrates that Transnet is comfortably able to service its borrowings.

South African Airways



The period leading up to the national airline becoming a standalone SOE in 2006 was characterised by a number of challenges ranging from currency adjustments to more generic issues affecting the global aviation industry as a whole. These challenges have resulted in significant losses and have required substantial Government support in the form of capitalisation via Transnet to date. In order to address these challenges, and the inefficiencies of the past, SAA is currently undergoing a restructuring, aimed at targeting improved efficiency and effectiveness. Domestic and regional routes are fairly successful but the airline has had difficulty in achieving profitability on international routes. The entity is highly leveraged and although it is forecasting break-even before restructuring costs in the current year, it needs to reduce on- and off-balance sheet debt (in the medium term) in order to improve the state of its balance sheet.

At present gearing is at 98% and the current debt/equity structure is expensive. The debt and solvency ratios have also improved but need to be bolstered further, in order for SAA to further improve on its creditworthiness, as well as to enable further expansion on the basis of its balance sheet without recourse to State guarantees. Going forward, SAA faces a challenging competitive environment as a result of the global slowdown and there is a need to debate its role as national carrier in relation to competition from other airlines flying to South Africa.

South African Express



The DPE portfolio has recently been expanded through the acquisition of SA Express, a domestic airline focused on secondary routes. SAX is positioned to provide scheduled regional air services within the domestic air transport market in South Africa, together with air connections to secondary airports within the African region, as well as intercontinental operations. SAX has until now been a Transnet subsidiary and has therefore not had separate results (turnover, profit etc) to report.

The Pebble Bed Modular Reactor



The PBMR is still at project delivery stage and as such requires net investment and support from its joint venture participants. A total of R6.1 billion has been invested in PBMR by the current investors to date. The Government has allocated a further R6 billion to the project over a three-year period up to fiscal year 2009/10, through the Medium Term Expenditure Framework.

At present, PBMR is not yet a commercially viable entity, being primarily concerned with the development and construction of the PBMR fuel plant and a demonstration power plant. Comparative assessment of profitability using the criteria applied to other SOE is therefore not appropriate. Instead, the company should be evaluated on a project maturity basis as a technology option in the hands of Government, given the intention to capture nuclear manufacturing and engineering opportunities for South Africa.

As of 31 March 2007, a total of R4.2 billion had been invested in PBMR. Of the R6 billion allocated by Government to the project through to 31 March 2010, R2.5 billion had been received by March 2008.

There are a number of contingent liabilities that need to be supported by the Government in relation to PBMR to secure a positive investor climate and ensure supplier commitment. These include the need to provide for a nuclear indemnity fund, guarantees for premature decommissioning costs and the risk of exposure to fair value accounting adjustments to account for the cost of foreign manufactured equipment.

Denel



Denel has experienced sub-optimal performance for many years due to a decrease in local defence spend. A turnaround strategy was developed in 2005. The strategy has progressed significantly, and losses have shown a declining trend in the past three years, with this trend expected to continue. However, the balance sheet does not currently support the additional financing required. Turnover during the period under review was mixed and declined overall from R4.4 billion in 2003 to R3.3 billion in 2006/07. The company showed a loss of R549 million in 2006/07, a significant improvement from the previous loss of R1.4 billion. Further end-state restructuring of Denel is underway to ensure the consolidation and long-term viability of the SOE.

Over the past three years, the Government provided financial support to Denel by means of a R3.5 billion recapitalisation. However, it is critical that Denel invests in additional capital expenditure in order to increase efficiencies and competitiveness. Investment in plant and equipment is sub-optimal due to a lack of capital. Denel plans to invest a further R366 million, which is contingent on the SOE securing further funding.

Broadband Infraco



Broadband Infraco is a State-led intervention to rapidly normalise efficiency in the telecoms market by commoditising those parts of infrastructure that impede private sector development and innovation in telecoms services and content offerings. The intervention covers the national long distance fibre optic network and an international marine cable network. Broadband Infraco has succeeded in operationalising and strengthening the national long distance network as well as provisioning additional capacity. Planning on the international marine cable project is currently underway. A review of this SOE's financial performance will be done in the next financial year.

Alexkor



Alexkor, a diamond mining company, operates in an environment of declining revenues and static costs, and has been thinly capitalised since inception. A community claim to the land has recently been resolved, which has paved the way for a restructuring of Alexkor. Alexkor's non-core businesses and land mining rights will be transferred to the community, while marine rights are retained by Alexkor. Alexkor will combine its remaining marine rights with the community's transferred land mining rights in a Pooling and Sharing Joint Venture for the purpose of mining the combined mineral resource. Turnover has shown a steady decline during the period – from R292 million in 2003 to R134 million in 2006/07. The company has operated at a loss for the past three years, losing R206 million in 2005/06, R160 million of which was for a provision for environmental rehabilitation. Key funding ratios indicate a worsening balance sheet for the company, which hinders the ability of the company to borrow for investment. This indicates a continuing need for State support.

SAFCOL



SAFCOL is the state-owned forestry company, which has been restructured in order to achieve privatisation objectives. SAFCOL has remaining interests in an operational subsidiary Komatiland Forests (KLF) and IFLOMA, a Mozambican forestry and plantation business. The financial performance of SAFCOL has been driven primarily by strong demand and an increased selling price for timber products, as well as positive revaluations of its plantation assets, resulting in a positive financial position. The liquidity, solvency and debt ratios reflect a sustainable and profitable picture for the company.

Conclusion

There are a number of influential factors impacting on the financial position of the SOE, such as:

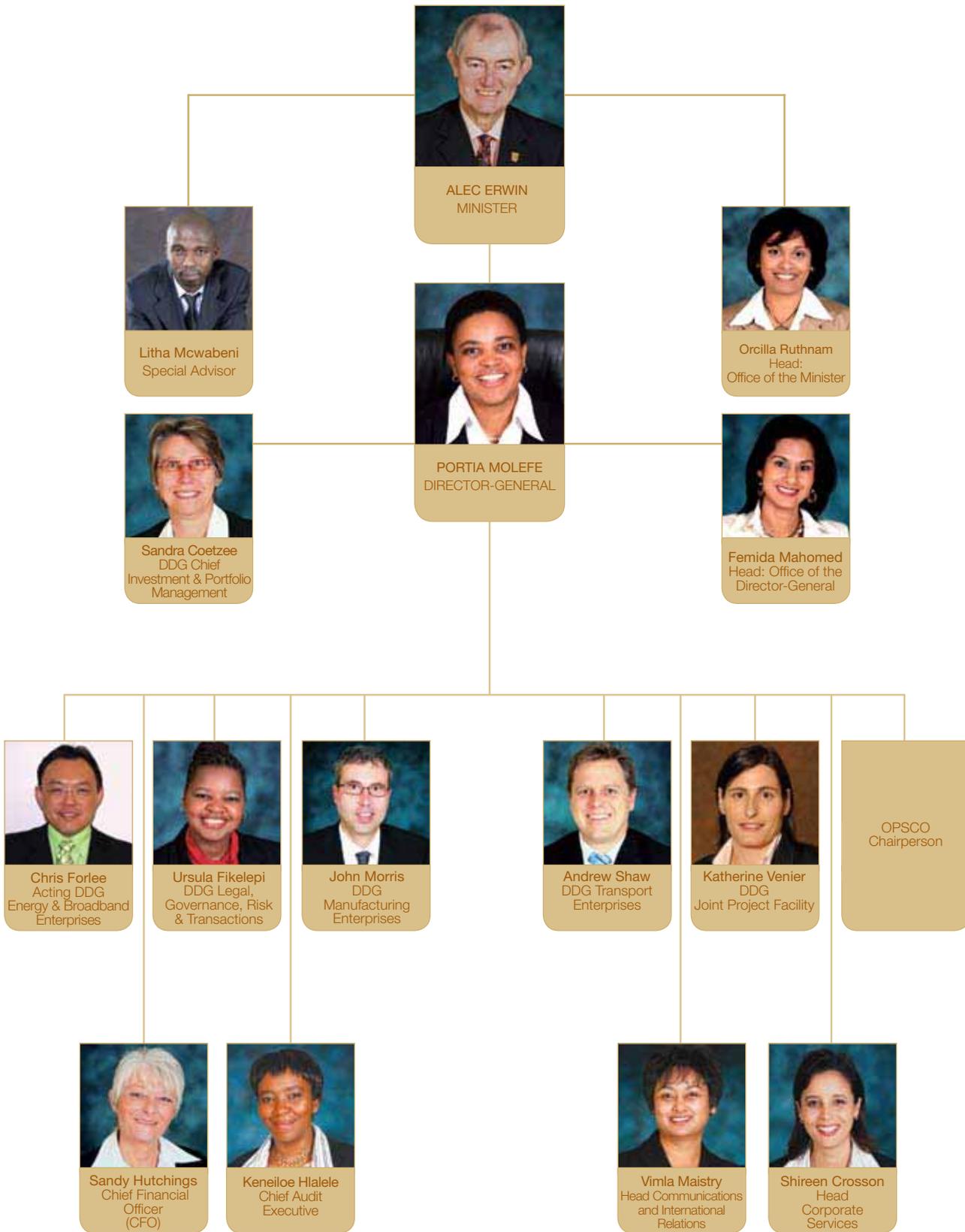
- Some of the SOE are loss-making and continue to be under-capitalised with weak financial positions;
- Some are in the early stages of recovery after implementing substantial restructuring and turnaround strategies;
- Some are in the process of undertaking substantial capital investment programmes in order to bolster the infrastructure required to deliver services; and
- Some have contingent liabilities in respect of products supplied or capital equipment utilised for the provision of services.



Appropriate steps to secure suitable capitalisation are imperative to ensure the SOE are positioned to deliver on Government's objectives. Both the time required and the scale of infrastructure programmes makes short- or medium-term actions inappropriate to deliver strategically on the required capitalisation. This will require proactive engagement from Government and a shift in the approach to addressing capital expenditure challenges in the public sector.

DPE ORGANISATIONAL STRUCTURE

MARCH 2008



Minister's Office



Seated from left: Dudu Mhlongo, Elsie Dikgomo, Orcilla Ruthnam, Minister Alec Erwin, Grace Mashaba and Georgina Sylvester. Standing from left: Agnes Motsamai, Samuel Mandiwana, David Banda, Jumarie Botha, Reneva Fourie, Zanele Nyameli and Butie Tsalane.

Director-General's Office



Seated from left: Monica Kokela, Femida Mahomed, Sarah Setshedi and Miriam Maroga. Standing from left: Frans Malatsi, Portia Molefe, Robyn Martin and Rirhandzu Mongwe. Not available: Luvuyo Lupondwana.

Transport Enterprises

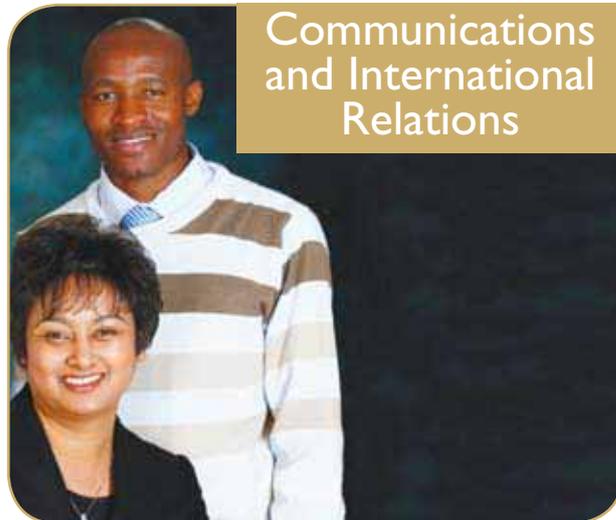
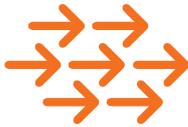


Seated from left: Bill Fielding, Raisibe Lepule, Andrew Shaw, Nqobile Mangena, Christinah Rammutla and Elvin Harris. Standing from left: Nathaniel Sebितso, Monde Ngqumeya, Evelyn Mthimunye and Joachim Vermooten.

Communications and International Relations



Seated from left: Mzimasi Ngqelu, Marcus Motlathledi, Lorraine Mokhutsane and Christian Green.
Standing from left: Ayanda Shezi, Lulu Bam and Lerato Maledu.



Vimla Maistry and Ntakuseni Mudau.

Human Resources



Seated from left: George Malatsi, Dineo Masilo, Sipho Ntombela and Anneline Stroebel.
Standing from left: Refilwe Chiloane, Zandarine Theron, Vincent Mabaso and Dorah Mawela.
Not available: Simon Manganye

Finance and Supply Chain Management



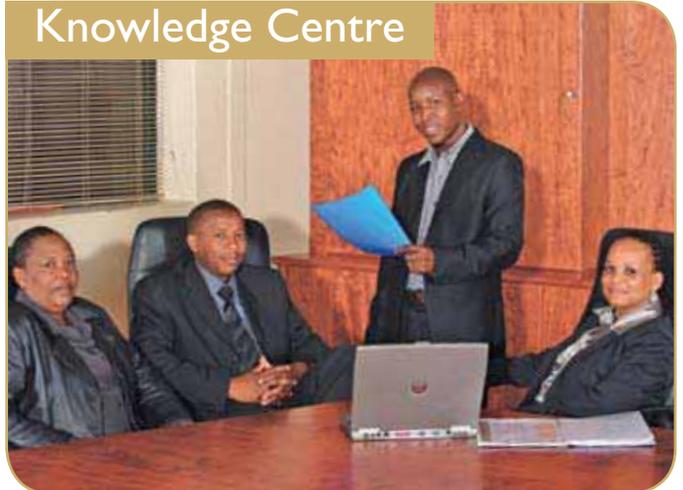
Seated from left: Reginald Tong, Stephen Dolamo, Caroline Boya, Sandy Hutchings, Zamile Mngadi and Gerhard Julie. Standing from left: Jack Ramashapa, Abel Makhafola, Roelien Jordaan, Ntshebo Motlhamme, Divashya Kanaye, Hanlie Bedford, Henry Stopforth and Lerato Tselangwe.

Internal Audit



Seated: Livhuwani Maphaha.
Standing: Keneiloe Hlalele.

Knowledge Centre



Seated from left: Meisie Letsoko, Seth Thipe and Bontle Mali.
Standing: Zephron Zunguze.
Not available: Elias Nkosi and Modiegi Tlhoalele

Joint Projects Facility



Seated from left: Lungisa Magwentshu, Lizette Goosen, Joan Arrikum, Leah Khutoane, Tsholofelo Mosadi and Caroline Richardson. Standing from left: Benedict Mogadime and Mehleli Mpofo.

Legal, Governance and Risk



Seated from left: Msekeli Willie, Letta Monama, Ursula Fikelepi, Matsietsi Mokholo, Christo Loots and Phahlani Mkhombo. Standing from left: Mantombi Dlamini, Mary Mosupyoe, Melanchton Makobe, Mateke Tema, Prudence Manyasha and Denzel Matjila. Standing from left, third row: Dali Mbelani and Mvikeli Ngcamu.

Secretariat



Standing: Alfred Mmoto.
Seated from left: Lerato Lengweng,
Bridget Holeni and Sarina Maimane.

Administration and Facilities



Seated from left: Isaac Setshedi, Joseph Malekana, Henriëtte Strauss, Sentle Majwafi, Elizabeth Brown and Thomas Mabulana. Standing from left: Rosah Nkogatse, Kganthipi Nkuna, Dinah Ndala, Rebecca Mومakoe, Anna Maluleka, Vusi Khumalo, David Moima, Emily Ncube and Grace Segole.

Energy, Broadband Infrastructure and Mining Enterprises



Seated from left: Ester Sibiya, Mildred Moleko, Rendani Musetha and Tebogo Maphosa.
Standing from left: Nkosikhona Ngcobo, Johannes Masilela, Nadia Valley and Elaine Molotsi.

Information Management



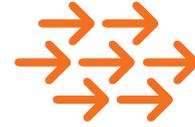
From left: Magdaline Mathobela, Sandy Hutchings, Livhuwani Madzuhe and Alida Titus.

Chief Investment and Portfolio Management



Seated from left: Anthony Kamungoma, Sandra Coetzee and Martha Ntho.
Standing from left: Lutendo Tshifhumulo and Aleena Bharuth.

Corporate Services



From left: Shireen Crosson and Ingrid Mothiba.

Manufacturing Enterprises



Seated from left:
Weekend Bangane, Mosima Letsoalo,
Esme Cornelissen and Charmaine Yssel
Standing from left: John Morris,
Mohlala Tabudi and Lloyd McPatie.

Interns



Seated from left: Elaine Molotsi, Phumzile Maseko, Rirhandzu Mongwe, Nandi Nduna, Nkosikhona Ngcobo and Lendy Letimela. Standing from left: Kgomotso Sebata, Lerato Maledu, Winnie Mtsweni, Nelson Motsamai, Thomas Mabulana, Johannes Masilela, Monica Kokela and Rosah Nkogatse

connect

“Ubiquitous, affordable broadband access should no longer be seen as the privilege of a few, but a basic right for all South Africans.

Broadband Infracore - an intervention in the national backbone and international connectivity - strives to take us toward this objective.”

MINISTER ALEC ERWIN



PROGRAMME I: ADMINISTRATION



This programme is responsible for providing key management and support services to the Ministry and Department in seven areas, whose achievements for the year follow below:

HUMAN RESOURCES

Purpose:

To analyse the skills needs of the DPE, identify scarce skills and initiate training programmes to upskill and provide the necessary training in these areas, as well as to recruit and retain staff.

Targeted outputs:

- The identification of priority training needs
- The implementation of training programmes
- An effective staff retention strategy.

Achievements:

- An approved list of training needs was developed
- Training implemented in certain areas
- The retention strategy and policy was approved and the Department is currently in consultation with DPSA on current legislative requirements.

ADMINISTRATION AND FACILITIES

Purpose:

To provide a safe and secure environment in which internal clients (staff) are provided with essential support services.

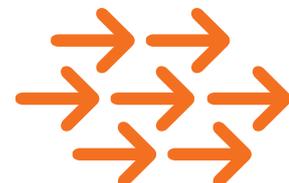
Targeted outputs

- The installation of an electronic access system at reception
- The development of a library web page
- The implementation of an energy-saving project within the department.

Achievements:

- The electronic access system was installed at reception to improve security measures
- A fully functional library web page has been added to the DPE intranet, containing a database of all books, publications, yellow pages and encyclopaedias
- The energy-saving project was initiated in the department during the last quarter of the year. The initial phase of the project was completed before the end of March and the final phases will be completed during the first and second quarters of the coming financial year.

INTERNAL AUDIT



Purpose:

To provide support to the executive of the Department and in so doing, to provide management with an impartial opinion, as well as practical and cost-effective solutions to assist the Department in mitigating business risks and achieving its objectives.

Targeted outputs:

- An effective risk management process within DPE
- The development of a three-year strategic plan aligned to risk assessment reports, the strategy of the Department and Auditor-General's findings.

Achievements:

- The Risk Register was approved and quarterly risk management reports have been implemented
- The Internal Audit strategic plan has been approved.

FINANCE AND SUPPLY CHAIN MANAGEMENT

Purpose:

To provide effective financial planning and management, and ensure that transparent supply chain practice is maintained.

Targeted outputs:

- Unqualified report without emphasis of matter
- Timeous submission of Adjusted Estimates, Medium Term Expenditure Framework (MTEF) and Estimates of National Expenditure (ENE) to National Treasury
- Compliance with all prescribed procurement processes
- Invoices paid within prescribed 30 day period
- An accurate asset register.

Achievements:

- Unqualified audit achieved
- Adjusted Estimates, MTEF and ENE were submitted on due dates
- No irregular expenditure
- 30 day prescripts for payment achieved
- The asset register was updated.

INFORMATION MANAGEMENT

Purpose:

To provide the required technology for information management and systems.

Targeted outputs:

- The installation of a firewall
- The development of the SOE dashboard
- The installation of software at reception for screening visitors
- The enhancement of the Local Area Network (LAN) configuration.

Achievements:

- The firewall was installed and is fully functional
- The SOE dashboard was developed: Phase 1 and 2
- The reception software has been installed and is functional
- The LAN has been stabilised.



PLANNING, MONITORING AND EVALUATION

Purpose:

To provide integrated business planning and reviews to the Department, in accordance with legislation, in order to achieve departmental goals.

Targeted outputs:

- An integrated business plan and strategic plan that aligns the Department's objectives to broad government policies and objectives
- The consolidation of inputs from units for strategic plans, business plans, quarterly reports and projects.

Achievements:

- Business and strategic plans were fully aligned
- All reports were delivered timeously.

COMMUNICATIONS & INTERNATIONAL RELATIONS

Purpose:

To provide a communications and external relations plan of action that supports the Department's ability to fulfil its mandate.

Targeted outputs:

- The printing and publishing of all statutory reports within the required timeframes, as well as the production of other publications for the Department
- Effective media relations which include media briefings, articles, statements and monitoring
- Effective communications strategies and policies including a media policy, national energy savings strategy and economic cluster communications strategy
- Coordination of events to support successful projects of the core units
- Effective assistance to Minister, the D-G and the Department in their International Relations activities.

Achievements:

- The annual report and strategic plan were tabled in Parliament on the due dates
- The media policy and cluster communications strategies were approved
- The successful hosting of a celebratory event to mark the land claims settlement with Alexkor and the community of Richtersveld in Alexander Bay
- The first phase of the national energy savings campaign commenced during the period under review: it set the tone for Government communications around energy efficiency
- A number of foreign delegations were hosted by the Minister, the Director-General and the Department, which included delegations from the United States, France, Germany, Spain and South Korea.
- Assistance with coordinating the Department's visits to amongst others, South Korea, Japan, the United Kingdom, Germany and Switzerland.

Minister's trips abroad April 2007 - March 2008

Place	Date	Purpose
Singapore	06-08 May 2007	Energy discussion
France	19 - 23 June 2007	meetings re: defence sector
UK	10 - 15 July 2007	CELP Program
Germany /Switzerland	7 - 13 September 2007	Denel/Rheinmetal
South Korea	6 - 13 October 2007	Nuclear discussion
Namibia	29 - 31 October 2007	SA/Namibia Investor Conference

grow

“In striving to ensure that the SOE lead the economic growth process we have to be rigorous in our analysis - ‘the pessimism of the intellect’ - and determined in our resolve - ‘the optimism of the will’.”

MINISTER ALEC ERWIN



PROGRAMME 2: ENERGY, BROADBAND, INFRASTRUCTURE AND MINING ENTERPRISES

Purpose:

To align the corporate strategies of Eskom, Pebble Bed Modular Reactor (PBMR), Alexkor and Broadband Infraco with Government's strategic intent, as well as to monitor these SOE financial and operational performance.

