



2022/2023

ANNUAL PERFORMANCE PLAN



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF PUBLIC ENTERPRISES
ANNUAL PERFORMANCE PLAN
2022/23



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EXECUTIVE AUTHORITY STATEMENT

The Department of Public Enterprises (DPE) has reached the midpoint of its mandate, which began in 2018, of stabilizing and restructuring State-Owned Enterprises (SOEs), and much work has been done on the implementation of the SOEs' reform programme.

Our campaign to rid SOEs of State capture and corruption has faced many challenges, including fightbacks and intimidation of officials.

While SOEs still face operational and financial challenges, we are nonetheless, steadfast in our resolve to repurpose these strategic assets, so that they play a key role in the country's Economic Recovery.

Credible Boards and Executives Management teams are in place to fulfill their judiciary duties and have the capabilities to see through the restructuring effort. We have restructured SOEs' business models to conform to their business environments that are influenced by climate change imperatives, and we are beginning to see the positive change our actions have generated in these SOEs.

The release of Part 1 of the Judicial Commission of Enquiry into State Capture report by Acting Chief Justice Raymond Zondo into South African Airways (SAA) and its associated entities, has provided the country with prima facie evidence that indeed State Capture happened, and some of the previous Boards of Directors in our SOEs were instrumental in the destruction of our SOEs.

The report validates our previous assertions that the actions of former directors of SAA damaged the national airline and its associated entities, and that they were motivated



Pravin Gordhan, MP
Department of Public Enterprises (DPE)

by infamous networks with the purpose of hollowing out the national airline.

Despite their nefarious efforts to decimate not only SAA but the entire aviation industry, the national carrier was put through a business rescue process and is now solvent and has now taken to the skies. The airline has implemented a route plan that includes key strategic capitals in Southern Africa, and Durban has recently been added to the route schedule. We have announced Takatso Consortium as the preferred Strategic Equity Partner, and the Sale and Purchase agreement has been signed.

The structural reform of Eskom SOC Limited has progressed further to completion, with the functional separation of the Transmission Division complete and the legal separation to be concluded by December 2022.

Working with the Department of Minerals, Resources and Energy (DMRE), National Treasury (NT) and other Stakeholders, National Energy Regulator of South Africa (NERSA), Eskom has submitted its license applications for the Transmission Division. The National Transmission Company will be operational as a wholly owned subsidiary of Eskom Holdings during the 2022/23 financial year.

In the Roadmap for Eskom in a Reformed Electricity Supply industry released in 2019, we argued that "the restructuring of Eskom into three subsidiary businesses Generation, Transmission and Distribution will reduce the risk that Eskom poses to the country due to its dependence on fiscal allocations and inability to meet the electricity demand."

A key indicator that Eskom is beginning to turn the tide, is its reduction of its debt from R484 billion to R401 billion, a major milestone that shows that Government is doing everything possible to turn this important power utility around.

In 2021, several International and national shocks impacted on the National logistics system of the country. With the global supply chains also facing challenges due to increased shipping prices, and Covid-19 lockdowns, Transnet also faced an Information Technology (IT) system challenge that disrupted the movement of goods from ports. In spite of this, Transnet was able to resume full operations promptly due to the collaboration with the shipping industry. We have appointed an interim Board for Transnet National Ports Authority (TNPA) and a permanent Board will be announced during the first quarter of the 2022/23 financial year.

With the release of Part 1 and Part 2 of the Judicial Commission Report, the Department's SOE Risk and Integrity Unit will work closely with the Boards and the National Prosecuting Authority (NPA), to ensure that those fingered in the Zondo Report and deemed complicit in the destruction of the SOEs are charged.

In the Acting Chief Justice Raymond Zondo Report, Part 1, there is enough evidence to start formulating charge sheets against former Boards of Directors, former Executives, and audit and legal firms that were complicit in causing damage to our SOEs.

State Capture and corruption had a devastating effect on our SOEs. The liquidation proceeding against SA Express and the business rescue process at Mango was a result of former Boards and Executives neglecting their judiciary duties, with the aim to capture the SOEs for the benefit of the notorious networks.

The Department is satisfied with the measures put in place at our SOEs to ensure that there is no repeat of State Capture and corruption.



Pravin Gordhan, MP

Department of Public Enterprises (DPE)

DEPUTY EXECUTIVE AUTHORITY STATEMENT

FOREWORD BY THE DEPUTY EXECUTIVE AUTHORITY

DPE has acted quickly as part of our oversight role to reform and restructure State-owned Enterprises (SOEs) that face both operational and financial challenges.

Our role as a Department is at the centre of ensuring that we move past the stage of stabilising our SOEs, but to repurpose them to play a critical role in the country's Economic Reconstruction and Recovery Plan. We believe that once SOEs are sustainable and viable, they will improve Government's service delivery machinery by providing sustainable electricity, air passenger and cargo transportation and efficient logistics network services amongst others.

The improvement of Governance, Accountability, and Performance remains a priority for the stabilisation of the SOEs. We have beefed up our oversight tools to ensure that good Governance becomes the benchmark of the reform programme.

To ensure all State entities have a standard approach to Oversight Management, the Department has been appointed as the Secretariat for the Presidential SOE Council, with the responsibility to reposition them as effective instruments of economic development.



Phumulo Masualle, MP
Department of Public Enterprises (DPE)

The Department will be leading developments for an overarching Government Shareholder Management Bill, aimed at strengthening the Governance of SOEs. The Department will first draft a Shareholder management policy, which will set out policy options for the key elements to be addressed.

Once Cabinet approves the policy, the Department will release for formal Stakeholder consultations process.

To further strengthen the oversight role, the Department will review the Treasury Management practices of SOEs to ensure effective and prudent cash management to improve SOEs liquidity and eventual financial sustainability.

To accelerate the reform programme of SOEs, the Department will implement a few key strategic plans.

G.P. MASUALLE

Phumulo Masualle, MP
Department of Public Enterprises (DPE)

ACCOUNTING OFFICER'S STATEMENT

As the Government representative with oversight responsibility for seven State-Owned Enterprises, the last three years have been eye-opening and interesting for the Department of Public Enterprises. The Covid-19 pandemic exacerbated some of the challenges already faced by our SOEs such as governance, operational, financial, including SOEs being stuck in their traditional business models that no longer serve them well.

The stabilisation effort required the review and renewal of the Boards of Directors to ensure integrity of the SOC leadership team. These new boards had to undertake their investigations into the state of governance, operations, and finance of the business that they were entrusted with. In some instances, the executives that had been found wanting by the investigations, after an attempt at resisting cleanup, were dislodged voluntarily or involuntarily. The resistance to the effort has continued and other avenues and terrains, including social media, have been opened to continue the fight back.

Despite these attempts at frustrating the critical work of recapturing the SOCs on behalf of all South Africans, we remain steadfast in our resolve to repurposing these strategic assets to fulfil their key role in the implementation of Economic Reconstruction and Recovery Plan, for the betterment of this country and its citizens. I am grateful to the spirit and resolve that has been shown by the women and men leading these SOCs, to ensure the success of this effort.

One of the important restoration undertakings by the boards had to review internal controls in these organisations to ensure transparent, fair and honest contracting; and utilisation of assets entrusted to the SOCs. To understand the extent of the rot that had set in, forensic reports on various contracts, including those that had been flagged by whistleblowers. The magnitude of the task at hand is reflected in the amount of irregular expenditure reported by our entities. In the 2020/21 financial year, R15 billion in irregular expenditure was reported by DPE SOEs.



Kgathatso Tlhakudi
Department of Public Enterprises (DPE)

The Board and Executive, with the support of the DPE, had to approach the courts to cancel some of the contracts that were a product of malfeasance and corruption. Zondo Commission Part I and II, which have covered Transnet, Denel, SAA and SA Express, have confirmed that actions that were taken by the boards were correct. In the coming financial year, informed by Zondo Commission reports released and Part IV report expected end of April 2022, the DPE with support of co-sourced resources, will be pursuing these cases to ensure that misappropriated resources are recovered and that those implicated in criminal activities, face the full might of the law.

The stabilisation effort has been followed by the restructuring of these businesses to ensure that revenues' generation opportunities are maximised and that the cost baselines are optimised. Notable progress has been made across the DPE SOC portfolio.

SAA was restructured through business rescue and the business rescue plan was approved by the creditors' committee in August 2021 and the funding to implement the the plan was provided by the Minister of Finance in the 2020 National Adjustment Budget (R10.5 billion) and the 2022 National Budget (R2.7 billion). The latter amount was reduced from R3.5 billion after the DPE and SAA were able to realise some savings due to flight operations commencing later than planned. Government in line with the commitment made to the nation to reduce the airline reliance on the fiscus has concluded the Strategic Equity Partnership (SEP) process and concluded a share sale and purchase agreement with Takatso Consortium during February 2022. The transaction awaits the approval of the Competition Commission and BBBEE Commission.

