

2023/24 ANNUAL PERFORMANCE PLAN



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



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Department of Public Enterprises ANNUAL PERFORMANCE PLAN 2023/24

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Executive Authority Statement



Pravin Gordhan, MP

Department of Public Enterprises

As we enter the final year of the Medium-Term Strategic Framework (MTSF), I am pleased to present the Annual Performance Plan (APP) for the Department of Public Enterprises (DPE). This plan demonstrates our unwavering dedication to transforming and revitalising our State-Owned Enterprises (SOEs). It builds on the progress made over the past year and lays the groundwork for decisive action to address the challenges facing our SOEs, ensuring their contribution to inclusive economic growth.

Over the past year, we have diligently addressed the consequences of "State Capture", which left our SOEs' burdened with costly locomotives, mounting debt, deferred maintenance, and weakened financial positions. Furthermore, we have adapted to new market dynamics, including Supply Chain disruptions and other challenges stemming from the Covid-19 pandemic and evolving geopolitical contexts, such as the Ukraine crisis.

These challenges have had a significant impact on the Supply Chains of our SOEs', particularly in the electricity, Eskom (Eskom Holdings SOE Limited), defence Denel (Detonics, Numerous, Electronics), South African Airways (SAA), and logistics sectors Transnet (Transnet SOE Limited). Despite these obstacles, we have made significant progress in restructuring and reforming our SOEs', thanks to the dedication and expertise of the Boards and Executive Management appointed during the 6th Administration.

The DPE stands at the forefront of the Government-led SOE Reform Programme. In response to the context and implementing some of the Presidential State-Owned Enterprises Council (PSEC) outputs, our focus is on accelerating these efforts and ensuring that our SOEs' are instruments of inclusive economic growth in line with our National vision. This means addressing the immediate challenges and laying the groundwork for long-term transformation and resilience.

Our key priorities for the coming year are centred around decisive and assertive action. These priorities include establishing a State-Owned Holding Company, completing the National Transmission Company, concluding the strategic equity partnership for SAA, and finalising and implementing the Transnet Roadmap.

These priorities demonstrate our determination to advance the transformation and resilience of our SOEs', while maintaining a clear focus on delivering tangible outcomes for the people of South Africa. In this context, we are committed to working closely with all Stakeholders, including our social partners, to ensure our efforts align with the broader National Development Agenda.

Our first priority is the implementation of the recommendations of the PSEC, and the development of the SOE Bill. The establishment of the

Holding Company for strategic SOEs', will streamline Governance, enhance co-ordination, and ensure the financial sustainability of our SOEs', in alignment with our vision for a modern, efficient, and financially viable Public Sector.

The establishment of the Holding Company will also facilitate a more coherent and strategic approach to the Management and oversight of our SOEs, enabling us to optimise their collective contribution to our development objectives. This includes leveraging their assets and capabilities to drive economic growth, job creation, and providing essential services to our people.

Secondly, we aim to complete the establishment of the National Transmission Company in line with the Eskom Roadmap. The creation of this company is a critical step towards ensuring a sustainable and competitive energy sector, supporting a Just Energy Transition(JET) and the pursuit of a cleaner, more reliable energy supply for South Africa.

This priority is particularly important given the centrality of energy security to our economic recovery and growth prospects. By reforming the electricity sector, we will improve the efficiency and reliability of our energy supply, and create a more attractive environment for investment in new generation capacity, particularly from renewable sources. We will work with the rest of the Government to accelerate the energy plan implementation.

Thirdly, we are working towards the conclusion of the Strategic Equity Partnership(SEP) for SAA. This partnership is essential to secure the financial stability and long-term viability of our National carrier, while enhancing the efficiency and competitiveness of our State-Owned assets.

The successful implementation of this partnership will also send a strong signal to the market about our commitment to the sustainable Management, and revitalisation of our State-Owned assets. It will contribute

to creating a robust aviation sector capable of supporting increased trade, tourism, and Regional integration.

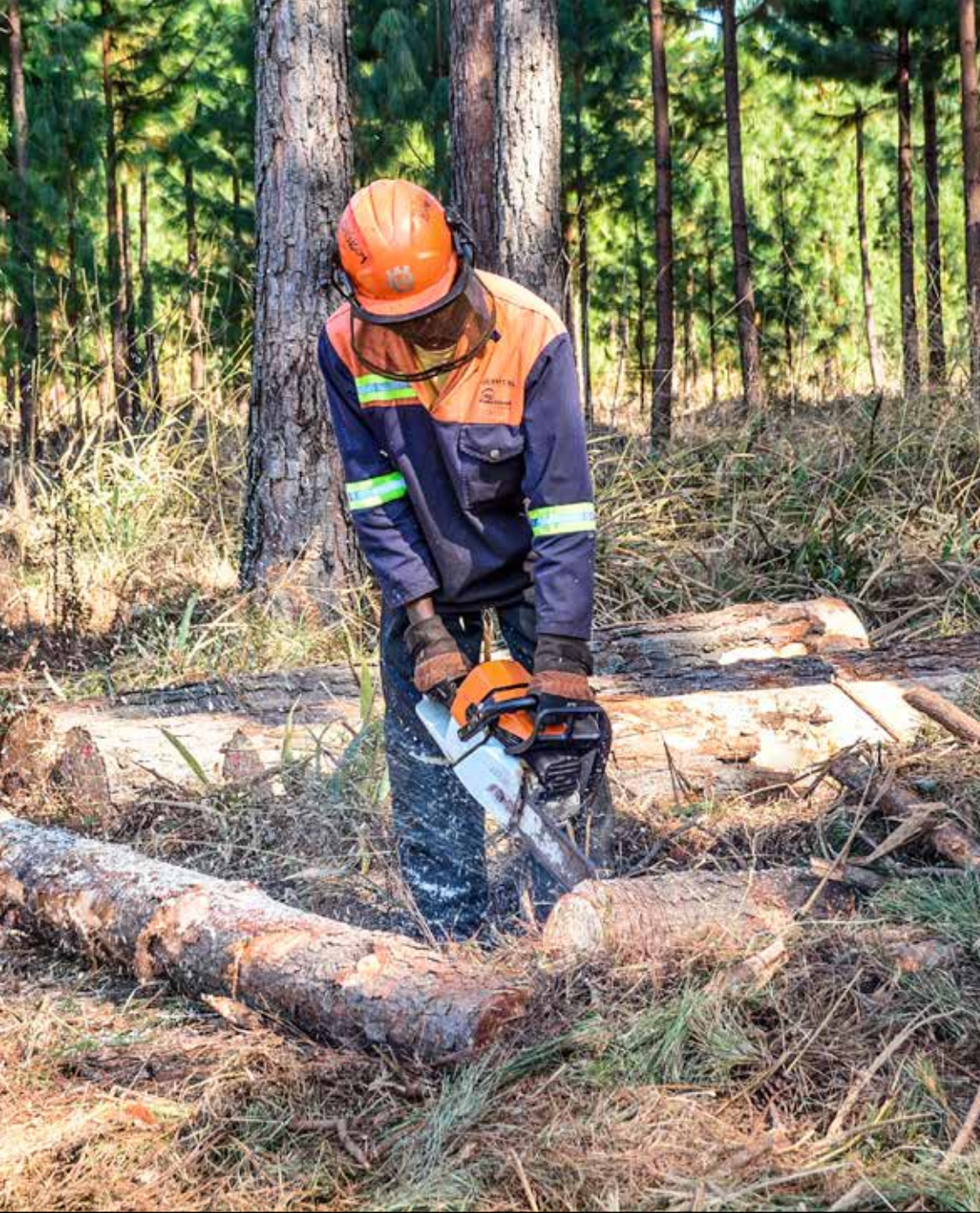
Our fourth priority is the finalisation and implementation of the Transnet Roadmap. This comprehensive plan aims to repurpose, redirect, and restructure Transnet to improve the competitiveness of our National freight system, promote economic transformation, and ensure the organisation's growth and sustainability.

The Transnet Roadmap encompasses critical initiatives such as establishing the National Ports Authority(NPA) as a subsidiary of Transnet with an independent Board, creating an Infrastructure Manager within Transnet Freight Rail(TFR), and relaunching the slot sales process. Together, these measures will enhance the efficiency and competitiveness of our logistics sector, unlocking new opportunities for growth and job creation.

As we work to deliver on these priorities, we remain cognisant of the need to ensure that our SOEs' are financially viable and act as catalysts for economic transformation and empowerment. This includes driving inclusive procurement practices, supporting Local Content and skills development, and fostering a more diverse and representative ownership and Management structure.

To achieve this vision, we will continue collaborating closely with our SOEs', ensuring that their Strategic Plans and operations align with our broader National development objectives. We will also maintain an ongoing dialogue with our social partners, including labour, business, and civil society, to build a shared understanding of our SOEs' challenges and opportunities and foster a spirit of collective action and responsibility.

It is worth emphasising that the DPE remains committed to the principles of Transparency, Accountability, and good Governance. We will continue to hold our SOEs' to the highest standards of performance and ethical



conduct, recognising that these values are essential to restoring public trust and confidence in these critical institutions.

Our journey to transform and revitalise our SOEs' is challenging, but it is a journey we must undertake to build a more inclusive, resilient, and prosperous South Africa. With the support of our social partners and the unwavering commitment of the Department and our SOEs', we can achieve our ambitious goals and deliver on the promise of a better life for all South Africans.

In conclusion, I would like to express my sincere gratitude to President Cyril Ramaphosa for his visionary leadership and steadfast support of our efforts to transform the SOEs' landscape. I would also like to thank my colleagues in the Department, the Boards and Executive Management of our SOEs', and our social partners for their dedication and hard work during these challenging times.

Together, we stand on the precipice of a new era where the potential for progress and prosperity is limitless. Let us seize this moment with unwavering determination and a firm commitment to harnessing the power of our SOEs'. By doing so, we will build a brighter future for ourselves and for generations to come.

A handwritten signature in black ink, reading "Pravin Gordhan".

Signature:

Pravin Gordhan, MP

Department of Public Enterprises

Deputy Minister Statement



Obed Bapela, MP

Department of Public Enterprises

My appointment as the Deputy Minister in the Department coincided with the presentation of the 2023/24 Annual Performance Plan (APP). We are fully prepared to put shoulders to the wheel to fulfill the Mandate bestowed on the Department, with further additions presented by President Cyril Ramaphosa in 2018.

Our economic vision rests on the Freedom Charter's call that the people shall share in South Africa's wealth. This Departmental key fundamental role, is to foster and crystallise economic transformation in building an equitable society in which there is skills development and decent work for all.

Pursuant to the above, the foundation of our Departmental objectives and strategies rests on our Government being a more capable and effective State, with the technical and political capacity to lead development and transform the economy. Nevertheless, we remain committed to our Mandate and confident in our ability to deliver on our goals.

President Ramaphosa is correct that the DPE, as Shareholder Ministry with oversight responsibility over six SOEs, should ensure that we restructure and repurpose the SOEs to become instruments of economic growth and infrastructure development in the country.

The Department is moving in the right direction and is on a path towards implementing restructuring and reform, and we are prepared to contribute to meeting the Presidential Mandate that ensures that our SOEs' Infrastructure Development plans are a catalyst for the country's Economic Reconstruction and Recovery Plan (ERRP). Ours as a Shareholder Ministry, is to marshal our SOEs' in partnership with development finance institutions while in taking account of recommendations of the Presidential Review Commission (PRC), with a view of transforming them to be one of the key instruments of the Developmental State.

However, we acknowledge that the damages caused by "State Capture" and corruption have resulted in many of the SOEs' experiencing both operational and financial challenges, which were exacerbated by the Covid-19 pandemic, however, through recovery plans we are focused with the task at hand and are on track.

To this end, as a Department we should find a way, through our SOEs', to address the country's triple challenges of poverty, inequality, and unemployment. To achieve this goal, we will focus on the following objectives:

Addressing the Challenges:

We are steadfast in our mission to bequeath a legacy to the youth of South Africa, an SOE portfolio that is financially and operationally efficient and sound, and which addresses the triple challenges of the country. The Department is on course to fulfill its Mandate to turn around the SOEs' damaged by years of poor Management, poor Corporate Governance, corruption and looting of both financial and operational resources.

Turnaround Plans for SOEs':

Denel

One of the examples of the dire consequences of "State Capture" and corruption was Denel. Once a thriving Original Equipment Manufacturer (OEM), with maintenance, repair, and overhaul capacity, which serviced numerous critical South African National Defense Force (SANDF) systems and technologies, was reduced to a SOE that could not pay workers' salaries. However, after a new Board was appointed during the term of the 6th Administration, the SOE has changed i.e., its course for the better and is implementing a turnaround plan, with the National Treasury (NT) allocating about R3.4 billion towards its implementation. The turnaround plan entails rolling out its new operating model, as well as restructuring and optimising its cost structure. The new model reduces Denel's structure from six core business units to three i.e., engineering, manufacturing, maintenance and overhaul. The Board, and new interim Executive Management are on course to ensure Denel regains its status as a globally respected OEM with high technical and technological defense capabilities, that service both National and International markets.

Alexkor:

Over the medium-term, the SOE will focus on the turnaround strategy for its diamond mining operations, which have significantly declined in the past 3 years. Some challenges to underproduction include a lack of funds to undertake exploration activities, and maintain old infrastructure. In the long-term, Alexkor's role will be determined in accordance with its challenges, and the Department will conduct a study to determine the optimal Shareholding structure for Alexkor. The study will consider the current market characteristics of the diamond mining industry in relation to Government's Developmental Agenda.

SAFCOL:

Despite experiencing challenges over the years, the South African Forestry Company Limited (SAFCOL) Board and Management have turned the SOE around, recording impressive revenue in the last financial year. However, the SOE needs more hectares of land to produce its forestry products, as some of its land is under land claims. The Department supports the Board and Management in their signing of a Memorandum of Understanding (MoU) with communities that have claimed SAFCOL land, as part of a partnership to ensure both SAFCOL and local communities reap the benefit of the land. Over the medium-term, the SOE plans to improve its performance by implementing its 50:50 revenue strategy, which entails plantation, processing, and other businesses contributing equally. The SOE remains in a strong solvency and liquidity position, and will be able to sustain itself without financial support from the Government.

Dynamic Stakeholders Innovatively and Transparently Managing Transformative Reforms of The SOE's

To achieve this, the following are key flagship economic drivers and strategies to be employed to achieve the country's developmental agenda working with the Board leadership, Management and the entire labour leadership collective focused on achieving the following:

- **Skills Development and Localisation Strategy**

As a Department, we recognize the importance of continually building a solid skills-base complemented by competencies, and the programmes have two focus areas which are:

- The rapid pace of technological advancements and the ever-changing employer needs, demonstrate the importance of continually building a solid skills base and competencies. As part of our key priorities for the coming financial year, the Department will ensure that SOEs' continue to play a critical and catalytic role in the continued supply of critical skills in occupations in demand, to enable country-wide economic growth and job creation; and
- In variably in terms of localisation, the Department has directed all its SOEs' to procure a minimum of 70% of their goods and services from local manufacturers, this is to assist with job creation, re-industrialisation of the economy, and thereby support the growth of manufacturing and other productive sectors of the economy.

- **Partnerships for Funding:**

The path to contributing to this critical National objective is, however, threatened by the SOEs' operational and financial challenges. To mitigate against this, the Department has adopted the strategy of strengthening old, and establishing new partnerships to acquire additional funding to sustain the SOEs' training facility optimisation programmes. Key partners identified include relevant Policy Departments, Provincial Government Departments and Technical and Vocational Education and Training (TVET) colleges, amongst others.