Measurable objectives:

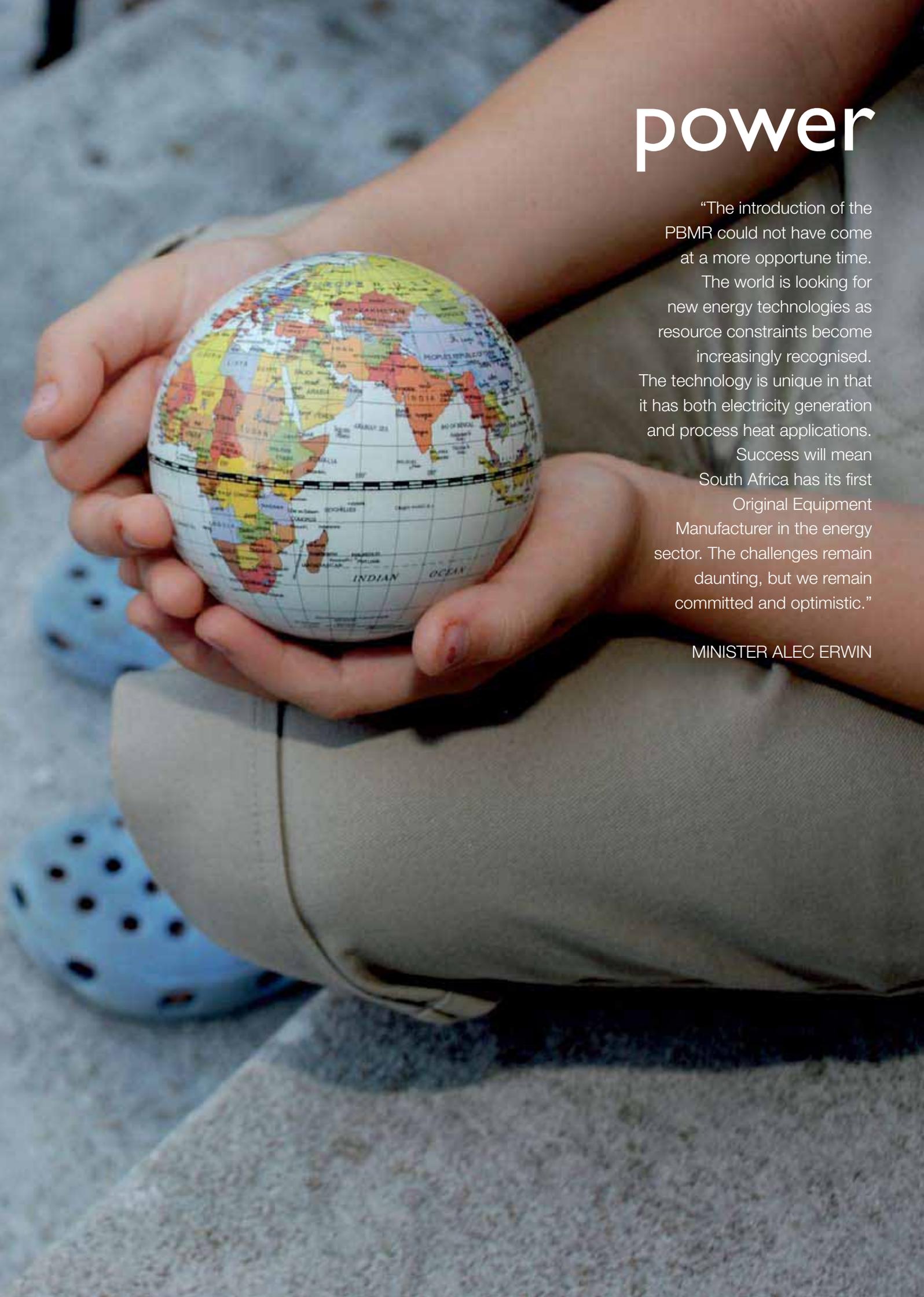
- To ensure that these SOE achieve their targets by monitoring and assessing their financial and operational performance against targets set in the shareholder compact
- To expand South Africa's ICT infrastructure to enhance ICT capacity and lower ICT costs by expanding Broadband Infraco's full service network to incorporate SITA and other strategic state projects that require broadband by mid-2008
- To complete construction of the SA-Europe submarine cable by the first quarter of 2010
- To monitor Eskom's capacity expansion programme to ensure timeous delivery of new capacity
- To monitor Eskom's generation adequacy by examining maintenance and operational practices as well as the reserve margin
- To contribute to improving the electricity distribution infrastructure in South Africa by monitoring the restructuring of Eskom's current electricity distribution to align with six wall-to-wall Regional Electricity distributors (REDs) by June 2008
- To support ongoing developments in nuclear power to secure long-term environmentally sustainable electricity for South Africa.

Sub-programme	Output	Measure/Indicator	2007/08 Target/ Milestone	Achievements
Energy	Introduction of private sector participation	Designation of Eskom as a Single Buyer of energy	Cabinet memo on the Single Buyer	Cabinet resolved that Eskom be designated as the Single Buyer of power from Independent Power Producers (IPPs) in South Africa. Eskom will be responsible for ensuring that adequate generation capacity is made available and that 30% of the new power generation capacity is derived from IPPs
	Proposals on the EDI Bill	Participation on the discussion of the Bill	Support the enablement of the Regional Electricity Distributors	Ongoing
	The National Emergency Electricity Response Plan	Participation in the development of the plan	Cabinet approval	DPE co-authored the Cabinet approved National Emergency Electricity Response Plan and is participating in the implementation thereof
	The Build Programme	Accelerated Build Programme	Cabinet approval	Cabinet memo was approved for the Accelerated Build Programme



Sub-programme	Output	Measure/Indicator	2007/08 Target/ Milestone	Achievements
ICT Broadband	Publishing of the Broadband Infraco Act No 33 of 2007	Enactment	Provisioning of enabling legislation to incorporate Broadband Infraco as a State Owned Enterprise	The Act was published on 8 January 2008, and came into effect on 1 February 2008
	Broadband Infraco listing as a Schedule 2 Public Entity in terms of the PFMA	PFMA listing	Listing of Broadband Infraco in terms of PFMA requirements	PFMA Schedule 2 status awarded to Broadband Infraco.
	Recruitment of permanent Broadband Infraco employees	Recruitment of permanent staff	Recruitment of professional and support staff members	Contract for recruitment of employees concluded with Deloitte Consulting
	Provisioning of Broadband Infraco Network Services	Network operational	Operationalisation of the Broadband Infraco network	Initial 2.5 Gbit/s and 10 Gbit/s services for Neotel launch were provisioned
	Network expansion processes for Neotel requirements	Expansion of Infraco network	New route deployment and additional ring closure	Approved by the Board and commenced
	African West Coast Cable Project (AWCC) development	System design and configuration	Appointment of technical advisors, completion of AWCC system design and issuing of RFQ for system supply contract	The design and configuration is completed
Nuclear	The tabling of Pebble Bed Modular Reactor (PBMR)'s first Annual Report in Parliament	Briefing memo on the review/analysis of Annual Report	Briefing memo approved by the Minister	Annual Report was tabled in Parliament on 14 November 2007
	The granting of a hot commissioning licence for the Advanced Coater Facility at Pelindaba by the National Nuclear Regulator	National Nuclear Regulator Licence Approval	Licence granted by National Nuclear Regulator	License granted
	Approval of a Strategic Framework for the market development of PBMR's intermediate temperature reactor for process heat applications in the North American market	Approved Strategic Framework	Strategic Framework for process heat approval by the PBMR board	Framework approved
	Delivering Phase 1 of the Next Generation Nuclear Plant (NGNP) on schedule	Next Generation Nuclear Plant programme in place	Next Generation Nuclear Plant programme completed as planned	Completed
	Securing work for Phase 2 of the NGNP contract	Signed contract for Phase 2	Phase 2 completed as per signed contract	Completed
	Secure accident-free operating hours at the Helium Test Facility	Safety Analysis Report and ongoing training awareness about safety culture	Accident-free operating hours	100 000 accident-free operating hours achieved



A close-up photograph of a person's hands holding a small, detailed globe of the Earth. The person is wearing a light-colored, short-sleeved shirt and light-colored trousers. The background is a textured, grey surface, possibly a carpet or rug. The lighting is soft and natural, highlighting the texture of the hands and the details of the globe. The globe shows continents in various colors and is marked with latitude and longitude lines. The word 'INDIAN OCEAN' is visible at the bottom of the globe.

power

“The introduction of the PBMR could not have come at a more opportune time.

The world is looking for new energy technologies as resource constraints become increasingly recognised. The technology is unique in that it has both electricity generation and process heat applications.

Success will mean South Africa has its first Original Equipment Manufacturer in the energy sector. The challenges remain daunting, but we remain committed and optimistic.”

MINISTER ALEC ERWIN

PROGRAMME 3: LEGAL, GOVERNANCE AND RISK



Purpose:

To provide effective legal services, corporate governance and risk management systems and implement legal aspects of strategically important transactions.

Measurable objectives:

- To continue the transfer of Telkom shares (previously held in Diabo Trust) to intended beneficiaries
- To wind up Aventura
- To monitor the disposal of Komatiland Forests and other assets, completing the winding up of SAFCOL.
- To transfer all applicable assets to the Richtersveld community in terms of the court order, and establish the Pool and Share Joint Venture (PSJV) between Alexkor and the community
- To implement shareholder guidelines on remuneration, founding documents, shareholder agreements and board induction processes
- To conduct annual SOE governance audits
- To benchmark SOE risk management practices with reference to industry norms and conduct quarterly assessments of enterprise and shareholder risks.

Service delivery objectives, indicators and achievements:

Sub-programme	Output	Measure/Indicator	2007/08 Target/Milestone	Achievements
Legal	Enactment of the Broadband Infraco and South African Express Airways Acts	Promulgation of SAX and Infraco Bills	To enact the Broadband Infraco and SAX Bills	Bill promulgated
	Deed of settlement between the state, Alexkor and the Richtersveld Community made an Order of Court	Implementation of the Deed of Settlement	Successful transfer of the assets and the mining rights to the Richtersveld Community	Movable assets transferred to Richtersveld Community
	Transfer management of the hospital to the Northern Cape Provincial Government	Signing of transfer documents	Transfer to the Northern Cape Provincial Government	Completed in April 2007
	Complete an MOA with the DLA in respect of compensation to Alexkor for the assets used for restitution purposes	Signature of the MOA	Transfer of the funds to Alexkor	Completed
	Conclude an MOU with DBSA setting out framework for DBSA to act as implementing agent for the Alexander Bay township development	Signature of the MOU	Official handing over to the DBSA as the Project Implementing Agent.	Completed
	Transfer of FSN metropolitan assets and network operations facilities to Neotel	Extension of lease agreement	To Transfer of FSN metropolitan assets and network operations facilities to Neotel	Completed
	Government Shareholder Management Bill	Consultation with various stakeholders	Submission of GSM Bill to Cabinet for approval	Cabinet approval received

Sub-programme	Output	Measure/Indicator	2007/08 Target/ Milestone	Achievements
Legal	Promotion of Access to Information Act (PAIA) Manual and compliance with the Department's obligations under the PAIA	Development of the PAIA manual	Implementation of the Promotion of Access to Information Act in the Department.	Completed
	Winding up of Diabo Trust	Cabinet approval	To obtain Cabinet approval to wind up the trust	Cabinet approved
	Finalisation and closure of Aventura transaction	Finalise transaction and transfer remaining assets	Assessment of Invitation to Tender and concluded Addendum to Sale Agreement	Addendum concluded: awaiting finalisation of litigation in order to transfer remaining assets
	Debt collection	Sent letters of demand and summons	Recovery of the monies owed to the Department	Ongoing
	Litigation: Nabera vs. Alexkor and Government	Filing of the pleadings in reply to the action	Defending the action successfully	Matter held in abeyance as Nabera has not set the matter down for hearing in court
	Claim for R 2.2 billion by Umthunzi against Government and Transnet	Pleadings were filed and matter set down for trial in September 2008	Defending the action successfully	Ongoing
	The Pahapur Londoloza Consortium against the Minister and Safcol contesting the decision to terminate the Komatiland transaction	Filed replying affidavits	Defending the application successfully	Ongoing



Sub-programme	Output	Measure/Indicator	2007/08 Target/ Milestone	Achievements
Governance	Shareholder Compacts in respect of Denel, SAA and Eskom	Signed Shareholder Compacts	Annual General Meeting	In progress
	Governance Frameworks and Tools to contribute to effective monitoring and management of SOE corporate governance	Approved Generic Shareholder Agreements, Founding Documents and Board Induction Toolkit	Approved guideline documents for SOE implementation	Completed
	Governance Audit Template	Approved Governance Audit Template	Internal sign-off of template	In process of finalisation and internal sign-off
	Generic Founding Documents for all SOE	Approved Founding Documents	Approval of the Generic Framework	Internal process completed
	Board induction toolkit and training	Approved SOE Board induction toolkit	Approved Guidelines	Internal process completed
	Review Board Remuneration Guidelines in accordance with competencies and SOE profile	Approved Remuneration Guidelines	Approved Guidelines	Remuneration Guidelines approved by Cabinet
Risk	Risk Management Framework for shareholder level risks	Approved Risk Management Framework	Framework approved by Minister	Framework completed and implemented
	MOU in respect of the Significant and Materiality Frameworks in respect of Denel, Infracore, SAA, SAX and SAFCOL	Effective Frameworks to be implemented by SOE	Signed MOUs between Minister and SOE	Framework completed and in the process of implementation
	Processing and monitoring of Section 54 (2) applications	Applications responded to by Minister	Processing applications for Minister's sign-off and responding to SOE applications	38 applications received and processed
	SOE risk reporting dashboard	Effective risk reporting dashboard	Finalised dashboard input for SOE risk reporting	Dashboard developed
	Establish 2010 risk task team	Established 2010 risk task team and terms of reference	Approval of terms of reference	Ongoing monitoring of the SOE profiles affected by 2010 World Cup Event
Transactions	Transaction guidelines for the Komatiland Forests transaction	Approval of the guidelines by Minister	August 2007	Concluded and approved: Phases I and II initiated by the Board
	Transfer of minority Shareholdings	Development of the framework	September 2007	Framework completed and in the process of implementation
	Employee Share Ownership Scheme (ESOPS)	Transfer of the shares to employees	Signing all the related agreements	All remaining transfers to employees were completed

Sub-programme	Output	Measure/Indicator	2007/08 Target/ Milestone	Achievements
Secretariat	Coordination and management of Internal Fora/Committees and DPE led External Fora	<p>Develop an annual Schedule for all the Committees and Fora</p> <p>Coordinate the implementation of the Government's Programme of Action by Economic Cluster Departments</p> <p>Coordinate Planning sessions for the Economic Cluster</p> <p>Organising of meetings and minute taking for:</p> <ul style="list-style-type: none"> • Executive Committee (EXCO) x 11 • Operations Committee (OPSCO) x 9 • DPE Board x 3 • Chairpersons' Forum x 4 • CEO's Forum x 3 • CFO's Forum x 1 • Risk Forum x 3 • SA Power Project x 7 • Economic Cluster x 11 • Forum of Executives in Energy x 4 	Ongoing	<p>Approved meeting schedule</p> <p>Five Economic Cluster POA Progress reports to Cabinet</p> <p>2008 POA</p> <p>2007 July Lekgotla Report</p> <p>2008 January Lekgotla Report</p> <p>Approved and filed copies of minutes for:</p> <ul style="list-style-type: none"> • EXCO x 11 • OPSCO x 9 • DPE BOARD x 3 • Risk forum x 3 • SA Power Project x 7 • Economic Cluster x 11 • Forum of Executives in Energy x 4 • Chairpersons' Forum x 4 • CEO's Forum x 3



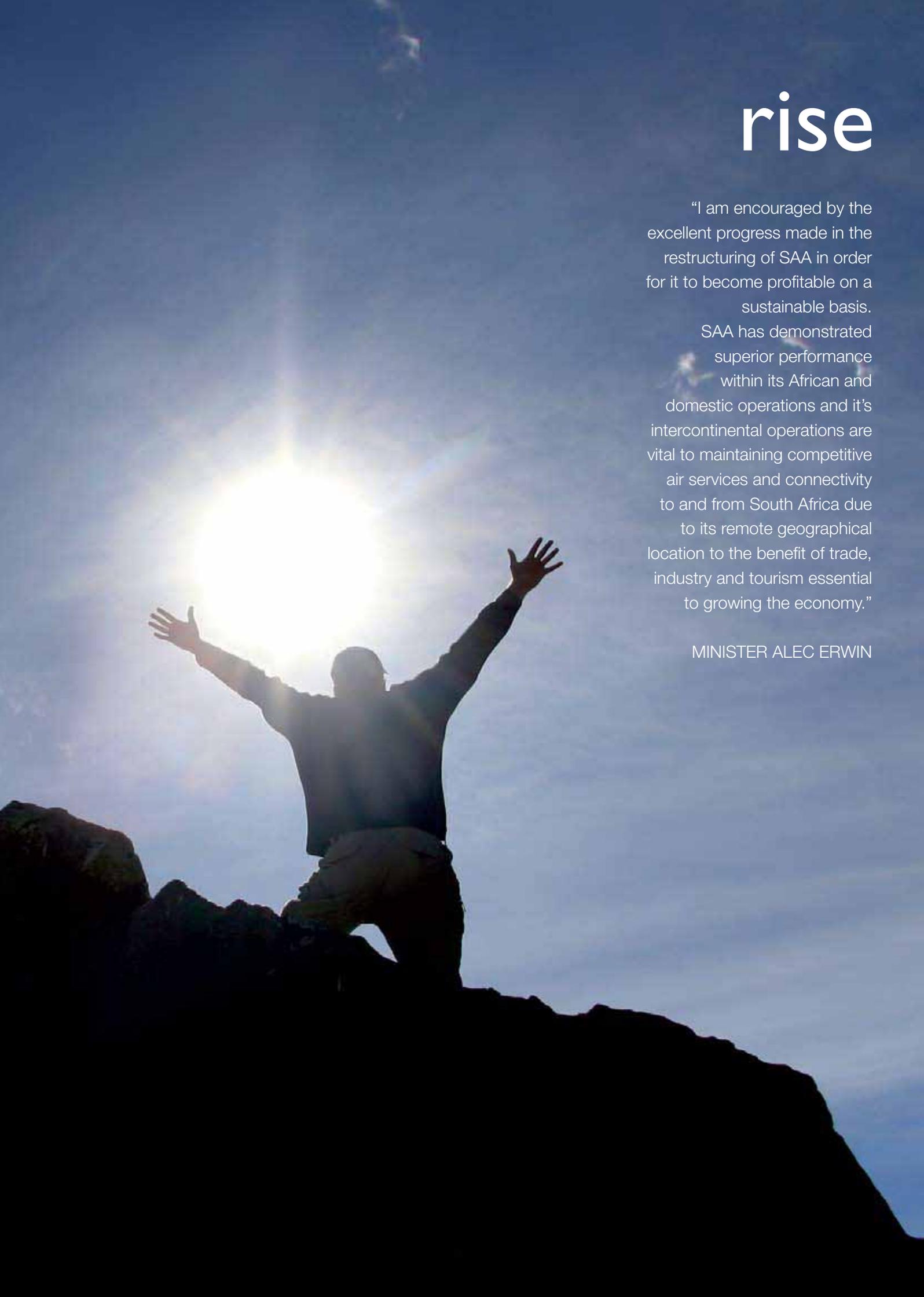


rise

“I am encouraged by the excellent progress made in the restructuring of SAA in order for it to become profitable on a sustainable basis.

SAA has demonstrated superior performance within its African and domestic operations and its intercontinental operations are vital to maintaining competitive air services and connectivity to and from South Africa due to its remote geographical location to the benefit of trade, industry and tourism essential to growing the economy.”

MINISTER ALEC ERWIN



PROGRAMME 4: MANUFACTURING ENTERPRISES



Purpose:

To analyse SOE strategies against Government's strategic intent, develop proposals around how the SOE can play a catalytic role in the development of the manufacturing cluster, as well as to monitor and advise on their financial and operational performance.

Measurable objectives:

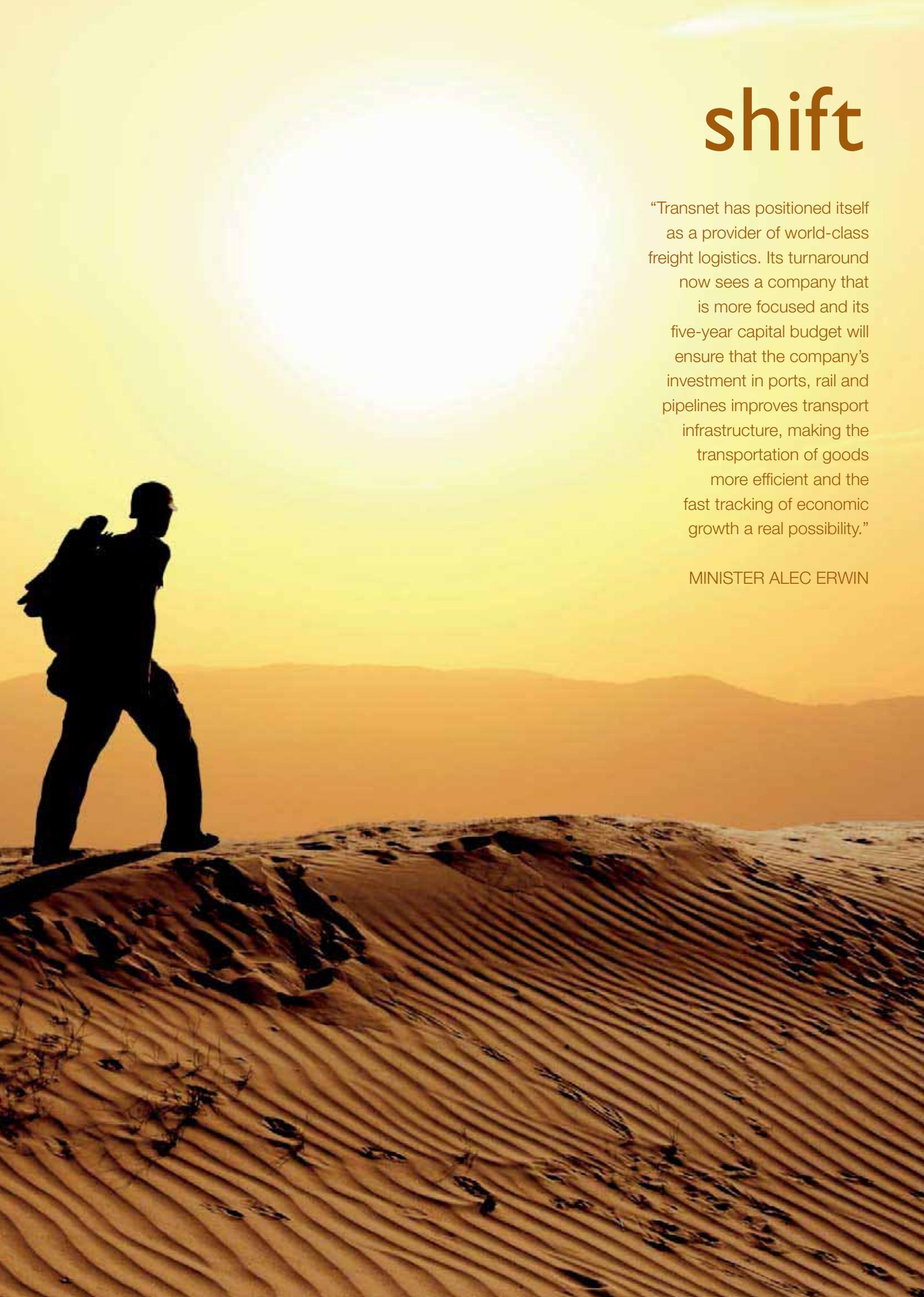
To develop and execute strategies aimed at ensuring that SOE activities contribute to industry-wide linkages and partnerships with local and global players that build the country's manufacturing base.

Sub-programme	Output	Measure/Indicator	2007/08 Target/Milestone	Achievements
Defence	Guarantee to support Denel's short-term borrowings	Secure funding for Denel	2007/08	Guarantee application made in November 2007
	Transfer 2007/08 recapitalisation tranches to Denel	Funding made available to Denel	June and September 2007	Completed
	Defence Sector Strategy	Approval of the strategy by Cabinet Implementation by Government Departments	31 March 2008	Cabinet Memorandum approved on 5 December 2007 – set defence acquisition target of 60% - 70% procurement from local industry Initiated process with DTI to develop a Customised Sector Programme for the industry Further work with DoD underway
	Report on Denel's further restructuring and consolidation: DoD to determine which local defence capabilities are strategic	Further interventions to ensure the Denel Group's consolidation and commercial viability	31 March 2008	Report finalised – with some costing revisions that were finalised in April 2008: Included determination of strategic capabilities by the DoD
	DERI operational (assistance by DPE)	DERI operational	31 March 2008	Corporate form report finalised by Armscor DPE assessment of report finalised
	Establishment of the National Interest Facility (NIF) to support large strategic exports	NIF operational	September 2007	Agreement reached with ECIC and joint presentation finalised The DTI will be taking the process forward

Sub-programme	Output	Measure/Indicator	2007/08 Target/ Milestone	Achievements
Defence	PFMA Section 54 (2) Applications	Applications processed	2007/08	Applications processed: <ul style="list-style-type: none"> • Disposal of Cosource IT business • Disposal of Bonaero Park property • Carl Zeiss Optronics/ Denel Optronics equity transaction • Rheinmetall/Denel Munitions equity transaction • Disposal of the Printed Circuit Board operations • Disposal of the Machine Shop • Sale of Denel land at OR Tambo International Airport to ACSA
	10 Year R&D Strategy	R&D strategy for the defence sector agreed by all stakeholders	2007/08	Project re-prioritised due to work required on Denel end-state
Forestry	Review of SAFCOL's role and mandate	New role and mandate for SAFCOL	March 2007	Review finalised and approved by Cabinet
	Input into transaction guidelines for the disposal of Komatiland Forests (Pty) Ltd (KLF)	Approved guidelines delivered to the SAFCOL Board	August 2007	Inputs finalised
	KLF lease	Signed KLF lease	2007/08	Dependent on resolution of land claims
	Completion of winding-down of SAFCOL	Orderly wind-down of SAFCOL	Dependent on resolution of land claims	Dependent on resolution of land claims





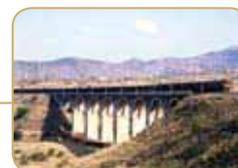
A silhouette of a person with a backpack walking on a sand dune at sunset. The person is walking from left to right, looking towards the horizon. The sand dune has distinct ripples. The sky is a warm, golden yellow, and the sun is low on the horizon, creating a strong glow. In the background, there are faint silhouettes of mountains or hills.

shift

“Transnet has positioned itself as a provider of world-class freight logistics. Its turnaround now sees a company that is more focused and its five-year capital budget will ensure that the company’s investment in ports, rail and pipelines improves transport infrastructure, making the transportation of goods more efficient and the fast tracking of economic growth a real possibility.”