Eskom restructuring into three businesses, Eskom Transmission, Eskom Generation and Eskom Distribution has proceeded as planned. Eskom Transmission was corporatised in December 2021 and the other two businesses will achieve the same milestone in December 2022. A critical milestone in the operationalisation of Eskom

Transmission was amendments to the electricity regulation act (ERA) and the electricity pricing policy (EPP), to respectively enable an appropriate electricity structure and a supportive tariff regime. The amendments to ERA and EPP have been approved by Cabinet and they are now open to input by the public.

In January 2021 President Ramaphosa announced that Transnet will commence with the corporatisation of the Transnet National Ports Authority (TNPA) as envisaged by the National Ports Act of 2005. Great progress has been made, and there is an interim board appointed and the DPE will finalise appointment of a permanent board during the course of 2022/23. The President in the State of the Nation Address "SONA" 2022 further announced the improvement in the capacity of the rail network of Transnet Freight Rail (TFR) through selling of slots to private operators is expected to be concluded by April 2023 and the selection of private sector partners for the expansion of capacity at the Ports of Durban and Ngqura will be concluded by October 2023. The repositioning of the national logistics system to enable greater capacity for movement of essential freight has been given an impetus.

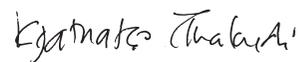
Denel has developed a new business model which sees the rationalisation of divisions and the disposal of peripheral assets to enable its restructuring and investment into the core areas of the business. The SOC was heavily impacted by State Capture and the hollowing out of capabilities through nefarious business arrangements. The business, especially considering the volatile times we live in, remains an essential component of the national defense capabilities. Government and the Board remain seized with developing a funding solution for the implementation of the new strategy.

The shareholder management frameworks in response to their systematic weakening to enable State Capture are also being strengthened to ensure that the country reduces the probability of the phenomena repeating itself.

As part of our reform programme, in 2021/22 the Department issued the Board Performance Evaluation Framework to Boards in the portfolio for implementations. The Framework goes beyond King IV standard reporting to include Compact performance and reflect on the state of governance within the entity. It is intended to standardise the way Board performance is evaluated going forward, providing early warning of skills gaps and poor performance. Boards will be required to ensure that gaps identified in the Board evaluation is clearly tracked to show improvement on a quarterly basis.

The review of the 2018 Remunerations Guidelines is informed by the development of a state linked survey. The Department has revised the Guidelines. Subject to internal and Cabinet consultations the final revised guide will be finalised during the first quarter of the 2022/23 financial year.

The Presidential SOE Council (PSEC), to which the DPE plays a secretariat role, has been working hard to ensure appropriate governance, financial management, and portfolio management systems are developed and implemented. The product of this work is the announcement of a process to establish a holding company as a shareholder authority on strategic commercial entities of the state. The shape and form of the entity shall emerge in the 2022/23 financial year with the Government Shareholder Management bill.



Kgathatso Tlhakudi

Accounting Officer

Department of Public Enterprises (DPE)

OFFICIAL SIGN-OFF

It is hereby certified that the 2022/23 Annual Performance Plan:

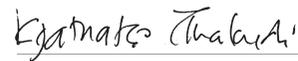
Was developed by the Management of the Department of Public Enterprises under the guidance of the Director-General (DG).

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 will endeavour to achieve over the 2022/23 financial year.



Kgwadikgolo Mahosi
Acting Director: SPME



Kgathatso Tlhakudi
Director-General



Edwin Besa
Acting Chief Financial Officer
Approved by:



Phumulo Masualle (MP)
Deputy Minister



Minister Pravin Gordhan (MP)
Executive Authority

GLOSSARY OF TERMS

Acronyms used in the Department of Public Enterprises' documentation:

Acronym	Description
AFS	Annual Financial Statements
ALEXKOR	Alexkor SOC Limited
AR	Annual Report
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AMF	Asset Management Framework
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BO	Black-Owned
BRP	Business Rescue Practitioners
BWO	Black Women-Owned
BYO	Black Youth Owned
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
CIPM	Chief Investment Portfolio Management
COP	Conference of Parties
CPI	Consumer Price Index
CS	Corporate Services
CSDP	Competitive Supplier Development Programme

Acronym	Description
CSI	Corporate Social Investment
CRO	Chief Restructuring Officer
DAFF	Department Agriculture, Forestry and Fisheries
DARDLR	Department of Agriculture, Rural Development and Land Reform
DCT	Durban Container Terminal
DDG	Deputy Director-General
DDM	District Development Model
DFFE	Department of Forestry, Fisheries, and the Environment
DG	Director-General
DHET	Department of Higher Education and Training
DM	Deputy Minister
DMRE	Department of Mineral Resources and Energy
DOC	Department of Communications
DoD	Department of Defence
DoE	Department of Energy
DoT	Department of Transport
DoW	Department of Women
DPE	Department of Public Enterprises
DPME	Department of Planning, Monitoring and Evaluation

Acronym	Description
DPSA	Department of Public Service and Administration
DPWI	Department of Public Works and Infrastructure
DALRRD	Department of Agriculture, Land Reform and Rural Development
DSBD	Department of Small Business Development
DTI	Department of Trade and Industry
DTPS	Department of Telecommunications and Postal Services
EA	Executive Authority
EAF	Energy Availability Factor
EDF	Eskom Development Foundation
EDI	Electricity Distribution Industry
EE	Economic Equity
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EMP	Environmental Management Plan
ERRP	Economic Reconstruction and Recovery Plan
ESKOM	Eskom soc Limited
ESD	Enterprise and Supplier Development
EU	European Union
EXCO	Executive Committee
FET	Further Education and Training
FMCG	Fast Moving Consumer Goods
FOSAD	Forum of South Africa's Directors-General
FSN	Full Services Network

Acronym	Description
GBV	Gender Based Violence
GCH	Gross Crane Move per Hour
GCM/H	Gross Crane Move per Hour
GDP	Gross Domestic Product
GFB	General Freight Business
GSM	Government Shareholder Management
HR	Human Resources
HRM	Human Resource Management
ICT	Information and Communication Technology
IEA	International Energy Agency
IFLOMA	Industriais Florestais De Manica, Mozambique
IGR	Inter-Governmental Relations
JET	Just Energy Transition
KPA	Key Performance Area
KPI	Key Performance Indicator
IMC	Inter-Ministerial Committee
IMF	International Monetary Fund
IPAP	Industrial Policy Action Plan
IPO	Initial Public Offering
IPP	Independent Power Producers
IRP	Integrated Resource Plan
JV	Joint Venture
KLF	Komatiland Forests

Acronym	Description
KM	Kilometre
KPI	Key Performance Indicator
LTTS	Long-Term Turnaround Strategy
MDS	Market Demand Strategy
MISS	Minimum Information Security Standards
MOA	Memorandum of Agreement
MOI	Memorandum of Incorporation
MOU	Memorandum of Understanding
MPSA	Minister of Public Service and Administration
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MVA	Mega Volt Amp
MW	Megawatt
MYPD	Multi-year Price Determination
NDP	National Development Plan
NEAP	National Economically Active Population
NEDLAC	National Economic Development and Labour Council
NEMA	National Environmental Management Act
NERSA	National Energy Regulator of South Africa
NGP	National Growth Path
NIPF	National Industry Policy Framework
NPAT	Net Profit After Tax

Acronym	Description
NSF	National Skills Fund
NT	National Treasury
OCGTs	Open Cycle Gas Turbines
OHSA	Occupational Health and Safety Act
PAIA	Promotion of Access to Information Act
PEP	Project Execution Plan
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordination Commission
PLO	Parliamentary Liaison Officer
PMS	Performance Management System
PPP	Public-Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PPPS	Public-Private Partnerships
PRASA	Passenger Rail Agency of South Africa
PRC	Presidential Review Committee
PSEC	Presidential SOCs Council
PSJV	Pooling and Sharing Joint Venture
PSP	Private Sector Participation
PWD	People with Disabilities
R&D	Research and Development
RBCT	Richards Bay Container Terminal
RBCT	Richards Bay Coal Terminal

Acronym	Description
RDLR	Rural Development and Land Reform
RE	Renewable Energy
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Quotation
RIMF	Risk and Integrity Management Framework
RMC	Richtersveld Mining Company
ROI	Return on Investment
SAX	South African Express Airways
SAA	South African Airways
SAAT	South African Airways Technical
SAFCOL	South African Forestry Company Ltd
SANDF	South African National Defense Force
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SED	Socio Economic Development
SDIP	Service Delivery Improvement Plan
SEIAS	Socio-Economic Impact Assessment System
SHC	Shareholder Compact
SIP	Strategic Integrated Projects

Acronym	Description
SIS	Strategic Intent Statement
SLA	Service Level Agreement
SMME	Small, Medium and Micro-Enterprises
SOC	State-Owned Company
SOE	State-Owned Enterprise
SONA	State of The Nation Address
SSA	State Security Agency
SSEG	Small Scale Embedded Generation
STATSSA	Statistics South Africa
TE	Transnet Engineering
TEU	Twenty-foot Equivalent Unit
TFR	Transnet Freight Rail
the dti	The Department of Trade and Industry
TNPA	Transnet National Ports Authority
TMPS	Total Measure of Procurement Spend
TOR	Terms of Reference
TRANSNET	Transnet SOC Limited
YtD	Year to Date



PART A

OUR MANDATE

PART A: OUR MANDATE

The DPE undertakes shareholder oversight for Government and is currently instructed by the Executive Authority to oversee core strategies State-Owned Companies. DPE is the primary interface between Government and the SOCs concerned and provides inputs into the formulation of policy, legislation and regulation.