- **Evaluating Skills Development Programs and Innovation.**

Furthermore, the Department is currently undertaking a research study to evaluate the impact and efficacy of SOEs' Skills Development Programmes. The aim of which is to determine the extent of the alignment and responsiveness of the programmes, to economic and National priorities, but also to position the DPE to provide better oversight and manage SOEs' skills development, to ensure relevance and adequate responsiveness to the National Skills Development agenda.

We continue to encourage innovation and research by partnering with institutions of higher learning and the Council for Scientific and Industrial Research (CSIR) for SOEs' to invest and benefit knowledge in, among other things, architecture, infrastructure, innovative products and systems aligned towards the modernization of the Fourth Industrial Revolution (4IR).

Conclusion:

In conclusion, the Department is committed to delivering on its Mandate to restructure and reform SOEs' and to ensure that they become, and continue to remain a catalyst instrument of State - led economic growth and infrastructure development, as programmes leading the country towards a direction of developmental state focused-agenda.

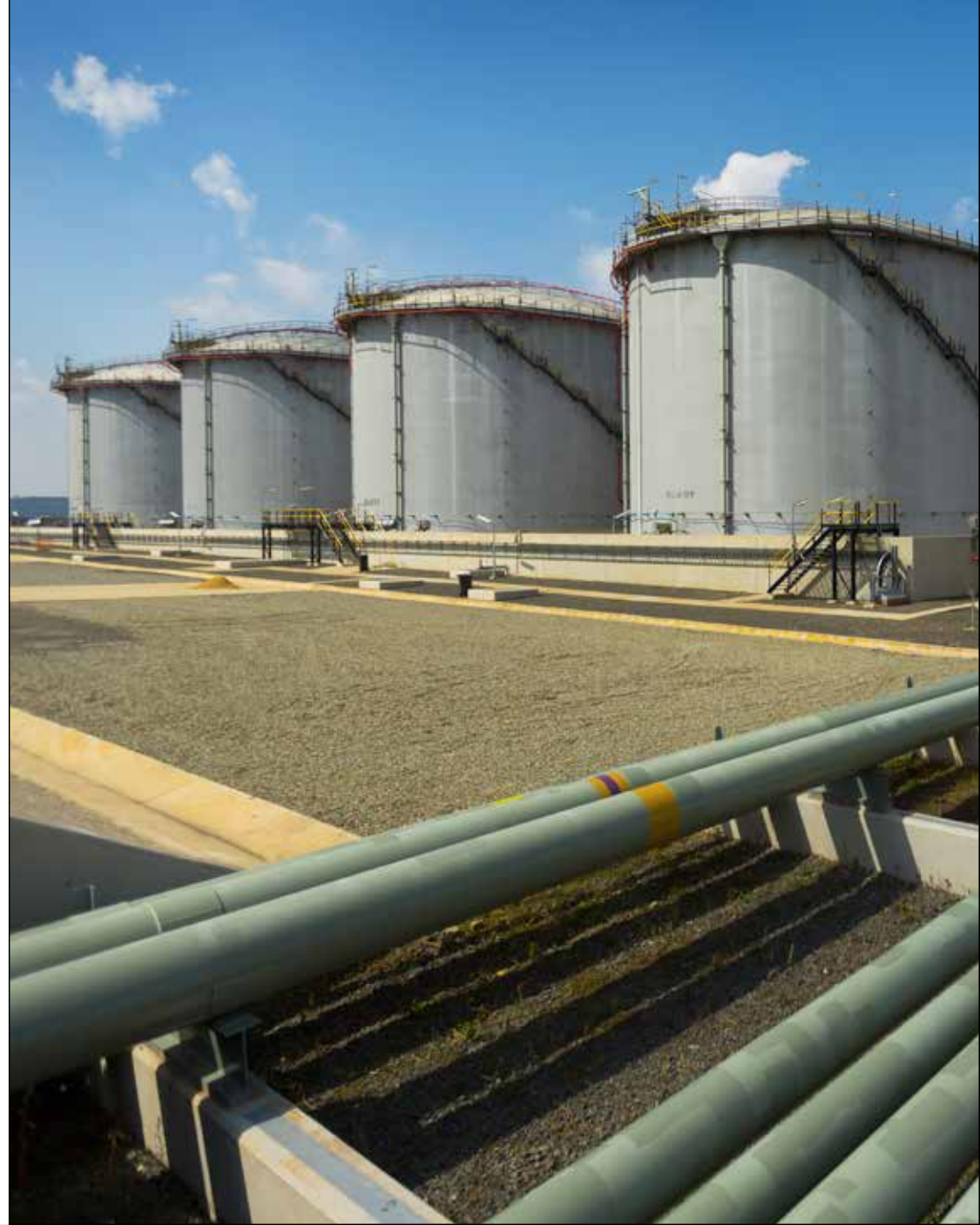
We are confident that, through our efforts, we will be able to overcome the challenges faced by SOEs' through comprehensive transformation and restructuring reforms, and create a formidable vocational and general skills-base hub through such developmental programs, while we continue with a sustainable brighter future for all South African people.



Signature:

Obed Bapela, MP

Department of Public Enterprises



Acting Accounting Officer's Statement



Jacky Molisane: Acting Accounting Officer

Department of Public Enterprises

As the Acting Accounting Officer of the DPE, I am proud to report the considerable progress we have made in addressing the challenges faced by our Entities, echoing the Minister's commitment to transforming and revitalising our SOEs' in the final year of the MTSF.

Denel, while facing some financial difficulties, has benefited from the State's support to restructure its balance sheet over the 2022/23 financial year, in alignment with the Minister's vision for a modern, efficient, and financially viable public sector. The State's intervention to settle guaranteed debt obligations will save Denel significant interest payments, enabling the Entity to focus on operational issues.

Additionally, Denel has pro-actively developed a turnaround plan that outlines key immediate interventions to ensure the brand continues to enjoy the support of the market and increase efficiency. The plan includes

effective Stakeholder Management, restructuring the Entity to reduce the cost base, overheads, footprint, and headcount, and repositioning the SOE for sustainability.

SAA has recommenced its flight operations in September 2021, marking a new beginning for the National carrier. The resumption of Domestic and Regional flights serves to increase air connectivity in the country, fostering a robust aviation sector capable of supporting trade, tourism, and Regional integration.

To ensure SAA's sustainability, the Government initiated a competitive bidding process to seek out a suitable strategic equity partner for the Entity. We are pleased to announce that the Takatso Consortium has been identified as the preferred bidder, aligning with the Minister's priority of concluding the SEP for SAA and enhancing the efficiency and competitiveness of our State-Owned assets.

Transnet is actively implementing policy directives and structural reforms to support the Government's pursuit of a sustainable economic recovery, echoing the Minister's fourth priority of finalising and implementing the Transnet Roadmap. These reforms aim to facilitate Private Sector Participation (PSP) and migration of rail-friendly commodities from road-to-rail.

The focus on key corridor segments, including automotive, container, coal, chrome, magnetite, iron ore, and manganese, will leverage Transnet's position to maintain its competitive advantage and enhance investment in infrastructure that will improve port capacity and productivity at the ports.

Eskom, a crucial component of our National infrastructure, has embarked on a comprehensive restructuring programme that includes the Unbundling of the utility into three entities: Generation, Transmission, and Distribution.

This restructuring is in line with the Minister's priority of completing the establishment of the National Transmission Company and reforming the electricity sector for a more efficient and reliable energy supply.

In response to the PSEC recommendations, we are working tirelessly to establish a Holding Company for strategic SOEs'. This Holding Company will streamline Governance, enhance co-ordination, and ensure the financial sustainability of our SOEs', in alignment with our vision for a modern, efficient, and financially viable Public Sector.

Furthermore, the DPE has been diligently collaborating with Alexkor and SAFCOL to tackle their financial and operational challenges, while simultaneously exploring avenues for growth and enhancement. Alexkor has devised a new strategy centred around sustainable mining and beneficiation, while SAFCOL has successfully implemented a turnaround strategy, which encompasses diversification of its product offerings and penetration into new markets. As a result of these strategic efforts, SAFCOL has managed to pay out a modest dividend, reflecting the SOE's progress and commitment to delivering value for its Stakeholders.

These initiatives drive inclusive procurement practices, support Local Content and skills development, and foster a more diverse and representative ownership and Management structure. Our decisiveness in implementing these strategies demonstrates our commitment to getting the job done in the remaining 12 months of the Administration.

In conclusion, the DPE acknowledges the challenges faced by its Entities', namely Eskom, Transnet, SAA, Denel, Alexkor, and SAFCOL, continue to contribute to the development of our country's economy, create jobs, and enhance the quality of life of our people. We will collaborate closely with our SOEs', ensuring that their Strategic Plans and operations align with our broader National Development objectives.

As we forge ahead in the final 12 months of the Administration, we will maintain an ongoing engagement with the relevant Departments to build a shared understanding of our SOEs' challenges and opportunities and foster a spirit of collective action and responsibility.

The DPE remains pro-active and deeply involved in addressing the pressing issue of economic sabotage, which threatens the viability of our SOEs' and the broader National development objectives. We are not merely overseeing the SOEs', but actively engaging with relevant Stakeholders, including Law Enforcement Agencies and other Government Departments, in a concerted effort to identify, investigate, and decisively counteract instances of economic sabotage. Our hands-on approach demonstrates our commitment to safeguarding the progress of our SOEs' and ensuring their contributions to the overall economic growth and stability of South Africa. By working together, we strive to foster a transparent, accountable Public Sector that effectively delivers on its promises and serves the best interests of our nation.

In the face of adversity, the DPE remains resolute in its pursuit of decisive action and transformative change. Together with the unwavering support of our social partners, we are confident in our ability to achieve our ambitious goals and deliver on the promise of a better life for all South Africans.



Jacky Molisane: Acting Accounting Officer
Department of Public Enterprises

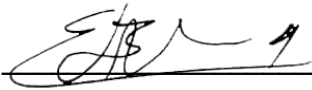
Official Sign-off

It is hereby certified that the 2023/24 Annual Performance Plan(APP):

- Was developed by the Management of the Department of Public Enterprises(DPE) under the guidance of the Acting Director-General(ADG).



Bongile Gura
Deputy Director: Strategic Planning



Edwin Besa
Acting Chief Financial Officer



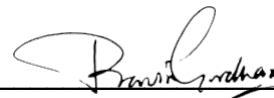
Jacky Molisane
Acting Director-General

- Takes into account all relevant Policies, Legislation and other Mandates for which the Department of Public Enterprises is responsible.
- Accurately reflects the impact and outcomes which the Department of Public Enterprises(DPE) will endeavour to achieve over the 2023/24 financial year.



Obed Bapela (MP)
Deputy Minister

Approved by:



Pravin Gordhan (MP)
Minister

Glossary of Terms

Acronym	Description
4IR	Fourth Industrial Revolution
ADDG	Acting Deputy Director-General
ADG	Acting Director-General
AfCFTA	African Continental Free Trade Area
AFS	Annual Financial Statements
AGM	Annual General Meeting
ALEXKOR	Alexkor SOE Limited
APP	Annual Performance Plan
AR	Annual Report
B-BBEE	Broad-Based Black Economic Empowerment
BO	Black-Owned
BR	Business Rescue
BWO	Black Women-Owned
BYO	Black Youth- Owned
CC	Competition Commission
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CfP	Call for Proposals
COP- 26	UN Climate Change Conference
CRO	Chief Restructuring Officer
CRRC	China Rail Rolling Stock Corporation
CSIR	Council for Scientific and Industrial Research
DAFF	Department Agriculture, Forestry and Fisheries

Acronym	Description
DALRRD	Department of Agriculture, Land Reform and Rural Development
DCT	Durban Container Terminal
DDG	Deputy Director-General
DDM	District Development Model
DENEL	Detonics, Numerous, Electronics
DDFE	Department of Forestry, Fisheries and Environment
DG	Director-General
DMRE	Department of Mineral Resources and Energy
DoT	Department of Transport
DPE	Department of Public Enterprises
DPME	Department of Planning, Monitoring and Evaluation
DPWI	Department of Public Works and Infrastructure
EA	Executive Authority
EAF	Energy Availability Factor
ERA	Electricity Regulation Amendment
ERRP	Economic Reconstruction and Recovery Plan
ESD	Enterprise Supplier Development
Eskom	Eskom Holdings SOE Limited
EXCO	Executive Committee
FOSAD	Forum of South Africa's Directors-General
GeYoDi	Gender, Youth, and Disability
HR	Human Resources
ICT	Information and Communication Technology

Glossary of Terms (continued)

Acronym	Description
IGR	Inter-Governmental Relations
IGRF	Inter-Governmental Relations Framework
IPPs	Independent Power Producers
IREC	Interim Rail Economic Capacity
IT	Information Technology
JET	Just Energy Transition
JV	Joint Venture
LSAs	Locomotive Supply Agreements
MoF	Minister of Finance
Mol	Memorandum of Incorporation
MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MW	Megawatt
NCOP	National Council of Provinces
NCT	Ngqura Container Terminal
NECOM	National Energy Crisis Committee
NPA	National Ports Authority
NERSA	National Energy Regulator of South Africa
NRP	National Rail Policy
NSDP	National Skills Development Plan
NSEB	National State Enterprises Bill
NSEHC	National State Enterprise Holding Company
NT	National Treasury

Acronym	Description
NTCSA	National Transmission Company of South Africa
OEM	Original Equipment Manufacturer
OJT	On-the-Job Training
PFMA	Public Finance Management Act
PPAs	Power Purchase Agreements
PPPFA	Preferential Procurement Policy Framework Act
PPR	Preferential Procurement Regulations
PPPS	Public-Private Partnerships
PRC	Presidential Review Commission
PSEC	Presidential State-Owned Enterprises Council
PSP	Private Sector Participation
PV	PhotoVoltaics
PWDs	People with Disabilities
RE	Renewable Energy
RET	Renewable Energy Technologies
RT	Renewable Technologies
SAA	South African Airways
SAFCOL	South African Forestry Company Limited
SANDF	South African National Defense Force
SARB	South African Reserve Bank
SARS	South African Revenue Service
SCM	Supply Chain Management
SEIAS	Socio-Economic Impact Assessment System
SEP	Stakeholder Engagement Plan

Glossary of Terms (continued)

Acronym	Description
SETA	Sector Education and Training Authority
SEZ	Special Economic Zones
SHC	Shareholder Compact
SIS	Strategic Intent Statement
SIU	Special Investigations Unit
SMB	Shareholder Management Bill
SMME	Small, Medium and Micro-Enterprises
SMS	Senior Management Service
SOE	State-Owned Company
SOE	State-Owned Enterprise

Acronym	Description
SONA	State of The Nation Address
SP	Strategic Plan
TFR	Transnet Freight Rail
the dtic	Department of Trade, Industry and Competition
TNPA	Transnet National Ports Authority
ToR	Terms of Reference
TRANSNET	Transnet SOE Limited
TVET	Technical and Vocational Education and Training
WIL	Work Integrated Learning

PART A

OUR MANDATE



OUR MANDATE

The Department of Public Enterprises (DPE) undertakes Shareholder oversight of State-Owned Companies (SOEs) in its portfolio. The Department is the primary interface between Government and these SOEs', and provides input into the formulation of Policy, Legislation and Regulation. Through the execution of its responsibilities, the Department seeks to improve the financial, commercial, and operational performance of these SOEs' and their contributions to the South African economy, as well as to support their transformation.