MINISTER ALEC ERWIN

PROGRAMME 5: TRANSPORT ENTERPRISES



Purpose:

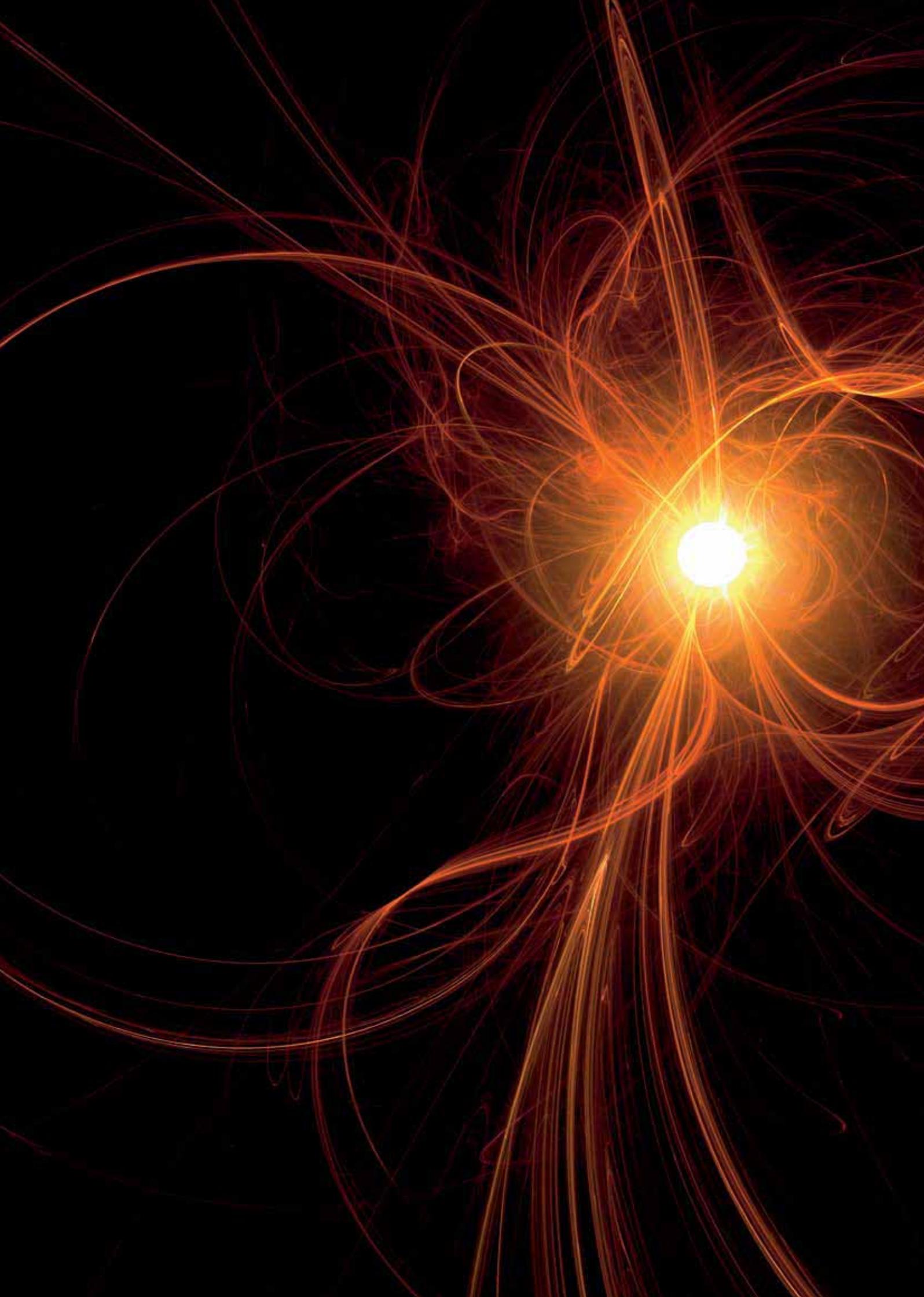
- To oversee the activities of Transnet, South African Airways (SAA) and South African Express Airways (SAX) in terms of corporate strategy and structure, operational performance, industry structure, corporate governance and policy, financial and risk management, corporate transactions and benchmarking
- To develop proposals around how the SOE can play a catalytic role in the development of the associated manufacturing cluster through leveraging their capital investment programmes via the competitive supplier development programme.

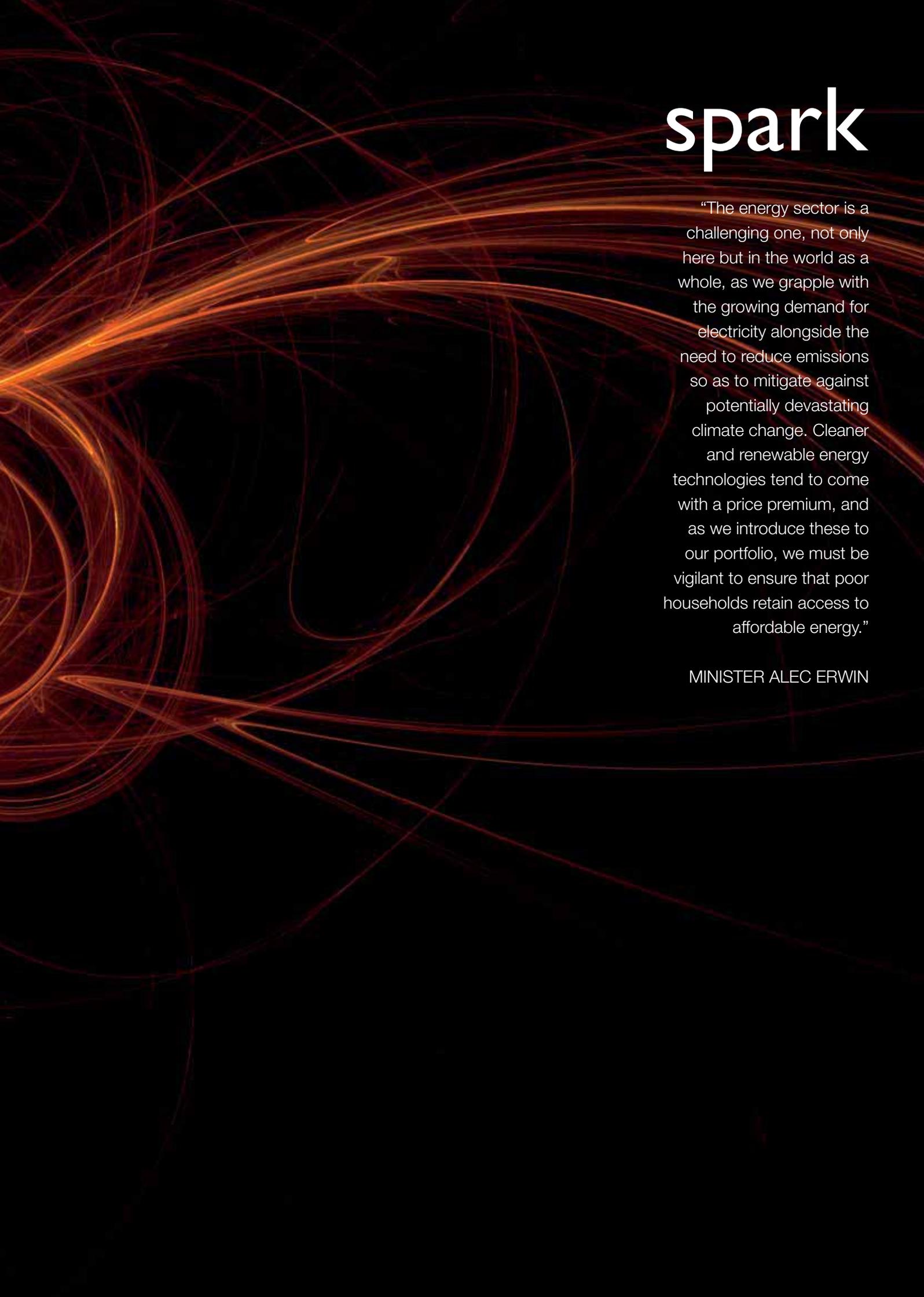
Measurable objectives:

- To ensure that Transnet, SAA and SAX achieve their targets by the end of the MTEF period by monitoring and assessing their financial and operational performance against targets set in the shareholder compact
- To facilitate strengthened private sector participation in ports and rail through overseeing the joint venture agreement for the Ngqura container terminal and ensuring access to branch lines by several private operators during 2008/09
- To develop a long-term strategy for improving the efficiency and performance of SOE investments in the transport sector by:
 - developing national corridor performance measurement tools and indicators that will become operational in the second quarter of 2008
 - conducting a study into customer experience in the freight logistics sector in the first and second quarters of 2008
- To improve the analysis, measurement and understanding of Transnet's role in and influence on economic efficiency, competitiveness and the economy more generally by developing an econometric model and report by the third quarter of 2008
- To monitor the progress of the SAA restructuring and turnaround strategy, which aims to turn SAA into a sustainable and profitable business by the end of 2008/09, by assessing SAA's profit margin against its target
- To monitor Transnet's continued disposal of non-strategic assets, including the completion of the SAX transfer to the Department of Public Enterprises, by the end of 2008/09
- To enhance the financial sustainability of state-owned airlines by developing and assessing equity and funding requirements in 2008/09.

Sub-programme	Output	Measure/Indicator	2007/08 Target/ Milestone	Achievements
Transport	Transnet: Private Sector Participation (PSP) for Ngqura	Development of DPE position on options for private sector involvement in ports Transnet issue of Expression of Interest (EOI) for Ngqura	July 2007	DPE framework on PSP in Ngqura approved by Minister
	Port and rail master plans	Master plans approved by Minister of Public Enterprises Buy-in from other departments and stakeholders	March 2008	Final master plans for ports and rail approved by Minister Consultation with interdepartmental stakeholders undertaken
	Review of the National Ports Act and related regulations	Assess alignment of Ports Act and regulations in context of Transnet strategy	June 2007	Review completed

Sub-programme	Output	Measure/Indicator	2007/08 Target/ Milestone	Achievements
	Transfer of Shosholoza Meyl	Agreement between Transnet/DoT/South African Rail Commuter Corporation (SARCC) on transfer process Transfer to SARCC	May 2007	Business valuation completed Provided input into amendments to Legal Succession Act by DoT for approval by Cabinet
	Branch line restructuring	Input into policy on branch line ownership and access regime, including establishment of Rail Utility Transnet Freight Rail (TFR) exit from branch lines	March 2008	Approved definition of core network and branch line Facilitated development of TFR branch line strategy
Aviation	Turnaround strategy for SAA	Formal submission by SAA	7.5% profit margin before tax in the next 18 months	SAA reported losses of R883m in 2006/07 and will report around breakeven in 2007/08 before restructuring costs
	Recapitalisation of SAA to strengthen its balance sheet	Formal submission by SAA	Recapitalisation of SAA to pay for costs of restructuring	SAA received a R1.56bn capital injection to offset the costs of the B747 fleet grounding and a R744m transfer to offset the costs of labour restructuring
	Define the medium-term role of SAA, SAX and Mango	Establish objective of attaining sustainable profitability, fit for purpose strategic direction and engage other Government stakeholders	New mandates for SAA and SAX Commence air traffic study	New mandates incorporated into SAA and SAX Corporate Plans IATA appointed to advise
	Long-range aviation strategy	Assess global environment and trends (liberalisation and operations) and implications	Commence trend study African Aviation Strategy	IATA appointed to advise Stakeholders engaged to undertake research
	Strategic overview of state involvement in airline business	Identify spin-offs to the economy (SAAT and Aerostructures)	Option development for SAAT Leverage of State's aviation sector	Option development completed SAAT's potential and role relative to main carrier defined
	Role of SAA in provision of cargo operations	Role of SAA in cargo services	Option development for SAA cargo	Cargo's potential and role relative to main carrier defined
	Alignment between SAA/ SAX and government imperatives	Agreement on process and timing of implementation of African Aviation Strategy Agreement with DEAT, DTI and DFA on key markets	African Aviation Strategy development Inputs to Strategic Planning committee	African Aviation Strategy Development complete Priorities submitted
	Report into major cost drivers in the airline industry	Identify key cost drivers in the SA market	Key cost driver identification	Private sector feasibility studies for aircraft leasing companies Fuel policy issues and strategic use of alternative fuels raised





spark

“The energy sector is a challenging one, not only here but in the world as a whole, as we grapple with the growing demand for electricity alongside the need to reduce emissions so as to mitigate against potentially devastating climate change. Cleaner and renewable energy technologies tend to come with a price premium, and as we introduce these to our portfolio, we must be vigilant to ensure that poor households retain access to affordable energy.”

MINISTER ALEC ERWIN

PROGRAMME 6: JOINT PROJECT FACILITY



Purpose:

To identify synergies and co-ordinate and develop cross-cutting projects that leverage the assets, activities and/or capabilities of the State Owned Enterprises (SOE) to the benefit of the SOE and the economy as a whole.

Measurable objectives:

- To address concerns about the long-term security of electric power generation by introducing a 20-year power infrastructure build programme to develop the long-term sustainability of the national power industry
- To improve competitiveness by implementing the Competitive Supplier Development Programme (CSDP), which will re-establish local manufacturing and supplier industries to support SOE infrastructure build and maintenance plans, thus increasing the value added from national suppliers without increasing procurement costs.

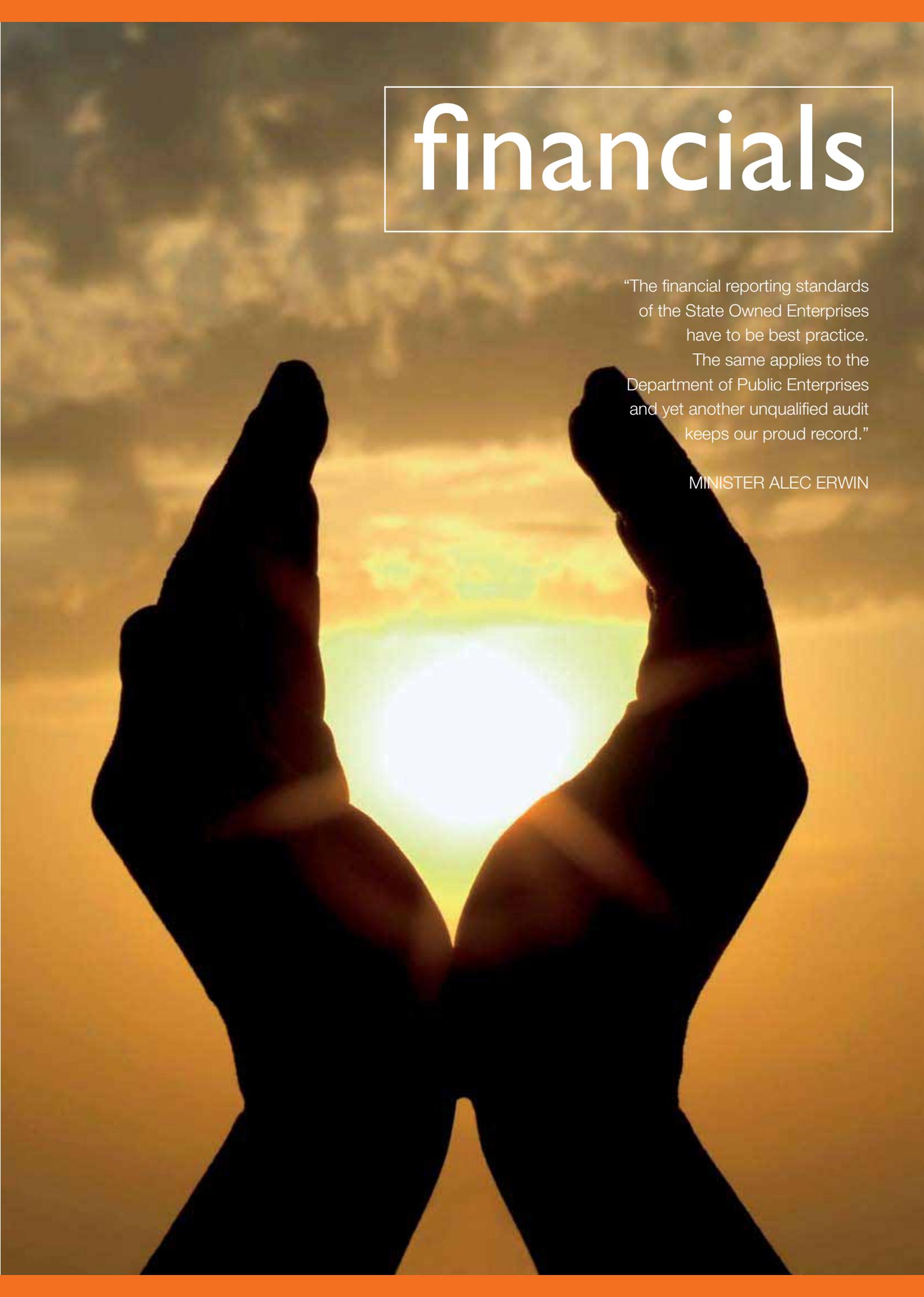
Sub-programme	Output	Measure/Indicator	Achievements
Competitive Supplier Development Programme (CSDP)	Leverage SOE build programmes to re-establish local manufacturing suppliers, create jobs and increase export competitiveness	<p>Eskom and Transnet submit letter of intent to use new policy to Minister</p> <p>Eskom and Transnet produce first draft supplier development plans</p> <p>DPE and Government stakeholder develop supply-side support programmes</p> <p>SOE train procurement officers</p> <p>CSDP practice note published</p>	<p>Draft Supplier Development Plans (SDPs) submitted by SOE</p> <p>Procurement Officers in SOE now hosting regular capacity-building workshops for their procurement and capital goods staff</p> <p>CSDP Practice Note circulated to SOE</p> <p>Two power and rail infrastructure supply industry studies concluded by Wits University</p> <p>DPE established and now chairs Benchmarking Working Group consisting of representatives from DTI, DST, IDC, NEF and SOE</p> <p>Supplier Benchmarking Programme developed as a key government supply-side support initiative – UNIDO appointed as the implementing agent in December 2007</p>
Human Resources and Capacity Building	Contribute to alleviating the national skills shortage by utilising SOE and their supplier base to provide work experience to trainee artisans	<p>Establish coordinating body for SOE artisan placements</p> <p>SOE decision on collaborative workplace experience strategy</p>	<p>Established Public Enterprises Employment and Skills Development Agency (ESDA)</p> <p>Negotiations with PBMR, Eskom and their suppliers to host learners in progress</p>



Sub-programme	Output	Measure/Indicator	Achievements
Property Project	Disposal of non-core SOE property to provide capital for infrastructure programmes and provide BBBEE opportunities in property sector through disposals	<p>Develop and re-issue BBBEE guidelines</p> <p>SOE confirm which properties are available for development</p> <p>Heads of Agreement to ensure appropriate development drafted</p> <p>Disposal of identified non-core properties in tranches from quick wins to more complex offerings</p>	<p>BBBEE guidelines re-aligned to DTI's code of good practices</p> <p>Self-assessment toolkit developed, uploaded on DPE website and made available to SOE</p> <p>ACSA-Denel transaction (Signed but awaiting Denel's PFMA application)</p> <p>SAA-ACSA transaction (CT International Airport) (Signed but awaiting SAA PFMA application)</p> <p>Transnet housing transaction concluded (disposal) SAA air chefs transaction concluded</p> <p>Eskom's Spatial Development Framework to guide transaction completed</p>
Rest of Africa	<p>Contribute to developing infrastructure projects across Africa</p> <p>Joint supplier development initiatives with targeted African countries with an emphasis on potential suppliers to Eskom and Transnet</p>	<p>Identify key stakeholders and possible opportunities in line with strategic direction of the project (target of 3-5 key opportunities to take to pre-feasibility stage)</p> <p>Sign MoU with key stakeholders to cooperate with development of project</p> <p>Development of supplier development initiatives with targeted countries</p> <p>Mobilise support and funding for identified initiative</p>	<p>Discussions with key project stakeholders initiated</p> <p>Regional supplier benchmarking programme designed and developed with UNIDO</p>
ICT	Three call centres in Phase I	<p>Site visit to confirm suitability of sites for purpose</p> <p>Draft agreement between DoE and Call Centre operator</p>	<p>Identified three clients for call centres and in the process of developing the funding model</p>
Environmental Issues	<p>Coherent EIA processes to ensure swift resolution of EIA issues for SOE</p> <p>Nuclear and Environmental legislation that clearly defines the role of regulators</p> <p>Establish SOE fund to capacitate DEAT SOE unit</p>	<p>Agreement on funding requirement for DEAT</p> <p>Collect information from SOE</p> <p>Transnet to fund Port Sector Guidelines – DEAT project</p> <p>Make recommendations to DEAT and DME about harmonising NNRA and NEMA</p> <p>Engage with DEAT to get a ruling on appeals</p>	<p>SIDs (Strategically Important Developments) – concept now accepted by DEAT and SOE SIDs given special consideration in EIA process</p> <p>Appeals – Matimba and PBMR Pilot Fuel plant dealt with</p> <p>Nuclear Legislation – made recommendations to DEAT and DME on proposed amendments</p> <p>DEAT capacity strengthening done through SOE fund: DEAT have now employed additional staff to deal with SID's EIAs</p> <p>Development of Sector guidelines being funded through SOE Fund</p>

Sub-programme	Output	Measure/Indicator	Achievements
Aerostructures	<p>Leverage current aerostructures initiatives to build a larger aerostructures industry in South Africa</p> <p>Determination of long-term air fleet plans for South African aviation sector</p>	<p>Develop concept and scoping papers identifying possible initiatives to pursue</p> <p>Consult stakeholders on the feasibility of various initiatives and their potential role</p> <p>Define detailed programmes and implementation plans for initiatives supported by key stakeholders</p>	<p>Denel – technology review leading to their focus on Wing to Fuselage Faring and the development of KPIs that will allow Denel to enter further work (e.g. Embraer) completed</p> <p>Embraer proposal for C390 formulated</p> <p>Boeing Titanium proposal under consideration</p> <p>SAAT under review for SEP/STP</p>
Belarus	<p>Establishing new markets and enhancing capabilities and capacity in production facilities in targeted areas e.g. technology and/ or job creation for the mutual benefit of Belarus and SA</p> <p>Develop areas for cooperation</p>	<p>Memo to Minister identifying specific opportunities for Denel and capital goods sector</p> <p>Follow up on Denel opportunities identified in Belarus</p> <p>Host Belarusian delegation – focus on metallurgy (ADS and Mintek) and nuclear (NECSA, DST)</p> <p>Develop relationship with Belarusian counterparts in defence and capital goods sector</p>	<p>Minister approved areas for cooperation</p>
Technology and Innovation	<p>Coordinated Technology R & D Strategy for SOE</p>	<p>Technology and Innovation Strategy</p>	<p>SOE Technology Framework presented to Minister</p> <p>Denel/Saab used SOE Technology Framework successfully to re-align strategy and business: now focussing on WFF work, building on Airbus capability and expanding this to Embraer</p> <p>Presented Technology Framework to Eskom's bi-annual technology conference</p>
The South African Power Project	<p>Leverage Eskom build programme to enhance South Africa's manufacturing, technology and skills base</p>	<p>Develop strategy for maximising industrialisation opportunities arising from Eskom's build programme</p> <p>Mobilise support for strategy and key identified initiatives</p>	<p>Strategy developed and presented to Cabinet and Ministerial steering committee overseeing the project</p>





financials

“The financial reporting standards of the State Owned Enterprises have to be best practice. The same applies to the Department of Public Enterprises and yet another unqualified audit keeps our proud record.”