Currently the DPE does not have a legislated Constitutional mandate. The DPE is recognised as a Government department through Proclamation No.82 of 1999. In effect, it has an agreed and assigned dual responsibility to:

- Direct and support improvements in the financial, commercial and operational performance of the SOCs and their contribution to the South African economy; and

- Make a positive contribution to the transformation of the South African economy in line with the NDP to create a better and sustainable economic environment for all South Africans.

UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

Each SOC within the DPE Portfolio is governed by specific legislated constitutional mandate. The table below lists the SOCs that report to the Minister, their mandate and nature of operations.

Name of Entity	Legislative Mandate	Minister's Financial relationship with the SOC	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.
SA Express	South African Express Act (Act 34 of 2007)	Shareholder representative	Under liquidation SA Express is the regional air carrier with a mandate to provide air transportation services for passengers, cargo and mail on lower density routes within the Republic, the African continent and surrounding islands.
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.



PART B

OUR STRATEGIC FOCUS

PART B: OUR STRATEGIC FOCUS

1. UPDATED SITUATIONAL ANALYSIS

DRIVING SOEs TO A DIFFERENT FUTURE

Driving State-owned Entities (SOEs) to a different future is predicated on acknowledging the damage caused by State capture, corruption and ineptitude, which is now legend. The actual impact on Governance, operations, finances, institutional culture, however, is barely appreciated by many. In addition, the reputational damage of our SOEs and inadvertently the country is significant. The inability to invest in new infrastructure, replace old equipment, pay salaries to workers, and other obligations is a consequence of corruption and malfeasance.

ESKOM

The President in his 2022/23 State of the Nation Address (SONA), highlighted the electricity crises as one of the key challenges the country is facing, as one of the greatest threats to economic and social progress. Load shedding continues to adversely affect South Africans, disrupting business activities and placing additional strains on families and communities due to our fragile electricity system. Due to our aging power stations, poor maintenance, policy missteps and the ruinous effects of State capture, our country has a shortfall of around 4,000 MW of electricity. In the past year, we have concentrated on bringing additional generation capacity online as soon as possible to close the energy supply gap as well as introduce major changes to the structure of the electricity sector.

Eskom has established a separate transmission subsidiary and is on track to complete its unbundling by December 2022. The utility has continued with its intensive maintenance programme, to reverse many years of neglected maintenance and underperformance of existing plants. To regulate all these reforms, Cabinet approved amendments to the Electricity Regulation Act for public comment. These far-reaching amendments will enable a competitive market for electricity generation and the establishment of an independent State-Owned transmission company.

Energy Sector

The IRP19 has projected that Renewable Energy (RE), as part of an energy mix, will contribute a total of 18.2 GW to the South Africa grid by 2030. If the International Energy Agency's (IEA) bold "Net Zero by 2050" Report is to be met, this will require South Africa to rapidly embrace renewable technologies. South Africa can emerge as a leader in this sphere, providing opportunities to local industry and the development of appropriate solutions for the continent. However, the IEA Report is at pains to emphasize that clean energy transitions must be fair and inclusive, leaving nobody behind and that "the transition to net zero is for and about people" It states that because "not every worker in the Fossil Fuel industry can ease into a clean energy job... Governments need to promote training and devote resources to facilitating new opportunities. Citizens must be active participants in the entire process, making them feel part of the transition and not simply subject to it." Moreover, the IEA points out that "each country will need to design its own strategy, considering its specific circumstances. There is no "one-size-fits-all" approach to clean energy transitions. Eskom is implementing its Just Energy Transition strategy and Komati power station has been prioritized as the pilot project.

Eskom's Financial Stability

Eskom's financial recovery is continuing with the entity recording a loss of R18.9 billion (FY20: 20.8 billion) in the financial year ended 31 March 2021. The cost reduction initiatives are well progressing with cost savings of R14.4 billion achieved against a target of R14.1 billion. Government support continues to play a pivotal role in the reduction of the debt. The debt reduction of R81.9 billion was achieved in 2021, with the overall debt declining to R401 billion from R484 billion in 2020. The decline was driven mainly by the repayment of the maturing debt and changes in the exchange rate.

Eskom's consumer debt continues to grow which currently stands at R45.4 billion, of which 77.8% is owed by Municipalities, 16.3% by Soweto. The Inter-ministerial Committee headed by the Deputy President is leading the effort to resolve Municipal

debt challenges. One of its projects is to pilot Eskom's Active Partnership Model at Maluti a Phofung Municipality. The model entails Eskom taking over the electricity distribution function, so that proper Management systems are put in place and bulk electricity supplies are paid. The next step is to roll out the same model to other highly indebted Eskom Municipalities.

TRANSNET

During the 2022 SONA, the Honourable President Mr Cyril Ramaphosa stated that "Our economy cannot grow without efficient ports and railways." Over several years, the functioning of our ports has declined relative to ports in other parts of the world and on the African continent. This constrains economic activity. The agricultural sector, for example, relies heavily on efficient, well-run ports to export their produce to overseas markets. Fresh produce cannot wait for days and even weeks stuck in a terminal.

This affects businesses and compromises our country's reputation as an exporter of quality fresh produce. Transnet SOC Ltd (Transnet) is addressing these challenges, and is currently focused on improving operational efficiencies at the ports through procuring additional equipment and implementing new systems to reduce congestion. Transnet will ask for proposals from private partners for the Durban and Ngqura Container Terminals within the next few months, which will enable partnerships to be in place at both terminals by October 2022. The entity will start the process of providing third-party access to its freight rail network from April 2022 by making slots available on the container corridor between Durban and City Deep in Gauteng. Transnet has developed partnerships with the private sector to address cable theft, and vandalism on the freight rail network through advanced technologies and additional security personnel. This collaborative effort is already showing results in reduced disruptions to rail operations. The poor state of passenger rail in South Africa has a direct and detrimental impact on the lives of our people.

The Logistics Sector

The Covid-19 pandemic has changed the dynamics of trade, rail, ports, shipping, and supply chains. In addition, the unintended consequences of rail and pipeline infrastructure vandalism and theft, rail derailments, previous procurement irregularities which have directly affected the availability of rolling stock and maintenance parts,

power failures and adverse weather, global macro-economic trends, trade flows and the level of economic activity in South Africa, have directly affected Transnet's revenue.

The Cyber-attacks within Transnet and the insurrection that took place in the Financial Year 2021/22, also contributed to the widespread disruptions which have materially affected Transnet's strategic targets. Stringent security measures are being initiated in some corridors with the Private Sector to augment the ongoing internal security initiatives. The Department is working on a strategy to support Transnet with safety and security issues, with the intention of collaborating with Departments whose SOEs are similarly affected.

To maintain a competitive advantage, Transnet will explore and pursue growth enabling partnerships with the private sector to enhance new investments in infrastructure to increase port capacity, investment in adequate equipment, increase in productivity at the ports, and appropriate tariffs. There is a need to align the Transnet National Ports Authority (TNPA) pricing methodologies to those of port regulation for competitiveness and efficiencies of the terminal operators.

As a leader in the transport and logistics sector, Transnet is uniquely positioned to drive growth in the economic activity in South Africa, benefiting both businesses and South African citizens. The institutional structure of Transnet, the establishment of TNPA as a subsidiary, and new creative strategic partnerships are imperative to strengthening Transnet's positioning and sustainability.

Raising funding via the private sector is aligned to Government objectives for the reforms and the role of rail and ports in stimulating economic recovery, whilst ensuring long term sustainability of the business of addressing the funding and performance gaps. A set of Prioritised Transactions is being earmarked to turn the business around. Prioritised transactions to improve Transnet's immediate financial position and operational performance include improving Transnet Engineering's (TE's) viability, the development of the Port of Durban (Durban Container Terminal - DCT 2) into a modern, deep water hub port, and the disposal of wagons in designated commodities to interested customers in owning and maintaining their own fleet.