UPDATES TO INSTITUTIONAL POLICIES AND STRATEGIES

The Presidency has Mandated the DPE to serve as Secretariat to the Presidential State-Owned Enterprises (SOE) Council (PSEC). As part of the key interventions to reform and repurpose SOEs, the DPE is currently developing the National State Enterprises Bill (NSEB), and it is also establishing an SOE Holding Company that will strategically house key SOEs' as part of the reform efforts. These initiatives aim to strengthen Governance systems, ensure Board stability, and promote financial and operational stability across SOEs'.

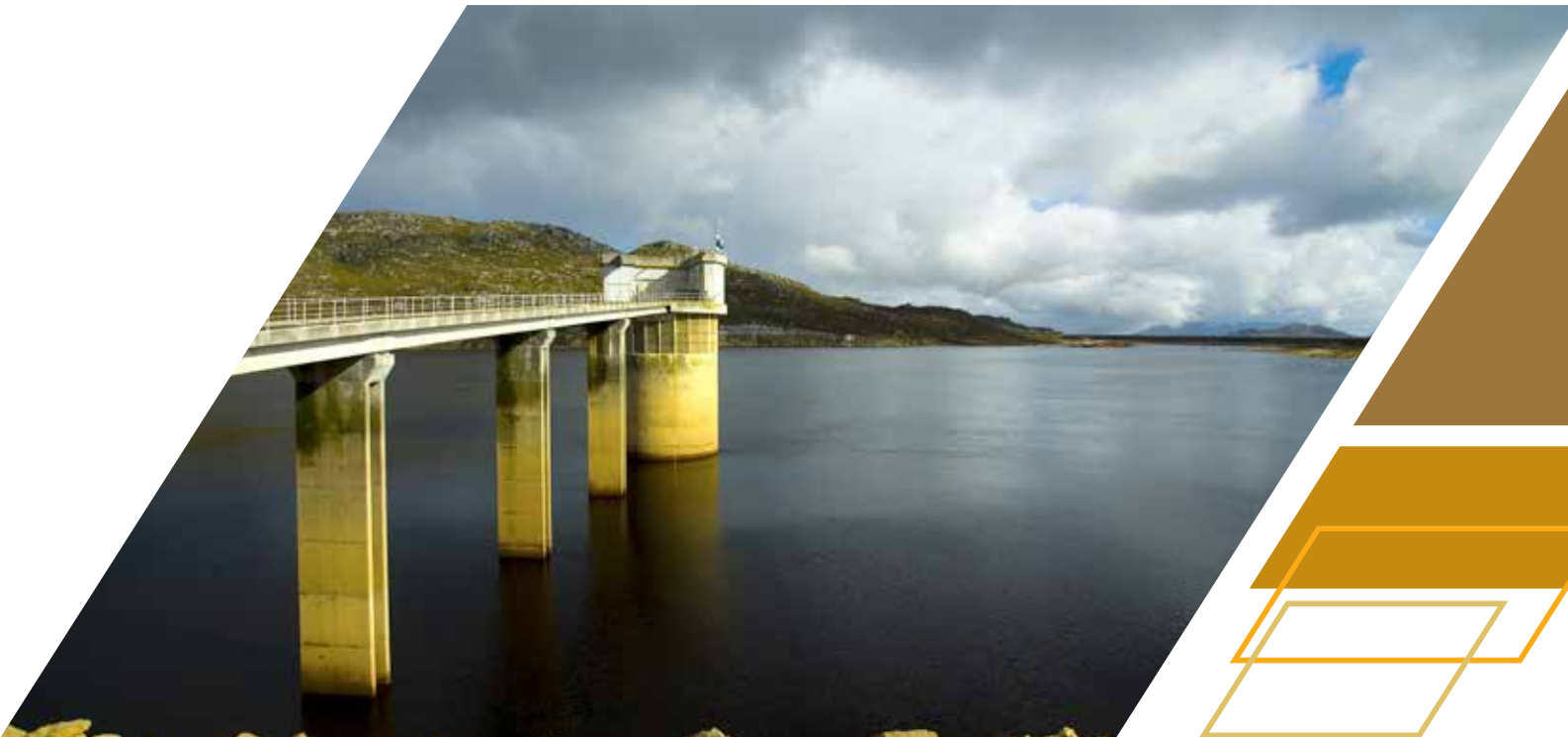
UPDATES TO RELEVANT COURT RULINGS

Toto Investments Holdings brought a semi-urgent review application in Western Cape High Court against the Department reviewing the decision to appoint Takatso Consortium as the preferred Strategic Equity Partner. The matter is on the discovery of documents stage.

In line with Rule 53 of the Uniform Rules of Court, Toto Investments requested the Department to file the record of decision for the selection of the preferred Stakeholder Engagement Plan (SEP). The Department reciprocated, and filed the requested records, but not to the satisfaction of Toto Investments who ultimately launched an urgent application (interlocutory) to compel the Department to disclose all the records. This was after the Applicant (Toto Investments) rejected the confidentiality regime proposed by the Department in respect of which, the records would be confidentially shared with the Applicant's lawyers and a third-party expert. A part of the Applicant's urgent application requested an interim order that would stop the Department from proceeding with the transaction. The Applicants lost this case as they failed to make out a case for urgency. The Court ordered that the main review application be placed under Case Management. The Court's directive was that the Department should submit both confidential, and non-confidential records of decision for the SEP selection process. The Department submitted the confidential record as it is of the view that all the information is confidential. The Applicants are contesting this record as they are of the view that not all records is confidential, and have requested the Judge to make a ruling on this matter. The Department is awaiting the ruling.

PART B

OUR STRATEGIC FOCUS



UPDATED SITUATIONAL ANALYSIS

Presidential SOE Council (PSEC)

A holding company for strategic SOEs' will be established,

In addition to establishing SOE Holdco, PSEC's work will include:

- Investigating and recommending suitable financial models for the Holding Company,
- Conducting in-depth analysis to determine which SOEs' should be consolidated, and those that should be disposed of,
- Repurposing the consolidated SOEs' to align with the Mandate of the Holding Company, and
- Developing criteria for SOEs' that require crisis management and recommending appropriate interventions.

Eskom Hld SOC Ltd (Eskom)

Energy Availability

During 2023 State of the Nation Address (SONA), the President announced a clear action plan to address the energy crisis and electricity shortage of between 4000 MW to 6000 MW. The following are the key interventions:

- Fix Eskom's coal-fired power stations and improve the availability of existing supply,
- Enable and accelerate private investment in generation capacity,
- Accelerate procurement of new capacity from renewables, gas and battery storage,
- Unleash businesses and households to invest in rooftop solar, and

- Fundamentally transform the electricity sector to achieve long-term energy security.

Through the National Energy Crisis Committee (NECOM) and support of various Government Ministries, Eskom is implementing the Generation Performance Recovery Plan that was adopted by the Eskom Board in January 2023. The Recovery Plan is geared towards improving the Energy Availability Factor (EAF) from the current 56%, to 65% by the end of financial year 2023/24, and 70% by 31 March 2025. To attain these targets, Eskom is focusing interventions such as sourcing external specialised skills, safeguarding performance of top performing power stations, and turning around poor performance at six power stations (i.e., Tutuka, Kusile, Matla, Kendal, Duvha and Majuba). Eskom is urgently fast-tracking construction of a temporary solution to bring back three units at Kusile power station following the collapse of a chimney stack last year, whilst simultaneously repairing the permanent structure.

Koeberg Nuclear Power Station is approaching the end of its forty-year life span, and Eskom is in the process of extending operations for another 20 years. Historically, Koeberg's performance has been exemplary, and continues to operate strictly within nuclear standards and regulations. This will support the Eskom fleet with a reliable and low carbon source of power.

Through the Standard Offer programme, Eskom is in the process of securing 1000 MW of excess energy from existing generators once the necessary regulatory exemptions, and approvals have been obtained. In addition, Eskom has secured an additional 300 MW from imports via the Southern African Power Pool. In pursuit of enabling private sector investment in electricity generation, Eskom signed land leases with four Independent Power Producers (IPPs) for commercial lease of land at two Eskom power stations in Mpumalanga. This will enable an estimated 2 000 MW of additional generation capacity to the National grid.

Update on Roadmap for Eskom in a Reformed Electricity Supply Industry

In October 2019, the DPE published “the Roadmap for Eskom in a Reformed Eskom Supply industry”. The Eskom Roadmap envisaged that Eskom will be separated into three subsidiaries (Transmission, Distribution and Generation) under Eskom Holdings.

The drivers for Eskom unbundling were due to shift in the energy sector both globally and locally. Globally, most of the countries have moved away from the vertical model to a competitive model. Domestically, Eskom has been faced with operational, financial, structural, and Governance challenges. The aim of the Eskom Roadmap is to improve transparency, cost efficiencies and to enable competition in the electricity sector.

In April 2021, functional separation of Generation, Transmission and Distribution divisions were completed. The National Transmission Company of South Africa (NTCSA) was established as subsidiary of Eskom in December 2021. To operationalise NTCSA i.e. begin trading, Eskom needs to obtain a license to operate from the National Energy Regulator of South Africa (NERSA), obtain lenders consent on Transmission debt, and the Department needs to appoint the Board of Directors to the NTCSA.

In September 2022, Eskom submitted a license application to NERSA for approval. NERSA has conducted a public hearing for the NTSA license application and a decision is expected by end of April 2023. Eskom is currently undertaking lenders consent engagements which are expected to be completed by the end of June 2023. The Department will be appointing the NTCSA Board of Directors in due course.

Eskom is also making progress towards the corporitisation of the new Distribution Company. The National Electricity Distribution Company of SA SOC was registered on 2 November 2022. The Department is currently considering the Public Finance Management Act (PFMA) application for the sale and transfer of the distribution business to the new Distribution Company. A due diligence for the establishment of a New Company for the Generation business is also underway.

Just Energy Transition (JET)

Eskom had established a JET Office earlier in 2020 to lead, direct, and enable the transition for the SOE. Eskom’s JET strategy focusses on transitioning the business to a net zero carbon emissions efforts over a 30-year time horizon, between 2020 and 2050, with an increase in sustainable jobs. Eskom has commenced with a number of pilot projects under the JET programme. Among others, these include an agri-voltaic plant which involves the dual use of land, electricity generation from solar Photovoltaic (PV) and agricultural activities, the assembly and fabrication of micro-grid plants at Komati for supply to the country, as well as training opportunities.

During the UN Climate Change Conference (COP-26) in Glasgow, Government together secured (USD 8.5 billion) R131 billion to phase out coal, and to transition to clear energy sources. This will provide a significant boost to investment and growth, while ensuring that there is a just transition that addresses the risks to the most affected and vulnerable Stakeholders, such as low-income communities and Small, Medium and Micro Enterprises (SMMEs).

Increased leveraging of International partnerships to attract financial resources will be needed, to ensure that the transition is just and achieved within Government’s committed timelines.

Transnet

Transnet's performance has been negatively impacted by a number of factors including increasing levels of theft and vandalism, a shortage of locomotives and an infrastructure maintenance backlog, particularly with respect to the rail network. The inefficiencies in port and rail are costing the economy billions, and further undermining our efforts to raise growth. Government has set out a clear policy direction for the freight sector in the White Paper on National Rail Policy (NRP), and in Legislation such as the National Ports Act (NPA) and the Economic Regulation of Transport Bill that is currently being considered by the National Council of Provinces (NCOP).

During the SONA, the President announced that Government will develop a Roadmap for Transnet to provide clarity on the steps to be taken to address the current freight challenges, and outline a path for reform. There is work underway to between DPE, Department of Transport(DoT) and Operation Vulindlela (Joint initiative of the Presidency and National Treasury to accelerate the implementation of structural reforms and support economic recovery.) to complete this Roadmap.

A key priority is the enablement of third-party access to the rail network by private operators, while the network itself will remain State-Owned. Transnet's Growth and Renewal strategy aims to address operational challenges in the short- term, while simultaneously crowding in private investment and entering into partnerships to grow revenue and market share in targeted sectors. Transnet has also developed partnerships with the private sector to address cable theft and vandalism on the freight rail network, through the use of advanced technologies and additional security personnel. In respect of ports, the DPE will focus on finalising the establishment of the Port Authority as an independent subsidiary of Transnet in order to comply with requirements of the National Ports Act (NPA).

The shortage of locomotives represents a binding constraint on Transnet's ability to shift traffic from road to rail. The suspension of the 1064 locomotive contract due to contract irregularities, has led to a shortage of parts and spares to repair the locomotive fleet. While Transnet has reached agreement with some of the Original Equipment Manufacturers (OEMs) with respect to the 1064 contract, bilateral engagements are taking place with the Chinese Government to resolve the dispute between Transnet and China Rail Rolling-Stock Corporation (CRRC). As a backup measure, Transnet has issued a Call for Proposals(CfP) for a step-in OEM in the event that the discussions with CRRC are not resolved satisfactorily.

Following the issue of a tender for electric and diesel locomotives, in March 2014, Transnet entered into Locomotive Supply Agreements (LSAs') with four OEMs including General Electric, Bombardier Transportation, China North Rail, and China South Rail for the supply of 1064 locomotives. In May 2018, the new Transnet Board initiated an independent investigation into the procurement process. The evidence that emerged pointed to significant irregularities in the procurement process, which led to a suspension of the contract with the Chinese OEMs in October 2019.

On 9 March 2021, Transnet and the Special Investigating Unit (the SIU) as co-applicants, launched an application for the review and set aside of the four LSAs' concluded in respect of the acquisition of the 1064 locomotives. Transnet subsequently initiated settlement discussions with the respondent OEMs in the review application.

On 25 November 2022, Transnet and CRRC concluded a binding Definitive Settlement Agreement that provided for the delivery of the remaining locomotives on the 1064 contract, as well as to provide spares and parts required to bring non-operational locomotives back into service. The agreement is subject to the condition that CRRC needs to resolve outstanding issues with the South African Revenue Service (SARS) and the South African Reserve Bank (SARB).

Bilateral engagements are underway to assist in resolving the issues and regularising CRRC's operations in South Africa.

Dealing with theft and vandalism on infrastructure

The damage caused by the theft of scrap metal and cable on infrastructure like electricity, trains, and other vital services are enormous. Transnet developed partnerships with the private sector to address cable theft and vandalism on the freight rail network, through the use of advanced technologies and additional security personnel. The DPE will monitor these interventions on a quarterly basis.

District Development Model (DDM)

According to the DDM Strategic Implementation Framework, the year 2021/22 marks the "Institutionalisation Phase" of the model by All of Government. The key indicators of the institutionalisation phase amongst others include, promulgation of Inter-Governmental Relations Framework (IGRF) Act Section 47 (1)(b), strengthening IGR Structures and align with DDM Approach, development, and adoption of 52 One Plans, as well as establishment of identified DDM Hubs.

For the 2023/24 fiscal year, DPE will institutionalise the DDM within the Department and SOEs, by co-ordinating participation of Senior Management Service (SMS) / SOE Technocrats in DDM Technical Committees, both at National and District / Metropolitan spaces as guided by the DDM Implementation Framework. The Department will seek to integrate its involvement in DDM where the SOEs' have significant catalytic, and high impact investment with more focus on Special Economic Zones (SEZs) and high impact Regional development initiatives.

Economic Transformation

The recent Constitutional Court judgement in which the Preferential Procurement Regulations (PPR) 2017 were declared invalid, is a game changer, and has taken away the power of creating a Preferential Procurement system from the Executive to the Organs of State. SOEs, are therefore as provided for by the revised PPR, required to revise Supply Chain Management (SCM) policies, and include Preferential Procurement systems which will ensure continued support to economic transformation in compliance with both the, Preferential Procurement Policy Framework Act (PPPFA), and the Broad-based Black Economic Empowerment (B-BBEE) Act. SOEs, are therefore expected to support Government Policies in playing an instrumental role in leveraging procurement to support, localisation and Local Content, to support re-industrialisation.