MINISTER ALEC ERWIN

ANNUAL FINANCIAL STATEMENTS

REPORT BY THE AUDIT COMMITTEE

INTRODUCTION

We are pleased to present our report for the financial year ended 31 March 2008 in terms of the Public Finance Management Act, 1 of 1999 section 38 (1) a, 76 (4)d and 77, and Treasury regulations 3.1.11.

MEMBERSHIP AND ATTENDANCE

The Audit Committee consists of the members listed below. All the Audit Committee members are independent, which is in line with the industry corporate governance practice. During the year under review, the Audit Committee held four (4) meetings as per the approved terms of reference.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Zienzile Musamirapamwe (Chairperson)	4/4
Mattie Joubert	3/4
Cynthia Mbili	3/4
Richard Cascarino (resigned 27/07/2007)	1/2
Jerry Sithole	3/4

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee confirms that it has complied with its responsibilities arising from section 38(1) (a) of the Public Financial Management Act (PFMA) and Treasury Regulation 3.1.13.

The Audit Committee has regulated its affairs in compliance with its approved charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

The review of the effectiveness of the system of internal control by the Audit Committee is informed by the reports submitted by Internal Audit and Management, who are responsible for the development and maintenance of the internal control system.

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and Treasury regulations 3.2.11, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the emphasis of matter, and the management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

RISK MANAGEMENT

The Audit Committee has an oversight responsibility over DPE internal risk management processes. In the year under review the Committee monitored the implementation of Enterprise Risk Management and reviewed progress quarterly. Review and assessments of the Department's strategic risks will continue to be done on a quarterly basis by the Audit Committee. The Internal Risk Management Framework and Policy will be finalized and approved by the Audit Committee in the coming financial year.

The Audit Committee has an oversight role on the management of whistle blowing logs. Reports on whistle blowers are reviewed quarterly by the Committee and appropriate measures taken if any.

The Audit Committee monitored and recommended improvements into the Department's Regulatory Universe during the current financial year. The Department is in the process of finalizing the Regulatory Universe for subsequent compliance monitoring and reporting to the Audit Committee.

MANAGEMENT REPORTING

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General's management letter and management's response thereto; and
- reviewed significant adjustments resulting from the audit.

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

We would like to report that the Audit Committee has had the support of the Minister and Management, which is reflective of a positive tone at the top, critical to an effective control environment.



Chairperson: Audit Committee

29/07/2008

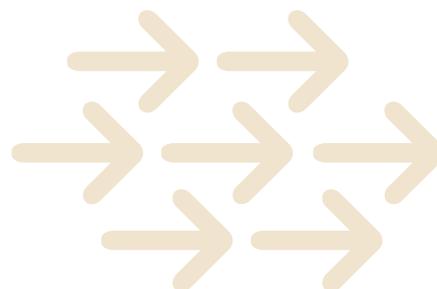
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Report by the Accounting Officer to the Executive Authority and Parliament/Provincial Legislature of the Republic of South Africa.

I. GENERAL REVIEW OF THE STATE OF AFFAIRS

STRATEGIC OVERVIEW

The mandate of the Department of Public Enterprises (DPE) is to provide shareholder management oversight on nine State Owned Enterprises: Alexkor, Broadband Infraco (Infraco), Denel, Eskom, Pebble Bed Modular Reactor (PBMR), South African Forestry Company Ltd (SAFCOL), South African Airways (SAA), South African Express Airways (SAX) and Transnet.

The effective and focused utilisation of State assets is core to the success of the Accelerated and Shared Growth Initiative of South Africa (ASGI SA). As shareholder manager, the DPE forms part of the lead departments responsible for driving ASGI SA.

The Department must develop and implement strategies which optimise their impact on the economy in general, and on accelerating economic growth in particular. Eskom and Transnet's infrastructure expansion programmes, for example, will increase energy and transport capacity, thus providing for the needs of a growing economy. The acceleration in economic activity within South Africa, as indicated by higher rates of GDP growth, has placed considerable demand pressures on an already strained electricity generation capacity, resulting in an eroded reserve margin and subsequent capacity shortages during peak demand.

Monitoring the planning, delivery and financing of the infrastructure programmes, as well as the turnaround programmes of Denel and SAA, the establishment of Infraco, the growth strategies of Alexkor, and the design and development programme of the PBMR are key focus areas for the Department, along with monitoring State Owned Enterprises (SOE) performance, including financial and operational sustainability.

KEY DEVELOPMENTS:

- Eskom completed the construction of two additional Open Cycle Gas Turbine Power Stations in the Western and Southern Cape, comprising a total of 1029MW peaking power.
- PBMR produced and disseminated its first Annual Report which was tabled in Parliament on 14 November 2007.
- The National Nuclear Regulator granted a hot commissioning licence for the Advanced Coater Facility (ACF) at Pelindaba.
- The PBMR Board approved a strategic framework for the market development of PBMR's intermediate temperature reactor for process heat applications in the North American Market.
- Phase 1 of the Next Generation Nuclear Plant (NGNP) was delivered on schedule in June 2007.
- The Broadband Infraco Act, No 33 of 2007 was published on 8 January 2008 and came into effect on 1 February 2008. The Department of Communications has introduced the Electronic Communications Act (ECA) Amendment Bill into Parliament, which was signed on 21 December 2007 and published in January 2008. The aim of the Amendment Bill is to allow Infraco and other State Owned Enterprises to be licensed through the ECA licensing process.

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2008

- The outcome of the ECA Amendment Act is that Infraco will be licensed in two key steps:
 - The Minister of Communications, after having obtained Cabinet approval, will issue a policy direction to provide a framework for licensing of a public entity by ICASA.
 - After the establishment of such a framework, Infraco will be licensed as per the ECA licensing process by ICASA.
- The South African Express Airways Bill was enacted, thus enabling the separation of South African Express Airways (SAX) from Transnet. The Bill, also processed during 2007, provides for the transfer of SAX to the State, under the management of the Department of Public Enterprises, as well as its conversion into a public company.
- The Board of SAX has been reconstituted ahead of its transfer from Transnet to DPE. DPE has also initiated a process to engage with SAX on the review of its Corporate Plan and the establishment of a Shareholder Compact ahead of the transfer being finalised.
- The Competitive Supplier Development Programme (CSDP) was established to facilitate the development of South Africa's manufacturing sector in the supply chains related to SOE infrastructure investment programmes, and to relieve supply constraints. Eskom and Transnet have recently submitted draft Supplier Development Plans after a process of consultation with industry associations and relevant Government departments. The Supplier Development Plans identify focus areas for developing the competitiveness of the local supply base, and the procurement mechanisms which the SOE are going to employ to achieve targets in this regard.
- The Departments of Public Enterprises, Defence (DoD), Trade and Industry (DTI), and Science and Technology (DST) finalised the sector strategy for the defence industry. Further restructuring of Denel will be carried out and measures to support the industry will be implemented as part of the strategy.
- To improve the process for disposing of non-core assets, a framework was developed and BEE guidelines formulated, both of which received Cabinet approval. In addition to the transfer of SAA and SAX to the State, (the latter expected by the end of 2008/09) the disposal strategy and guidelines for SAFCOL's last remaining package, the Komatiland Forests, received Ministerial approval in August 2007, with the disposal process expected to be concluded by March 2009. In total, 10 non-core disposals were concluded in 2007/08.
- After almost 10 years of extensive negotiations and consultation, the Deed of Settlement in the Richtersveld Community's land claim was signed on 22 April 2007 and was confirmed by the Land Claims Court on 9 October 2007. The ceremonial handover of the settlement was held in December 2007. The President of the Republic of South Africa delivered a pre-recorded speech to the community congratulating them on the handover of their ancestral land. Guests included the Richtersveld Community – recipients of the land, the Ministers of Public Enterprises and Land Affairs, the Chairpersons and Chief Executive Officers of the State Owned Enterprises reporting to the DPE, the Premier and a number of MEC's from the Northern Cape, the Chairperson of the De Beers Group, members of the Public Enterprises Portfolio and Select Committees, the senior management team of the DPE as well as various other dignitaries.
- Developments by the energy SOE indicate progress toward securing long-term and environmentally sustainable electricity. Eskom finalised an integrated strategic electricity plan, which is awaiting Cabinet approval, and completed a reserve margin study, which has implications for the security of energy supply, with the target receiving departmental approval. Phase 1 of the next generation nuclear programme was delivered in June 2007.
- In the defence sector, a number of PFMA section 54 applications were assessed, including: the equity transaction with Zeiss Optronics, the Denel Munitions equity transaction, the sale of land at the OR Tambo International Airport, the disposal of Cosource, the merger with Advanced Technologies and Engineering (ATE) in the unmanned aerial vehicle (UAV) segment, the disposal of Machine Shop, and the disposal of the printed circuit board (PCB) assembly plant.

REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2008

- The Department facilitated emergency recapitalisation of SAA in the form of a guarantee and a cash transfer to provide SAA with enough equity to fund its restructuring.
- Shareholder good practice guidelines were prepared in relation to board remuneration, board induction founding documents and shareholder agreements.
- To determine the magnitude of the skills requirements and potential shortage of artisans, technicians and technologists, the Department, in conjunction with all SOE, undertook the human resources and capacity building project. The findings were shared with the Joint Initiative on Priority Skills Acquisition (JIPSA) to ensure Government adopts a coordinated economy wide approach to skills acquisition.
- The Department initiated an internal Energy Savings Campaign, to ensure that the Department and staff members contribute to the more efficient use of energy.
- Cabinet has approved a recommendation that the Diabo Trust be wound down, the remaining funds available in the Diabo Trust are to be transferred to the State and the State will undertake a final attempt to trace any remaining beneficiaries of the Diabo Trust to effect payment of options.

DEPARTMENTAL SPENDING TRENDS

The Department of Public Enterprises' voted budget amounted to R4.6 billion, which was allocated to the following Programmes:

- Programme 1: Administration
- Programme 2: Energy, Broadband Infrastructure and Mining Enterprises
- Programme 3: Legal, Governance and Risk
- Programme 4: Manufacturing Enterprises
- Programme 5: Transport Enterprises
- Programme 6: Joint Project Facility.

The following table provides a summary of actual expenditure incurred for the 2007/08 and 2006/07 financial years vs budget appropriated for each programme:

Programme	2007/08		2006/07	
	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000
1: Administration	66 332	66 281	50 736	50 681
2: Energy, Broadband Infrastructure and Mining Enterprises	85 985	85 984	725 323	725 304
3: Legal, Governance and Risk	21 094	21 078	16 476	16 471
4: Manufacturing Enterprises	3 664 031	3 662 997	2 062 475	1 782 470
5: Transport Enterprises	752 130	752 128	3 503	3 500
6. Joint Project Facility	15 517	15 516	11 410	11 409
Total	4 605 089	4 603 984	2 869 923	2 589 835

The increase of R1.7 billion in the annual appropriation from R2.9 billion (2006/07) to R4.6 billion (2007/08), is mainly as a

REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2008

result of increased transfer payments (including VAT) to State Owned Enterprises.

Under-spending, amounting to R1.1 million was recorded in the current financial year. This amount is made up of current expenditure in the sum of R74 thousand in the operational budget and the balance in the sum of R1.031 million is in respect of funds earmarked for Denel for the payment of an indemnity granted to Denel/Saab Aerostructures, where the final audited amount of the claim was less than the funds originally allocated for this purpose, which resulted in the department not having drawn the funds. The Department achieved expenditure within the 2% expenditure benchmark. Expenditure disbursed from Local and Foreign Aid funds (Joint Project Facility) amounting to R2.1 million resulted in the statement of financial performance reflecting a deficit of R942 thousand. (Refer note 3 of the Notes to the Annual Financial Statements.)

Administration: provides strategic management, direction and administrative support to the Department. The programme consists of the Ministry, the Office of the Director-General as well as Corporate Services with its sub-programmes: human resources, information technology, financial management, facility management and communications, as well as property management.

Expenditure for the programme for the year amounted to R66.3 million compared to R50.7 million in 2006/07. The increase was mainly due to centralisation of maintenance, in-house printing and reproduction services, training, stationery, information technology services and computer equipment, communication services related to the Richtersveld settlement and the energy saving project within the department. Costs for leases and accommodation charges were devolved from the Department of Public Works to individual Departments. In 2007/08 the Department of Public Enterprises received R4.4 million. (Refer to Appropriation Statement for Programme 1 – Administration Sub-Programme Property Management.)

Energy, Broadband Infrastructure and Mining Enterprises: the key objective is to ensure that the corporate strategies of Eskom, Broadband Infraco and Alexkor are aligned with Government's strategic objectives as defined in Government policies, regulations and economic strategies. The programme analyses the strategies and investment plans of each SOE against this intent and develops frameworks to analyse and monitor their financial, operational and socio-economic performance.

Expenditure for the programme for the year amounted to R86 million compared to R725.3 million in 2006/07. The decrease is mainly due to a reduction in transfer payments to the SOE. However, operational expenditure increased mainly as a result of the Department's participation in the national energy saving campaign and the SA Power Project.

Legal, Governance and Risk: is responsible for providing effective legal services, corporate governance systems, risk management frameworks, the implementation of all legal aspects of strategically important transactions as well as secretariat services to the Department and SOE, and ensures alignment with Government's strategic intent.

Expenditure for the programme for the year amounted to R21.1 million compared to R16.5 million in 2006/07. The increase is mainly due to the legal costs incurred as a result of the Alexkor/Richtersveld land claims settlement as well as specialist services acquired for the drafting of the Infraco and SAX Bills, a study that was conducted on the Risk Management Framework, the development of the SOE board remuneration guidelines as well as the Board Induction Toolkit.

Manufacturing Enterprises: is responsible for oversight of Denel, SAFCOL and the PBMR. It also ensures that SOE activities contribute to building South Africa's manufacturing base by establishing industry-wide linkages and partnerships with local and global players.

Expenditure for the programme for the year, amounted to R3.7 billion, compared to R1.8 billion in 2006/07. The increase is mainly due to a substantial increase in transfer payments to the SOE. An amount of R1.031 million, which was earmarked for the payment of an indemnity granted to Denel/Saab Aerostructures was not drawn by the Department as the final audited amount of the claim was less than the funds originally allocated for this purpose.

Transport Enterprises: is responsible for oversight of the activities of Transnet, SAA and the soon to be transferred

SAX to ensure that the strategy, investment plans, commercial philosophy and operational performance are aligned with Government's strategic intent for these enterprises.

Expenditure for the programme for the year amounted to R752.1 million compared to R3.5 million in 2006/07. The increase is due to a transfer payment of R744.4 million to SAA.

Joint Project Facility: identifies and unlocks synergies among the SOE, coordinates cross-cutting projects that leverage the assets, activities and/or capabilities of the SOE to the benefit of the SOE and the economy as a whole.

Expenditure for the programme for the year amounted to R15.5 million compared to R11.4 million in 2006/07. The increase is mainly due to the expansion of existing projects as well as the sourcing of specialist and technical expertise required to meet the objectives of the unit.

OPERATIONAL EXPENDITURE VIREMENTS

Programmes	Adjusted Appropriation 2007/08 R'000	Virements R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000
Programme 1	62 695	3 637	66 332	66 281	51
Programme 2	82 836	3 149	85 985	85 984	1
Programme 3	22 040	(946)	21 094	21 078	16
Programme 4	3 669 155	(5 124)	3 664 031	3 662 997	1 034
Programme 5	753 995	(1 865)	752 130	752 128	2
Programme 6	14 368	1 149	15 517	15 516	1
Total	4 605 089	-	4 605 089	4 603 984	1 105

Programme 1 - Administration: increased substantially primarily due to the centralisation of maintenance, in-house printing and reproduction services, training, stationery, information technology services and computer equipment, communication services related to the Richtersveld land claims settlement and the energy saving project within the Department. Virements were effected from savings in Programme 4 to accommodate these expenses.

Programme 2 – Energy, Broadband Infrastructure and Mining Enterprises: increased due to funding required for the Department's participation in the National Energy Saving Campaign and the SA Power Project. Virements were effected from savings in Programmes 3, 4 and 5 to accommodate these expenses.

Programme 3 – Legal, Governance and Risk: decreased due to provisions having been made for legal fees in various actions which were not concluded within the timeframes anticipated as well as certain projects not being completed within the financial year. Virements were effected from savings in this programme and reallocated to Programme 2.

Programme 4 – Manufacturing Enterprises: decreased substantially, primarily due to the re-prioritisation of core projects during the course of the year as well as vacancies not having been filled due to difficulties encountered in sourcing suitably qualified sector specialists in the respective fields within this programme. A virement was effected from the savings in this programme and reallocated to Programme 1.

Programme 5 – Transport Enterprises: decreased due to certain projects not having been completed within the financial year as well as vacancies in sector specialist positions not being filled. Virements were effected from savings in

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this programme and reallocated to Programmes 2 and 6.

Programme 6 – Joint Project Facility: increased due to the early completion of certain projects. Virements were effected from savings in Programme 5 to accommodate the additional expenses in this programme.

All virements were effected in consultation with Programme Managers and final approval was signed off by the Accounting Officer.

IRREGULAR / UNAUTHORISED/ FRUITLESS EXPENDITURE

During the year under review the department did not incur any irregular, unauthorised or fruitless expenditure.

2. SERVICES RENDERED BY THE DEPARTMENT

The nature of the Department is such that no specific services are rendered.

2.1 Tariff Policy

The Department does not render services for which a tariff can be charged. It is therefore not necessary to develop a tariff policy.

2.2 Free Services

The Department did not render any free services.

2.3 Inventories

The inventories of the Department consist mainly of stationery. The inventories on hand at 31 March 2008 are valued at the weighted average cost method and amount to R 19 467.00.

During the year under review the Department continued to implement its strategy of procuring consumables and stationery on a needs basis, which reduced the value of inventories by 94.46%.

3. CAPACITY CONSTRAINTS

The Department is adequately resourced to meet its objectives as outlined in its mandate. Challenges are still experienced when sourcing the requisite skills and experience required for highly specialised functions/projects. The Department has managed to attract the required skills but will begin to face challenges as these employees become more experienced and sought after in the skills market. The Department's inability to be flexible with regard to salary packages, including bonuses, especially given the pressurised environment in DPE, is mainly due to the rigid rules of appointment in the public sector and the highly attractive packages in the private sector.

In response to this challenge, the Department has practiced a fair amount of flexibility regarding the negotiation of salary packages to attract key resources. Headhunting services have been procured for the recruitment of experts in certain sectors. The Department has also ensured that transfer of skills is practiced in areas where capacity constraints are experienced due to its inability to recruit the required skills. In certain instances, the Department has recruited individuals at a lower level in order to develop the individual to the required level.

The Department continues to encourage national and international training opportunities in addition to awarding bursaries to employees.

4. UTILISATION OF DONOR FUNDS

The Department continues to make use of local (SOE) funds and foreign donor technical support.

FOREIGN AID ASSISTANCE

The Department received the benefit from the UK Department of International Development (DFID) funded programme namely, Support to the Restructuring of Public Enterprises in South Africa (SRPESA) in the form of technical assistance. No direct funds were transferred to the Department. The programme has been in place since 2003 and came to an end in December 2007. An approvals process for each component of technical assistance was followed. This entailed an initial project approval granted by the Director-General of DPE, which was then submitted to DFID for final approval, and was followed by implementation of the project by the technical specialist overseen by the project management company Adam Smith International. Broad oversight of this programme was provided by a Steering Committee, which included the Presidency and National Treasury.

LOCAL AID ASSISTANCE

The Joint Project Facility was initially funded by the State Owned Enterprises when it was established in 2005/06. (Refer Annexure 1F of the Financial Statements).

In 2006/07 National Treasury allocated funds to the Facility, which during this period resided in Programme 4. In 2007/08 Programme 6 was created to accommodate the unit.

A portion of the funds received from the SOE during 2005/06 was not disbursed within that period. The funds were earmarked for contracts entered into in the initial phase of this unit, some of which were over a three-year period. After consultation with National Treasury the Department retained the balance of the funds for disbursement specifically in respect of the long-term contracts entered into during the initial phase of this project and which terminate in 2008.

5. TRADING ENTITIES AND PUBLIC ENTITIES

ALEKOR

Alexkor owns mining rights over a large marine and land-based diamond resource in the Namaqualand region. Its core business is the economic exploitation of diamonds. It also has some diversified agricultural operations. While Alexkor, as a commercialized State asset is not perceived as a strategic asset in the national sense, it has significant strategic importance for the Namaqualand region. Apart from providing employment opportunities in the region, it has been providing commercial, educational, health and municipal services to the local and surrounding communities. The management of the hospital, which was previously under Alexkor was transferred to the Northern Cape Department of Health at the beginning of April 2007. A community claim to the land has recently been resolved, which has paved the way for a restructuring of Alexkor. As part of the settlement, Alexkor's agricultural businesses were transferred to the Community in January 2008, as will the land mining rights. Alexkor will retain the marine rights. Alexkor will put its remaining marine rights and the Community their transferred land mining rights in a Pooling and Sharing Joint Venture for the purpose of mining the combined mineral resource.

AVENTURA

Aventura was in the process of disposing its assets prior to finally being wound down. The final tranche of transfers of assets has since become subject to litigation and can accordingly not proceed. The exchange of pleadings in the litigation has been suspended subject to settlement negotiations.

The Auditors of Aventura are in the process of finalising their audit of Aventura. It is expected that Aventura's Financial Statements and Directors' Report will be signed off during the coming financial year.

Once the litigation surrounding the final tranche has been settled or a favourable order received, the final tranche of transfers will be effected and the winding down process of Aventura will proceed to finalisation.

BROADBAND INFRACO

Infraco is a State-led intervention to rapidly normalise telecoms market efficiency by commoditising only those parts of

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infrastructure that impede private sector development and innovation in telecoms services and content offerings. The Infraco intervention comprises two key elements, namely;

- National long-distance fibre optic network, based on the fibre optic assets deployed by Eskom on power transmission lines and Transtel on railway lines in anticipation of the licensing of the second network operator, and
- International marine cable network comprising a marine cable to be deployed between South Africa and the United Kingdom.

The long-distance connectivity provided by Infraco will be provided to the market at a significant discount rate when compared to the prevailing retail rate for the equivalent capacity from the monopoly provider in the market today.

The Infraco national long-distance network has been completed and was commissioned with test traffic from July 2007. The technical advisors for the project development of the international marine cable project called the African West Coast Cable (AWCC) were appointed on 1 December 2007. The system design was completed on 24 December 2007.

DENEL

Denel is a major player in South Africa's peace keeping and defence-related industries, in both air and land-based segments and is a strategic supplier to South Africa's armed forces. The Group's turnaround strategy was finalised in the latter part of 2005. Denel has been positioned to no longer be a systems developer competing with major global defence companies, but instead a supplier of niche sub-systems and components for domestic and export markets.

As part of the corporatisation process, Denel has ring-fenced its businesses to isolate risks. The strategy further required Denel to exit non-core businesses and assets and Denel has realised R1 billion in revenue in this regard. To ensure the sustainability of core Denel business units through increased access to global markets and the transference of world-class skills, equity partnerships have been finalised with Saab in Denel's aerostructures business and Carl Zeiss Optronics in the electro-optical business. A third partnership between Rheinmetall Waffe Munitions and Denel is at an advanced stage.

The final phase of Denel's restructuring will take place in the 2008/09 financial year. This is likely to lead to further consolidation of the business.