Prioritised transactions to enable growth and renewal include City Deep Container Terminal, Kaalfontein Terminal Auto Supply Chain Integration, Ngqura Container

Terminal, Durban Point Container Terminal, Auto Terminals Ports of Durban, Port Elizabeth, East London, and ICT Fibre for secondary income generation and asset utilisation.

Transnet's successes

Despite the material effects on the Transnet business, the pipelines business exceeded the target for execution of ordered vs delivered volumes at 98% vs the targeted 95%. To monitor, and manage vandalism on the pipelines, some technological interventions were introduced to repurpose the pipeline network and related infrastructure, which enhanced the resilience of the pipelines business.

In addition, greater efficiencies have been introduced at the Port of Durban and Durban Port Terminal. It has partnered with research institutions and innovation hubs to address the weather challenges, which also contribute to congestion in the ports.

Transforming Transnet

The transformation and reconfiguration of Transnet, to meet the mandate outlined in South Africa's Economic Reconstruction and Recovery Plan (ERRP) is underway.

Transnet's new strategy is to drive volume growth through private sector participation, by developing key strategic partnerships in its core segments. Segment strategies linked to nine commodities which contribute 42,2% to total National Gross Domestic Product (GDP) and 80% of Transnet revenue, focusing on the Iron ore, Manganese, Coal, Chrome and Magnetite, Auto and Containers, Agri (fruit and grain), fuel and gas, are designed to protect and grow the key industrial supply chains, enhance its export growth capability. Strategic private sector partners were viable.

Visible transformation will be magnified by the redesign of the Port of Durban and reposition it as an African and Indian Ocean hub for containerized cargo. The Port of Durban, augmented by complementary ports at a National and Regional level to drive the South Africa manufacturing industry. The partnerships for the Durban Terminals are envisaged to be concluded by the end of December 2022. Performance increased parcel sizes for Manganese at PE (from 42 000 tons to 54 000 tons) and NCT (from 50 000 tons to 60 000 tons) and increases rail utilisation at the Port of Durban from one to four trains every two days per week.

The joint planning of container terminal operations for the container terminal operations at Durban, Cape Town and Port Elizabeth has made a difference in the business operations of the National Ports Authority and Port Terminals. The reopening of the Leeufontein link improved the speed of service delivery to the Automotive Industry, reducing the route by 60 km. The Thornwood rehabilitation on the Container corridor was completed, resulting in the restoration of 27 train slots per day after embarkment collapsed due to flooding.

The Agricultural Sector market share has grown by 24% in 2021, with a turnover of R38bn for the industry. Reforms guided by changing rail policies, and the Ports act, are essential to Transnet's transformation, introducing competition and improving supply chain efficiency. These reforms include the National Ports Authority, Branch line concessions and third-party access in rail; and going forward these reforms will continue to be the focus. The operations and investments in Branch lines will be a focus area in the next financial year, and going forward, supporting the Agricultural industry in addition to related industries. Preliminary work and collaboration between the DPE, Department of Transport (DoT) Asset Management Framework and the two largest operators (Transnet Freight Rail (TFR) and Passenger Rail Agency of South Africa (PRASA)) will be enhanced to agree on the access regimes, economic regulatory capacity, and state of infrastructure capacity, to ensure the sustainability of the rail industry as outlined in the Industrial Policy Action Plan (IPAP).

SAA BUSINESS RESCUE (BR)

South African Airways (SAA) exited business rescue on the 30th of April 2021, having been allocated R10.5 billion from a total of R14 billion as part of the restructuring of SAA and implementation of the Business Rescue (BR) plan. The airline has successfully relaunched its operation in the domestic and regional market as part of the resumption of operations. SAA will continue to consider lucrative markets soon, to introduce additional services for increased connectivity and sustainability.

The Government remains committed to its goal of having a financially viable airline, which is not dependent on the fiscus, with the agility needed to operate in a volatile aviation industry. The on boarding of a Strategic Equity Partner is at an advanced stage, and an announcement will be made in due course. With a focus on future operations, the subsidiaries will continue to be restructured.

DENEL

Denel faces financial and operational challenges. The Economic Reconstruction and Recovery Plan (ERRP) identifies the Defense and Aerospace industry as key to economic growth, particularly in localisation and exports. The Defence and Aerospace Master plan was finalised in the 2020/21 financial year. Denel has a confirmed order book of R11 billion, but is unable to secure the necessary capital or the support of suppliers to execute the contracts due to outstanding payments to suppliers. Denel last paid full salaries in May 2020. The SOC has subsequently experienced a loss of critical skills to both domestic and foreign companies.

Efforts are underway to consolidate and restructure Denel's core capabilities from five divisions into Engineering and Manufacturing & Maintenance. Discussions with critical Stakeholders, the Department of Defence (DoD), National Treasury (NT) and the South African National Defense Force (SANDF) on an optimal Denel, are underway.

PRESIDENTIAL SOC COUNCIL (PSEC)

To date, the PSEC has undertaken several immediate measures to restore these companies to health, at the same time as we undertake far-reaching reforms that will make our SOEs more efficient, competitive, accountable and sustainable.

The Presidential SOE Council, which was appointed in 2020, has recommended that Government adopt a centralised Shareholder model for its key commercial State-owned Companies. This would separate the State's ownership functions from its policy-making and regulatory functions, minimise the scope for political interference, introduce greater professionalism and manage State assets in a way that protects Shareholder value. As part of this initiative, preparatory work has begun for the establishment of a State-owned Holding Company to house strategic SOEs, and to exercise coordinated Shareholder oversight. To ensure that SOEs are effectively fulfilling their responsibilities, the Presidential SOE Council is preparing recommendations on SOEs to be retained, consolidated, or disposed of.

DISTRICT DEVELOPMENT MODEL (DDM)

District Development Model (DDM) is a District-based joint planning approach by all three spheres of Government and State entities. The plans are articulated in "One Plans". One Plan is a long-term 25–30-year strategic IGR framework guiding investment, development, and service delivery in relation to each of the district and spaces not belonging to any sphere or Government departments. The Department is currently participating in the National DDM Structures as coordinated by Department of Cooperative Governance and Traditional Affairs (COGTA), for example, the DDM One Plans Quality Assurance Panel. The Department will ensure participation of its SOCs in the relevant Districts & Metropolitans DDM Technical Committees. Technical officials will be nominated to serve in the DDM Technical Committees, particularly where SOCs have footprints and or "Catalytic Projects".

SOUTH AFRICAN FORESTRY COMPANY LIMITED (SAFCOL)

SAFCOL will continue seeking viable partnerships to diversify its product offering by increasing its production of new timber products and investing in the Tourism sector. Furthermore, the company plans to continue supporting communities near its operations through providing business opportunities, training and other services. A key challenge for the company is to increase investments in its strategic projects such as the Timbadola processing plant and the IFLOMA Mozambican investment to ensure increased revenues in the future. Thanks to its current board and executive team, the company has been gradually able to raise funding.

The company reported revenue of R920 million for 2020/21, up by 11 % from the previous year despite challenging economic conditions. However, this still represents a loss of R45 million because of high fixed operating expenses. Increasing processing capacity through upgrading the Timbadola processing plant is one of the short- to medium-term activities envisaged to increase revenue. This will further reduce operating costs, particularly for repairs and maintenance.

The company's liquidity and solvency position are satisfactory as it is not highly indebted. It can raise funding based on the strength of its balance sheet and project viability without support from the fiscus. The company maintained an unqualified audit report for a second consecutive year, with a reduced number of findings. Irregular expenditure decreased by 41%, from R183 million in 2019/20 to R107 million in 2020/21.

ALEXKOR

Over the medium-term, the company will focus on expanding its diamond-mining operations. Although Alexkor mined more than 28 000 carats per year in 2019/20 and 2020/21, production did not increase year-on-year. Due to a lack of geological information and the relatively low carat value of its diamonds, particularly land-based ones, the joint venture struggled to attract investment.

To increase revenue, Alexkor acquired a licence to sell and market diamonds through the State Diamond Trader in November 2021. The Department's immediate focus is to review Alexkor's operations to ensure it becomes sustainable. A service provider is expected to be appointed by the beginning of 2022/23 to help determine an optimal operating model for the State's mineral assets.

Alexkor generated unaudited revenue of R158 million in 2020/21, down 7 % from the R170 million it generated in 2019/20. This was mainly due to the suspension of operations in the first quarter of 2020/21 to comply with Covid-19 lockdown restrictions. The company downsized operations in 2020/21, resulting in retrenchments and resignations. As a result, it reported an unaudited after-tax profit of R34 million in 2020/21, compared to the R109 million loss it incurred in 2019/20.