Empowering Designated Groups

SOEs' support Small-Medium and Micro Enterprises (SMME) Development through various initiatives, in contributing to economic transformation leveraging procurement of goods and services, including procurement through businesses owned by historically disadvantaged groups in compliance with the PPPFA and B-BBEE Act. Through B-BBEE compliant businesses, Black Owned (BO) businesses, Black Women Owned (BWO) businesses, Black Youth Owned (BYO) businesses, and businesses owned by Persons with Disabilities (PWDs). This further supports programmes co-ordinated by other Government Departments to strengthen co-ordination for Broad Empowerment programmes, and ensuring equity in support of mainstreaming Gender, Youth, and Disability (GeYoDi) as critical designated groups requiring special focus.

Localisation

The Department has compacted to procure a minimum of 70% of their goods and services from local manufactures to assist with job creation, re-industrialisation of the economy, and support the growth of manufacturing and other productive sectors of the economy.

Skills Development

The rapid pace of technological advancements, and the ever-changing employer needs, demonstrates the importance of continually building a solid skills base and competencies for economic reconstruction and recovery, as well as accelerating transformation. This imperative is underpinned by various policy frameworks and strategies such as the National Skills Development Plan (NSDP) (2030), Economic Reconstruction and Recovery Plan (ERRP), the JET and DDM.

The SOEs' in the DPE portfolio play a critical, and catalytic role in the generation and supply of critical skills in occupations in demand, despite some experiencing financial constraints. The Entities continually strive to optimize their training facilities and open their workplaces to provide youth with opportunities to acquire technical skills, through Work Integrated Learning (WIL) interventions such as On-the-Job Training (OJT). These interventions provide opportunities for learners in apprenticeships, learnerships, and internships to acquire full certification where required to support youth employment.

The Department is pursuing partnerships with Policy Departments, Provincial Government Departments, institutions of higher learning, Sector Education and Training Authority (SETAs) and Technical and Vocational Education and Training (TVET) colleges to mobilise additional funding resources to optimise and sustain the training facilities of the SOEs'.

EXTERNAL ENVIRONMENT ANALYSIS

Denel

The SOE has in the past five years experienced serious viability challenges. The SOE's revenue decreased from R2.8 billion in 2020/21, to R1.5 billion in 2021/22 due to persistent liquidity challenges, and was unable to meet operational obligations such as salary payments, creditors and statutory obligations. This was exacerbated by high fixed costs and under-recoveries across the group, thereby eroding its solvency. This, amongst other things, has resulted in Denel losing a significant number of personnel with critical skills that are vital to maintain the core defence industrial capabilities.

During the 2022/23 financial year, the SOE appointed a Chief Restructuring Officer (CRO) to lead the turnaround initiatives to return the entity on a sustainable path. The SOE's broad focus over the medium-term will be on implementing its turnaround plan, which entails rolling out its new operating model, restructuring and optimising its cost structure through consolidation of shared services and reduced footprint. The new operating model reduces Denel's structure from six core business units, to four capability and client-focused business units, i.e., Guided weapons, Land, Air and Integrated Systems.

Government has taken comprehensive measures to support the repositioning of Denel. To improve the balance sheets, in 2021/22 Government undertook to settle the R3.2 billion Guaranteed Debt thereby relieving Denel from the associated interest burden. To augment this, Government allocated an additional R3.4 billion in 2022/23 through the Special Appropriation Act (2022). The cash injection will be used to implement the turnaround plan, settle legacy obligations, and address the

SOE's liquidity requirements to support operations and execute its order pipeline.

The shift in geopolitical trends and the war in Europe, is driving an upward trend in global defence spend. Despite escalating inflation, global defence spending has been on an upward trajectory over the last five years, increasing from USD1.7 trillion in 2017 to USD2.0 trillion in 2022. Numerous countries are reviving their defence industrial complex to ensure their own security of supply. This trend presents export opportunities for Denel in accordance with the country's laws. In addition, this will require Denel to establish strategic partnerships in some of the key markets.

The stagnant domestic defence budget, requires Denel to establish strategic partnerships to access some of the key growing defence markets.

Alexkor SOE Ltd (Alexkor)

Diamond Sector Overview (Diamond Mining Sector)

South Africa continues to be one of the world's major producers of diamonds, accounting for about eight percent (8%) of total global diamond production. The 2021 Kimberley Process Rough Diamond Statistics Report indicates that South Africa's diamond production amounted to over 9.7 million carats, a notable increase from 8.4 million carats in 2020. Global diamond production reached 120 million carats in 2021, an increase from 111 million carats in 2020.

While there are strong signs of recovery within the diamond sector, analysts predict a modest increase in the global rough diamond production of between 1%-2% over the short to medium-term, as companies re-open suspended operations from Covid-19 related restrictions. The conservative growth is mainly attributed to general hesitancy to commission any major

new projects following the instability caused by the pandemic, and absence of significantly new diamond deposit discoveries.

In South Africa, diamond mining companies are looking into improving efficiencies to decrease costs or investing capital to maintain current volumes. Increasing energy and fuel costs exacerbated by unreliable electricity supply remain a challenge for the diamond sector. There is suggestion that the diamond mining sector has reached its peak carat production output, and it is most likely that production will be maintained below 10 million carats going forward. The DPE has commissioned a study to determine how to best position Alexkor within the diamond industry, and ensure that the State derives maximum value from ownership of diamond assets.

Eskom

In order to increase the efficiency of Eskom's coal-fired stations, deep maintenance is required, which entails lengthy planned outages. Some stations have reached their end of life, and more than half the fleet is 35 years and older therefore performance will continue to deteriorate.

Action is required in key areas such as funding new capacity, minimizing emission standards, acquisition of land rights, the market structure which influences the bid window processes, IPP prices, tariff structure and trajectory, unlocking the municipal debt challenges and addressing the culture of non-payment.

To support the reliability maintenance programs, funding has to be secured and released timeously to place contracts and order spares in advance, and this requires certainty on the tariff trajectory. For there to be adequate space to conduct maintenance an additional capacity of 4 000 MW to 6000 MW is required, and this cannot be provided by Eskom alone.

Increased capacity would reduce the need for loadshedding and create the opportunity for maintenance of the stations.

Eskom is urgently addressing critical skills shortages through attraction and retention of required competencies and capabilities, to support operational recovery plans. Eskom Rotek Industries, a subsidiary of Eskom Holdings is being re-shaped to intensify its support to the Eskom Generation business by providing skills on plant maintenance and technical support, including turbine and transformer repairs, specialized construction and transport services.

Re-powering of older power stations in Mpumalanga with low carbon emitting technologies such as renewables and gas with battery storage, while capitalising on existing grid infrastructure, is key to continuing economic activity in the local areas. Designating Mpumalanga as an industrial zone to ensure a favourable business environment for investors and entrepreneurs, will create new business opportunities such as component manufacturing, asset creation and maintenance in Renewable Technologies (RT).

A competitive market outside the single buyer programme is considered complimentary to the bid window procurement process of the Department of Mineral Resources and Energy (DMRE), and would enhance the attractiveness for investors such as the manufacturing of components. Amendments to the Electricity Regulation Amendment (ERA) Bill is before Parliament, and its approval will enable a competitive electricity market. Continuing with the single-buyer approach, with the future Transmission System Operator required to act as the single buyer for future bid windows, without adequate Governance of projects below 100 MW would likely lead to a two-tier market. Efficient IPPs could seek to conclude Power Purchase Agreements (PPAs) with solvent buyers, such as metros, large industrial users and commercial customers.

South African Airways (SAA)

Despite the challenges faced, the DPE has managed to stay on track and make progress with regards to South African Airways (SAA). The SOE was placed under Business Rescue (BR) in December 2019 and after a successful exit from the process in April 2021, it resumed operations in September 2021 with six aircraft operating Domestically and Regionally.

As of the end of 2022, SAA is no longer technically insolvent and was projected to generate a profit, with a net equity value of R1 billion. The National carrier flies to Domestic and Regional destinations, with the potential to add International routes in the future.

The sale of the Government's majority Shareholding in the SOE to strategic equity partner Takatso is targeted to be completed within the first 6 months of the 2023/24 fiscal year, pending regulatory approvals from the Competition Commission (CC). We are currently awaiting these approvals so that the transaction can proceed. The re-organisation of SAA demonstrates that with collaboration, we can turn around our State assets. The re-organisation of the SOE remains the central objective of our Mandate.

South African Forestry Company Limited (SAFCOL)

SAFCOL is operating in the sector where players are vertically integrated within the forestry value chain. SAFCOL is currently the main supplier of sawlogs to private clients that are vertically integrated. However, SAFCOL is turning this around by developing a strategy that will allow the SOE to diversify and take advantage of other opportunities within the forestry value chain. This will allow SAFCOL to grow sufficient revenue necessary to meet Government's objective of the country's Developmental State. Furthermore, this will give SAFCOL a competitive edge in the lucrative lumber production market. SAFCOL's current market is in the construction

industry, and this requires the SOE to have alternatives as the construction market is dependent on economic performance.

SAFCOL's operating land is under land claims, where approximately 57% of its land is listed to be transferred to successful land claimants under the Restitution of Land Rights Act. This process is outside SAFCOL's control as it is managed, and directed by the Department of Agriculture, Land Reform and Rural Development (DALRRD). There is a total of 46 claims, currently, only four have been transferred on a long-term lease model where SAFCOL will manage the plantations on behalf of claimant communities. Delays in the Land Settlement Model is a risk to SAFCOL's business, as the remaining claimant communities may lose interest in being strategic partners. To mitigate this risk, SAFCOL has developed community engagement models that includes partnering in Enterprise Supplier Development (ESD) and corporate socio-economic programmes.

Climate change has a direct negative impact on timber growth, and this is evident in the reduction in plantation area where SAFCOL managed approximately 120 000 hectares in 2015, to approximately 121 000 hectares in 2020. The SOE has developed long-term adaptation and mitigation plans that will assist to reduce the possible reduction of arable land, and negative impact to livelihoods of rural based communities, which includes research of new forestry species and community led agro-forestry projects that will improve food production and employment. SAFCOL is exploring climate change financing to support mitigations and adaptations.

SAFCOL's reliance on the power supply from the grid has posed operational challenges in terms of lost time during load shedding, and is seeking new ways in which it can efficiently and sustainably self-generate electricity, such as investment in the green energy production, which could also be a potential source of revenue if permitted by the NERSA to sell excess capacity back to the grid.

Transnet

In spite of a weak Global and Domestic economic outlook, demand for commodity exports remains strong. Transnet has been unable to meet customer demand for rail, and is exploring a range of partnerships that are designed to increase capacity and improve the competitiveness of the key export supply chains. Transnet plans to invest R122 billion over the next 5 years to sustain and expand its capacity. Of this amount, 69% (R85 billion) has been earmarked for the rail sector, 22% (R27 billion) for ports, and 7% (R8 billion) for pipeline infrastructure.

Private investment in new capacity will contribute to reducing the infrastructure and capacity gap, as well as accelerate the growth in rail market share, which will in turn lead to a reduction in logistics costs.

Transnet is also prioritising restructuring and reform initiatives designed to improve the competitive environment in rail and ports, and to crowd in investment.

Priorities for the 2023/24 financial year include the finalisation and implementation of the Transnet Roadmap, the establishment of the NPA as an independent subsidiary of Transnet, the establishment of a Rail Infrastructure Manager function, and the relaunch of slot sales to 3rd party train operators by 1 April 2024.

In the short-term, Transnet's operations and financial position have been impacted by events such as severe damages at the port of Durban and flooding along the KwaZulu-Natal rail corridor in April 2022. To assist the SOE with repairs, the Government has allocated R2.9 billion in 2022/23 through the Special Appropriation Act (2022). Repair to the flood damaged infrastructure has commenced, and operations will be fully restored during the 2023/24 financial year.

The African Continental Free Trade Area (AfCFTA) represents a significant opportunity for South Africa and its neighbours to industrialise, and diversify their economies through increased regional trade. Logistics connectivity in the region remains below desired levels and this hampers the establishment of regional production value chains, that we have seen in many other regions. A key focus is being placed on improving Regional maritime and rail connectivity, with a particular emphasis on positioning the Port of Durban as a container hub, and furthering the implementation of the North-South Corridor rail project. Additional transport corridors will be prioritised going forward.

Transnet's expenditure is expected to increase at an average annual rate of 6,2% from R46,1 billion in 2022/23 to R62,2 billion in 2027/28. Revenue is expected to increase at an annual average rate of 11,6% from R67 billion in 2022/23 to R116 billion in 2027/28. Transnet reported a net profit of R5 billion in 2021/22 but is however anticipated to report a loss in the 2022/23 financial year. The successful execution of the reform initiatives, coupled with the planned partnerships will strengthen Transnet's financial position, improve South Africa's logistics competitiveness, and assist in boosting International trade, particularly in manufactured goods.

INTERNAL ENVIRONMENT ANALYSIS

In the 2022/23 financial year, the Department continued with the process of securing new office accommodation through The Department of Public Works and Infrastructure (DPWI). Engagements with the DPWI are at an advanced stage in securing new office accommodation for the DPE. The Department is projecting that in the 2023/24 financial year, it will be moving to new office accommodation. A relocation planning task team comprising representatives from all technical business units (IT, SCM, Finance, Knowledge Centre, Security and Facilities Management) was established and meets on a regular basis.

PART C

MEASURING OUR PERFORMANCE



1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

1.1 PROGRAMME 1: ADMINISTRATION

Purpose: To provide strategic leadership Management and support services to the Department.

The programme consists of the following Sub-programmes:

Ministry:	Provide Executive support to Political Principals
Office of the Director-General(ODG)/ Management:	Provides technical support, enabling Government to optimally exercise Governance and performance over the portfolio of State-Owned Companies(SOEs),
Security and Facilities Management:	Provides a safe and secure environment, as well as internal administration and facilities services to internal customers,
Information Management and Technology:	Provides Information Technology(IT) services and applications as strategic tools for business enablement, including comprehensive Records Management, Knowledge Management, Library, and Information services,
Office of the Chief Financial Officer(OCFO):	Provides effective and efficient Financial Management Services to ensure compliance with various Legislation, including the Public Finance Management Act(PFMA), 1999 (Act No 1 of 1999) and Treasury Regulations,

Human Resources(HR):	Assists line Management to implement operational excellence and develop the human capital potential in the Department,
Communications:	Repositions the Department of Public Enterprises(DPE) as a strong Shareholder Department, makes the DPE brand relevant and meaningful to ordinary South Africans, provides impactful media relations and media communication, and improves employee engagement,
Strategic Management:	Co-ordinates, manages, and oversees outcomes-based performance reporting of the Department, implements performance monitoring and evaluation processes for individual programmes and business units as a mechanism for measuring the delivery of strategic objectives, and reports to various Stakeholders, and
Internal Audit:	Provides independent and objective assurance and consulting on internal audit services to add value and improve the Department's operations, and assists the Department to accomplish its objectives by bringing a systematic disciplined approach to evaluate, and improve the effectiveness of Risk Management, Control and Governance processes.

Outcomes, Outputs, Performance Indicator and Targets

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Promote alignment and efficiency across institutional model.	Reduce loss of SOEs' infrastructure through theft and vandalism.	Number of reports on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism.	None.	None.	50% of the co-operation agreement milestone achieved (cable theft, infrastructure).	Four reports on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism.	Four reports on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism.	Four reports on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism.