ESKOM

Eskom remains South Africa's major electricity utility. Its operations are split into generation, transmission, distribution and retail of electricity. Government aims to maintain low-cost, high-quality electricity supply on a sustainable basis, whilst increasing generation via cleaner fuels. Eskom has completed the construction of two Open Cycle Gas Turbine (OCGT) in the Western and Southern Cape and construction of its next baseload coal-fired power station has commenced. Procurement of the next major fossil fuel generator is well underway as are a number of other generation capacity expansion projects in the feasibility and planning phase. During the period under review, system performance deteriorated significantly resulting in the utilisation of emergency load shedding to maintain the stability of the national electricity supply system during the latter part of the period under review. Eskom has implemented a number of measures to address the power shortage, including additional accelerated purchases of coal to replenish stockpiles. Eskom was designated as the single buyer for the procurement of all new independent power produced by Cabinet and is well on the way to implementing its mandate through a tender process for co-generation and baseload Independent Power Producers (IPPs). This will also support the stated Government intent to have 30% of all new power generation supplied by the private sector.

PBMR

Over the past year PBMR has continued with the more detailed design of its power and fuel plants. During the period under review, PBMR demonstrated an improved safety culture and aligned its procurement processes with those of the Eskom Client Office, resulting in a green light from the National Nuclear Regulator to proceed with the manufacture of long lead items. However, agreement on how to proceed with the verification of some safety aspects regarding the procurement and manufacturing processes remain to be ironed out with the National Nuclear Regulator (NNR).

Progress with environmental approvals has also been made over the past year, with a new Safety Analysis Report having been handed to Eskom. This is a prerequisite for obtaining a nuclear license.

PBMR's most important objectives for the next three years are to:

- Design, license, construct and commission the Demonstration Power Plant (DPP) at Koeberg,
- Design, license, construct and commission the PBMR Fuel Plant (PFP) at Pelindaba, and
- Develop the process heat market.

PBMR's most urgent challenge in the three years ahead is to get the necessary regulatory approvals in a phased licensing programme, as without these approvals, construction cannot begin.

SAFCOL

SAFCOL currently manages most of the State-owned commercial forestry plantations. The total area of forest in South Africa under SAFCOL management is some 141,000 hectares. The majority (over 90 percent) of this forest area falls under SAFCOL's Komatiland Forests (Pty) Ltd (KLF) subsidiary and is located in Mpumalanga Province and the Eastern part of Limpopo Province. KLF also manages small-scale sawmilling operations and has a small subsidiary in Mozambique.

KLF was the last remaining Forestry package that was to be disposed of under the Forestry Restructuring Programme, a majority stake in the other four main operational subsidiaries having been sold during the period 1999 to 2005.

Following a review of the role of SAFCOL in the Forestry sector, Cabinet confirmed in 2007 that KLF should be disposed of. A major focus of the work at this stage involves the complex issue of land claims in areas that fall under KLF.

SOUTH AFRICAN AIRWAYS

SAA is the largest full-service network airline in Africa operating international, regional and domestic scheduled services for the carriage of passengers, freight and mail.

SAA is in the process of being transferred from Transnet to DPE and the SAA Act was promulgated to effect the transaction.

The 2007/08 financial year was characterised by a number of challenges. Domestic and regional markets are profitable but the airline has experienced difficulty in achieving profitability on international routes.

SAA responded to these challenges by embarking on a fundamental restructuring programme that includes a far-reaching cost-cutting programme to improve efficiency and effectiveness.

The restructuring measures include:

- certain labour initiatives
- the grounding of the Boeing 747-400 fleet of aircraft
- discontinuation of some loss-making routes
- cost reduction and revenue enhancements

A team comprising DPE and National Treasury is monitoring the restructuring process on a monthly basis, which is progressing according to plan.

SAA continues to have a strong focus on Africa and will sustain its dominance in the domestic market. Global reach has been established through selected strategic connections into the major continents and global markets which are further enhanced by the leverage SAA gains through its membership of the Star Alliance.

TRANSNET

Transnet is the SOE responsible for the core freight transport operations in South Africa. Its main divisions are Transnet

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Freight Rail (formerly Spoornet), Transnet Rail Engineering (formerly Transwerk), Transnet National Ports Authority (formerly the NPA), Transnet Port Terminals (formerly SAPO) and Transnet Pipelines (formerly Petronet).

During 2007, the Transnet Board approved the rebranding of the organisation from a multi-brand organisation to a single, overarching Transnet brand to align the corporate identity with the business strategy. The rebranding underscores the fact that Transnet is now an integrated freight transport company with the five operating divisions (listed in the preceding paragraph) that necessarily complement each other.

Transnet is in the process of expanding capacity at its ports, railways and pipelines over the next five years. The success of the restructuring and disposals exercise means that the R84 billion investment programme can be funded from the balance sheet. The capital expenditure spend for 2007/08 financial year was approximately R15.6 billion.

A challenge for Transnet going forward is the implications that are likely to emerge from the implementation of new regulatory environment in the ports sector as a consequence of the National Ports Act (2006).

The year ended 31 March 2008 was a successful year, as evidenced by sustained financial performance, significant progress in the disposal of non-core businesses and investments and a stronger balance sheet. However volume growth, particularly in freight rail, remains a challenge.

6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE (ANNEXURE I C)

ALEXKOR

An amount of R72.7 million was allocated and transferred to Alexkor during 2007/08 which consisted of R16.1 million (earmarked funds) to fund retrenchment costs due to restructuring, R11.9 million for VAT on historical and current transfers as well as R44.7 million to cover the working capital requirements during the period prior to the establishment and capitalisation of the Pooling and Sharing Joint Venture (PSJV). The entity provides monthly reports to the Department.

DENEL

An amount of R1.2 billion was allocated to Denel which consisted of R933 million in respect of a capital investment as well as R222 million for the payment of an indemnity granted to Denel/Saab Aerostructures. Denel reports to the Department on a monthly and quarterly basis on financial and strategy implementation progress.

PBMR

An amount of R2.5 billion was allocated and transferred to the PBMR which consisted of R1.8 billion for the period April to December 2007 to fund operational expenses and existing contractual obligations in respect of essential contracts for the PBMR Demonstration Plant, R307.7 million for operating expenses for the period January to March 2008 and R371 million for VAT on transfers. The PBMR reports monthly to the Department and National Treasury on financial and operational matters. National Treasury analyses the reports and confirms release of the funds with the Department.

SOUTH AFRICAN AIRWAYS

An amount of R744.4 million (R653 million plus R91.4 million VAT) was allocated and transferred to SAA for costs associated with restructuring of the entity. Monthly reports on the restructuring process including financials are submitted to the Department as well as the National Treasury.

7. PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Department did not enter into any PPP agreements during the 2007/08 financial year.

8. CORPORATE GOVERNANCE ARRANGEMENTS

RISK MANAGEMENT APPROACH

The Department endeavours to minimise risks by ensuring that appropriate systems, personnel and controls are in place and risk management is integrated into day-to-day activities. A high-level risk profile was developed as a platform and foundation, to be used by the Department in identifying, managing and controlling the business risks facing the Department. A risk register is maintained and has resulted in management interventions to address those residual risks exceeding the Department's risk appetite.

INTERNAL AUDIT, INTERNAL CONTROLS AND AUDIT COMMITTEE

The Department has an Internal Audit unit, which reports functionally to the Audit Committee and administratively to the Head: Corporate Services. The Internal Audit unit consists of a Chief Audit Executive, Audit Manager and a co-sourcing arrangement with a registered firm of accountants and auditors. The unit provides the Audit Committee and Management with assurance that internal controls are adequate and effective. This is achieved by means of an independent, objective appraisal and evaluation of the internal controls, risk management and governance processes and suggested enhancements of controls and processes. For the year under review the Internal Audit unit executed its risk based operational plan within the set timeframes.

FRAUD PREVENTION INITIATIVES

A whistle blowing policy has been actively communicated to employees during the course of the financial year. The Department is embarking on a process of updating the current fraud prevention plan into an integrated anti-corruption and fraud strategy. The Internal Audit unit is the custodian of the whistle blowing policy and also the recipient of whistle blowers' complaints.

OTHER GOVERNANCE STRUCTURES

The Department has the following internal governance structures, which convene once a month, with the exception of the Audit Committee which convenes quarterly, to assist with the governance of the organisation:

- Executive Committee, chaired by the Director-General
- Operations Committee, chaired on a rotational basis by OPSCO members
- Bidding Committee, chaired by the Chief Financial Officer
- Budget Committee, chaired by the Director: Financial Management
- DPE Board, chaired by the Minister
- Audit Committee, chaired by the Chairperson of the Audit Committee.

In addition the Department has established the following Fora with the State Owned Enterprises:

- Chairpersons' Forum
- CEOs' Forum
- CFOs' Forum
- Risk Officers' Forum.

These Fora meet on a regular basis throughout the year which allows for vigorous debate and interaction with the Department on matters of importance.

The Department operates within an approved delegation of authority framework. All SMS are required on a yearly basis to declare and complete their financial disclosure forms for reporting to the DPSA.

Bidding Committee Members and Audit Committee Members are required to declare their conflict of interest before their meetings proceed.

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All employees are required to sign the Departmental code of ethics and confidentiality agreements and are vetted for security clearance by the National Intelligence Agency.

OCCUPATIONAL HEALTH AND SAFETY

The Department is committed to the health and safety of its employees and the public. There is an approved Occupational Health and Safety (OHS) policy and a fully functional OHS Committee.

In the current financial year the Department embarked on the following initiatives to enhance the overall health, safety and environmental issues facing the organisation:

- Sweeping of the Department's offices by the National Intelligence Agency,
- Evacuation exercises were conducted twice and evacuation maps are placed in areas visible to all employees,
- CCTV cameras were strategically installed in certain high-risk areas and
- Emergency lights were installed for backup during power failures.

In addition to the above initiatives, an independent audit was done by security experts from PBMR in an effort to benchmark internal security practices against those of well secured organisations. Recommendations for security improvements by both PBMR's security experts and DPE's Internal Auditors are in the process of being implemented.

9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

None.

10. NEW/PROPOSED ACTIVITIES

None.

11. ASSET MANAGEMENT

- The Department has conducted a full asset count of all assets for the past three years.
- An Asset Management unit was established within Supply Chain Management (SCM) and is under the control of the SCM Management.
- All assets are captured on LOGIS on a personnel inventory basis to secure control of all assets.
- All assets in the Department are purchased and accounted for through LOGIS.
- The Department has met all the milestones in respect of Year 3 – ending 31 March 2008, save and except for an approved asset acquisition plan and approved asset operations and maintenance plan.
- The Department does not have any fixed capital assets to maintain and therefore the asset operations and maintenance plan was not developed.
- Assets are acquired on a needs basis. However, projections are done particularly in respect of computer equipment.
- The implementation plans for 2007/08 in terms of the Asset Management Reforms were authorised and submitted to National Treasury.

12. EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date.

13. PERFORMANCE INFORMATION

The Department has systems designed to provide proper monitoring of programme performance. An Executive

Project Management System (EPMS) has been installed in the Department, and final implementation of the customised requirements to the system will be implemented in the coming financial year. Project meetings were held on a monthly basis where project managers provided updates on the status of his/her project(s) for discussion.

Financial reporting is provided on a monthly basis to the Executive Authority and the Accounting Officer. This includes the overall status of the Department as well as the individual programmes. This enables the Department to closely monitor the expenditure trends in the units and to implement corrective action where necessary.

The SOE dashboard is currently in phase 3 of its development. This dashboard will effectively provide the DPE Board with a tool to monitor the performance of the SOE.

The Department submitted programme performance reports to the Portfolio and Select Committees and the National Treasury during the year under review.

Records of all reports are kept in the Department using the filing system approved by National Archives.

14. SCOPA RESOLUTIONS

The following table discloses the most recent SCOPA resolutions and recommendations:

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
Twentieth Report – 10 February 2004	Unauthorised Expenditure	On 31 March 2007 Act 2 of 2007 was proclaimed condoning the unauthorised expenditure. The department received R25.5 million during the year under review. A balance of R618 thousand remains unpaid pending retrieval of documentation pertaining to that amount which has to be submitted to National Treasury. The Department and National Treasury are currently dealing with this in order to clear the outstanding amount during the course of the coming year.

15. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department achieved an unmodified Audit Report for the 2006/07 financial year.

The management report contained the following findings under:

Other important matters:

1. Policies and procedures – No fraud prevention plan in place
2. Policies and procedures – Salary run not prepared

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3. Property, plant and equipment – Valuation of fixed assets (invoice value/fair value/R1)
4. Receivables – Incorrect calculation of interest
5. Receivables – Irrecoverability of debtors
6. Subsistence and travel – Incorrect classification and calculation of foreign travel and subsistence amounts

The above matters were immediately addressed by the Department as follows:

1. The Department's Fraud Prevention Plan was updated and approved.
2. The Department clarified that National Treasury performs the salary run. Managers are required to sign off salary verification reports which are then returned to the Finance unit. In the event of any exception the Finance unit would investigate and take the necessary steps to rectify the exception.
3. Management had addressed this matter and was working with the assistance of the experts from National Treasury LOGIK centre to rectify the register.
4. The Department implemented the adjustments to the system during the 2007/08 financial year where the effect of the changes would also be reflected.
5. The Department has continued to try and recover the debts. The Accounting Officer has declined the request to write some of these off until she is satisfied that every avenue of recovery has been pursued.
6. The Department noted that these incorrect allocations were received on an invoice from Foreign Affairs and were not detected when the allocations were captured. Stricter attention to detail has been applied.

16. EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

None.

17. OTHER

LEGAL ACTIONS

The following cases against Government are currently in process. The cases referred to below are not reflected in Note 20 of the financial statements. Cases which were finalised during the year are also reported.

NABERA VS GOVERNMENT OF RSA & ALEXKOR

Nabera instituted a claim against Government and Alexkor in 2004 in the amount of R119 million for value addition during its tenure as management contractor at Alexkor, and another claim of R4 million for management fees. The matter has not proceeded to court as yet as Nabera has failed to set the matter down for hearing.

PAHARPUR/LONDOLOZA CONSORTIUM VS SAFCOL AND THE DEPARTMENT.

In March 2003 the Department acting on behalf of the Government, SAFCOL and KLF invited tenders for the purchase of the 75% of shares in KLF. Six bidders were selected and in September 2003 Bonheur 50 General Trading (Pty) Ltd ("Bonheur") was appointed as a preferred bidder for the 75% in the KLF transaction. Bonheur, supported by Government, sought an unconditional approval of the transaction from the Competition Commission. The Competition Commission prohibited the transactions on the grounds that the transaction was anti-competitive and would create monopoly in the sawlog market.

Bonheur then approached the Competition Tribunal on 18 November 2004, seeking conditional approval of the transaction. The Paharpur/Londoloza Consortium then brought an application for a declaratory order to the effect that it was not allowed for the merging parties in the transaction to deviate from the tender condition that the transaction has to be approved unconditionally by the Competition Commission. The matter was argued before Court and before a decision was made, the Consortium notified the Competition Tribunal on 6 February 2006 that they wish to withdraw the application for consideration by the Tribunal. On 14 March 2006 the Department endorsed a recommendation by SAFCOL's board and decided not to proceed with KLF transaction. Following the decision to discontinue the process, the Consortium launched a review application seeking the review and setting aside of the decision to terminate the process and an order compelling the Government to negotiate with them.

On March 2007, Cabinet restated its decision to privatise KLF. The Consortium, a reserve bidder in the previous process lodged an urgent interdict application to prevent SAFCOL and the Department from proceeding with the privatization of KLF. The matter was heard on 25 October 2006 and 26 October 2007 in the Pretoria High Court. The Judgement was handed down on 12 May 2008 and the Judge dismissed the interdict application with costs.

UMTHUNZI TELECOMS VS GOVERNMENT OF RSA AND TRANSNET

Umthunzi Telecoms has instituted a claim against Government and Transnet for R 2.2 billion. The claim arises from the failure by Government and Transnet to deliver shares in MTN to Umthunzi. Umthunzi has therefore approached the court to seek an order directing Government and Transnet to deliver such shares, alternatively, an order directing Transnet and Government to pay damages to Umthunzi in an amount equal to the aggregate market value of the MTN shares at the date of judgement, less the initial and additional purchase price which Umthunzi is required to pay in terms of the Agreement, which damages are estimated to be R 2.2 billion. The pleadings have closed and the matter is set down for trial on 16 September 2009.

AVENTURA AND THE STATE VS MIKANTO PROPERTIES

In this matter, Mikanto Properties launched application proceedings in the High Court of South Africa seeking to interdict Aventura from effecting transfer of 8 properties to Forever Resorts. Mikanto Properties contends that certain properties subject to the sale agreement between Aventura and Forever Resorts should have been transferred to Mikanto Properties as opposed to Forever Resorts. The State was joined as respondent as the Minister of Public Enterprises approved the sale agreement. Exchange of pleadings has been suspended subject to settlement negotiations.

FINALISED MATTERS

RICHTERSVELD COMMUNITY VS GOVERNMENT OF RSA & ALEKKOR

The Deed of Settlement in the Richtersveld Community's land claim was signed on 22 April 2007 and was confirmed by the Land Claims Court on 9 October 2007. The Settlement includes the following:

- Restoration of the land claimed. Portions of land will be transferred to the community by Alexkor and the State;
- Transfer of Alexkor's land mining rights to the community's mining company. In the medium term, Alexkor will pool its sea mining resources with the land mining resources of the Community in the form of a Pooling and Sharing Joint Venture (PSJV) with the Richtersveld Community;
- Transfer of Alexkor's agricultural and mariculture assets;
- R190 million as extraordinary reparation to be paid to the community's Investment Holding Company in three equal instalments over three years;
- R50 million development grant to the community's Investment Holding Company to be used for the recapitalisation of the agricultural and maricultural enterprises;
- Establishment of a formal township at Alexander Bay; and
- Environmental rehabilitation and revision of the mine's Environmental Management Programme.

18. APPROVAL

The Annual Financial Statements set out on pages 71 to 108 have been approved by the Accounting Officer.



REPORT OF THE AUDITOR-GENERAL

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Department of Public Enterprises which comprise the appropriation statement, statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets/equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 71 to 108.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The Department's policy is to prepare financial statements on the modified cash basis of accounting determined by the

National Treasury, as set out in accounting policy note 1.

Opinion

9. 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 2008 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the PFMA.

OTHER MATTER(S)

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

10. Virement reports were not submitted within required timeframe as required. In terms of section 43(3) of the PFMA, Act no 1 of 1999, reports for authorization of virements are required to be submitted to the Minister or National Treasury within 7 days of a saving having been recognized. The Virement report for March 2008 was only reported to National Treasury on 21 April 2008.

Matters of governance

11. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The department had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10/27.1.8.	✓	
Internal audit		
• The department had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2/27.2.	✓	
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines section 40 of the PFMA for departments and constitutional institutions.	✓	
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.	✓	
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
• The prior year's external audit recommendations have been substantially implemented.	✓	

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

REPORT OF THE AUDITOR-GENERAL

12. I have reviewed the performance information as set out on pages 24 to 48.

Responsibility of the accounting officer for the performance information

13. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the Department.

Responsibility of the Auditor-General

14. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

16. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my audit.

APPRECIATION

17. The assistance rendered by the staff of the Department of Public Enterprises during the audit is sincerely appreciated.

Pretoria
Auditor-General
31 July 2008



AUDITOR-GENERAL

Appropriation per programme

2007/08

2006/07

APPROPRIATION STATEMENT
for the year ended 31 March 2008

	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
1. Administration									
Current payment	60 643	-	1 641	62 284	62 284	-	100.0%	47 609	47 570
Transfers and subsidies	620	-	-	620	570	50	91.9%	621	605
Payment for capital assets	1 432	-	1 996	3 428	3 427	1	100.0%	2 506	2 506
2. Energy, Broadband Infrastructure and Mining Enterprises									
Current payment	10 136	-	3 149	13 285	13 284	1	100.0%	12 558	12 544
Transfers and subsidies	72 700	-	-	72 700	72 700	-	100.0%	712 682	712 679
Payment for capital assets	-	-	-	-	-	-	0.0%	83	81
3. Legal, Governance and Risk									
Current payment	22 024	(31)	(946)	21 047	21 031	16	99.9%	14 279	14 277
Transfers and subsidies	-	-	-	-	-	-	0.0%	2 042	2 040
Payment for capital assets	16	31	-	47	47	-	100.0%	155	154
4. Manufacturing Enterprises									
Current payment	11 866	-	(5 124)	6 742	6 739	3	100.0%	11 071	11 065
Transfers and subsidies	3 657 273	-	-	3 657 273	3 656 242	1 031	100.0%	2 051 404	1 771 405
Payment for capital assets	16	-	-	16	16	-	100.0%	-	-
5. Transport Enterprises									
Current payment	9 579	-	(1 865)	7 714	7 712	2	100.0%	3 501	3 498
Transfers and subsidies	744 400	-	-	744 400	744 400	-	100.0%	2	2
Payment for capital assets	16	-	-	16	16	-	100.0%	-	-
6. Joint Project Facility									
Current payment	14 368	-	1 149	15 517	15 516	1	100.0%	11 409	11 408
Transfers and subsidies	-	-	-	-	-	-	0.0%	1	1
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
TOTAL	4 605 089	-	-	4 605 089	4 603 984	1 105	100.0%	2 869 923	2 589 835
Reconciliation with Statement of Financial Performance									
Add:									
Prior year unauthorised expenditure approved with funding			Note 9	25 547				-	
Departmental revenue			Note 2	69				109	
Local and foreign aid assistance received				-				1 000	
Actual amounts per Statements of Financial Performance (Total revenue)				4 630 705				2 871 032	
Add:									
Local and foreign aid assistance			Note 3		2 116				3 537
Prior year unauthorised expenditure approved					25 547				-
Actual amounts per Statements of Financial Performance (Total expenditure)					4 631 647				2 593 372

APPROPRIATION STATEMENT

for the year ended 31 March 2008

Appropriation per economic classification									
	2007/08							2006/07	
	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									
Compensation of employees	61 709	(2 113)	(3 597)	55 999	55 998	1	100.0%	47 174	47 208
Goods and services	66 907	2 082	1 574	70 563	70 541	22	100.0%	53 145	53 046
Financial transactions in assets and liabilities	-	-	27	27	27	-	100.0%	108	108
Transfers and Subsidies									
Provinces and municipalities	-	-	-	-	-	-	-	46	42
Departmental agencies and accounts	-	-	-	-	-	-	-	3 589	3 589
Public corporations and private enterprises	4 474 373	-	-	4 474 373	4 473 342	1 031	100.0%	2 762 517	2 482 517
Households	620	-	-	620	570	50	91.9%	600	584
Payments for Capital Assets									
Machinery and equipment	1 480	31	867	2 378	2 377	1	100.0%	2 520	2 517
Software and other intangible assets	-	-	1 129	1 129	1 129	-	100.0%	224	224
TOTAL	4 605 089	-	-	4 605 089	4 603 984	1 105	100.0%	2 869 923	2 589 835

	2007/08							2006/07	
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DETAIL PER PROGRAMME I - ADMINISTRATION

for the year ended 31 March 2008

Programme per Sub-programme	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
1.1 Minister									
Current payment	895	56	-	951	951	-	100.0%	887	885
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
1.2 Management									
Current payment	15 033	(750)	(9)	14 274	14 274	-	100.0%	13 253	13 259
Transfers and subsidies	-	-	-	-	-	-	-	6	6
Payment for capital assets	-	-	460	460	460	-	100.0%	134	134
1.3 Corporate Services									
Current payment	39 714	1 311	1 650	42 675	42 675	-	100.0%	29 768	29 760
Transfers and subsidies	620	-	-	620	570	50	91.9%	615	599
Payment for capital assets	1 432	-	1 536	2 968	2 967	1	100.0%	2 372	2 372
1.4 Property Management									
Current payment	5 001	(617)	-	4 384	4 384	-	100.0%	3 701	3 666
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
TOTAL	62 695	-	3 637	66 332	66 281	51	99.9%	50 736	50 681