Alexkor's liquidity has improved due to the settlement of significant obligations and reduced personnel costs. The company is solvent and does not have long-term debt, which has reduced its Risk Assessment as a going concern.

2. EXTERNAL ENVIRONMENT ANALYSIS

DPE in the Sixth Administration had emphasised improvement in Governance and appointment of competent leadership at the SOCs, as well as ensuring the strengthening of Balance Sheets, within the constrained fiscus. The stabilisation of the portfolio had relied on conventional, and organic Management solutions to the challenges facing SOCs. The Department had to concede that the damage that has been done to SOCs by State capture, and decades of bad Management decisions have had a profound impact on the SOCs, and radical solutions are required to ensure the situation is turned around.

In 2019/20, the Department developed a Board Performance Evaluation Framework, and the first assessment was conducted in 2020/21 as part of the implementation of the framework. In 2022/23 all the Boards will be expected to achieve 80% of their performance agreements. Regarding gender representation on Boards, the Department will strive to achieve 50% women representation as of 2022/23.

In line with the implementation of the Medium- Term Expenditure Framework (MTEF), the Annual Scorecard on Re-purposing will be developed and finalised. In monitoring the implementation of the SOC Risk and Integrity Management Framework (RIMF), the focus of the programme will be to monitor the reduction in the number of conflict-of-interest cases concerning Board Members and employees of SOCs. Over the mid-term period, it is expected that there will be an increase in the number of SOC employees with security clearance certificates.

DURBAN CONTAINER TERMINAL (PIER 2) AND NGQURA CONTAINER TERMINAL

Request for Information (RFI) for international terminal operators to partner at DCT Pier 2 as well as for the Port of Ngqura were issued in August 2021, and the outcomes were positive. Request for Quotations (RFQs) are envisaged to be issued in January 2022 and Request for Proposals (RFP's) are earmarked for issuance in April 2022. Partnerships are envisaged to be in place by October 2022.

Development of a new container terminal at Durban Point Precinct

Initial studies to validate the project go-ahead have been conducted. The RFI earmarked for readiness in January 2022, is currently being finalised for issuing to the market.

The RFP is earmarked for August 2022, and the partnership is earmarked to be in place in December 2022.

Improvement of export capacity at Port of Durban

Planned Transaction in the form of a business case for a partnership to improve the auto export capacity at the Port of Durban is underway. The RFI is earmarked for February 2022, and the Business Case is earmarked for mid-2022.

CLIMATE CHANGE

Eskom's Just Energy Transition (JET) office was established earlier in 2020, with a specific focus to progress a just transition towards a cleaner, and greener energy future, in a manner that promotes and supports sustainable job creation. One of the primary objectives of the JET programme is to ensure that the transition will not adversely impact society, jobs, and livelihoods. ESKOM has commenced with several pilot projects under the JET programme as follows:

- The repowering and repurposing of the Komati Power Station (development of an Agrivoltaics plant), as a start to the repowering and repurposing of all coal-fired plant,
- The assembly, fabrication, and deployment of a Microgrid plant, in conjunction with areas that require electrification, among others,
- The completion of engineering studies at Komati power station for large scale roll-out of wind, solar and battery storage,
- The commencement of engineering studies at Grootvlei, Camden and Hendrina power stations,
- Completion of socio-economic impact studies on the shutdown of Komati, Hendrina and Grootvlei, and commencement of same studies for seven additional power stations advanced discussions on an agricultural pilot project at Grootvlei power station, and
- The announcement of the availability of Eskom land in Mpumalanga for partnering on the development of a Renewables Plant.

CAPITAL MOBILISATION TO SUPPORT THE 2050 COMMITMENTS

During the Conference of Parties (COP-26) in Glasgow, Eskom, with the support of Government, mobilised (USD8.5 billion) R131 billion for Eskom (and the country) to phase out coal and to transition to clear energy sources. The commitment was collectively made by the US, UK, France, Germany, and the European Union (EU). This is expected to crowd in further investment by both local, and foreign capital, to change the country's energy landscape that supports long term environmental sustainability.

RAPID EXPANSION OF THE ENERGY GENERATION CAPACITY

Eskom has been restructured into three separate entities for generation, transmission and distribution which will lay foundations for an efficient, modern, and competitive energy system. Eskom is making substantial progress with its intensive maintenance and operational excellence programmes to improve the reliability of its coal fleet.

In December 2020, Government and its social partners signed the Eskom Social Compact outlining actions to meet the country's current and future energy needs. Over the last year, we acted to increase generation capacity urgently and substantially in addition to what Eskom generates. Eskom has developed and is currently modelling various scenarios on the debt reduction, as well as looking at cost reduction initiatives to improve its profitability and liquidity positions. The outcome of the preferred option will be communicated to all relevant Stakeholders after all Governance processes are completed, including lenders.

ESKOM OPERATIONS DEVELOPMENTS

The implementation of the Eskom Roadmap which will result in the formation of new independent Transmission, Generation and Distribution subsidiaries, wholly owned under Eskom Holdings, should be completed in the next financial year. Alexkor downsized operations, resulting in retrenchments and resignations during the year. The Department's immediate focus is to review the current operating structures of Alexkor to restore the sustainability of its operations. Efforts to support SAFCOL to seek feasible strategic partnerships to diversify its product offering by increasing its production of new timber products and investing in the tourism sector continue to be prioritised.

The operational performance for the period ended 30 September 2021 remains unsatisfactory, resulting in Eskom resorting to implementing rotational load shedding to protect the system. Eskom attributes the rotational load shedding experienced in the quarter to the average unplanned unavailability that exceeded the base case assumption of 11000MW in the winter plan.



The system remained constrained in the period ended 30 September 2021, thus unable to meet the demand, due to inter alia, substantial increase in plant breaks downs and losses outside the station amongst other factors. Furthermore, to support the power system and minimize load shedding, Eskom resorted to using both Eskom and Independent Power Producers (IPPs) Open Cycle Gas Turbines (OCGTs) frequently during maintenance and peak periods.

Eskom requires additional generation capacity of 4000MW to 6000MW to eliminate the risk of load shedding. The generation plant performance for per quarter worsened to an average Energy Availability Factor (EAF) of 65.27% against the Shareholder Compact (SHC) target of 74%.

Neither the transmission nor distribution networks performed well. Transmission recorded a slight decline in system minutes SM<1 performance with Year to Date (YtD) of 2.01 against a target of 1.75. Distribution energy losses and electrification were not within target range, achieving energy losses and electrification of 9.74% and 38 256 against 9.45% and 39 890 connections, respectively.

The Department will review its Intergovernmental Relations (IGR) Framework to incorporate the DDM approach and meaningfully support the implementation of the model with the coordination of COGTA. DDM was approved as an Operational model for improving Corporative Governance aimed at building a capable, ethical Developmental State, including improving and enhancing the state of Local Government.

A platform (structure) will be established where the DPE, SOCs as well as DDM deployed officials could engage and share best practices and information, or even track progress. The Department will create a Portal for all the “One Plans” and DDM related information for ease of access. SOCs and DDM commitments to be submitted to the DPE prior for endorsement by the Department.

The Institutionalization of the DDM is for improving Corporative Governance aimed at building a capable, ethical, and developmental State. The DDM embodies an approach by which the three spheres of Government, and State entities work collaboratively in an impact-orientated way, and where there is high performance and accountability for coherent service delivery and development outcomes. DDM is an Intergovernmental approach focusing on 52 districts and metropolitan spaces, as IGR impact zones for more effective joint planning and budgeting, and implementation over multi-year planning and electoral cycles.

DPE is collaborating with the Department of Women (DOW), Youth and People with Disabilities (PWDs), to ensure mainstreaming of the vulnerable groups in skills development programmes of the SOCs. This emanated from previous challenges experienced with regard to the inclusion of PWDs in most of the SOC's skills development programmes. Through this collaboration, DPE, the Department of Higher Education and Training (DHET) and the National Skills Fund (NSF) have agreed, through the Artisan Development Steering Committee platform, to make the inclusion of PWDs (at least 2%, in terms of alignment with the employment equity contribution in terms of the National Economically Active Population (NEAP) requirements), of all beneficiaries in all future funding applications as a requirement/criterion for funding approval.



3. INTERNAL ENVIRONMENT ANALYSIS

The Department will in the 2022/23 financial year, embark in a process of securing a new lease property in the next financial year. Engagements with The Department of Public Works and Infrastructure (DPWI) are underway. A Project Execution Plan (PEP) from DPWI outlines the process of acquisition of new office accommodation for DPE, which predominantly depends on responses from the market. In terms of the PEP, occupation of the new offices should be in July 2022. Office furniture analysis was concluded by the Unit and will be communicated to Supply Chain Management (SCM) for disposal purposes. A request for Office furniture budget has been submitted to Finance for consideration. The Relocation Committee comprising of representatives from all Business Units will be established in the interim to ensure proper office space allocation and a smooth transition.