Indicators, Annual and Quarterly Targets

Output Indicators	Annual target	Q1	Q2	Q3	Q4
1.1 Number of reports on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism.	Four reports on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism.	Quarterly report on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism by 30 June 2023.	Quarterly report on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism by 30 September 2023.	Quarterly report on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism by 31 December 2023.	Quarterly report on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism by 31 March 2024.

Explanation of planned performance over the medium-term period

The Department participated in the Task Team on Cable Theft and Infrastructure Vandalism, and National Rail Crime Combating Forum to support measures by Government to curb cable theft and infrastructure vandalism. The Department signed the Memorandum of Understanding

(MoU) with relevant SOEs' to implement interventions that will assist in dealing with the impact caused by theft, vandalism and trade in ferrous and non-ferrous metal wastes, scrap etc.

2. PROGRAMME RESOURCE CONSIDERATIONS

PROGRAMME 1: ADMINISTRATION

Expenditure trends and estimates

Administration expenditure trends and estimates by Sub-programme and economic classification

Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate	Average: Expenditure/ Total	Medium-term expenditure estimate			Average growth rate	Average: Expenditure/ Total
R million	2019/20	2020/21	2021/22	2022/23	(%)	(%)	2023/24	2024/25	2025/26	(%)	(%)
Ministry	39.4	23.4	23.3	30.4	-8.3%	20.9%	34.9	36.2	36.4	6.2%	20.0%
Management	11.0	5.8	7.5	14.1	8.7%	6.9%	9.2	9.8	15.8	3.8%	7.1%
Communications	28.9	32.9	29.2	38.8	10.4%	23.3%	37.5	39.2	41.1	1.9%	22.8%
Chief Financial Officer	20.8	18.8	19.5	22.5	2.7%	14.6%	20.8	21.9	22.9	0.6%	12.8%
Human Resources	24.4	17.6	18.7	34.7	12.5%	17.1%	35.8	44.1	28.6	-6.2%	20.8%
Internal Audit	5.5	3.9	3.9	7.7	11.5%	3.8%	6.1	6.5	6.9	-3.7%	3.9%
Corporate Services	3.9	2.3	2.4	5.3	10.8%	2.5%	5.0	5.3	5.7	3.0%	3.1%
Office Accommodation	15.3	13.8	16.6	14.6	-1.7%	10.8%	16.0	16.7	17.4	6.0%	9.4%
Total	149.1	118.4	121.1	168.0	4.1%	100.0%	165.4	179.6	174.7	1.3%	100.0%
Change to 2022				1.7			(3.3)	3.4	(9.4)		
Budget estimate											
Economic classification											
Current payments	137.6	113.0	120.0	163.9	6.0%	96.0%	161.3	175.4	170.3	1.3%	97.6%
Compensation of employees	72.1	68.4	71.9	98.7	11.0%	55.9%	93.9	98.7	98.7	–	56.7%
Goods and services	65.5	44.6	48.1	65.3	-0.1%	40.1%	67.4	76.7	71.5	3.1%	40.8%
of which:											
Audit costs: External	3.9	3.5	6.0	4.9	8.3%	3.3%	4.9	5.2	5.4	3.2%	3.0%

Expenditure trends and estimates

Administration expenditure trends and estimates by Sub-programme and economic classification

Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate	Average: Expenditure/ Total	Medium-term expenditure estimate			Average growth rate	Average: Expenditure/ Total
R million	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23	(%)	2023/24	2024/25	2025/26	2022/23 - 2025/26	(%)
Computer services	6.7	8.1	8.3	5.6	-5.7%	5.2%	8.5	8.8	4.5	-7.1%	4.0%
Consultants: Business and advisory services	4.3	3.3	2.4	9.8	31.7%	3.6%	10.9	17.7	10.0	0.4%	7.0%
Operating leases	13.4	13.5	14.5	12.5	-2.1%	9.7%	14.0	14.6	15.2	6.6%	8.2%
Property payments	5.0	4.0	5.7	6.5	9.3%	3.8%	6.8	7.1	7.1	3.0%	4.0%
Travel and subsistence	11.1	2.0	4.4	7.6	-11.9%	4.5%	8.0	8.3	9.4	7.2%	4.8%
Transfers and subsidies	7.2	0.2	0.3	0.2	-69.2%	1.4%	0.0	0.0	0.0	-52.9%	–
Provinces and Municipalities	0.0	0.0	0.0	0.0	8.2%	–	0.0	0.0	0.0	5.0%	–
Public corporations and private enterprises	3.0	–	–	–	-100.0%	0.5%	–	–	–	–	–
Households	4.2	0.2	0.3	0.2	-64.3%	0.9%	–	–	–	-100.0%	–
Payments for Capital assets	4.2	5.2	0.8	3.9	-2.9%	2.5%	4.0	4.2	4.4	4.5%	2.4%
Machinery and equipment	4.2	5.2	0.8	3.9	-2.6%	2.5%	4.0	4.2	4.4	4.5%	2.4%
Software and other intangible assets	0.0	–	–	–	-100.0%	–	–	–	–	–	–
Payments for Financial assets	0.0	0.0	0.0	–	-100.0%	–	–	–	–	–	–
Total	149.1	118.4	121.1	168.0	4.1%	100.0%	165.4	179.6	174.7	1.3%	100.0%
Proportion of total programme expenditure to vote expenditure	0.3%	0.2%	0.3%	0.5%	–	–	54.6%	56.8%	52.9%	–	–

Details of transfers and subsidies

Households						
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Expenditure trends and estimates

Administration expenditure trends and estimates by Sub-programme and economic classification

Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate	Average: Expenditure/ Total	Medium-term expenditure estimate			Average growth rate	Average: Expenditure/ Total
R million	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23		2023/24	2024/25	2025/26	2022/23 - 2025/26	
Social benefits											
Current	4.2	0.2	0.3	0.2	-64.3%	0.9%	–	–	–	-100.0%	–
Employee Social benefits	4.2	0.2	0.3	0.2	-64.3%	0.9%	–	–	–	-100.0%	–
Households											
Other transfers to households											
Current	–	–	–	–	–	–	–	–	–	–	–
Employee Social benefits	–	–	–	–	–	–	–	–	–	–	–
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	3.0	–	–	–	-100.0%	0.5%	–	–	–	–	–
Public corporations' transfers: Department of Public Works and Infrastructure	3.0	–	–	–	-100.0%	0.5%	–	–	–	–	–

Expenditure Analysis

The spending focus over the medium-term will be on supporting the Department to play its oversight role of SOEs, by providing administrative support services to the Department. Spending in this programme is projected to grow from R168 million in 2022/23 financial year, to R174,7 million in 2025/26 financial year. Thus, over the medium-term, the bulk of

the programmes' allocation will be spent on compensation of employees, and the expenditure will increase by an average growth rate of 1.3% over the medium-term. Expenditure on goods and services will increase over the medium-term by an average growth rate of 3.1%.

2.1 PROGRAMME 2: STATE-OWNED COMPANIES' GOVERNANCE ASSURANCE AND PERFORMANCE

Purpose:

Provide and enforce SOEs' Governance, Legal Assurance and financial and non-financial performance monitoring, evaluation and reporting systems in support of the Shareholder to ensure alignment with Government priorities.

Objectives:

Ensure effective Shareholder oversight of SOEs on an ongoing basis by:

- Providing Governance systems and legal support,
- Developing and maintaining Shareholder risk profiles and mitigating strategies, and
- Monitoring, evaluating and reporting on financial and non-financial performance, and proposing intervention measures when required.

Sub-Programmes

Management:	Comprises the Office of the Deputy Director-General(DDG), which provides strategic leadership and Management for the programme's personnel.
Legal:	Provides external legal services and support, including transaction and Contract Management support to sector teams, and the commercial activities of the SOEs within the sector teams' portfolio.
Governance:	Develops, monitors and advises on Legislative, Corporate Governance and Shareholder Management systems for the Department and its portfolio of SOEs. This Sub-programme develops and implements Risk and Compliance Management guidelines and systems for Shareholders.
Financial Assessment and Investment Support:	Analyses SOEs' Capital plans, operational performance, the execution of Capital programmes and proposed restructuring proposals, and advises on appropriate action.

2.1.1 SUB-PROGRAMME 2: GOVERNANCE, LEGAL ASSURANCE, RISK PROFILING AND MITIGATION

- Develops standardised indicators for the SOEs.
- Performs Governance assurance reviews and reports thereon.
- Develops and facilitates the implementation of Governance enhancement initiatives.
- Provides technical assistance to the Minister on the Boards' functions.
- Provides Legal Assurance services.

Risk Profiling and Mitigation

- Develops and facilitates the SOEs' Group Risk Management Framework.
- Maintains the SOEs' Group Risk Register (Transversal Risk Register, with cross-cutting risks).
- Co-ordinates and facilitates the development of the Group Risk Mitigation strategies.
- Provides early warning services to the Shareholder.
- Provides technical inputs supporting compact alignment processes.

Outcomes, Outputs, Performance Indicators, and Targets

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved Governance and accountability.	National State Enterprise Holding Company (NSEHC) established.	Business Case for the NSEHC drafted.	None.	None.	None.	Draft Business Case for the NSEHC.	Operationalise NSEHC in pursuit of a centralised Shareholder model.	None.
	Provide Strategic and Secretariat Support to the Presidential SOEs' Council(PSEC).	PSEC Strategic and Secretariat support provided.	None.	None.	Annual PSEC report on activities and recommendations.	Strategic and Secretariat support to the PSEC provided.	Strategic and Secretariat support to the PSEC provided.	None.

Indicators, Annual and Quarterly Targets

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
2.1 Business Case for the NSEHC in pursuit of a centralised Shareholder model.	Draft Business Case for the NSEHC.	None.	None.	None.	Draft Business Case of the NSEHC finalised.
2.2 PSEC Strategic and Secretariat support provided.	Four Quarterly Reports on PSECs Strategic and Secretariat support.	Quarterly Report on PSECs Strategic and Secretariat support.	Quarterly Report on PSECs Strategic and Secretariat support.	Quarterly Report on PSECs Strategic and Secretariat support.	Quarterly Report on PSECs Strategic and Secretariat support.

Explanation of planned performance over the medium-term period

As a priority, and in line with Government's plan towards the repurposing of SOEs, a National State Enterprises Bill (NSEB) will be developed.

The business case for the National State Enterprise Holding Company will be drafted.

2.1.2 SUB-PROGRAMME 2: FINANCIAL ASSESSMENT AND INVESTMENT SUPPORT

Purpose: To provide financial assessment and instrument development support services.

Objectives:

- Develop standardised Financial Assessment guidelines and indicators for SOEs,
- Perform financial reviews and report thereon,
- Assess applications for funding instruments and co-ordination of authorisation thereof, and
- Facilitate, support, and monitor the implementation of financial sustainability initiatives for the DPE portfolio.

Outcomes, Outputs, Performance Indicators, and Targets

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved independent financial sustainability of SOEs'.	Compliance on Eskom's debt relief conditions Eskom debt.	Percentage on compliance with conditions of the Eskom debt relief package.	None.	None.	One report on preferred option to resolve Eskom debt.	100% compliance to conditions of the Eskom debt relief package.	100% compliance to conditions of the Eskom debt relief package.	100% compliance to conditions of the Eskom debt relief package.
	Improved SOEs' audit opinions.	SOEs' engagements on implementation plans in addressing audit recommendations.	2	2	Two Progress Reports on SOEs' audit findings.	Two reports on SOEs' engagements on implementation plans in addressing audit recommendations.	Two reports on SOEs' engagements on implementation plans in addressing audit recommendations.	Two reports on SOEs' engagements on implementation plans in addressing audit recommendations.

Indicators, Annual and Quarterly Targets

Output Indicators	Annual target	Q1	Q2	Q3	Q4
3.1 Percentage on compliance with conditions of the Eskom debt relief package.	100% on compliance with conditions of the Eskom debt relief package.	100% on compliance with conditions of the Eskom debt relief package.	100% on compliance with conditions of the Eskom debt relief package.	100% on compliance with conditions of the Eskom debt relief package.	100% on compliance with conditions of the Eskom debt relief package.
3.2 SOEs' engagements on implementation plans in addressing audit recommendations.	Two reports on SOEs' engagements on implementation plans in addressing audit recommendations.	None.	Report on SOEs' engagements on implementation plans in addressing audit recommendations.	None.	Report on SOEs' engagements on implementation plans in addressing audit recommendations.

Explanation of planned performance over the medium-term period

The Sub-programme over the medium-term will be overseeing the financial performance of the SOEs, and report accordingly that includes ensuring alignment of Corporate Plans and Shareholder Compacts (SHCs). The programme in the next financial year will provide support to SOEs, by monitoring the SOEs' compliance with the funding conditions.

The implementation of the audit outcome recommendation to reduce irregular expenditure which will improve the accuracy of unqualified audit opinions. Monitor the implementation of the strategy through the Assessment of the SOEs' Quarterly Reports.

3. PROGRAMME RESOURCE CONSIDERATIONS

PROGRAMME 2: STATE-OWNED COMPANIES' GOVERNANCE ASSURANCE AND PERFORMANCE

Expenditure trends and estimates

State-Owned Companies Governance Assurance and Performance expenditure trends and estimates by Sub-programme and economic classification

Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate	Average: Expenditure/ Total	Medium-term expenditure estimate			Average growth rate	Average: Expenditure/ Total
R million	2019/20	2020/21	2021/22	2022/23	(%)	(%)	2023/24	2024/25	2025/26	(%)	(%)
Management	2.0	1.9	1.9	3.0	14.7%	4.8%	2.9	3.0	3.1	1.7%	4.6%
Legal	11.1	11.6	23.8	17.9	17.2%	35.4%	23.2	20.6	20.2	4.2%	31.7%
Governance	11.6	12.6	11.9	27.7	33.6%	35.1%	25.2	24.2	31.7	4.6%	42.1%
Financial Assessment and Investment Support	12.2	11.2	9.8	12.0	-0.5%	24.8%	14.3	14.8	14.9	7.6%	21.7%
Total	36.9	37.2	47.4	60.6	18.0%	100.0%	65.6	62.6	70.0	4.9%	100.0%
Change to 2022				(0.1)			(0.0)	(6.0)	(1.7)		
Budget estimate											
Economic classification											
Current payments	36.0	37.2	47.3	60.6	19.0%	99.4%	65.6	62.6	70.0	4.9%	100.0%
Compensation of employees	28.2	28.1	26.8	31.6	3.9%	63.0%	37.0	36.2	37.2	5.6%	54.9%
Goods and services	7.8	9.1	20.4	29.0	54.9%	36.4%	28.6	26.4	32.8	4.2%	45.1%
of which:											
Communication	0.2	0.2	0.2	0.3	19.6%	0.5%	0.3	0.3	0.3	4.7%	0.5%
Consultants: Business and advisory services	1.7	3.4	3.4	18.1	121.5%	14.6%	15.9	13.7	21.7	6.3%	26.8%
Legal services	4.9	5.3	16.7	10.2	27.5%	20.4%	12.0	12.0	10.3	0.2%	17.2%

Expenditure trends and estimates

State-Owned Companies Governance Assurance and Performance expenditure trends and estimates by Sub-programme and economic classification

Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
R million	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23		2023/24	2024/25	2025/26	2022/23 - 2025/26	
Travel and subsistence	1.0	0.1	0.1	0.4	-28.0%	0.8%	0.4	0.4	0.4	4.9%	0.6%
Venues and facilities	–	0.0	0.0	0.0	–	–	0.0	0.0	0.0	4.5%	0.1%
Transfers and subsidies	0.9	0.0	0.2	–	-100.0%	0.6%	–	–	–	–	–
Public corporations and private enterprises	0.6	–	–	–	-100.0%	0.3%	–	–	–	–	–
Households	0.3	0.0	0.2	–	-100.0%	0.3%	–	–	–	–	–
Total	36.9	37.2	47.4	60.6	18.0%	100.0%	65.6	62.6	70.0	4.9%	100.0%
Proportion of total programme expenditure to vote expenditure	0.1%	0.0%	0.1%	0.2%	–	–	21.6%	19.8%	21.2%	–	–
Details of transfers and subsidies											
Households											
Social benefits											
Current	0.3	0.0	0.2	–	-100.0%	0.3%	–	–	–	–	–
Employee Social benefits	0.3	0.0	0.2	–	-100.0%	0.3%	–	–	–	–	–

Expenditure analysis

Expenditure in the programme increased at an average annual rate of 4.9 %, from R60.6 million in 2022/23, to R70 million in 2025/26. The focus for the programme will be National State Enterprises Bill (NSEB) (Overarching law to be enacted by Government which will govern all SOEs' to reduce

the current burden of compliance with multiple laws and regulations.), implementation of the Minority Shareholding Oversight Framework and establishment of the Holding Company.