Economic Classification	2007/08							2006/07	
	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 Payment									
Compensation of employees	29 014	(1 808)	-	27 206	27 206	-	100.0%	23 405	23 403
Goods and services	31 629	1 808	1 614	35 051	35 051	-	100.0%	24 096	24 059
Financial transactions in assets and liabilities	-	-	27	27	27	-	100.0%	108	108
Transfers and Subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	21	21
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Households	620	-	-	620	570	50	91.9%	600	584
Payment for Capital Assets									
Machinery and equipment	1 432	-	867	2 299	2 298	1	100.0%	2 282	2 282
Software and other intangible assets	-	-	1 129	1 129	1 129	-	100.0%	224	224
TOTAL	62 695	-	3 637	66 332	66 281	51	99.9%	50 736	50 681

DETAIL PER PROGRAMME 2 - ENERGY, BROADBAND INFRASTRUCTURE
AND MINING ENTERPRISES for the year ended 31 March 2008

Programme per Sub-programme	2007/08							2006/07	
	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
2.1 Management									
Current payment	2 441	(328)	(1)	2 112	2 112	-	100.0%	3 599	3 589
Transfers and subsidies	-	-	-	-	-	-	-	4	1
Payment for capital assets	-	-	-	-	-	-	-	16	16
2.2 ICT Sector: Broadband									
Current payment	1 635	(276)	-	1 359	1 358	1	99.9%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	627 000	627 000
Payment for capital assets	-	-	-	-	-	-	-	-	-
2.3 Mining Sector									
Current payment	2 168	212	(370)	2 010	2 010	-	100.0%	6 853	6 849
Transfers and subsidies	72 700	-	-	72 700	72 700	-	100.0%	82 088	82 088
Payment for capital assets	-	-	-	-	-	-	-	28	26
2.4 Energy Sector									
Current payment	3 892	392	3 520	7 804	7 804	-	100.0%	2 106	2 106
Transfers and subsidies	-	-	-	-	-	-	-	1	1
Payment for capital assets	-	-	-	-	-	-	-	39	39
2.5 Initial Public Offering									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	3 589	3 589
Payment for capital assets	-	-	-	-	-	-	-	-	-
TOTAL	82 836	-	3 149	85 985	85 984	1	100.0%	725 323	725 304

Economic Classification	2007/08							2006/07	
	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 Payment									
Compensation of employees	6 896	(68)	(555)	6 273	6 273	-	100%	6 895	6 881
Goods and services	3 240	68	3 704	7 012	7 011	1	100%	5 663	5 664
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers and Subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	9	6
Departmental agencies and accounts	-	-	-	-	-	-	-	3 589	3 589
Public corporations and private enterprises	72 700	-	-	72 700	72 700	-	100%	709 084	709 084
Households	-	-	-	-	-	-	-	-	-
Payment for Capital Assets									
Machinery and equipment	-	-	-	-	-	-	-	83	81
Software and other intangible assets	-	-	-	-	-	-	-	-	-
TOTAL	82 836	-	3 149	85 985	85 984	1	100%	725 323	725 304

	2007/08	2006/07
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DETAIL PER PROGRAMME 3 - LEGAL GOVERNANCE AND RISK
for the year ended 31 March 2008

Programme per Sub-programme	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
3.1 Management									
Current payment	2 714	(260)	(246)	2 208	2 192	16	99.3%	2 146	2 147
Transfers and subsidies	-	-	-	-	-	-	-	1	1
Payment for capital assets	16	-	-	16	16	-	100.0%	-	-
3.2 Legal and Litigation									
Current payment	8 425	849	(81)	9 193	9 193	-	100.0%	5 643	5 641
Transfers and subsidies	-	-	-	-	-	-	-	2 035	2 035
Payment for capital assets	-	31	-	31	31	-	100.0%	15	14
3.3 Governance and Secretariat									
Current payment	8 356	(505)	(340)	7 511	7 511	-	100.0%	4 923	4 922
Transfers and subsidies	-	-	-	-	-	-	-	4	3
Payment for capital assets	-	-	-	-	-	-	-	140	140
3.4 Risk Management									
Current payment	2 529	(115)	(279)	2 135	2 135	-	100.0%	1 567	1 566
Transfers and subsidies	-	-	-	-	-	-	-	2	1
Payment for capital assets	-	-	-	-	-	-	-	-	-
TOTAL	22 040	-	(946)	21 094	21 078	16	99.9%	16 476	16 471

Economic Classification	2007/08							2006/07	
	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 Payment									
Compensation of employees	12 600	(218)	(946)	11 436	11 436	-	100.0%	8 131	8 129
Goods and services	9 424	187	-	9 611	9 595	16	99.8%	6 148	6 148
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers and Subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	9	7
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	2 033	2 033
Households	-	-	-	-	-	-	-	-	-
Payment for Capital Assets									
Machinery and equipment	16	31	-	47	47	-	100.0%	155	154
Software and other intangible assets	-	-	-	-	-	-	-	-	-
TOTAL	22 040	-	(946)	21 094	21 078	16	99.9%	16 476	16 471

	2007/08	2006/07
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DETAIL PER PROGRAMME 4 - MANUFACTURING ENTERPRISES

for the year ended 31 March 2008

Programme per Sub-programme	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
4.1 Management									
Current payment	1 920	-	(416)	1 504	1 503	1	99.9%	2 435	2 434
Transfers and subsidies	-	-	-	-	-	-	-	1	1
Payment for capital assets	16	-	-	16	16	-	100.0%	-	-
4.2 Forestry Sector									
Current payment	2 222	-	(1 356)	866	865	1	99.9%	6 683	6 682
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Payment for capital assets	-	-	-	-	-	-	-	-	-
4.3 Nuclear Sector									
Current payment	1 509	-	(728)	781	780	1	99.9%	615	613
Transfers and subsidies	2 502 273	-	-	2 502 273	2 502 273	-	100.0%	1 204 400	1 204 401
Payment for capital assets	-	-	-	-	-	-	-	-	-
4.4 Defence Sector									
Current payment	6 215	-	(2 624)	3 591	3 591	-	100.0%	1 338	1 336
Transfers and subsidies	1 155 000	-	-	1 155 000	1 153 969	1 031	99.9%	847 001	567 001
Payment for capital assets	-	-	-	-	-	-	-	-	-
TOTAL	3 669 155	-	(5 124)	3 664 031	3 662 997	1 034	100.0%	2 062 475	1 782 470

Economic Classification	2007/08							2006/07	
	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 Payment									
Compensation of employees	5 971	-	(1 437)	4 534	4 534	-	100.0%	4 258	4 253
Goods and services	5 895	-	(3 687)	2 208	2 205	3	99.9%	6 813	6 812
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers and Subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	4	5
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	3 657 273	-	-	3 657 273	3 656 242	1 031	100.0%	2 051 400	1 771 400
Households	-	-	-	-	-	-	-	-	-
Payment for Capital Assets									
Machinery and equipment	16	-	-	16	16	-	100.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
TOTAL	3 669 155	-	(5 124)	3 664 031	3 662 997	1 034	100.0%	2 062 475	1 782 470

DETAIL PER PROGRAMME 5 - TRANSPORT ENTERPRISES
for the year ended 31 March 2008

Programme per Sub-programme	2007/08							2006/07	
	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
5.1 Management									
Current payment	1 804	(250)	(809)	745	745	-	100.0%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	16	-	-	16	16	-	100.0%	-	-
5.2 Transport Sector									
Current payment	5 320	(279)	(552)	4 489	4 486	3	99.9%	2 300	2 298
Transfers and subsidies	-	-	-	-	-	-	-	1	1
Payment for capital assets	-	-	-	-	-	-	-	-	-
5.3 Aviation Sector									
Current payment	2 455	529	(504)	2 480	2 481	(1)	100.0%	1 201	1 200
Transfers and subsidies	744 400	-	-	744 400	744 400	-	100.0%	1	1
Payment for capital assets	-	-	-	-	-	-	-	-	-
TOTAL	753 995	-	(1 865)	752 130	752 128	2	100.0%	3 503	3 500

Economic Classification	2007/08							2006/07	
	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 Payment									
Compensation of employees	4 914	(19)	(1 808)	3 087	3 087	-	100.0%	2 164	2 162
Goods and services	4 665	19	(57)	4 627	4 625	2	100.0%	1 337	1 336
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers and Subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	2	2
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	744 400	-	-	744 400	744 400	-	100.0%	-	-
Households	-	-	-	-	-	-	-	-	-
Payment for Capital Assets									
Machinery and equipment	16	-	-	16	16	-	100.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
TOTAL	753 995	-	(1 865)	752 130	752 128	2	100.0%	3 503	3 500

DETAIL PER PROGRAMME 6 - JOINT PROJECT FACILITY
for the year ended 31 March 2008

Programme per Sub-programme	2007/08							2006/07	
	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
6.1 Management									
Current payment	2 211	5	289	2 505	2 503	2	99.9%	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
6.2 Joint Project Facility									
Current payment	12 157	(5)	860	13 012	13 012	(1)	100.0%	11 409	11 408
Transfers and subsidies	-	-	-	-	-	-	-	1	1
Payment for capital assets	-	-	-	-	-	-	-	-	-
TOTAL	14 368	-	1 149	15 517	15 516	1	100.0%	11 410	11 409

Economic Classification	2007/08							2006/07	
	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 Payment									
Compensation of employees	2 314	-	1 149	3 463	3 462	1	100.0%	2 321	2 381
Goods and services	12 054	-	-	12 054	12 054	-	100.0%	9 088	9 027
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers and Subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	1	1
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payment for Capital Assets									
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
TOTAL	14 368	-	1 149	15 517	15 516	1	100.0%	11 410	11 409

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2008

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

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure 1 (A-D) to the Annual Financial Statements.

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

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

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 6 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

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

4.1 Per Programme

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Administration	66 332	66 281	51	0.1%
Energy, Broadband Infrastructure and Mining Enterprises	85 985	85 984	1	0.0%
Legal, Governance and Risk	21 094	21 078	16	0.1%
Manufacturing Enterprises	3 664 031	3 662 997	1 034	0.0%
Transport Enterprises	752 130	752 128	2	0.0%
Joint Project Facility	15 517	15 516	1	0.0%

Saving in Manufacturing Enterprises due to an indemnity claim for Denel which was less than anticipated.

4.2 Per Economic Classification

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Current payment:				
Compensation of employees	55 999	55 998	1	0.0%
Goods and services	70 563	70 541	22	0.0%
Financial transactions in assets and liabilities	27	27	-	0.0%
Transfers and subsidies:				
Public corporations and private enterprises	4 474 373	4 473 342	1 031	0.0%
Households	620	570	50	8.2%
Payments for capital assets:				
Machinery and equipment	2 378	2 377	1	0.0%
Software and other intangible assets	1 129	1 129	-	0.0%

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000
REVENUE			
Annual appropriation	1	4 605 089	2 869 923
Appropriation for unauthorised expenditure approved	9	25 547	-
Departmental revenue	2	69	109
Local and foreign aid assistance	3	-	1 000
TOTAL REVENUE		4 630 705	2 871 032
EXPENDITURE			
Current expenditure			
Compensation of employees	4	55 998	47 208
Goods and services	5	70 541	53 046
Financial transactions in assets and liabilities	6	27	108
Local and foreign aid assistance	3	2 116	3 537
Unauthorised expenditure approved	9	25 547	-
Total current expenditure		154 229	103 899
Transfers and subsidies	7	4 473 912	2 486 732
Expenditure for capital assets			
Machinery and equipment	8	2 377	2 517
Software and other intangible assets	8	1 129	224
Total expenditure for capital assets		3 506	2 741
TOTAL EXPENDITURE		4 631 647	2 593 372
SURPLUS/(DEFICIT) FOR THE YEAR		(942)	277 660
Reconciliation of surplus/(deficit) for the year			
Voted funds	14	1 105	280 088
Departmental revenue	15	69	109
Local and foreign aid assistance	3	(2 116)	(2 537)
SURPLUS/(DEFICIT) FOR THE YEAR		(942)	277 660

STATEMENT OF THE FINANCIAL POSITION

for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000
ASSETS			
Current assets			
		3 138	26 548
Unauthorised expenditure	9	618	26 165
Cash and cash equivalents	10	1 683	44
Prepayments and advances	11	131	44
Receivables	12	706	295
Non-current assets			
		20 614 375	19 681 375
Investments	13	20 614 375	19 681 375
TOTAL ASSETS		20 617 513	19 707 923
LIABILITIES			
Current liabilities			
		3 138	26 548
Voted funds to be surrendered to the Revenue Fund	14	74	88
Departmental revenue to be surrendered to the Revenue Fund	15	2	1
Bank overdraft	16	-	22 212
Payables	17	2 321	1 390
Local and foreign aid assistance unutilised	3	741	2 857
TOTAL LIABILITIES		3 138	26 548
NET ASSETS		20 614 375	19 681 375
Represented by:			
Capitalisation reserve		20 614 375	19 681 375
TOTAL		20 614 375	19 681 375

STATEMENT OF CHANGES IN NET ASSETS

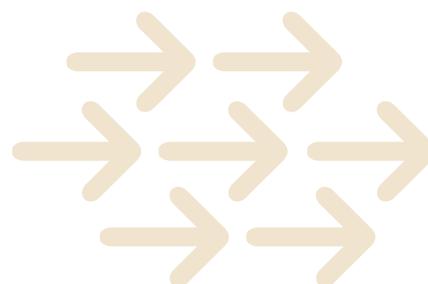
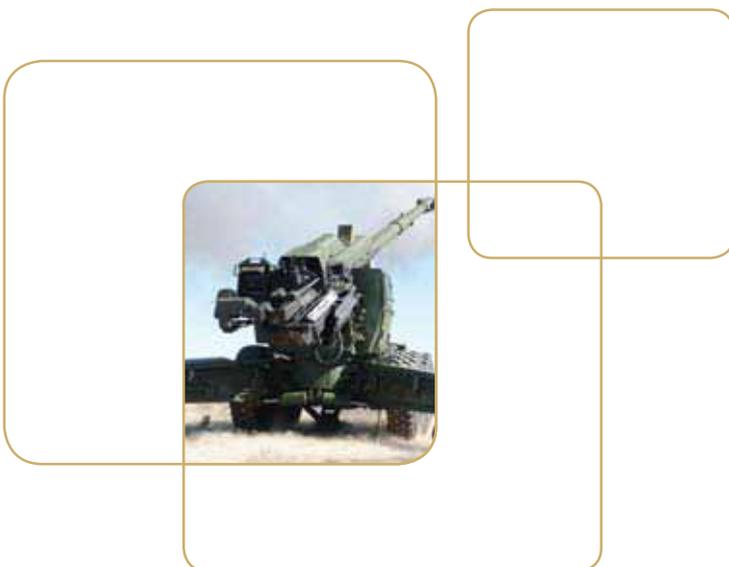
for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Capitalisation reserves			
Opening balance		19 681 375	19 114 309
Transfers:			
Movement in equity	Annexure 2	933 000	567 066
Closing balance		20 614 375	19 681 375
TOTAL		20 614 375	19 681 375
	<i>Note</i>	2007/08	2006/07

CASH FLOW STATEMENT

for the year ended 31 March 2008

	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	4 629 674	2 591 014
Annual appropriated funds received	1.1 4 604 058	2 589 923
Appropriation for unauthorised expenditure received	9 25 547	-
Departmental revenue received	2 69	91
Local and foreign aid assistance received	3 -	1 000
Net (increase)/decrease in working capital	25 980	1 424
Surrendered to Revenue Fund	(156)	(4 553)
Current payments	(154 229)	(103 899)
Transfers and subsidies paid	(4 473 912)	(2 486 732)
Net cash flow available from operating activities	18 27 357	(2 746)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	(3 506)	(2 741)
Proceeds from sale of capital assets	2 -	18
(Increase)/decrease in investments	(933 000)	(567 000)
Net cash flows from investing activities	(936 506)	(569 723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in net assets	933 000	567 000
Net cash flows from financing activities	933 000	567 000
Net increase/(decrease) in cash and cash equivalents	23 851	(5 469)
Cash and cash equivalents at the beginning of the period	(22 168)	(16 699)
Cash and cash equivalents at end of period	19 1 683	(22 168)



The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2007.

I. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 PRESENTATION CURRENCY

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

1.3 ROUNDING

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

1.4 COMPARATIVE FIGURES

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.

1.5 COMPARATIVE FIGURES - APPROPRIATION STATEMENT

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. REVENUE

2.1 APPROPRIATED FUNDS

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

Total appropriated funds are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2 DEPARTMENTAL REVENUE

All Departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of Financial Position.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the Annual Financial Statements.

2.2.1 TAX REVENUE

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the Statement of Financial Performance when received.

ACCOUNTING POLICIES

for the year ended 31 March 2008

2.2.2 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

2.2.3 FINES, PENALTIES & FORFEITS

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the Department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

2.2.4 INTEREST, DIVIDENDS AND RENT ON LAND

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received.

2.2.5 SALE OF CAPITAL ASSETS

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

2.2.6 FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is reissued the payment is made from revenue.

Forex gains are recognised on payment of funds.

2.2.7 TRANSFERS RECEIVED (INCLUDING GIFTS, DONATIONS AND SPONSORSHIPS)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in an annexure to the financial statements.

2.3 LOCAL AND FOREIGN AID ASSISTANCE

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the Annual Financial Statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognized as a receivable in the statement of financial position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. EXPENDITURE

3.1 COMPENSATION OF EMPLOYEES

3.1.1 SHORT-TERM EMPLOYEE BENEFITS

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as Current Expense.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.1.2 POST RETIREMENT BENEFITS

The Department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for Government employees. These benefits are funded by both employer and employee contributions.

Employer contributions (i.e. social contributions) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The Department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

3.1.3 TERMINATION BENEFITS

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4 OTHER LONG-TERM EMPLOYEE BENEFITS

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.2 GOODS AND SERVICES

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5 000 or more is purchased. All assets costing less than R5 000 will also be reflected under Goods and Services.

3.3 INTEREST AND RENT ON LAND

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under Goods and Services.

3.4 FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

All **other losses** are recognised when authorisation has been granted for the recognition thereof.

3.5 UNAUTHORISED EXPENDITURE

When discovered unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

ACCOUNTING POLICIES

for the year ended 31 March 2008

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

3.6 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.7 IRREGULAR EXPENDITURE

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 TRANSFERS AND SUBSIDIES

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.9 EXPENDITURE FOR CAPITAL ASSETS

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4. ASSETS

4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

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.

4.2 OTHER FINANCIAL ASSETS

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 PREPAYMENTS AND ADVANCES

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 RECEIVABLES

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost.

4.5 INVESTMENTS

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the Disclosure Notes.

4.6 LOANS

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the Disclosure Notes.

Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost.

4.7 INVENTORY

Inventories purchased during the financial year are disclosed at cost in the Notes.

4.8 CAPITAL ASSETS

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset should be stated at fair value. Where fair value cannot be determined, the capital asset is included in the Asset Register at R1.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 29 and 30 reflect the total movement in the Asset Register for the current financial year.

5. LIABILITIES

5.1 VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

5.2 DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND

Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

5.3 BANK OVERDRAFT

The bank overdraft is carried in the Statement of Position at cost.

5.4 PAYABLES

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

5.5 CONTINGENT LIABILITIES

Contingent liabilities are included in the disclosure notes.

5.6 COMMITMENTS

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the statement of Financial Performance but are included in the Disclosure Notes.

5.7 ACCRUALS

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the Disclosure Notes.

ACCOUNTING POLICIES

for the year ended 31 March 2008

5.8 EMPLOYEE BENEFITS

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the Disclosure Notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

5.9 LEASE COMMITMENTS

Lease commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the Disclosure Notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the Annexures and Disclosure Notes to the Financial Statements.

6. RECEIVABLES FOR DEPARTMENTAL REVENUE

Receivables for Departmental revenue are disclosed in the Disclosure Notes to the Annual Financial Statements.

7. NET ASSETS

7.1 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 transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

7.2 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.

8. RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the Disclosure Notes.

9. KEY MANAGEMENT PERSONNEL

Compensation paid to key management personnel including their family members where relevant, is included in the Disclosure Notes.

10. PUBLIC-PRIVATE PARTNERSHIPS

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the Disclosure Notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

I. ANNUAL APPROPRIATION

1.1 Annual appropriation

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

	Final Appropriation R'000	Actual Funds Received R'000	Funds not Requested/ not Received R'000	Appropriation Received 2006/07 R'000
Administration	66 332	66 332	-	50 736
Energy, Broadband Infrastructure and Mining Enterprises	85 985	85 985	-	725 323
Legal, Governance and Risk	21 094	21 094	-	16 476
Manufacturing Enterprises	3 664 031	3 663 000	1 031	1 782 475
Transport Enterprises	752 130	752 130	-	3 503
Joint Project Facility	15 517	15 517	-	11 410
Total	4 605 089	4 604 058	1 031	2 589 923

Saving in Manufacturing Enterprises due to indemnity claim for Denel which was less than anticipated.

2. DEPARTMENTAL REVENUE

Description

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Sales of goods and services other than capital assets	2.1	34	33
Interest, dividends and rent on land	2.2	4	19
Sales of capital assets	2.3	-	18
Financial transactions in assets and liabilities	2.4	31	39
Departmental revenue collected		69	109

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the Department	34	33
Administrative fees	34	33
Sales of scrap, waste and other used current goods	-	-
Total	34	33

2.2 Interest, dividends and rent on land

Interest	4	19
Total	4	19

2.3 Sale of capital assets

Other capital assets	-	18
Total	-	18

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

2.4 Financial transactions in assets and liabilities

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Other receipts including recoverable revenue		31	39
Total		31	39

3. LOCAL AND FOREIGN AID ASSISTANCE

3.1 Assistance received in cash: Other (Joint Project Facility)

Local			
Opening balance		2 857	5 394
Revenue		-	1 000
Expenditure		2 116	3 537
Current		2 116	3 537
Closing balance		741	2 857
Total assistance			
Opening Balance		2 857	5 394
Revenue		-	1 000
Expenditure		2 116	3 537
Current		2 116	3 537
Closing balance		741	2 857
Analysis of balance			
Local and foreign aid unutilised		741	2 857
Closing balance	<i>Annexure 1 F</i>	741	2 857

4. COMPENSATION OF EMPLOYEES

4.1 Salaries and wages

Basic salary		32 999	29 065
Performance award		4 269	2 380
Service-based		235	171
Compensative/circumstantial		744	620
Periodic payments		643	177
Other non-pensionable allowances		13 930	11 837
Total		52 820	44 250

4.2 Social contributions

4.2.1 Employer contributions

Pension		2 181	2 081
Medical		993	873
Bargaining council		4	4
Total		3 178	2 958

Total compensation of employees		55 998	47 208
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Average number of employees		138	140
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5. GOODS AND SERVICES

	<i>Note</i>	2007/08 R'000	2006/07 R'000
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

Advertising		1 549	355
Attendance fees (including registration fees)		498	332
Bank charges and card fees		35	19
Bursaries (employees)		439	212
Catering		1 021	383
Communication		2 492	2 294
Computer services		2 406	1 190
Consultants, contractors and special services		30 117	23 248
Courier and delivery services		79	67
Drivers' licences and permits		7	7
Entertainment		111	147
External audit fees	5.1	956	1 372
Equipment less than R5000		580	485
Inventory	5.2	2 325	1 160
Learnerships		-	3
Legal fees		4 523	3 130
Maintenance, repairs and running costs		865	1 857
Medical services		-	8
Municipal services		45	-
Operating leases		6 333	5 408
Personnel agency fees		119	180
Plant flowers and other decorations		101	67
Printing and publications		1 721	382
Professional bodies and membership fees		70	40
Resettlement costs		33	87
Subscriptions		88	94
Storage		22	-
Translations and transcriptions		16	12
Travel and subsistence	5.3	10 423	9 323
Venues and facilities		1 919	434
Training & staff development		1 648	750
Total		70 541	53 046

5.1 External audit fees

Regularity audits	956	1 372
Total	956	1 372

5.2 Inventory

Domestic consumables	11	16
Stationery and printing	2 314	1 142
Medical supplies	-	2
Total	2 325	1 160

5.3 Travel and subsistence

	<i>Note</i>	2007/08	2006/07
		R'000	R'000
Local		10 423	5 519

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

Foreign	-	3 804
Total	10 423	9 323

Due to a change in the classifications of the items in the Standard Chart of Account classification change the item: Foreign travel has been re-classified and is consolidated with Local travel.

6. FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

Other material losses written off	6.1	26	80
Debts written off	6.2	1	28
Total		27	108

6.1 Other material losses written off

Nature of losses

Fruitless expenditure *	-	80
Advances to departments #	15	-
Expenditure on stolen cell phone <	11	-
Total	26	80

* Expenditure incurred as a result of cancellation of a conference in 2003.

Advances to National Departments (Department of Constitutional Development, Government Printers and Land Affairs) were written off.

< Cell phone stolen and costs incurred before reported as stolen, and no official could be held responsible.

6.2 Debts written off

Nature of debts written off

Staff debt	1	28
Total	1	28

7. TRANSFERS AND SUBSIDIES

Provinces and municipalities	Annex 1A	-	42
Departmental agencies and accounts	Annex 1B	-	3 589
Public corporations and private enterprises	Annex 1C	4 473 342	2 482 517
Households	Annex 1D	570	584
Total		4 473 912	2 486 732

8. EXPENDITURE FOR CAPITAL ASSETS

Machinery and equipment	29	2 377	2 517
Software and other intangible assets		1 129	224
Computer software	30	1 129	224
Total		3 506	2 741

9. UNAUTHORISED EXPENDITURE

9.1 Reconciliation of unauthorised expenditure

	2007/08	2006/07
	R'000	R'000
Opening balance	26 165	26 165
Amounts approved by Parliament/Legislature (with funding)	(25 547)	-
Current expenditure	(25 547)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

Unauthorised expenditure awaiting authorisation	618	26 165
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9.2 Analysis of current year unauthorised expenditure

Incident	Disciplinary steps taken/criminal proceedings	2007/08 R'000
Various	Referred to SCOPA	618
Total		618

The Unauthorised Expenditure was approved and authorised by SCOPA as a direct charge against the National Revenue fund, as published in the Finance Act (Act no. 2, 2007) as on 31 March 2007. Funds were received from National Treasury, and the outstanding amount will be requested from National Treasury in 2008/09.

10. CASH AND CASH EQUIVALENTS

	2007/08 R'000	2006/07 R'000
Consolidated paymaster general account	2 100	-
Disbursements	(467)	-
Cash on hand	50	44
Total	1 683	44

11. PREPAYMENTS AND ADVANCES

Staff advances	7	-
Travel and subsistence	86	28
Advances paid to other entities	38	16
Total	131	44

12. RECEIVABLES

		2007/08 R'000	2006/07 R'000			
	Less than one year	One to three years	Older than three years	Total	Total	
Staff debtors	<i>Note 12.1</i>	19	42	33	94	
Other debtors	<i>Note 12.2</i>	581	-	-	581	
Intergovernmental receivables	<i>Annex 4</i>	13	18	-	31	
Total		613	60	33	706	295

12.1 Staff debtors

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Bursaries		79	88
Other		15	163
Total		94	251

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

12.2 Other debtors

Medical aid	-	1
Defence Strategy	200	-
Land Affairs (Richtersveld celebrations)	200	-
Diners Club	60	-
Foreign Affairs	34	-
Other	87	-
Total	581	1

13. INVESTMENTS

Non-Current

Shares and other equity

	<i>Annex 2A</i>	
Alexkor Limited	50 000	50 000
Aventura Limited •	60 000	60 000
Denel (Pty) Ltd #	5 476 376	4 543 376
SAFCOL Limited	318 013	318 013
Eskom Limited *	-	-
Transnet Limited ^	14 709 986	14 709 986
Total	20 614 375	19 681 375

Total non-current

20 614 375 **19 681 375**

Analysis of non-current investments

Opening balance	19 681 309	19 114 309
Additions in cash	933 000	567 066
Closing balance	20 614 375	19 681 375

Denel shareholding adjusted by R65 930 due to rounding for share premium in 2004.

* Eskom shareholding is comprised of one share @ R1.00

^ R2,049 billion for the sale of shares to Government in respect of SAA is included in the Transnet investment

• Refer to the Accounting Officer's report (item 5) for details regarding the status of the investment in Aventura.

14. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

Opening balance		88	4 425
Transfer from Statement of Financial Performance		1 105	280 088
Voted funds not requested/not received	14.1	(1 031)	(280 000)
Paid during the year		(88)	(4 425)
Closing balance		74	88
		2007/08	2006/07
		R'000	R'000

14.1 Voted funds not requested/not received

Funds not to be requested	(1 031)	(280 000)
	(1 031)	(280 000)

15. DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

Opening balance	1	20
Transfer from Statement of Financial Performance	69	109
Paid during the year	(68)	(128)
Closing balance	2	1

16. BANK OVERDRAFT

Consolidated Paymaster General Account	-	22 212
Total	-	22 212

17. PAYABLES – CURRENT

Description	<i>Notes</i>	30 Days	30+ Days	2007/08 Total	2006/07 Total
Amounts owing to other entities					
Advances received	17.1	-	2 309	2 309	1 377
Clearing accounts	17.2	12	-	12	13
Total		12	2 309	2 321	1 390

17.1 Advances received

Description			
16 days against activism against women and child abuse			2 309
Defence strategy			-
Total			2 309

17.2 Clearing accounts

Description			
SARS			12
Total			12

18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	2007/08 R'000	2006/07 R'000
Net surplus/(deficit) as per Statement of Financial Performance	(942)	277 660
Add back non cash/cash movements not deemed operating activities	28 299	(280 406)
(Increase)/decrease in receivables – current	(411)	652
(Increase)/decrease in prepayments and advances	(87)	(7)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

(Increase)/decrease in other current assets	25 547	-
Increase/(decrease) in payables – current	931	779
Proceeds from sale of capital assets	-	(18)
Expenditure on capital assets	3 506	2 741
Surrendered to Revenue Fund	(156)	(4 553)
Voted funds not requested/not received	(1 031)	(280 000)
Net cash flow generated by operating activities	27 357	(2 746)

19. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

Consolidated Paymaster General account	2 100	(22 212)
Disbursements	(467)	-
Cash on hand	50	44
Total	1 683	(22 168)

20. CONTINGENT LIABILITIES

		<i>Note</i>	2007/08	2006/07
Liable to	Nature		R'000	R'000
Motor vehicle guarantees	Employees	<i>Annex 3A</i>	-	199
Housing loan guarantees	Employees	<i>Annex 3A</i>	205	278
Other guarantees *		<i>Annex 3A</i>	22 230 033	20 349 247
Other departments (interdepartmental unconfirmed balances)		<i>Annex 5</i>	688	278



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

Total	22 230 926	20 350 002
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* According to section 70 of the PFMA, Act 1 of 1999 (as amended by Act 29 of 1999) the Department is responsible for the reporting on all guarantees that were issued to Public Entities under its control. Any payment under a guarantee will be a direct charge against the National Revenue fund via the Department.

21. COMMITMENTS

Current expenditure

Approved and contracted	3 423	400
	3423	400
Total Commitments	3 423	400

22. ACCRUALS

			2007/08 R'000	2006/07 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	474	-	474	41
Total	474	-	474	41

Listed by programme level

Administration			327	40
Energy, Broadband Infrastructure and Mining Enterprises			145	1
Manufacturing Enterprises			1	-
Joint Project Facility			1	-
			474	41

Confirmed balances with other departments

	Annex 5		325	-
			325	-

23. EMPLOYEE BENEFITS

Leave entitlement	1 209	678
Thirteenth cheque	658	577
Performance awards	6 996	3 277
Capped leave commitments	1 737	1 615
Total	10 600	6 147

24. LEASE COMMITMENTS

Operating leases

2007/2008	Machinery and equipment	Total
Not later than 1 year	1 531	1 531
Later than 1 year and not later than 5 years	746	746
Total present value of lease liabilities	2 277	2 277

2006/2007	Machinery and equipment	Total

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

Not later than 1 year	1 543	1 543
Later than 1 year and not later than 5 years	788	788
Total present value of lease liabilities	2 331	2 331

25. IRREGULAR EXPENDITURE

2007/08
R'000

2006/07
R'000

25.1 Reconciliation of irregular expenditure

Opening balance	228	356
Less: Amounts condoned	228	128
Current expenditure	228	128
Irregular expenditure awaiting condonement	-	228
Analysis of awaiting condonement per classification	-	228
Current expenditure	-	228
Analysis of awaiting condonement per age classification	-	228
Current year	-	228

25.2 Irregular expenditure

Incident	Disciplinary steps taken/ criminal proceedings		
Non-compliance with Treasury Regulations – Pan Africa	Condonement from State Tender Board	-	228
		-	228

26. RELATED PARTY TRANSACTIONS

Movement of funds between department and related party

Investment	933 000	567 066
Debtor balances	-	-
Creditor balances	-	12 010
Guarantees provided	3 484 760	1 525 490
Total	4 417 760	2 104 566

Balances between department and related party

Investment	20 614 375	19 681 375
Debtor balances	-	-
Creditor balances	-	12 010

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

Guarantees provided	21 2007/08	20 2006/07
Total	42 168 000	40 048 000

Related parties are considered to be all the State Owned Enterprises under the Department's Control.

27. KEY MANAGEMENT PERSONNEL

	No. of Individuals		
Political office bearers	1	951	885
Officials			
Level 15 to 16	8	5 181	3 581
Level 14 (incl CFO if at a lower level)	2	917	1 062
Total		7 049	5 528

28. PROVISIONS

Provisions			
Impairment of investments	<i>Annexure 2A</i>	348 270	26 400
Total		348 270	26 400

The impairments are estimates as these figures are based on provisional amounts and are still subject to the SOE External Audit Process and may change during this process.

At the beginning of the Financial year, the Aventura investment was fully impaired to R60 million.

In the current Financial year the Denel impairment was increased from R3.9 billion to R4.2 billion, being the difference between the cost of the investment of R5.5 billion (2006/07: R4.5 billion) and the net asset value of the investment of R1.2 billion (2006/07: R626 million).

The Alexkor investment was fully impaired to R50 million as the entity does not have a positive net asset value.

29. TANGIBLE CAPITAL ASSETS

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance	Current Year Adjustments to Prior Year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	11 544	2 627	2 377	-	16 548
Transport assets	1 523	(300)	460	-	1 683
Computer equipment	7 447	(1 115)	1 682	-	8 014

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

Furniture and office equipment	2 546	1 804	235	-	4 585
Other machinery and equipment	28	2 238	-	-	2 266
TOTAL TANGIBLE ASSETS	11 544	2 627	2 377	-	16 548

29.1 ADDITIONS TO TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Cash	Non-Cash	(Capital Work in Progress Current Costs)	Received Current, not Paid (Paid Current Year, received Prior Year)	Total
	Cost R'000	Fair Value/R1 R'000	Cost R'000	Cost R'000	Cost R'000
MACHINERY AND EQUIPMENT	2 377	-	-	-	2 377
Transport assets	460	-	-	-	460
Computer equipment	1 682	-	-	-	1 682
Furniture and office equipment	235	-	-	-	235
Other machinery and equipment	-	-	-	-	-
TOTAL	2 377	-	-	-	2 377

29.2 DISPOSALS OF TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Sold for Cash	Transfer Out or Destroyed or Scrapped	Total Disposals	Cash Received Actual Cost
	Cost/Value Price as per AR R'000	Cost/Value Price as per AR R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	-	-	-
Transport assets	-	-	-	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
TOTAL	-	-	-	-

29.3 MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	9 158	2 386	-	11 544
Transport assets	934	589	-	1 523
Computer equipment	7 652	(205)	-	7 447
Furniture and office equipment	544	2 002	-	2 546
Other machinery and equipment	28	-	-	28
TOTAL TANGIBLE ASSETS	9 158	2 386	-	11 544

30. INTANGIBLE CAPITAL ASSETS

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening Balance	Current Year Adjustments to Prior Year Balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	1 222	(22)	1 129	-	2 329
TOTAL INTANGIBLE ASSETS	1 222	(22)	1 129	-	2 329

30.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Cash	Non-Cash	(Development Work in Progress – Current Costs)	Received Current Year, not Paid (Paid Current Year, Received Prior Year)	Total
	Cost R'000	Fair Value/R1 R'000	Cost R'000	Cost R'000	Cost R'000
COMPUTER SOFTWARE	1 129	-	-	-	1 129
TOTAL	1 129	-	-	-	1 129

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

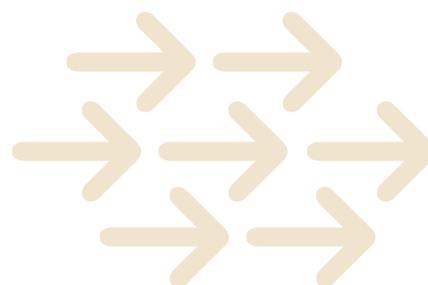
for the year ended 31 March 2008

30.2 DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Sold for Cash	Transfer Out or Destroyed or Scrapped	Total disposals	Cash Received Actual Cost
	Cost/Value Price as per AR R'000	Cost/Value Price as per AR R'000	R'000	R'000
COMPUTER SOFTWARE	-	-	-	-
TOTAL	-	-	-	-

30.3 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007

	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
COMPUTER SOFTWARE	998	224	-	1 222
TOTAL	998	224	-	1 222



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2006/07	
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Total Available	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Tshwane Metropolitan Municipality (Regional Services Council levies)	-	-	-	-	-	-	-	-	-	-	42
	-	-	-	-	-	-	-	-	-	-	42

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Diabo Trust	-	-	-	-	-	-	3 589
	-	-	-	-	-	-	3 589

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Alexkor	72 700	-	-	72 700	72 700	100.0%	-	72 700	82 084
Denel	1 155 000	-	-	1 155 000	1 153 969	99.9%	933 000	220 969	567 000
Infraco	-	-	-	-	-	-	-	-	627 000
Pebble Bed Modular Reactor (PBMR)	2 502 273	-	-	2 502 273	2 502 273	100.0%	-	2 502 273	1 204 400
Eskom	-	-	-	-	-	-	-	-	2 033
South African Airways (SAA)	744 400	-	-	744 400	744 400	100.0%	-	744 400	-
TOTAL	4 474 373	-	-	4 474 373	4 473 342		933 000	3 540 342	2 482 517

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

ANNEXURE ID

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2006/07
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
16 days activism against women and child abuse	520	-	-	520	520	100.0%	444
Other sponsorships	100	-	-	100	50	50.0%	140
TOTAL	620	-	-	620	570		584

ANNEXURE IE

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2007/08 R'000	2006/07 R'000
Received in kind			
SAA	Travel Rands	69	109
TOTAL		69	109

ANNEXURE IF

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
Received in cash					
State Owned Enterprises	Joint Project Facility	2 857	-	2 116	741
Subtotal		2 857	-	2 116	741
Received in kind					
United Kingdom - DFID	Technical Support to DPE	-	14 328	-	14 328
Subtotal		-	14 328	-	-
TOTAL		2 857	14 328	2 116	15 069

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2008

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2007/08	2006/07
	R'000	R'000
Paid in cash		
16 day's activism against women and child abuse	520	444
Heinemann Lapdesk Challenge	-	15
The Red Cross Children's Hospital	-	15
Ndela Secondary School	-	15
GIBS Programme	-	15
Tapestry of Choices	-	15
Bright Lights Poffadder	-	15
COPEs-SA	-	15
Meetse A Bophelo Primary School	15	-
Tuks Rag	15	-
Other	20	35
TOTAL	570	584

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2008

Name of Public Entity	State Entity's PFMA Schedule Type (State year end if not 31 March)	% Held 07/08	% Held 06/07	Number of Shares Held		Cost of Investment R'000		Net Asset Value of Investment R'000		Profit/(Loss) for the Year R'000		Losses Guaranteed Yes/No
				2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	
				2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	
Public Entity												
Alexkor Limited	II	100.0%	100.0%	50 000 000	50 000 000	50 000	50 000	(39 271)	(32 979)	(6 292)	(19 094)	No
Aventura Limited	IIIB	100.0%	100.0%	60 000 000	60 000 000	60 000	60 000	Not Available	Not Available	Not Available	Not Available	No
Denel (Pty) Ltd	II	100.0%	100.0%	1 225 049 663	1 016 340 210	5 476 376	4 543 376	1 261 458	626 728	(298 292)	(548 515)	No
SAFCOL Limited	II	100.0%	100.0%	318 013 254	318 013 254	318 013	318 013	2 677 633	2 047 372	627 487	800 587	No
Eskom Limited	II	100.0%	100.0%	1	1	-	-	69 091 000	54 033 000	4 430 000	6 008 000	No
Transnet Limited #	II	100.0%	100.0%	14 709 986 310	14 709 986 310	14 709 986	14 709 986	50 388 301	37 311 000	3 752 449	7 080 298	No
TOTAL						20 614 375	19 681 375	123 379 121	93 985 121	8 505 352	13 321 276	

R2.049 billion for the sale of shares to Government in respect of SAA is included in the Transnet investment. The net asset value of investment and profit/loss for the year ended 31 March 2008 is based on provisional amounts and is still subject to the SOE External Audit Processes, and may change during this process.

ANNEXURE 2B

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2008

Name of Public Entity	Nature of Business	Cost of Investment R'000		Net Asset Value of Investment R'000		Amounts Owing to Entities R'000		Amounts Owing by Entities R'000	
		2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Controlled entities									
Alexkor Limited	Mining	50 000	50 000	(39 271)	(32 979)	-	-	-	11 200
Aventura Limited	Leisure	60 000	60 000	Not Available	Not Available	-	-	-	-
Denel (Pty) Ltd	Manufacturing of arms	5 476 376	4 543 376	1 261 458	626 728	-	-	-	-
SAFCOL Limited	Forestry	318 013	318 013	2 677 633	2 047 372	-	-	-	-
Eskom Limited	Energy	-	-	69 091 000	54 033 000	-	-	-	-
Transnet Limited	Transport	14 709 986	14 709 986	50 388 301	37 311 000	-	-	-	-
TOTAL		20 614 375	19 681 375	123 379 121	93 985 121	-	-	-	11 200

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – LOCAL

Guarantor institution	Guarantee in respect of	Original Guaranteed Capital Amount	Opening Balance 1 April 2007	Guarantees Draw Downs during the Year	Guarantees Repayments/ Cancelled/ Reduced/ Released during the Year	Revaluations	Closing Balance 31 March 2008	Guaranteed Interest for Year Ended 31 March 2008	Realised Losses not Recoverable (i.e. claims paid out)
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Motor vehicles									
STANNIC	Employees	296	199	-	199	-	-	-	-
		296	199	-	199	-	-	-	-
Housing									
ABSA	Employees	54	41	-	-	-	41	-	-
First National Bank	Employees	62	62	-	-	-	62	-	-
Natal Building Society	Employees	14	14	-	14	-	-	-	-
NEDCOR	Employees	90	90	-	31	-	59	-	-
Standard Bank	Employees	71	71	-	28	-	43	-	-
		291	278	-	73	-	205	-	-
Other									
Transnet	T004	Unlimited	5 589 486	-	2 139 486	-	3 450 000	-	-
	T001	Unlimited	1 576 603	79 397	-	-	1 656 000	136 246	-
	T018	6 000 000	6 000 000	-	-	-	6 000 000	134 301	-
	Transnet – Newself (Pty)Ltd	1 511 000	2 206 629	245 363	-	-	2 451 992	5 591	-
SAA	SAA recapitalisation	1 300 000	1 300 000	-	-	-	1 300 000	-	-
	Air traffic liability	1 600 000	-	1 600 000	-	-	1 600 000	-	-
	Perpetual subordinated loan	1 560 000	-	1 560 000	-	-	1 560 000	-	-
		11 971 000	16 672 718	3 484 760	2 139 486	-	18 017 992	276 138	-
Total		11 971 587	16 673 195	3 484 760	2 139 758	-	18 018 197	276 138	-

The accrued interest figures are estimates only, given that the maturities of repos/carries cannot be determined with reasonable accuracy.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

ANNEXURE 3A (CONTINUED)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – FOREIGN

Guarantor Institution	Guarantee in Respect of	Original Guaranteed Capital Amount	Opening Balance 1 April 2007	Guarantees Draw Downs During the Year	Guarantees Repayments/ Cancelled/ Reduced/ Released During the Year	Revaluations	Closing Balance 31 March 2008	Guaranteed Interest for Year Ended 31 March 2008	Realised Losses not Recoverable (i.e. claims paid out)
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Eskom	General financing	541 615	122 000	-	122 000	-	-	-	-
Transnet	Financing of Harbours and Railways (JPY) *	132 881	54 529	-	35 839	10 180	28 870	19	-
	Euro-Rand medium-term note (Tranche 1) #	2 000 000	2 000 000	-	-	-	2 000 000	257 425	-
	Euro-Rand medium-term note (Tranche 2) #	1 500 000	1 500 000	-	-	-	1 500 000	149 589	-
TOTAL		4 174 496	3 676 529	-	157 839	10 180	3 528 870	407 033	-

* The guarantee repayments during the year are reflected at hedged rates. The currency revaluation therefore includes (profits)/ losses and hedging instruments realised.

The Euro-Rand medium-term notes (Transnet) and General Financing (Eskom) are Rand denominated foreign loans and therefore not subjected to currency revaluations.

The amount in Note 20 of the disclosure notes consists of the Closing balance on 31 March 2007 and the Guarantee interest.

ANNEXURE 4

INTER-GOVERNMENT RECEIVABLES

Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Government Printers	14	14	-	-	14	14
Free State Province	2	2	-	-	2	2
National Treasury	2	2	-	-	2	2
Home Affairs	-	25	-	-	-	25
SASSA	13	-	-	-	13	-
TOTAL	31	43	-	-	31	43

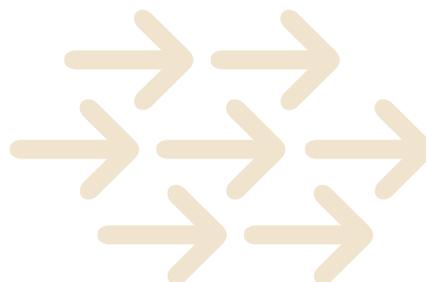
ANNEXURE 5

INTER-GOVERNMENT PAYABLES

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

GOVERNMENT ENTITY	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		TOTAL	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Foreign Affairs	-	-	-	43	-	43
Department of Communications	-	-	-	(8)	-	(8)
Department of Public Works	-	-	649	243	649	243
Department of Justice and Constitutional Development	291	-	-	-	291	-
South African Police Service	-	-	2	-	2	-
Department of Trade and Industry	-	-	25	-	25	-
Public Service Commission	-	-	12	-	12	-
Government Printing Works	34	-	-	-	34	-
TOTAL	325	-	688	278	1 013	278



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“As one of the fastest growing regional airlines on the continent, South African Express Airways has proven to be a strong, capable airline which has potential to make regional air service more accessible in the Southern African Region.”