Regarding Human Resource Management (HRM), the Department in 2022/23 will be working on reducing the vacancy rate of 21% with at least 5% annually. Currently, the Department has 44% of females employed at Senior Management level, and it will be working to achieve 50% female participation in Senior Management by the end of the next financial year. In terms of disability, the Department is at 1.8% and the target of 2% will be achieved by the end of the medium-term. Since the start of Covid-19, the implementation of a wellness programme has been affected by the pandemic. The programme in the new financial year will initiate wellness programmes that are Covid-19 complaint, with specific focus on gender-based programmes. In addressing Gender-Based Violence (GBV) the Department hosted an Annual Men's forum.

Information Communications Technology (ICT) aims to provide credible, capable, and adaptable ICT support and services to become a strategic enabler that will assist DPE

to achieve on its mandate. ICT unit is focused on the implementation of Enterprise Architecture, ICT Disaster recovery plan, ICT Security strategy, and Review of ICT Security policy and automation of business processes. In the implementation of the Architecture Master Plan, the Department is working towards online platforms.

With reference to the Occupational Health and Safety Act (OHSA), 1993, the Department is maintaining a reasonably practicable work environment to ensure that an approved OHS Implementation Plan is in place. OHS Committee members are trained, fire prevention equipment is in good working condition, evacuation drills are done on a quarterly basis and compliance to the Covid-19 regulations are adhered to.

2022/23 FINANCIAL YEAR – PROGRAMME OVERVIEW

The Department has been allocated a budget of R23.9 billion in the 2022/23 financial year. Of these funds, R23.6 billion is allocated to the SOCs in respect of the Government guaranteed debts (ESKOM – R21.9 billion, SAA – R1.8 billion).

NT has approved a settlement of guaranteed debt with R2.9 billion allocated in the 2021 Medium Term Budget Policy Statement. In addition, the SOC has identified non-core assets for disposal to raise cash to support its operations and other strategic initiatives aimed at repositioning the entity's largest cost driver, spending on which is expected to increase at an average annual rate of 5.7 %, from R159 million in 2021/22, to R188 million in 2024/25.

The Department's baseline on current payments is R290.5 million for the financial year 2022/23 which accounts for compensation of employees (R177.5 million) and goods and services (R113 million).



PART C MEASURING OUR PERFORMANCE

PART C: MEASURING OUR PERFORMANCE

1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION AND CORPORATE MANAGEMENT

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

The programme consists of the following Sub-programmes:

Ministry: which provides executive support to political principals,

Office of the Director-General/Management: which provides technical support, enabling Government to optimally exercise Governance and performance over the portfolio of State-owned Companies (SOCs),

Security and Facilities Management: which provides a safe and secure environment, as well as internal administration and facilities services to internal customers,

Information Management and Technology: which provides information technology 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: which 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: which assists line Management to implement operational excellence and develop the human capital potential in the Department,

Communications: which 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: which coordinates, 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: which 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		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Promote alignment and efficiency across institutional model.	Reduce vacancy rate by 8% annually	% Of vacancy rate reduced.	None	None	New indicator	8% vacancy rates reduced.	8% vacancy rates reduced.	8% vacancy rates reduced.
	Performance management achieved as per individual performance agreements linked to APP and AOP targets	% On performance management achieved as per individual performance agreements linked to APP and AOP targets	None	None	New indicator	80% achievement as per individual performance agreements linked to APP and AOP targets	80% achievement as per individual performance agreement linked to APP and AOP targets.	80% achievement as per individual performance agreement linked to APP and AOP targets.
Improved ICT and business alignment and enhanced oversight function.	Improvement of ICT infrastructure services and 90% systems availability maintained by 2025.	% On improvement of ICT infrastructure services and 90% of systems availability maintained.	None	Development of the DPE Enterprises Architecture Masterplan.	Report on the implementation of EA.	90% systems availability maintained.	90% systems availability maintained.	90% systems availability maintained.
	Population of ICT structure and improved capacity	% on population of ICT Structure with new capabilities.	None	None	New indicator	90% of ICT structure populated with new capabilities.	None	None

OUTCOMES, OUTPUTS, PERFORMANCE INDICATOR AND TARGETS (CONTINUED)

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Promote alignment and efficiency across institutional model.	% on implementation of signed corporation agreement to reduce SOCs infrastructure vandalism through signing corporation with stakeholder.	% on implementation of signed corporation agreement to reduce SOCs infrastructure vandalism through signing corporation with stakeholders.	None	None	New indicator.	50% of the corporation agreement milestone achieved (cable theft, infrastructure).	50% of the corporation agreement milestone achieved (cable theft, infrastructure).	50% of the corporation agreement milestone achieved (cable theft, infrastructure).
	% On media public perception survey achieved	% on media public perception survey achieved.	None	None	New indicator.	30% improvement against the baseline on media public perception achieved.	40% improvement against the baseline on media public perception achieved.	50% improvement against the baseline on media public perception achieved.

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicators	Annual target	Q1	Q2	Q3	Q4
1.1 % of vacancy rate reduced	8% of vacancy rate reduced	None	None	None	8% of vacancy rate reduced
1.2 % on performance management achieved as per individual performance agreements linked to APP and AOP targets	80% achievement as per individual performance agreements linked to APP and AOP targets	80% compliance by individuals to due dates for submissions of performance agreements for current performance cycle & for Annual Performance Assessment for Non-SMS for previous performance cycle.	80% of SMS Performance Agreements aligned to APP targets and Annual Performance Assessment for SMS for previous performance cycle.	80% compliance by individuals to due dates for submission for bi-annual performance assessments for current performance cycle.	80% achievement report after Moderation Committee

INDICATORS, ANNUAL AND QUARTERLY TARGETS (CONTINUED)

Output Indicators	Annual target	Q1	Q2	Q3	Q4
1.3 % on improvement of ICT infrastructure services and 90% of systems availability maintained.	90% systems availability maintained.	90% systems availability maintained.	90% systems availability maintained.	90% systems availability maintained.	90% systems availability maintained.
1.4 % on population of ICT Structure with new capabilities.	90% of ICT structure populated	75% of ICT structure populated	85% of ICT structure populated	90% of ICT structure populated	90% of ICT structure populated
1.5 % on implementation of signed corporation agreement to reduce SOCs infrastructure vandalism through signing corporation with stakeholders	50% of the corporation agreement milestone achieved	Determine the baseline of SOE infrastructure vandalism and theft. Develop corporation agreement with SOE and law enforcement agencies	30% of the corporation agreement milestones achieved.	40% of the corporation agreement milestones achieved.	50% of the corporation agreement milestones achieved.
1.6 % on media public perception survey achieved.	30% improvement against the baseline achieved.	Establish a baseline on DPE public perception. Intervention plan to implement recommendations.	10% improvement against the baseline achieved.	20% improvement against the baseline achieved.	30% improvement against the baseline achieved.

EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

In the year 2021/22, the programme developed a DPE Enterprise Architecture Masterplan. Over the next mid-term the programme will implement and monitor the Masterplan. The Department will develop a Gender-response plan and will ensure implementation over the mid-term.

The Department will improve from unqualified audits with findings to qualified audits without findings. In terms of elimination of wasteful and fruitless expenditure, the Department will strive to achieve 85% by the 2023/24 financial year and 100% by the end of the medium-term.