3.1 PROGRAMME 3: BUSINESS ENHANCEMENT, TRANSFORMATION, AND INDUSTRIALISATION

Purpose:

Provide sector oversight to ensure that SOEs contribute to the advancement of industrialisation, transformation, Inter-Governmental relations and International collaboration services. Support the Shareholder in strategically positioning and enhancing the operations of SOEs.

Objectives:

- Contribute to the performance of SOEs on an ongoing basis by:
 - Conducting reviews, research and modelling of pipeline and new business-enhancement opportunities within the SOEs,
 - Assessing the operations of SOEs',
 - Developing mitigation instruments in conjunction with Policy Departments, Regulatory bodies and industry, and
 - Conducting research, modelling job creation, and transforming instruments for SOEs to inform compact alignment imperatives.

Sub-programmes

Energy Resources:	Exercises Shareholder oversight over Alexkor SOC Limited(Alexkor), Eskom and South African Forestry Company(SAFCOL).
Research and Economic Modelling:	Conducts cost-benefit analysis reviews on business enhancement and transformation initiatives, and develops economic sustainability models for proposed work packages and projects.
Transport and Defence:	Exercises oversight of Detonics, Numerous, Electronics(Denel), South African Airways(SAA) and Transnet SOE Limited(Transnet).
Business Enhancement Services:	Develops and co-ordinates the implementation of SOEs' strategies to leverage localisation programmes, provides Inter-Governmental co-ordination and support to programmes and SOEs in relation to economic development programmes, as agreed with Provincial and Local Governments, maintains a register of commitments made by SOEs and enables the implementation of special programmes focusing on skills development, transformation and the youth.

3.1.1 SUB-PROGRAMME 3: BUSINESS ENHANCEMENT SERVICES

Purpose: To provide SOEs' business enhancement services.

Key Functions:

- Initiate and co-ordinate specialist research projects to model the short, medium and long-term business enhancement prospects,
- Develop and co-ordinate the implementation of SOEs' Group pipeline business enhancement strategies and instruments,
- Develop business enhancement models for the clusters and co-ordinate adoption processes,
- Initiate and co-ordinate specialist research projects to define business enhancement inhibitors for the SOEs' Group,
- Liaise with policy and regulatory institutions to mitigate the impact of identified business inhibitors,
- Provide technical input to influence alignment of the regulatory regime impacting on the operations of the SOEs' Group,
- Provide technical advisory services to support SOEs' Compact Alignment processes, and facilitate the development/adoption thereof,
- Co-ordinate Inter-Governmental relations activities with other spheres of Government, and
- Drive the District Development Model (DDM) implementation in accordance with the DDM framework and One Plan guideline within the Department and SOEs.

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Institutionalisation of DDM in the Department and State-Owned Entities (SOEs).	Promote participation and implementation of approved DDM One Plans of District, Metros with Special Economic Zones(SEZs).	Percentage increase in participation of DPE/SOE in DDM technical structures and Metros with SEZs.	None.	None.	None.	>20% participation of DPE/SOE in DDM technical structures in District and Metros with SEZs.	>25% participation of DPE/SOE in DDM technical structures in District and Metros with SEZs.	>50% participation of DPE/SOE in DDM technical structures in District and Metros with SEZs.

Indicators, Annual and Quarterly Targets

Output Indicators	Annual target	Q1	Q2	Q3	Q4
4.1 Percentage increase in participation of DPE/SOE in DDM technical structures in Districts and Metros with SEZs increased.	>20% participation of DPE/SOE in DDM technical structures in Districts and Metros with SEZs.	Identification of relevant SEZs in Metros and Districts.	Deployment of senior officials in identified Districts, Metros with SEZs.	Reporting on implementation.	>20% participation of DPE/SOE in DDM technical structures in Districts and Metros with SEZs.

Explanation of planned performance over the medium-term period

The Sub-programme co-ordinates the DDM and will ensure participation of DPE/SOEs' in DDM technical structures and Metros with SEZs increase over the medium-term. The Sub-programme will monitor implementation of the transformation agenda for SOEs' to leverage preferential procurement spend to procure goods and services through Black Women Owned (BWO) businesses, Black Youth Owned (BYO) businesses and businesses owned

by People with Disabilities (PWDs). Monitor SOEs' contribution to the provision of scarce and critical skills in occupations in demand, in support of National priorities, and alignment with Policies, for the development of youth, women and PWDs in contribution towards the alleviation of the triple challenges of poverty, inequality and unemployment.

3.1.2 SUB-PROGRAMME: ENERGY AND RESOURCES

Purpose: The Sub-programme is responsible for the oversight of three SOEs, namely Eskom, Alexkor and SAFCOL.

This Sub-programme involves:

Management:	The Office of the DDG, which provides strategic leadership and Management of programme personnel.
Eskom:	Shareholder Management and oversight of Eskom's financial performance.
Alexkor:	Shareholder Management and oversight of Alexkor, including a review of its strategy to enhance financial sustainability and overseeing implementation of the Richtersveld Deed of Settlement.
SAFCOL:	Shareholder Management and oversight, including Forestry Management, timber harvesting, timber processing and related activities, both Domestically and Internationally, as well as oversight of the entity's restructuring.

Objectives:

Eskom SOC LTD

- Examining on an ongoing basis Eskom's Maintenance Plan, operational practices, electricity generation and distribution efficiency, as well as its reserve margin,

- Ensuring on an ongoing basis that Eskom supplies electricity by monitoring, evaluating and engaging Eskom on system security, and the new Build Programme to alleviate constraints,
- Facilitating on an ongoing basis engagement between Eskom and other spheres of Government to address the Municipal debt, and
- Monitoring on an ongoing basis the roll-out of the Capital Investment Programme to ensure that it is delivered on time, is of appropriate quality, and within budget.

Alexkor SOC LTD

- Ensuring increased diamond production and promoting the financial stability of the Joint Venture (JV), by monitoring the implementation of Alexkor's strategy to promote financial sustainability, and monitor the Pooling and Sharing JV turnaround strategy on a quarterly basis.
- Contributing to developing sustainable economic activities linked to the Agricultural Sector by continuously supporting, and co-ordinating the joint efforts of the DPE with the Department of Mineral Resources and Energy (DMRE) and the Department of Agriculture, Land Reform and Rural Development (DALRRD), to stabilise the Richtersveld Region and make use of revenues.

SAFCOL SOC LTD

- Oversight of the implementation of the Land Restitution strategy for claims over the Komatiland Forests Land Claims Settlement Model, to ensure meaningful benefits to successful land claimants over the medium-term.
- Oversight of the implementation of SAFCOL's Corporate strategy over the medium-term.
- Engagement with the DALRRD, Department Forestry, Fisheries and Environment (DFFE) and Department of Trade, Industry and Competition (DTIC), to ensure the warehousing of the Shares held by SAFCOL and Shares in the four privatised forestry companies.
- Reduction of reliance on the sawlog market, by supporting the development of the new business strategy over the medium-term.

Outcome, Output, Indicators, Targets

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
ESKOM								
Supply of energy secured.	Increase Energy Availability Factor (EAF) to above 65% by 2024.	Percentage on EAF increased.	None.	None.	Monitor implementation of Eskom's interventions to increase energy availability to above 70% by 2022/23.	EAF increased above 65% by 2023/24.	EAF increased above 70% by 2024/25.	EAF stabilised.

Outcome, Output, Indicators, Targets

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Eskom unbundled.	Three Eskom companies separated and operationalised.	Two Progress Reports on Eskom's status of the unbundling process were completed.	Two Progress Reports on the implementation of Eskom's Roadmap (unbundling process).	Corporation of Distribution and Generation companies.	Establishment and operationalisation of new National Transmission Company and appointment of the Board by June 2023. Distribution and Generation companies Corporatisationalised.	Distribution and Generation companies operationalised.	National Transmission, Distribution and Generation companies functional and stabilised.
	Extended life of Koeberg Nuclear Power Plant.	Koeberg Nuclear Power Plant Life Extension Programme units completed.	None.	None.	Four reports on facilitation of Koeberg Nuclear Power Plant Life Extension Programme.	Unit 1 and 2 Koeberg Nuclear Power Plant Life Extension Programme (Replacement of six steam generators completed).	Unit 1 Life Extension license granted of Koeberg Nuclear Power Plant Life Extension Programme commissioned.	Unit 2 Life Extension license approval granted.
ALEXKOR								

Outcome, Output, Indicators, Targets

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved independent financial sustainability of SOEs.	Alexkor Optimal Structure.	Alexkor Repositioning study conducted.	Proposed shareholding structure for Alexkor mining rights.	None.	None.	Optimal operating structure of Alexkor Study conducted.	Implementation of the Optimal operating structure of Alexkor.	Implementation of the Optimal operating structure of Alexkor.
SAFCOL								
Improved independent financial sustainability of SOEs.	Revitalisation of State forestry assets.	Revitalisation of State forestry assets.	None.	None.	None.	Revitalisation of State forestry assets in Mpumalanga.	Revitalisation of State forestry assets in KZN.	Revitalisation of State forestry assets in Eastern Cape and Western Cape.

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
ESKOM					
5.1 Percentage on EAF increased.	EAF increased above 65% by 2023/24.	Quarterly Report on monitoring implementation of Eskom's interventions to increase EAF.	Quarterly Report on monitoring implementation of Eskom's interventions to increase EAF.	Quarterly Report on monitoring implementation of Eskom's interventions to increase EAF.	EAF increased above 65% by 2023/24.

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
5.2 Three Eskom companies separated and operationalised.	Establishment and operationalisation of new National Transmission Company and appointment of the Board by June 2023. Distribution and Generation companies Corporatisationalised.	None.	Establishment and operationalisation of new National Transmission Company and appointment of the Board by June 2023.	None.	Report on operationalisation of new National Transmission Company. Distribution and Generation companies Corporatisationalised.
5.3 Koeberg Nuclear Power Plant Life Extension Programme units completed.	Unit 1 and 2 Koeberg Nuclear Power Plant Life Extension Programme (Replacement of 6 steam generators completed).	None.	Three Unit 1 steam generators replaced.	None.	Three Unit 1 steam generators replaced.
Alexkor					
5.4 Alexkor Repositioning Study conducted.	Optimal operating structure of Alexkor Study conducted.	None.	None.	Optimal operating structure of Alexkor Study conducted.	None.
SAFCOL					
5.5 Revitalisation of State forestry assets.	Revitalisation of State forestry assets in Mpumalanga.	Analysis of assets.	Feasibility study conducted.	Feasibility study conducted and finalised.	Revitalisation of State forestry assets in Mpumalanga, and recommendation implemented.

Explanation of planned performance over the medium-term period

In terms of the Eskom Roadmap, to-date the SOE has managed to unbundle the entity into three divisions, namely Transmission, Generation and Distribution. In 2023/24 as per the Medium-Term Strategic Framework (MTSF), the Entities will be legally registered as independent subsidiaries. The unit will continue to monitor fleet maintenance to ensure

that the SOEs' Build Programmes are efficient and working optimally. In line with the MTSF over the medium-term, the programme on a quarterly basis, will monitor securing of energy supply that include, performance against 15% reserve margin, power plants, Koeberg Extension Programme, Build Programme completion, etc. On an annual basis, the programme will ensure completion and signing of three Shareholder Compacts (SHCs) (Eskom, Safcol, Alexkor).

3.1.3 SUB-PROGRAMME: TRANSPORT AND DEFENCE

Purpose: The Sub-programme is responsible for the oversight of three SOEs, namely Transnet, SAA and Denel.

This Sub-programme involves:

Management:	The Office of the DDG provides strategic leadership and Management of programme personnel.
Transnet:	Aligns the corporate strategies of Transnet with Government's strategic intent and monitors financial and operational performance.
Denel:	Shareholder Management and oversight of Denel's financial performance and strategy implementation.
SAA:	Aligns SAA's corporate strategies with Government's strategic intent and monitors financial and operational performance.

Objectives:

Transnet SOC LTD

- Provides oversight on Transnet's implementation of its Renewal and Growth Strategy, conclude the Transnet Roadmap to direct restructuring and reform initiatives, ensure the implementation of the Rail Infrastructure Manager to enable 3rd party access to rail, and ensure the corporatisation of the National Ports Authority (NPA) to fulfil the requirements of the National Ports Act.

South African Airways SOC Limited

- Monitor the SAA restructuring initiatives as part of the implementation of the Business Rescue (BR) outcomes,
- Monitor the resumption of operations to increase network connectivity and ensure sustainability of SAA,
- Monitor the restructuring of SAA's subsidiaries to ensure long term sustainability, and
- Collaborate with Government Departments to ensure SAA compliance with all Policy and Regulatory requirements.

Denel SOE Limited

- Manages Denel's turnaround initiatives aimed at achieving financial stability and repositioning the SOE for future growth, while producing export products on an ongoing basis,
- Leverages off the company's advances in manufacturing capability through securing work packages in support of the industrialisation drive aligned with the MTSF, the priority sectors that have identified to drive economic growth, and
- Ensures proper balance between Denel's primary Mandate to develop and support indigenous defence capabilities, and the need to co-operate and collaborate with International armaments companies in the context of high development costs and limited access to stable export markets.

Outcome, Output, Indicators, Target

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
TRANSNET								
Increase access to an affordable and reliable transport system.	Corporatised Transnet National Ports Authority (TNPA) as required by Section 3(2), 4 and 27 of National Ports Act No 12 of 2005.	Implementation of Government’s decision on the Corporatisation of TNPA.	None.	Four Quarterly Progress Reports on corporatisation of TNPA.	Four Quarterly Progress Reports on corporatisation of TNPA.	Four Quarterly Progress Reports on TNPA established as a subsidiary of Transnet.	TNPA functional.	TNPA functional.
	Percentage on improved movement of rail friendly commodities from road to rail by Transnet Freight Rail (TFR).	Percentage growth in year-on-year rail volumes.	None.	None.	10% Improvement of rail friendly commodities moved from road to Transnet rail, not less than 2,12mt.	10% Year-on-year increase in rail volumes.	10% Year-on-year increase in rail volumes.	10% Year-on-year increase in rail volumes.