MINISTER ALEC ERWIN



HR OVERSIGHT: APRIL 2007 to MARCH 2008

EMPLOYMENT

TABLE 1.1

Employment and Vacancies by Programme at end of period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Pr:1 Administration	96	89	7.3	0
Pr:2 Energy & Broadband Mining Enterprises	14	11	21.4	0
Pr:3 Legal Governance Risk & Transactions	22	19	13.6	0
Pr:4 Manufacturing Enterprises	12	7	41.7	0
Pr:5 Transport Enterprises	11	8	27.3	0
Pr:6 Joint Project Facility, Permanent	8	7	12.5	0
TOTAL	163	141	13.5	0

TABLE 1.2

Employment and Vacancies by Salary Band at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Skilled (Levels 3-5), Permanent	7	7	0	0
Highly skilled production (Levels 6-8), Permanent	51	49	3.9	0
Highly skilled supervision (Levels 9-12), Permanent	40	34	15	0
Senior Management (Levels 13-16), Permanent	5	5	0	0
Contract (Levels 9-12), Permanent	5	4	20	0
Contract (Levels 13-16), Permanent	55	42	23.6	0
TOTAL	163	141	13.5	0

TABLE 1.3

Employment and Vacancies by Critical Occupation at end of period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	21	20	4.8	0
Authors, journalists and other writers, Permanent	2	2	0	0
Client information clerks (switchboard, reception, information clerks), Permanent	2	2	0	0
Financial and related professionals, Permanent	9	7	22.2	0
Financial clerks and credit controllers, Permanent	6	6	0	0
Food services aids and waiters, Permanent	3	3	0	0
Head of Department/Chief Executive Officer, Permanent	1	1	0	0
Human Resources & Organisational Development & related professionals, Permanent	10	9	10	0
Information Technology related, Permanent	2	2	0	0
Library mail and related clerks, Permanent	3	3	0	0
Material-recording and transport clerks, Permanent	4	4	0	0
Messengers, porters and deliverers, Permanent	4	4	0	0
Other administrative & related clerks and organisers, Permanent	6	5	16.7	0
Secretaries & other keyboard operating clerks, Permanent	28	24	14.3	0
Security officers, Permanent	2	2	0	0
Senior managers	60	47	21.7	0
TOTAL	163	141	13.5	0

EVALUATION

TABLE 2.1

Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Contract (Levels 9-12)	5	5	100	0	0	0	0
Contract (Band A)	30	30	100	0	0	0	0
Contract (Band B)	17	17	100	0	0	0	0
Contract (Band C)	7	7	100	0	0	0	0
Contract (Band D)	1	1	100	0	0	0	0
Skilled (Levels 3-5)	7	7	100	0	0	0	0
Highly skilled production (Levels 6-8)	51	51	100	1	2	0	0
Highly skilled supervision (Levels 9-12)	40	40	100	1	2.5	0	0
Senior Management Service Band A	4	4	100	0	0	0	0
Senior Management Service Band B	1	1	100	0	0	0	0
TOTAL	163	163	100	2	1.2	0	0

TABLE 2.2

Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	1	2
Male	0	0	0	0	0
Total	1	0	0	1	2
Employees with a disability	0	0	0	0	0

TABLE 2.3

Employees whose salary level exceeded the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
0	0	0	0	0	0
0	0	0	0	0	0
TOTAL	0	0	0	0	0
Percentage of Total Employment	0	0	0	0	0

TABLE 2.4

Profile of employees whose salary level exceeded the grade determined by Job Evaluation [i.t.o. PSR 1.V.C.3]

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



EMPLOYMENT CHANGES

TABLE 3.1

Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2007)	Appointments	Terminations	Turnover Rate
Skilled (Levels 3-5), Permanent	6	1	0	0
Highly skilled production (Levels 6-8), Permanent	47	11	8	17
Highly skilled supervision (Levels 9-12), Permanent	35	6	6	17.1
Senior Management Service Band A, Permanent	4	0	0	0
Senior Management Service Band B, Permanent	1	1	1	0
Senior Management Service Band C, Permanent	0	0	0	0
Contract (Levels 9-12), Permanent	3	1	0	0
Contract (Band A), Permanent	23	3	4	17.4
Contract (Band B), Permanent	14	2	4	28.6
Contract (Band C), Permanent	4	3	1	25
Contract (Band D), Permanent	1	0	0	0
TOTAL	138	28	24	17.4

TABLE 3.2

Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2007)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	11	2	1	9.1
Authors, journalists and other writers, Permanent	2	1	0	0
Client information clerks (switchboard, reception, information clerks), Permanent	1	1	0	0
Computer system designers and analysts, Permanent	1	0	1	100
Finance and economics related, Permanent	4	0	0	0
Financial and related professionals, Permanent	12	3	2	16.7
Financial clerks and credit controllers, Permanent	9	1	0	0
Food services aids and waiters, Permanent	3	0	0	0
General legal administration & related professionals, Permanent	2	0	2	100
Head of Department/Chief Executive Officer, Permanent	1	0	0	0
Human resources & organisational development & related professionals, Permanent	10	0	1	10
Human Resources related, Permanent	4	0	0	0
Librarians and related professionals, Permanent	1	1	0	0
Library mail and related clerks, Permanent	4	3	1	25
Logistical support personnel, Permanent	3	0	1	33.3
Material-recording and transport clerks, Permanent	2	0	0	0
Messengers, porters and deliverers, Permanent	4	0	0	0
Other administration & related clerks and organisers, Permanent	8	0	1	12.5
Other Information Technology personnel., Permanent	4	0	2	50
Other occupations, Permanent	4	0	1	25
Secretaries & other keyboard operating clerks, Permanent	17	7	1	5.9
Security officers, Permanent	2	0	0	0
Senior managers, Permanent	29	9	10	34.5
TOTAL	138	28	24	17.4

TABLE 3.3

Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	1	4.2	0.7	24	138
Resignation, Permanent	13	54.2	9.4	24	138
Expiry of contract, Permanent	1	4.2	0.7	24	138
Dismissal-misconduct, Permanent	1	4.2	0.7	24	138
Other, Permanent Transfers	8	33.3	5.8	24	138
TOTAL	24	100	17.3	24	138

Resignations as % of Employment

17.4

TABLE 3.4

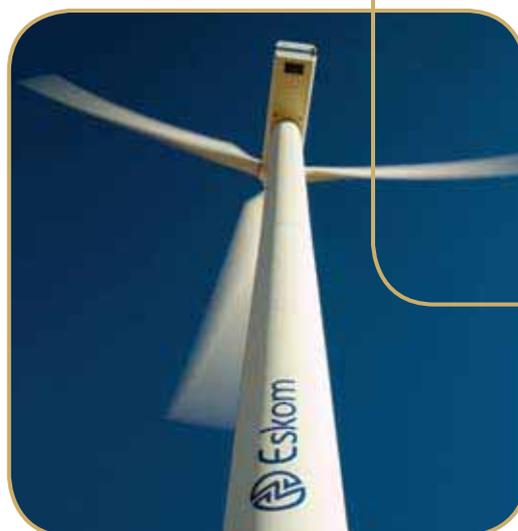
Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2007)	Promotions to Another Salary Level	Salary Level Promotions as a % of Employment	Progressions to Another Notch within Salary Level	Notch Progressions as a % of Employment
Administrative related	11	5	45.5	9	81.8
Authors, journalists and other writers	2	0	0	0	0
Financial clerks and credit controllers	9	1	11.1	7	77.8
Food services aids and waiters	3	0	0	3	100
Head of Department/Chief Executive Officer	1	0	0	1	100
Human Resources & Organisational Development & related professionals	10	0	0	5	50
Human resources related	4	0	0	2	50
Language practitioners interpreters & other communicators	1	0	0	0	0
Librarians and related professionals	1	0	0	1	100
Library mail and related clerks	4	0	0	3	75
Material-recording and transport clerks	4	0	0	3	75
Messengers, porters and deliverers	4	0	0	4	100
Other administrative & related clerks and organisers	11	0	0	9	81.8
Other Information Technology personnel	2	0	0	1	50
Secretaries & other keyboard operating clerks	22	0	0	11	50
Security officers	2	0	0	1	50
Senior managers	47	6	12.8	27	57.4
TOTAL	138	12	8.7	87	63

TABLE 3.5

Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2007)	Promotions to Another Salary Level	Salary Level Promotions as a % of Employment	Progressions to Another Notch within Salary Level	Notch Progressions as a % of Employment
Skilled (Levels 3-5), Permanent	6	0	0	6	100
Highly skilled production (Levels 6-8), Permanent	47	5	10.6	33	70.2
Highly skilled supervision (Levels 9-12), Permanent	33	1	3	20	60.6
Senior Management (Levels 13-16), Permanent	4	0	0	4	100
Contract (Levels 9-12), Permanent	5	0	0	2	40
Contract (Levels 13-16), Permanent	43	6	14	22	51.2
TOTAL	138	12	8.7	87	63



EMPLOYMENT EQUITY

TABLE 4.1

Total number of Employees (incl. Employees with disabilities) per Occupational Category

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	12	3	0	15	5	5	1	3	9	4	33
Professionals, Permanent	15	1	1	17	1	13	4	4	21	5	44
Clerks, Permanent	11	1	0	12	0	34	2	0	36	4	52
Service and sales workers, Permanent	1	0	0	1	0	0	0	0	0	0	1
Elementary occupations, Permanent	2	0	0	2	0	5	0	0	5	1	8
TOTAL	41	5	1	47	6	57	7	7	71	14	138
Employees with disabilities	1	0	0	1	1	0	0	1	1	3	6

TABLE 4.2

Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	1	0	0	0	0	0	1
Senior Management, Permanent	1	0	0	1	1	0	0	1	1	2	5
Professionally qualified and experienced specialists and mid-management, Permanent	12	0	0	12	0	13	3	2	18	4	34
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	13	1	0	14	0	29	2	0	31	4	49
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	7	0	0	7	0	7
Contract (Top Management), Permanent	1	0	0	1	1	2	0	0	2	2	6
Contract (Senior Management), Permanent	12	4	1	17	3	5	2	3	10	1	31
Contract (Professionally qualified), Permanent	2	0	0	2	0	1	0	1	2	1	5
TOTAL	41	5	1	47	6	57	7	7	71	14	138

TABLE 4.3

Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	1	0	2	0	0	2	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	4	0	0	4	0	6	0	0	6	0	10
Semi-skilled and discretionary decision-making, Permanent	0	0	0	0	0	1	0	0	1	0	1
Not available, Temporary	0	0	0	0	0	0	0	0	0	1	1
Contract (Top Management), Permanent	0	0	0	0	0	1	0	0	1	2	3
Contract (Senior Management), Permanent	2	0	0	1	1	2	0	1	3	1	7
Contract (Professionally qualified), Permanent	1	0	0	1	0	0	0	0	0	2	3
TOTAL	8	0	0	7	1	12	0	1	13	6	28
Employees with disabilities	1	0	0	0	1	0	0	0	0	0	2

TABLE 4.4
Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management, Permanent	0	0	0	3	0	1	1	0	2	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	0	0	0	0	0	1	1
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Top Management), Permanent	0	0	0	0	1	1	0	0	1	0	2
Contract (Senior Management), Permanent	1	0	1	2	0	0	1	1	2	0	4
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1	0	1	5	1	2	2	1	5	1	12

Employees with disabilities	1	0	0	1	0	0	0	0	0	0	1
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TABLE 4.5
Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	0	0	0	0	0	1	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	2	0	0	2	0	2	0	0	2	1	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	3	0	0	3	0	5	0	0	5	1	9
Not available, Temporary	0	0	0	0	0	0	0	0	0	0	0
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	4	1	0	3	0	2	1	0	3	0	8
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	10	1	0	9	0	10	1	0	11	2	24

TABLE 4.6
Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total	Not available
TOTAL	0	0	0	9	0	0	0	0	0	2	2	0

TABLE 4.7
Skills Development

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers	14	3	1	14	5	7	2	5	14	6	43
Professionals	8	0	0	8	0	10	1	2	13	3	24
Technicians and associate professionals	0	0	0	0	0	5	0	0	5	0	5
Clerks	16	1	0	16	0	28	2	1	31	5	53
Service and sales workers	0	0	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	4	0	0	4	0	7	0	0	7	0	11
TOTAL	42	4	1	42	5	57	5	8	70	14	136

Employees with disabilities	1	0	0	1	1	0	0	1	1	2	5
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PERFORMANCE

TABLE 5.1

Performance Rewards by Race, Gender and Disability

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	51	57	89.5	1,235	24,209
African, Male	36	40	90	1,135	31,515
Asian, Female	5	6	83.3	311	62,195
Asian, Male	1	1	100	88	87,861
Coloured, Female	8	7	114.3	296	37,034
Coloured, Male	3	5	60	104	34,548
Total Blacks, Female	64	70	91.4	1,842	28,780
Total Blacks, Male	40	46	87	1,326	33,152
White, Female	10	11	90.9	496	49,599
White, Male	3	5	60	260	86,704
Employees with a disability	4	6	66.7	138	34,378
TOTAL	121	138	87.7	4,062	33,567

TABLE 5.2

Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Skilled (Levels 3-5)	6	7	85.7	44	7,333
Highly skilled production (Levels 6-8)	39	49	79.6	412	10,564
Highly skilled supervision (Levels 9-12)	34	34	100	971	28,559
Contract (Levels 9-12)	4	5	80	67	16,750
Periodical remuneration	0	60	0	0	0
Abnormal appointment	0	1	0	0	0
TOTAL	83	156	53.2	1,494	18,000

TABLE 5.3

Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	% of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	15	14	107.1	406	27,067
Authors, journalists and other writers	0	2	0	0	0
Cleaners in offices, workshops, hospitals etc.	3	3	100	22	7,333
Client information clerks (switchboard, reception, information clerks)	2	3	66.7	20	10,000
Computer system designers and analysts	1	0	0	22	22,000
Economists	1	1	100	31	31,000
Finance and economics related	4	4	100	166	41,500
Financial and related professionals	12	9	133.3	509	42,417
Financial clerks and credit controllers	6	7	85.7	98	16,333
Food services aids and waiters	2	2	100	13	6,500
Head of Department/Chief Executive Officer	1	1	100	83	83,000
Human Resources & Organisational Development & related professionals	6	6	100	182	30,333
Human resources clerks	1	1	100	8	8,000
Human resources related	2	3	66.7	53	26,500
Language practitioners, interpreters & other communicators	0	1	0	0	0
Librarians and related professionals	1	1	100	12	12,000
Library mail and related clerks	2	5	40	15	7,500
Logistical support personnel	2	1	200	12	6,000
Material-recording and transport clerks	5	5	100	56	11,200
Messengers porters and deliverers	2	2	100	8	4,000
Other administrative & related clerks and organisers	6	6	100	117	19,500
Other Information Technology personnel.	1	1	100	41	41,000
Other occupations	2	2	100	136	68,000
Safety health and quality inspectors	1	1	100	18	18,000
Secretaries & other keyboard operating clerks	17	25	68	234	13,765
Security officers	1	1	100	23	23,000
Senior managers	25	31	80.6	1,776	71,040
TOTAL	121	138	87.7	4,061	33,562

TABLE 5.4

Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	18	18	100	804	4,467	6.1	13,238
Band B	14	18	77.8	1,109	7,921	9.5	11,695
Band C	4	5	80	402	10,050	12.1	3,314
Band D	2	2	100	252	12,600	10.1	2,502
TOTAL	38	43	88.4	2,567	6,755.3	8.3	30,749

FOREIGN WORKERS

TABLE 6.1

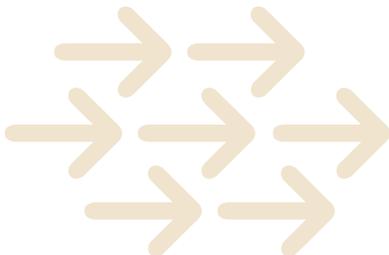
Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	% of Total	Employment at End of Period	% of Total	Change in Employment	% of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Contract (Levels 13-16)	1	100	1	100	0	0	1	1	0
TOTAL	1	100	1	100	0	0	1	1	0

TABLE 6.2

Foreign Workers by Major Occupation

Salary Band	Employment at Beginning Period	% of Total	Employment at End of Period	% of Total	Change in Employment	% of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Professionals and managers	1	100	1	100	0	0	1	1	0
TOTAL	1	100	1	100	0	0	1	1	0



LEAVE

TABLE 7.1

Sick Leave for Jan 2007 to Dec 2007

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total Number of Employees using Sick Leave	Total Number of Days with Medical Certification
Skilled (Levels 3-5)	31	100	5	4.5	6	8	112	31
Highly skilled production (Levels 6-8)	326	89.3	42	37.5	8	137	112	291
Highly skilled supervision (Levels 9-12)	209	82.3	33	29.5	6	218	112	172
Senior Management (Levels 13-16)	7	71.4	4	3.6	2	14	112	5
Contract (Levels 9-12)	20	75	1	0.9	20	40	112	15
Contract (Levels 13-16)	176	83.5	27	24.1	7	390	112	147
TOTAL	769	86	112	100	7	807	112	661

TABLE 7.2

Disability Leave (Temporary and Permanent) for Jan 2007 to Dec 2007

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total Number of Days with Medical Certification	Employees using Disability Leave
Contract (Levels 13-16)	6	100	1	100	6	12	6	1
TOTAL	6	100	1	100	6	12	6	1

TABLE 7.3

Annual Leave for Jan 2007 to Dec 2007

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took Leave
Skilled (Levels 3-5)	124	21	6
Highly skilled production (Levels 6-8)	1007	20	51
Highly skilled supervision (Levels 9-12)	817	20	41
Senior management (Levels 13-16)	181	18	10
Contract (Levels 9-12)	78	20	4
Contract (Levels 13-16)	703	15	48
TOTAL	2910	18	160

TABLE 7.4

Capped Leave for Jan 2007 to Dec 2007

Salary Band	Total Days of Capped Leave taken	Average Number of Days taken per Employee	Average Capped Leave per Employee as at 31 December 2007	Number of Employees who took Capped Leave	Total Number of Capped Leave available at 31 December 2007	Number of Employees as at 31 December 2007
Highly skilled production (Levels 6-8)	3	1	22	3	286	13
Highly skilled supervision (Levels 9-12)	11	4	33	3	493	15
Senior Management (Levels 13-16)	1	1	141	1	706	5
TOTAL	15	2	45	7	1485	33

TABLE 7.5

Leave payouts for Jan 2007 to Dec 2007

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Capped leave payouts on termination of service for 2007/08	86	8	10750
Current leave payout on termination of service for 2007/08	58	5	11600
TOTAL	144	13	11077

HIV

TABLE 8.1

Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
2 VCT tests conducted for DPE and a total number of 117 employees were tested. Only one employee tested HIV positive and therefore the risk of HIV and AIDS for the Department is considered as relatively low.	

TABLE 8.2

Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide 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.	Yes		S. Crosson Head: Corporate Services.
2. Does the Department have a dedicated unit or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		2 employees and the cost is approximately R200 000.00.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		EWP programme gives you access to a confidential service 24/7/365 provided by qualified, experienced counsellors. It offers access to telephone, face-to-face, financial management, life management counselling and managerial advisory services. VCT and a Behavioural Risk Audit were conducted and employees received individual feedback reports.
4. Has the Department established (a) Committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the Committee and the stakeholder(s) that they represent.	Yes		Transformation Committee; Henry Stopforth, David Moima, Henriette Strauss, Dr Elizabeth Brown, Vusi Khumalo, Elsie Dikgomo, Marcus Motlathledi (Nehawu), Sarina Maimane (PSA).
5. Has the Department reviewed the employment policies and practices of your Department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		HIV & AIDS policy / Employee Wellbeing programme policy/ Employment Equity and Affirmative Action policy / Sexual Harassment Policy. Policies are reviewed annually.
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.	Yes		Policies are in place to protect employees against discrimination.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		VCT has been arranged during October 2007 and January 2008. 62 employees were tested and one person tested positive.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of your Health Promotion Programme? If so, list these measures/indicators.	Yes		Monthly, quarterly and annual utilisation reports are received from the EWP service provider. Feedback on client satisfaction survey that was conducted and Wellbeing interventions were reported to EXCO.



LABOUR RELATIONS

TABLE 9.1

Collective Agreements

Subject Matter	Date
0	-
TOTAL	

No collective agreements for the period under review.

TABLE 9.2

Misconduct and Discipline Hearings Finalised

Outcomes of Disciplinary Hearings	Number	Percentage of Total	Total
TOTAL	0	0	0

No misconduct and disciplinary hearings finalised for the period under review.

TABLE 9.3

Types of Misconduct Addressed and Disciplinary Hearings

Type of Misconduct	Number	Percentage of Total	Total
TOTAL	2	1	1

TABLE 9.4

Grievances Lodged

Number of Grievances Addressed	Number	Percentage of Total	Total
TOTAL	0	0	0

No grievances lodged for the period under review.

TABLE 9.5

Disputes Lodged

Number of Disputes Addressed	Number	Percentage of Total
Upheld	0	0
Dismissed	1	100
TOTAL	1	

TABLE 9.6

Strike Actions

Strike Actions	
Total number of person working days lost	33
Total cost (R'000) of working days lost	R 12,669.69
Amount (R'000) recovered as a result of no work no pay	R 12,669.69

TABLE 9.7

Precautionary Suspensions

Precautionary Suspensions	
Number of people suspended	2
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	30
Cost (R'000) of suspensions	R60,359.99

SKILLS DEVELOPMENT

TABLE 10.1
Training Needs Identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	47	16	63
	Male	0	0	69	17	86
Professionals	Female	0	0	106	0	106
	Male	0	0	18	0	18
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	116	0	116
	Male	0	0	35	0	35
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	9	0	9
	Male	0	0	1	0	1
Gender sub totals	Female	0	0	278	16	294
	Male	0	0	123	17	140
TOTAL		0	0	401	33	434

TABLE 10.1
Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers (level 13 up)	Female	0	0	15	43	58
	Male	0	0	18	37	55
Professionals (level 10 - 12)	Female	0	0	21	16	37
	Male	0	0	10	11	21
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks (level 7 - 9)	Female	0	0	45	38	83
	Male	0	0	21	12	33
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations (level 1 - 6)	Female	0	0	7	1	8
	Male	0	0	5	2	7
Gender sub totals	Female	0	0	88	98	186
	Male	0	0	54	62	116
TOTAL		0	0	142	160	302

ACRONYMS



ACF	Advanced Coater Facility
ACSA	Airports Company South Africa
AGM	Annual General Meeting
ARM	Analysis and Risk Management (DPE)
ASGISA	Accelerated and Shared Growth Initiative SA
ATE	Advanced Technologies and Engineering
AWCC	African West Coast Cable
CER	Communications and External Relations (DPE)
CFO	Chief Financial Officer
CFT	Corporate Finance and Transactions
CSDP	Competitive Supplier Development Programme
CSIR	Council for Scientific and Industrial Research
CSS	Corporate Strategy and Structure
DBSA	Development Bank of South Africa
DDG	Deputy Director General
DEAT	Department of Environmental Affairs and Tourism
DLA	Department of Land Affairs
DME	Department of Minerals and Energy
DOD	Department of Defence
DOT	Department of Transport
DPE	Department of Public Enterprises
DPP	Demonstration Power Plant
DPISA	Department of Public Service and Administration
DST	Department of Science and Technology
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
ECA	Electronic Communications Act
EDI	Electricity Distribution Industry
EIA	Energy Information Administration
ENE	Estimates of National Expenditure
EPMS	Executive Project Management System
ESDA	Employment Skills and Development Agency
ExCo	Executive Committee
FEE	Forum of Executives in Energy
FET	Further Education and Training
FSN	Full Services Network
GCIS	Government Communication and Information Services
HR	Human Resources
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IIA	Institute of International Auditors
INK	Inanda, Ntuzuma and KwaMashu (URP)
IPO	Initial Public Offering
IPP	Independent Power Producers
JHB	Johannesburg
JIA	Johannesburg International Airport
JIPSA	Joint Initiative on Priority Skills Acquisition
JPF	Joint Project Facility
KPI	Key Performance Indicator

LAN	Local Area Network
LGS	Legal, Governance and Secretariat (DPE)
MANCO	Management Committee
Min	Minister
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MYPD	Multi-Year Price Determination
NEF	National Empowerment Fund
NGNP	Next Generation Nuclear Plant
NIA	National Intelligence Agency
NIF	National Interest Facility
NT	National Treasury
NGNP	Next Generation Nuclear Plant
NEMA	National Environmental Management Act
NERSA	National Energy Regulator SA
NNRA	National Nuclear Regulator Act
PAIA	Promotion of Access to Information Act
PBMR	Pebble Bed Modular Reactor
PCB	Printed Circuit Board
PFMA	Public Finance Management Act
PFP	PBMR Fuel Plant
PPP	Public-Private Partnerships
PSJV	Pool and Share Joint Venture
PSP	Private Sector Participation
OHS	Occupational Health and Safety
OPSCO	Operations Committee
RED	Regional Electricity Distributors
SAA	South African Airways
SAAT	South African Airways Technical
SAFCOL	South African Forestry Corporation Ltd
SARCC	South African Rail Commuter Corporation
SAX	South African Express
SDP	Supplier Development Plans
SEP	Simplified Employee Pension
SIDS	Strategically Important Developments
SMM	Stakeholder Management Model
SNO	Second Network Operator
SOE	State Owned Enterprise(s)
SRPESA	Support to the Restructuring of Public Enterprises SA
TFR	Transnet Freight Facility
UAV	Unmanned Aerial Vehicle
UK	United Kingdom
URP	Urban Renewal Programme
WEF	World Economic Forum



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