2. PROGRAMME RESOURCE CONSIDERATIONS

PROGRAMME 1: ADMINISTRATION

Table 10.6: 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	2018/19	2019/20				2020/21	2021/22	2018/19 - 2021/22		
Ministry	22.3	39.4	23.4	29.9	10.3%	20.8%	30.0	30.3	31.7	1.9%	18.4%
Management	11.9	11.0	5.8	15.8	9.9%	8.0%	13.8	18.4	19.2	6.6%	10.2%
Communications	33.6	28.9	32.9	35.0	1.3%	23.6%	38.2	38.7	40.4	4.9%	23.0%
Chief Financial Officer	17.2	20.8	18.8	20.4	6.0%	13.9%	22.4	22.6	23.6	4.9%	13.5%
Human Resources	27.5	24.4	17.6	24.2	-4.2%	16.9%	34.1	30.1	31.4	9.1%	18.1%
Internal Audit	3.6	5.5	3.9	6.9	24.1%	3.6%	8.1	8.5	8.9	9.0%	4.9%
Corporate Services	3.2	3.9	2.3	3.7	5.1%	2.4%	5.1	5.5	5.8	16.0%	3.1%
Office Accommodation	16.7	15.3	13.8	14.2	-5.3%	10.8%	14.6	14.6	15.3	2.5%	8.9%
Total	136.0	149.1	118.4	150.1	3.3%	100.0%	166.3	168.7	176.2	5.5%	100.0%
Change to 2021 Budget estimate				(9.8)			7.6	8.8	9.2		
ECONOMIC CLASSIFICATION											
Current payments	125.8	137.6	113.0	146.1	5.1%	94.4%	162.4	164.6	172.0	5.6%	97.6%
Compensation of employees	69.6	72.1	68.4	79.1	4.3%	52.2%	97.2	99.1	103.5	9.4%	57.3%
Goods and services of which:	56.2	65.5	44.6	67.0	6.1%	42.1%	65.3	65.5	68.5	0.7%	40.3%
<i>Audit costs: External</i>	4.0	3.9	3.5	4.8	6.8%	2.9%	4.9	4.9	5.2	2.2%	3.0%
<i>Computer services</i>	5.4	6.7	8.1	5.5	0.6%	4.6%	5.2	5.4	4.3	-7.8%	3.1%
<i>Consultants: Business and advisory services</i>	2.2	4.3	3.3	11.7	74.2%	3.9%	10.3	12.5	11.8	0.1%	7.0%
<i>Operating leases</i>	15.9	13.4	13.5	12.8	-7.1%	10.0%	12.5	12.6	13.2	1.1%	7.7%
<i>Property payments</i>	3.7	5.0	4.0	4.9	10.2%	3.2%	6.5	6.5	6.8	11.4%	3.7%
<i>Travel and subsistence</i>	10.0	11.1	2.0	11.1	3.3%	6.2%	7.3	6.4	8.0	-10.3%	4.9%
Transfers and subsidies	1.0	7.2	0.2	0.3	-31.8%	1.6%	0.0	0.0	0.0	-59.1%	0.1%
Provinces and municipalities	0.0	0.0	0.0	0.0	14.5%	-	0.0	0.0	0.0	5.3%	-
Public corporations and private enterprises	-	3.0	-	-	-	0.5%	-	-	-	-	-
Households	1.0	4.2	0.2	0.3	-32.9%	1.0%	-	-	-	-100.0%	-
Payments for capital assets	9.3	4.2	5.2	3.7	-26.5%	4.0%	3.9	4.0	4.2	4.8%	2.4%
Machinery and equipment	8.8	4.2	5.2	3.7	-25.3%	4.0%	3.9	4.0	4.2	4.8%	2.4%
Software and other intangible assets	0.5	0.0	-	-	-100.0%	0.1%	-	-	-	-	-
Payments for financial assets	0.0	0.0	0.0	-	-100.0%	-	-	-	-	-	-
Total	136.0	149.1	118.4	150.1	3.3%	100.0%	166.3	168.7	176.2	5.5%	100.0%
Proportion of total programme expenditure to vote expenditure	2.1%	0.3%	0.2%	0.4%	-	-	0.7%	56.7%	56.7%	-	-
DETAILS OF TRANSFERS AND SUBSIDIES											
Households											

2. PROGRAMME RESOURCE CONSIDERATIONS (CONTINUED)

Sub-programme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	R million	2018/19	2019/20	2020/21				2021/22	2018/19 - 2021/22	2022/23		
Social benefits												
Current		1.0	4.2	0.2	0.3	-32.9%	1.0%	-	-	-	-100.0%	-
Employee social benefits		1.0	4.2	0.2	0.3	-32.9%	1.0%	-	-	-	-100.0%	-
Public corporations and private enterprises												
Public corporations												
Other transfers to public corporations												
Current		-	3.0	-	-	-	0.5%	-	-	-	-	-
Public Corporations Transfers: Department of Public Works		-	3.0	-	-	-	0.5%	-	-	-	-	-
Households												
Other transfers to households												
Current		-	-	-	-	-	-	-	-	-	-	-
Employee social benefits		-	-	-	-	-	-	-	-	-	-	-

EXPENDITURE ANALYSIS

The spending focus over the medium-term will be on supporting the Department to play its oversight role of SOCs, by providing administrative support services to the Department. Spending in this programme is projected to grow from R150.1 million in 2021/22 to R176.2 million in 2024/25. 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 5.5% over the medium-term. Expenditure on goods and services will increase over the medium-term by an average growth rate of 0.7%.

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

Purpose: Provide and enforce SOCs' Governance, legal assurance, financial and non-financial performance monitoring, evaluation and reporting systems in support of the Shareholder to ensure alignment with Government's priorities.

Objectives: Ensure effective Shareholder oversight of SOCs 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 the 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 programmes' personnel,

Legal: provides external legal services and support, including transaction and contract management support, to sector teams and the SOCs within their portfolios,

Governance: develops, monitors, and advises on Legislative, Corporate Governance and Shareholder Management systems for the Department and in its portfolio of SOCs. The sub-programme develops and implements risk and compliance management guidelines and systems for Shareholders, and

Financial Assessment and Investment Support: analyses SOCs' capital plans, operational performances, execution of capital programmes and proposed restructuring proposals, and advises on appropriate action.

3.1 Sub-Programme 2: Governance, Legal Assurance, Risk Profiling and Mitigation Governance and Legal Assurance

- Develops standardised indicators for the SOCs.
- 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 Governance on early warning services.
- Provides legal assurance services.

RISK PROFILING AND MITIGATION

- Develops and facilitates the SOCs Group Risk Management Framework.
- Maintains the SOCs Group Risk Register (transversal risk register, with cross-cutting risks).
- Coordinates 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		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Improved Governance and accountability.	Government Shareholder Management Bill adopted into law by 2023.	Government Shareholder Management Bill adopted into law by 2023.	Green Paper for the SOE Act not developed.	None	Draft Shareholder Management Bill submitted to Cabinet.	SOE Bill finalised and submitted to Cabinet and Parliament.	Develop regulations for implementation.	Shareholder Oversight regulations implemented.
	Strategic and Secretariat support.	Report on activities and recommendations of PSEC.	None	None	New indicator	Annual PSEC Report on activities and recommendations.	Codifications of recommendation through the SOE Bill.	Codifications of recommendation through the SOE Bill.
	Governance Tool (MOI) standardised.	Number of Governance Tool (MOI) revised and approved	Report on monitoring SOC Compliance with the norms and standards on MOIs was produced	None	New indicator	Denel and Alexkor MOIs revised and approved	Implementation of the reviewed MOI	Implementation of the reviewed MOI
	Establishment of Centre of Excellence on Governance	Centre of Excellence on Governance established.	None	None	New indicator	Governance Centre of Excellence on Governance established	None	None



INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
2.1 Government Shareholder Management Bill adopted into law by 2023.	SOE Bill submitted to Cabinet and Parliament.	Shareholder Management Policy finalised.	Development of SOE Bill.	Submission of draft Bill to Cabinet.	Introduction of Bill to Parliament.
2.2 Report on activities and recommendations of PSEC.	Annual PSEC Report on activities and recommendations.	None	None	None	Annual PSEC Report on activities and recommendations.
2.3 Number of Governance Tools (MOI) revised and approved	Denel and Alexkor MOIs revised and approved	None	None	Socialising the MOI template with Alexkor and Denel.	MOI approved and standardised by the Minister.
2.4 Centre of Excellence on Governance established	Governance Centre of Excellence on Governance established	None	Completion of Governance Handbook.	Workshop on governance of SOCs.	Governance centre of excellence on governance established

EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

As a priority, and in line with Government's plan towards the SOC repurposing, the programme will ensure that the SOE Bill is submitted to Cabinet and be finalised in the next financial year.

3.2 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 SOCs,
- Perform financial reviews and report thereon,
- Assess applications for funding instruments and coordination 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		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Improved independent financial sustainability of SOCs.	Propose financial option to resolve Eskom debt.	Report on preferred option to resolve Eskom debt	None	None	New indicator	One report on preferred option to resolve Eskom debt	Monitor implementation of financial model on Eskom debts reduced annually	Monitor implementation of financial model on Eskom debts reduced annually
	Develop and approve guidelines in seeking SEP and evaluating shareholding i.e majority and minority shareholding	Guidelines for SOCs seeking SEP and evaluating shareholding approved.	None	None	New indicator	Guidelines for SOCs seeking SEP (either majority or minority) shareholding approved.	Monitor implementation of the SEP guidelines.	Monitor implementation of the SEP guidelines.
	Establishing of the SOCs restructuring unit	Number of SOCs restructuring unit business plan developed and unit established.	None	None	New indicator	SOCs restructuring unit business plan developed and unit established.	Monitor implementation of business plan and restructuring of SOCs	Monitor implementation of business plan and restructuring of SOCs

OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS, AND TARGETS (CONTINUED)

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Improved independent financial sustainability of SOCs.	Monitor implementation of SOCs external auditors' audit findings.	Number of progress reports on SOCs' audit findings	None	None	New indicator	Two progress reports on SOCs audit findings	Two progress reports on SOCs audit findings	Two progress reports on SOCs audit findings
	Ensure Compliance reporting (i.e., Corporate Plans (CP), Quarterly reports, PFMA section 66 applications)	% on SOCs compliance reporting (i.e., Corporate Plans (CP), Quarterly reports, PFMA section 66 applications)	None	None	New indicator	100% assessment compliance reports received.	100% assessment of compliance reports received.	100% assessment of compliance reports reviewed.
	DPE and SOC Chief Financial Officers (CFOs) Forum held.	Number of DPE and SOC CFO's Forum held quarterly.	None	None	New Indicator	Four DPE and SOC CFOs' Forum held quarterly.	Four DPE and SOC CFOs' Forum held quarterly.	Four DPE and SOC CFOs' Forum held quarterly.