Outcome, Output, Indicators, Target

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Increase access to an affordable and reliable transport system.	Establishment of Rail Infrastructure Manager by October 2023.	Rail Infrastructure Manager established as a ring fenced organisational function.	None.	None.	None.	Rail Infrastructure Manager established by October 2023.	None.	None.
	Resume Slot sales by 1 April 2024.	Rail Access Pricing Formulae Rail Access Procedures 3rd Party Access Contract.	None.	None.	None.	Rail Access Pricing Model published. Rail Access Procedures published. 3rd Party Access contract approved by Interim Rail Economic Capacity (IREC).	Commencement of 3rd Party Access.	Growth in 3rd Party volumes.
	Develop Transnet Roadmap by June 2023.	DPE Transnet Roadmap finalised.	None.	None.	None.	DPE Transnet Roadmap by June 2023 finalised and approved.	Implementation of DPE Transnet Roadmap.	Increased logistics competitiveness.

Outcome, Output, Indicators, Target

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Increase access to affordable and reliable transport systems Private Sector Participation (PSP).	Private Sector Partnerships concluded.	Number of PSP projects concluded.	None.	PSP defined in terms of the PSP Framework.	PSP in ports and freight rail on 13 transactions identified.	Durban Container Terminal (DCT) and Ngqura Container Terminal(NCT) Partnership transactions concluded.	Three PSPs concluded.	Three PSPs concluded.
DENEL								
Improved independent financial sustainability of SOEs.	Preservation / restoration of Denel's core capabilities.	Denel's Restructuring finalised.	Four Quarterly Progress Reports on the implementation of the strategic initiatives to restructure Denel.	None.	None.	Denel's Restructuring finalised.	Denel's operational and financial plan achieved.	Denel sustainable and profitable.
SAA								
Improved independent financial sustainability of SOEs.	Strategic Equity Partner (SEP) on SAA.	SEP on SAA finalised.	None.	None.	None.	SEP on SAA finalised (dependent on approvals).	None.	None.

Indicators, Annual and Quarterly Targets

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
TRANSNET					
6.1 Implementation of the agreed decision of Government on the structure and functions of TNPA.	Four Quarterly Progress Reports on corporatisation of TNPA.	Quarterly Progress Reports on corporatisation of TNPA.	Quarterly Progress Reports on corporatisation of TNPA.	Quarterly Progress Reports on corporatisation of TNPA.	Quarterly Progress Reports on corporatisation of TNPA.
6.2 Percentage growth in year-on-year rail volumes.	10% Growth in year-on-year rail volumes.	None.	None.	10% Growth in year-on-year rail volumes.	None.
6.3 Rail Infrastructure Manager established as a ring-fenced organisational function.	Rail Infrastructure Manager established by October 2023.	None.	None.	Rail Infrastructure Manager established by October 2023.	None.
6.4 Rail Access Pricing Formulae Rail Access Procedures 3rd Party Access Contract.	Rail Access Pricing Model published. Rail Access Procedures published. 3 rd Party Access Contract approved by IREC.	None.	None.	None.	Rail Access Pricing Model published. Rail Access Procedures published. 3 rd Party Access Contract approved by IREC.
6.5 Number of PSP projects concluded.	DCT and NCT partnership transaction concluded.	None.	None.	Number of PSP projects concluded.	None.
6.6 DPE Transnet Roadmap finalised.	DPE Transnet Roadmap finalised.	None.	DPE Transnet Roadmap finalised.	None.	None.
DENEL					
6.7 Number of Progress Reports on the implementation of Denel's Restructuring Plan.	Four Progress Reports on the implementation of Denel's Restructuring Plan.	Quarterly Progress Report on the implementation of Denel's Restructuring Plan.	Quarterly Progress Report on the implementation of Denel's Restructuring Plan.	Quarterly Progress Report on the implementation of Denel's Restructuring Plan.	Quarterly Progress Report on the implementation of Denel's Restructuring Plan.

Indicators, Annual and Quarterly Targets

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
SAA					
6.8 SEP on SAA finalised.	SEP on SAA finalised.	None.	SEP on SAA finalized.	None.	None.

Explanation of planned performance over the medium-term period

Regarding Transnet, the Department will assess and monitor on a quarterly basis the implementation of MTSF programmes, which are investment/maintenance programme in rolling stock and infrastructure. The Department will also facilitate the corporatisation of TNPA. This programme will monitor the performance, turnaround times, and equipment reliability

for three strategic container ports on a quarterly basis. The improvement of rail friendly freight from road to rail, as well as the implementation of Transnet's corridor strategy will also be monitored. In terms of signing Shareholder Compacts (SHCs), the programme will sign with Transnet, SAA and Denel.

3.1.4 SUB-PROGRAMME: RESEARCH AND ECONOMIC MODELLING

Objectives:

- Conduct cost benefit analysis reviews of proposed business enhancement and transformation initiatives, and
- Develop economic sustainability models for proposed work packages and projects.

Outcomes, Outputs, Indicators and Quarterly Targets

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Just transition to a low carbon economy.	Komati Agrivoltaic commissioned and training centre operationalised.	Komati Agrivoltaic commissioned and training centre operationalised.	None.	Progress Report on development of the Just Energy Transition (JET) Framework in collaboration with Eskom.	Four Monitoring Reports on the implementation of JET Framework.	Komati Agrivoltaic commissioned and training centre operationalised. 150MW PV EIA completed.	150MW PV commissioned to the grid. Komati Agrivoltaic 150MW PV EIA completed phase 2.	Komati Agrivoltaic Phase 2 commissioned to the grid.

Indicators, Annual and Quarterly Targets

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
7.1 Komati Agrivoltaic commissioned and training centre operationalised.	Komati Agrivoltaic commissioned and training centre operationalised. 150MW PV EIA completed.	None.	None.	None.	Komati Agrivoltaic commissioned and training centre operationalised. 150MW PV EIA completed.

Explanation of planned performance over the medium-term period

The Department over the medium-term will continue to support Eskom on the transition from coal to Renewable Energy (RE), in line with Government's Energy Policy. Komati power station was shut down in 2022/23 financial year and is being repurposed with Renewable Energy

Technologies (RET) that will supply clean electricity to the economy and the public. The Department will monitor this work through the implementation of the JET framework.

4. PROGRAMME RESOURCE CONSIDERATIONS

Programme 3: Business Enhancement, Transformation, and Industrialisation

Expenditure trends and estimates

Business Enhancement, Transformation and Industrialisation expenditure trends and estimates by Sub-programme and economic classification

Sub-programme	Audited outcome			Adjusted appropriation ¹	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	R million	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26	
Energy Resources	49 013.6	56 010.6	31 703.0	21 873.2	-23.6%	77.8%	19.3	19.6	19.4	-90.4%	64.2%
Research and Economic Modelling	6.7	6.6	4.3	5.1	-8.8%	–	6.8	7.1	6.6	9.0%	0.1%
Transport and Defence	7 619.2	21 311.9	4 130.2	12 008.2	16.4%	22.1%	18.6	18.9	22.4	-87.7%	35.3%
Business Enhancement Services	21.0	18.7	21.3	30.3	13.0%	–	27.2	28.5	37.3	7.2%	0.4%
Total	56 660.4	77 347.8	35 858.7	33 916.8	-15.7%	100.0%	71.9	74.1	85.7	-86.4%	100.0%
Change to 2022 Budget estimate				10 214.9			8.7	8.0	16.6		
Economic classification											
Current payments	60.4	62.8	49.6	67.3	3.7%	0.1%	71.9	74.1	85.7	8.4%	0.9%
Compensation of employees	48.9	44.7	41.3	48.5	-0.3%	0.1%	54.4	58.7	66.1	10.9%	0.7%
Goods and services of which:	11.5	18.1	8.3	18.8	17.9%	–	17.6	15.5	19.6	1.4%	0.2%
Administrative fees	0.0	–	–	–	-100.0%	–	–	–	–	–	–

Expenditure trends and estimates

Business Enhancement, Transformation and Industrialisation expenditure trends and estimates by Sub-programme and economic classification

Sub-programme	Audited outcome			Adjusted appropriation ¹	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
R million	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23		2023/24	2024/25	2025/26	2022/23 - 2025/26	
Communication	0.2	0.3	0.2	0.4	20.4%	–	0.5	0.5	0.5	6.6%	–
Consultants: Business and advisory services	6.2	17.2	4.4	14.3	32.2%	–	11.6	9.3	13.5	-1.8%	0.1%
Entertainment	–	–	0.0	0.0	–	–	0.0	0.0	0.0	-2.0%	–
Travel and subsistence	3.6	0.4	0.6	4.1	4.1%	–	5.4	5.6	5.5	10.6%	0.1%
Venues and facilities	0.2	–	0.0	0.1	-26.8%	–	0.1	0.1	0.1	7.7%	–
Transfers and subsidies	0.0	0.9	0.3	–	-100.0%	–	–	–	–	–	–
Households	0.0	0.9	0.3	–	-100.0%	–	–	–	–	–	–
Payments for financial assets	56 600.0	77 284.0	35 808.8	33 849.5	-15.7%	99.9%	–	–	–	-100.0%	99.1%
Total	56 660.4	77 347.8	35 858.7	33 916.8	-15.7%	100.0%	71.9	74.1	85.7	-86.4%	100.0%
Proportion of total programme expenditure to vote expenditure	99.7%	99.8%	99.5%	99.3%	–	–	23.8%	23.4%	25.9%	–	–
Details of transfers and subsidies											
Households											
Social benefits											
Current	0.0	0.9	0.3	–	-100.0%	–	–	–	–	–	–
Employee Social benefits	0.0	0.9	0.3	–	-100.0%	–	–	–	–	–	–

Expenditure analysis

With no further allocations to SOEs over the period ahead, expenditure is expected to decrease at an average annual rate of 86.4%, from R33.9 billion in 2022/23, to R85.7 million in 2025/26. The programme's main cost driver is compensation of employees, which will increase at an average annual rate of 10.9 per cent, from R48.5 million in 2023/24, to

R66.1 million in 2025/26. The Department has reprioritised R12 million over the medium-term for developing an optimal Shareholding structure for the State's diamond mineral assets, and conducting a study to understand the deterioration of energy availability and provide solutions on how Eskom can improve its power generation.

5. UPDATED KEY RISKS AND MITIGATION FROM THE STRATEGIC PLAN

Risk No	Outcome	Risks: Risk Context	Existing Controls	Planned Mitigation
1	Improved Governance and accountability.	<p>Failure of Governance in SOEs':</p> <p>The risk of failure of Governance in SOEs' such as maladministration and poor Board performance.</p>	<ul style="list-style-type: none"> Shareholder policy paper submitted to Cabinet in 2016. PSEC chaired by the President oversees project delivery. Dedicated workstreams to support DPE's PSEC work. Dedicated Human Resource (HR) capacity established to provide Secretariat support to PSECs work. 	<ul style="list-style-type: none"> Review National State Enterprises Bill (NSEB) principles and secure buy-in on the Green Paper. Establish a dedicated Project office to drive the development of the Shareholder Management Bill. Request for additional funding allocation in line with estimated costs of the project. Identify alternative funding solutions. Facilitate the development of a centralised oversight model of SOEs.
2	Improved independent financial sustainability of SOEs.	<p>Unsustainable business model of SOEs:</p> <p>The SOEs' business models are unsustainable, not reviewed and amended on a regular basis, become misaligned to environmental change.</p>	<ul style="list-style-type: none"> Implementation of Logical Planning, Monitoring and Evaluation Framework (Strategic Intend Statement (SIS), Shareholder Compact (SHC), Annual General Meeting(AGM), Filling of Board Vacancies and Executive Directors (Chief Executive Officer(CEO) & Chief Financial Officer(CFO)), Induction of new Board Members and Executive team). Implementation of Remuneration Standards (where 80% SHC targets not met, short term incentives not paid for prescribed officers). Background checks of candidate Board candidates. Approved Board Performance Framework. Analysis of SOEs Quarterly Performance Reports. Regular Policy engagements with Policy Departments and National Treasury (NT). 	<ul style="list-style-type: none"> Develop and implement a comprehensive Compliance Management Plan. Establish greater alignment between the work of the DPE, and the day-to-day work of PSEC meant to drive the turnaround of SOEs. Review the Mandate, facilitate consolidation and rationalisation of SOEs.

UPDATED KEY RISKS AND MITIGATION FROM THE STRATEGIC PLAN (continued)

Risk No	Outcome	Risks: Risk Context	Existing Controls	Planned Mitigation
3	Improved Governance and accountability.	Policy incoherence: Policy misalignment between the DPE/ SOEs and Policy Department.	<ul style="list-style-type: none"> Regular Policy engagements with Policy Departments (Funding support, Industrialisation, Transformation and Skills Development, Sector specific Policies) DPE participation in cluster and Forum of South African Director-Generals (FOSAD) engagements. Statement of Strategic Intent in place to guide programme priorities for each SOE. 	<ul style="list-style-type: none"> No additional risk mitigations planned.
4	Improved Governance and accountability.	Corruption and malfeasance: The risk that SOEs may be fraught with corruption, fraud, and maladministration.	<ul style="list-style-type: none"> Special Investigations Unit (SIU) Proclamations into SOEs' Internal Anti-Corruption and Fraud Prevention Unit in place to oversee maladministration in SOEs. Analysis of SOEs Forensic Reports and track implementation of consequence Management procedures. 	<ul style="list-style-type: none"> No additional risk mitigations planned.
5	Strengthen the Governance system of SOEs and promote institutional alignment in the execution of the oversight function.	Operational efficiency and effectiveness: The risk that the Department may not be able to deliver on its Mandate efficiently and effectively.	<ul style="list-style-type: none"> Strategic Planning Process. Approved Organisational Structure. Covid-19 Regulations. Performance tracking tool managed by Executive Committee (Exco) and Minister. Enterprise Architecture Masterplan. Extended Exco meetings. Branch meetings. Demand Management Planning. 	<p>Focus on restructuring and re-engineering of DPE to enable effective oversight in terms of people, process, and systems:</p> <ul style="list-style-type: none"> Finalise review of the preferred Organisational Structure. Fill in vacant positions. Development of a Business Intelligence System capability within the Department. Review, streamline and rationalise existing Committees where viable. Host bi-annual strategic planning sessions.

6. PUBLIC ENTITIES

The table below lists the SOEs that report to the Minister, their Mandates and nature of operations:

Name of Entity	Legislative Mandate	Minister's Financial relationship with the SOEs'	Nature of operations
Alexkor	Alexkor Limited Act (Act 116 of 1992)	Shareholder representative.	A diamond mining company that operates primarily in Alexander Bay and the greater Namaqualand area.
Denel	None	Shareholder representative.	A defence company. Although it was established as a private company in terms of the companies Act of 2008 (Act 71 of 2008), Government exercised full control over it.
Eskom	Eskom Conversion Act (Act 13 of 2001)	Shareholder representative.	Eskom generates, transmits, and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors.
SAFCOL	Management of State Forests Act (Act 128 of 1992)	Shareholder representative.	SAFCOL is Government's forestry company which conducts timber harvesting, timber processing and related activities, both Domestically and Regionally.
SAA	South African Airways (Act 5 of 2007)	Shareholder representative.	South African Airways is an air carrier with the Mandate to provide reliable and extensive air transportation capacity, linking the Republic with the main business, trading, and tourism markets within the African Continent and Internationally.
Transnet	Legal Succession to the South African Transport Services Act (Act 9 of 1989)	Shareholder representative.	Transnet is a freight and logistics company responsible for pipelines, ports and rail transport infrastructure and operations in South Africa.

7. INFRASTRUCTURE PROJECTS

The Department does not have any Infrastructure Projects.

8. PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

The Department does not have any PPPs.

PART D

TECHNICAL INDICATOR DESCRIPTIONS (TIDs)



PROGRAMME 1: ADMINISTRATION

1.1 Indicator title	Number of reports on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism.
Definition	To measure the implementation of signed Memorandum of Understanding (MoU) between Department of Public Enterprises (DPE) and SOEs (Eskom and Transnet). Engagements with key Stakeholders i.e., law enforcement agencies, SOEs', and other Government organs to address the vandalism of SOEs' infrastructure and cable theft.
Source of data	SOEs' record on vandalised infrastructure and cable theft. Engagements records. Terms of References (ToRs) for task team. Stakeholder Engagement Framework.
Method of calculation or assessment	Simple counts.
Means of verification	Reports on the interventions to reduce loss of SOEs' infrastructure through theft and vandalism signed by the DG. Proof of Engagements.
Assumptions	There will be a corporation from all the Stakeholders.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Reduction on infrastructure vandalism and cable theft.
Indicator responsibility	Chief Director: Communications.

SUB-PROGRAMME 2: GOVERNANCE, LEGAL ASSURANCE, RISK PROFILING AND MITIGATION

2.1 Indicator title	Administrative support to Presidential State-Owned Enterprises Council (PSEC) provided.
Definition	To provide administrative support to PSEC and its workstream.
Source of data	PSEC workstreams and minutes.
Method of calculation or assessment	Simple counts.
Means of verification	Submission of support provided to PSEC by DG.
Assumptions	PSEC workstream meeting will be held at least quarterly, and PSEC conveners' meetings will be held.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	PSEC activities held and TORs fulfilled.
Indicator responsibility	DDG: SOE GAP.

2.2 Indicator title	Draft Business Case for the National State Enterprise Holding Company (NSEHC).
Definition	To finalise the business case in pursuit of a centralised Shareholder Model.
Source of data	Draft business case .
Method of calculation or assessment	Simple count.
Means of verification	Business Case signed by the Minister.
Assumptions	PSEC will complete its work and the NSEHC in pursuit of objectives announced during the State of the Nation Address (SONA), consultations were held with key Stakeholders, including National Treasury (NT).
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	NSEHC established and operational.
Indicator responsibility	DDG: SOE GAP.

SUB-PROGRAMME 3: FINANCIAL ASSESSMENT AND INVESTMENT SUPPORT

3.1 Indicator title	Percentage on compliance with debt relief package conditions.
Definition	Assess compliance with debt relief package conditions.
Source of data	Eskom Quarterly Reports. NT Reports.
Method of calculation or assessment	Simple count.
Means of verification	Briefing Memo on the assessment of the conditions of the debt relief package signed by DG.
Assumptions	Eskom completes incorporating various parameters to model preferred.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Eskom reduced and sustainable debt level.
Indicator responsibility	DDG: Financial Assessment and Investment Support.

3.2 Indicator title	SOEs' engagements on implementation plans
Definition	Tracking the implementation of the external auditor's audit finding action plan of SOEs.
Source of data	Annual Reports (AR) and the SOE action plan.
Method of calculation or assessment	Simple count.
Means of verification	Progress Report on the SOEs' implementation of audit findings signed off by DG.
Assumptions	All SOEs submit the Audit Report done by external auditors.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Bi-Annually.
Desired performance	SOE Audit findings addressed and improved audit outcome.
Indicator responsibility	DDG: Financial Assessment and Investment Support.

SUB PROGRAMME 4: BUSINESS ENHANCEMENT SERVICES

4.1 Indicator title	Percentage increase in participation of DPE/SOE in District Development Model (DDM) technical structures and Metros with Special Economic Zones (SEZs).
Definition	To monitor DPE participation and contribution of SOEs' in the DDM One Plans of the 52 Districts/Metropolitan spaces SEZs.
Source of data	DDM, One Plans.
Method of calculation or assessment	Simple count.
Means of verification	DPE Participation Report signed by DG.
Assumptions	SOEs' commitments to DDM.
Disaggregation of beneficiaries (where applicable)	Local Government.
Spatial transformation (where applicable)	Not yet applicable.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	Success of SOEs' DDM catalytic projects.
Indicator responsibility	DDG: Business Enhancement and Industrialisation.

SUB-PROGRAMME 5: ENERGY AND RESOURCES

5.1 Indicator title	Percentage on Energy Availability Factor (EAF) increased.
Definition	To monitor and assess progress on the delivery of Eskom's Infrastructure Programme. The target is below the Medium-Term Strategic Framework (MTSF) target of 80% and Eskom targeted 70%. This is informed by the Eskom Recovery Plan approved in January 2023 by the Board to improve the performance of the power stations.
Source of data	Eskom Quarterly Reports.
Method of calculation or assessment	Simple count.
Means of verification	Report on monitoring (stats) EAF signed by DG.
Assumptions	SOE will submit reports on time.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Improved reliability of electricity supply from Eskom power stations.
Indicator responsibility	DDG: Energy and Resources.

ENERGY AND RESOURCES (continued)

5.2 Indicator title	Three Eskom companies separated and operationalised.
Definition	Unbundling of Eskom to eliminate cross-subsidisation and improve efficiency, an Unbundling Report will be commissioned to explore all options. Eskom will be unbundled into Transmission, Generation, and Distribution. Functional Transmission company should be established by 2021/22. Functional Generation and Distribution company should be established by 2022/23 and Legal separation completed by 2023/24.
Source of data	Eskom Special Paper and Quarterly Reports.
Method of calculation or assessment	Simple count.
Means of verification	Reports on the operationalisation of new transmission company signed by the DG.
Assumptions	Eskom will be unbundled into three separate subsidiaries with separate Boards and Chief Executive Officers (CEOs).
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Bi-Annually.
Desired performance	Efficient Eskom with increased generation capacity.
Indicator responsibility	DDG: Energy and Resources.

ENERGY AND RESOURCES (continued)

5.3 Indicator title	Koeberg Nuclear Power Plant Life Extension Programme units completed.
Definition	To monitor the implementation of the Nuclear Build Programme and extend the life of the current nuclear plan.
Source of data	Eskom reports on Koeberg Nuclear Build Programme.
Method of calculation or assessment	Simple count.
Means of verification	Reports on Koeberg Power Plant Life extended signed by DG.
Assumptions	Eskom will submit Progress Reports timeously and unbundling will take place.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Bi-Annual.
Desired performance	Secured energy supply.
Indicator responsibility	DDG: Energy and Resources.

5.4 Indicator title	Alexkor SOC Limited (Alexkor) Repositioning study conducted.
Definition	Determine the future operating structure for Alexkor.
Source of data	Proposed Future options report.
Method of calculation or assessment	Stakeholder Engagement inputs.
Means of verification	Report on optimal operating structure of Alexkor signed by the DG.
Assumptions	Proposed Shareholding structure will be endorsed by key Stakeholders.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	Alexkor repositioned.
Indicator responsibility	DDG: Energy and Resources.

ENERGY AND RESOURCES (continued)

5.5 Indicator title	Revitalisation of State forestry assets.
Definition	To conduct feasibility study and revitalise State forestry assets in Mpumalanga.
Source of data	Feasibility study, SOE reports.
Method of calculation or assessment	Stakeholder Engagement inputs.
Means of verification	Report on SOE revitalisation signed by DG.
Assumptions	Proposed Shareholding structure will be endorsed by key Stakeholders.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	SAFCOL revitalised.
Indicator responsibility	DDG: Energy and Resources.

SUB-PROGRAMME 6: TRANSPORT AND DEFENSE

6.1 Indicator title	Implementation Government decision on the corporatization of Transnet National Ports Authority (TNPA).
Definition	Corporatisation of TNPA in terms of National Ports Acts 12 of 2005, section 3 (2).
Source of data	Transnet Reports/Stakeholder Engagements (Department of Transport (DoT), Department of National Treasury (NT), Department of Planning, Monitoring and Evaluation (DPME) and Transnet). Proof of registration of Subsidiary, List of appointed Board members.
Method of calculation or assessment	Simple count.
Means of verification	Briefing memo (reports) on progress in the implementation of the TNPA signed by the DG.
Assumptions	PFMA approvals: That section 51 (g) of the Public Finance Management Act (PFMA) notification of intent to convert TNPA as a subsidiary will be submitted to and will be endorsed by Minister of Finance (MoF). Also, section 54 of the PFMA where the Minister of Public Enterprises is officially notified are submitted and approved.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Corporatisation of TNPA.
Indicator responsibility	DDG: Transport and Defence.

TRANSPORT AND DEFENCE (continued)

6.2 Indicator title	Percentage growth in year-on-year rail volumes.
Definition	Monitor and facilitation friendly commodities movement from road to rail to ensure target 6.2 million by 2023/24 is achieved by Transnet.
Source of data	SOE Quarterly Reports.
Method of calculation or assessment	20% of the previous year baseline.
Means of verification	Quarterly Report/Memo signed by DG.
Assumptions	Transnet will implement road to rail strategy.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Increase of rail friendly commodities moved from road to rail by Transnet Freight Rail (TFR).
Indicator responsibility	DDG: Transport and Defence.

TRANSPORT AND DEFENCE (continued)

6.3 Indicator title	Rail Infrastructure Manager established as a ring-fenced organisational function.
Definition	To monitor establishment of Rail Infrastructure Manager as a ring-fenced organisational function.
Source of data	Transnet Reports.
Method of calculation or assessment	Simple count.
Means of verification	Rail infrastructure establishment report signed by DG.
Assumptions	Organisational function will be established.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Viable entity.
Indicator responsibility	DDG: Transport and Defence.

6.4 Indicator title	Rail Access Pricing formulae and Rail Access Procedures, 3RD Party access contract.
Definition	To measure contracts access of rail pricing, procedures and 3 rd party.
Source of data	SOE reports.
Method of calculation or assessment	Simple count.
Means of verification	Report/Memo signed by DG.
Assumptions	None.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Viable entity.
Indicator responsibility	DDG: Transport and Defence.

TRANSPORT AND DEFENCE (continued)

6.5 Indicator title	DPE Transnet Roadmap finalised.
Definition	To monitor development and finalisation of Transnet Roadmap.
Source of data	Transnet reports. Draft Roadmaps.
Method of calculation or assessment	Simple count.
Means of verification	Roadmap signed by the DG.
Assumptions	None.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Affordable and reliable transport system.
Indicator responsibility	DDG: Transport and Defence.

6.6 Indicator title	Number of Private Sector Participation (PSP) projects concluded.
Definition	To monitor the implementation and facilitation of the participation of the private sector in Transnet, in rail and port terminals.
Source of data	Transnet Reports, information gathered from Stakeholder Engagements (such as meetings and site visits).
Method of calculation or assessment	Simple count.
Means of verification	Reports on the PSP projects signed by DG.
Assumptions	None.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Enabling environment created, resulting in three or more concessions awarded.
Indicator responsibility	DDG: Transport and Defence.

TRANSPORT AND DEFENCE (continued)

6.7 Indicator title	Denel's Restructuring finalised.
Definition	To monitor progress by Denel in implementing its Restructuring Plan, and propose any remedial actions that may need to be taken to ensure implementing remains on track in the medium-term.
Source of data	Denel's Quarterly Reports.
Method of calculation or assessment	Simple counts.
Means of verification	Quarterly Review Report signed by DG.
Assumptions	SOE will submit reports as required.
Disaggregation of beneficiaries (where applicable)	N/A.
Spatial transformation (where applicable)	None.
Calculation type	Simple count.
Reporting cycle	Quarterly.
Desired performance	Financially and commercially viable SOE.
Indicator responsibility	DDG: Transport and Defence.

6.8 Indicator title	Strategic Equity Partners (SEP) on South African Airways (SAA) finalised.
Definition	To monitor implementation and finalisation of the SEP transactions.
Source of data	Source documents transaction advice.
Method of calculation or assessment	Simple count.
Means of verification	Share Certificate for minority holding.
Assumptions	SEP appointment will be finalised and approval from Stakeholders.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	Reducing reliance on fiscus for funding.
Indicator responsibility	DDG: Transport and Defence.

SUB-PROGRAMME 7: RESEARCH AND ECONOMIC MODELLING

7.1 Indicator title	Komati Agrivoltaic commissioned and training centre operationalised.
Definition	To ensure that the Just Energy Transition (JET) framework is implemented, Komati power station was shut down in 2022/23 financial year, and is being repurposed with Renewable Energy Technologies (RET) that will supply clean electricity to the economy and the public.
Source of data	Power Plant Decommissioned reports, Eskom Quarterly Shareholder Reports.
Method of calculation or assessment	Simple count.
Means of verification	Quarterly Progress Report on the implementation of power plants signed by DG.
Assumptions	All Stakeholders will agree and subscribe to a low carbon economy.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	To have fair, equitable, inclusive energy transition to a low carbon economy.
Indicator responsibility	DDG: BES.

Annexures to the Annual Performance Plan (APP)

Annexure A: Amendments to the Strategic Plan(SP)

2019/25 STRATEGIC PLAN OUTCOME	NEW 2023/24 ANNUAL PERFORMANCE PLAN OUTCOMES	REASON FOR AMENDMENTS
Position SOEs to support the re-industrialisation of the SA economy.	Environmental Management and Climate Change.	Alignment to the revised MTSF.
	Just Transition to low Carbon economy (mitigation).	Alignment to the revised MTSF.
Promote the development of a strong Shareholder.	Improved Governance and accountability.	Alignment to the revised MTSF.
None.	Institutionalisation of DDM in the Department and SOEs.	Alignment to the DDM framework.
None.	Promote alignment and efficiency across institutional models.	Admin/support function not included in the SP 2020/25.
None.	Improve Information and Communication Technology (ICT) and business alignment and enhancement functions.	

Annexure B: Conditional grants

None

Annexure C: Consolidated indicators

None

Annexure D: District Development Model

District Development Model (DDM) is an integrated planning model adopted by Cabinet in 2019 as a Government approach aimed at improving integrated planning, and service delivery across the three spheres of Government and State Entities. The DDM approach identifies the 52 District and Metropolitan spaces as focal points of Government and private sector investment. DDM validates Local Government as an epicenter for development / convergence of the whole of Government to invest and deliver coherently.

The objectives of DDM are to align plans of Government and its Entities, address Government's SILO planning, budgeting and implementation, further, to narrow / eliminate the distance between the people of South Africa, and Government by maximizing the impact of services rendered.

The DDM is anchored on a "One Plan", which is an Inter-Governmental Plan (25 -30yrs) setting out a long-term Strategic Framework to guide investment, development, and service delivery in relation to a specific District or Metropolitan space. The One Plan joint planning process is undertaken in seven critical stages, namely Profiling, Gap analysis, Diagnostic, Vision setting, Strategy formulation, Implementation commitments and Drafting of the One Plan.

According to DDM Strategic Implementation Framework, the year 2021/25 marks the "Institutionalisation Phase" of the model by All Government. The Key Indicators of the institutionalisation phase amongst others include promulgation of Inter-Governmental Relations Framework (IGRF) Act Section 47 (1) (b), strengthening Inter-Governmental Relations (IGR) Structures and align with DDM approach, development and adoption of 52 One Plans as well as establishment of identified DDM Hubs.

In the previous and current performance cycles, DPE participated in the National DDM Structures, formed part of quality assurance process of the first generation of One plan, provided support to the Political Champions in their assigned District / Metro spaces, and reviewed the Departmental IGR Framework to align with the DDM approach.

For the year 2023/24, DPE will institutionalise DDM within the Department and SOEs, by co-ordinating participation of SMS / SOE Technocrats in DDM Technical Committees, both at National and District / Metropolitan spaces as guided by the DDM Implementation Framework. As an Oversight Department, DPE will collate SOE Localised Project Plans, especially the Catalytic project per District / Metro space and analyse against the One Plans to ensure alignment and validation of information, as well as improve the support for Political Champions.

Annexure E: Changes to Outputs

None



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