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicators	Annual target	Q1	Q2	Q3	Q4
3.1 Report on preferred option to resolve Eskom debt.	Report on the preferred option to resolve Eskom debt.	Engagement with Eskom and key stakeholders on Eskom debt	Assessment of options to resolve Eskom debt	Engage the stakeholders on the option to resolve Eskom debt.	Submit report (Memo) on the preferred option to resolve Eskom debt to Minister.
3.2 Guidelines in SOCs seeking SEP and evaluating shareholding i.e. majority and minority shareholding approved.	Guidelines for seeking SOC SEP (either majority or minority) shareholding approved.	Draft Guidelines for SOC seeking SEP (either majority or minority) shareholding	Consultations on Guidelines for SOCs seeking SEP (either majority or minority) shareholding	Finalised Guidelines for SOCs seeking SEP (either majority or minority) shareholding	Approved Guidelines

OUTCOMES, OUTPUTS, PERFORMANCE INDICATOR AND TARGETS (CONTINUED)

Output Indicators	Annual target	Q1	Q2	Q3	Q4
3.3 Number of SOCs' business plan developed and restructuring unit established.	SOCs' business plan developed and restructuring unit established.	Draft of the establishment of restructuring unit	Business plan of the restructuring unit	Consultation of the draft business plan of the establishment of the restructuring unit	Finalisation of the establishment of the restructuring unit
3.4 Number of progress reports on SOCs' audit findings	Two progress reports on SOCs audit findings.	None	Progress report on SOCs' audit findings	None	Progress report on SOCs' audit findings
3.5 % on SOCs Compliance reporting (i.e., Corporate Plans (CP), Quarterly reports, PFMA section 66 applications)	100% assessment compliance reports received.	100% assessment compliance reports received.	100% assessment compliance reports received.	100% assessment compliance reports received.	100% assessment compliance reports received.
3.6 Number of DPE and SOC CFO's forum held quarterly	Four DPE and SOC CFO's forum to be held Quarterly	DPE and SOC CFO's forum to be held.	DPE and SOC CFO's forum to be held.	DPE and SOC CFO's forum to be held.	DPE and SOC CFO's forum to be held.

EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The programme in the next financial year will provide support to Eskom in ensuring that debts it incurred previously are reduced. As instructed by Parliament in 2017, the Department on an annual basis assesses the audit findings of all SOCs and recommends on implementation of The Auditor-General of South Africa (AGSA) recommendations. The programme will establish the restructuring unit to provide department support on the new era of restructuring SOCs and revitalisation of some. CFO forums will be revitalised in the next financial year to ensure early warning process are put in on financial matters that affect SOCs.

3.3 PROGRAMME RESOURCE CONSIDERATIONS

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

Table 10.8 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	2018/19	2019/20				2020/21	2021/22	2018/19 - 2021/22		
Management	2.7	2.0	1.9	2.5	-3.3%	5.4%	2.9	3.0	3.2	8.6%	4.5%
Legal	12.1	11.1	11.6	14.5	6.4%	29.4%	17.9	17.5	17.8	7.0%	26.6%
Governance	8.8	11.6	12.6	23.6	39.0%	33.8%	27.5	33.0	35.2	14.3%	46.9%
Financial Assessment and Investment Support	9.9	12.2	11.2	19.3	25.0%	31.4%	12.3	12.1	12.4	-13.9%	22.0%
Total	33.5	36.9	37.2	59.9	21.4%	100.0%	60.7	65.6	68.6	4.6%	100.0%
Change to 2021 Budget estimate				(1.7)			(7.0)	(3.3)	(3.5)		
ECONOMIC CLASSIFICATION											
Current payments	33.5	36.0	37.2	59.9	21.4%	99.4%	60.7	65.6	68.6	4.6%	100.0%
Compensation of employees	26.3	28.2	28.1	32.1	6.8%	68.5%	31.7	31.9	33.4	1.3%	50.6%
Goods and services	7.2	7.8	9.1	27.8	57.1%	30.9%	29.0	33.7	35.2	8.2%	49.3%
of which:											
Communication	0.2	0.2	0.2	0.3	25.4%	0.5%	0.3	0.3	0.3	3.4%	0.5%
Consultants: Business and advisory services	0.0	1.7	3.4	17.3	683.2%	13.4%	18.1	23.1	24.6	12.5%	32.6%
Legal services	5.5	4.9	5.3	6.4	4.9%	13.2%	10.2	9.8	9.8	15.6%	14.2%
Travel and subsistence	1.3	1.0	0.1	3.8	42.0%	3.7%	0.4	0.4	0.4	-52.1%	1.9%
Venues and facilities	0.0	-	0.0	0.1	71.9%	0.1%	0.0	0.0	0.0	-16.1%	0.1%
Transfers and subsidies	-	0.9	0.0	0.1	-	0.6%	-	-	-	-100.0%	-
Public corporations and private enterprises	-	0.6	-	-	-	0.4%	-	-	-	-	-
Households	-	0.3	0.0	0.1	-	0.2%	-	-	-	-100.0%	-
Total	33.5	36.9	37.2	59.9	21.4%	100.0%	60.7	65.6	68.6	4.6%	100.0%
Proportion of total programme expenditure to vote expenditure	0.5%	0.1%	0.0%	0.2%	-	-	0.3%	22.0%	22.1%	-	-
DETAILS OF TRANSFERS AND SUBSIDIES											
Households											
Social benefits											
Current	-	0.3	0.0	0.1	-	0.2%	-	-	-	-100.0%	-
Employee social benefits	-	0.3	0.0	0.1	-	0.2%	-	-	-	-100.0%	-
Public corporations and private enterprises											
Private enterprises											
Other transfers to private enterprises											
Current	-	0.6	-	-	-	0.4%	-	-	-	-	-
Claims against State private enterprises	-	0.6	-	-	-	0.4%	-	-	-	-	-

EXPENDITURE ANALYSIS

Expenditure in the programme increased at an average annual rate of 6.6 %, from R59.9 million in 2021/22 to R68.6 million in 2024/25. The Department has reprioritised R35 million over the medium-term to establish a Secretariat for the Presidential State-owned Enterprises Council and developed a Government Shareholder Management Bill. The Council is an advisory body responsible for supporting Government in repositioning SOEs, strengthening the framework governing SOCs, determining an appropriate Shareholder ownership model, and assisting in monitoring the implementation of reforms. The Bill is intended as an overarching Legislation that aims to strengthen the Governance of SOCs. The Department also expects to develop the SOCs Board Evaluation Framework by 2021, which will form the basis for the Annual Performance Review of SOC Boards.



4. PROGRAMME 3: BUSINESS ENHANCEMENT, TRANSFORMATION, AND INDUSTRIALISATION

Purpose:

Provide sector oversight to ensure that SOCs contribute to the advancement of industrialisation, transformation, intergovernmental relations and international collaboration services. Support the Shareholder in strategically positioning and enhancing the operations of SOCs.

Objectives

- Contribute to the performance of SOCs on an ongoing basis by:
 - conducting reviews, research and modelling of pipelines and new business-enhancement opportunities within the SOCs,
 - assessing the operations of SOCs and developing mitigation instruments in conjunction with policy departments, regulatory bodies and industry, and
 - conducting research, modelling job creation and transforming instruments for SOCs to inform imperatives to align their compacts.

Sub-programmes

- **Energy Resources** exercises Shareholder oversight over Eskom, Alexkor and SAFCOL.
- **Research and Economic Modelling** conducts cost-benefit analysis reviews on business enhancement and transformation initiatives and develops economic sustainability models for proposed work packages and projects.
- **Transport and Defence** exercises oversight of Transnet, SA Express Airways, SAA and Denel.
- **Business Enhancement Services** develops and coordinates the implementation of SOCs' strategies to leverage localisation programmes, provides inter-governmental coordination and support to programmes and SOCs in relation

to economic development programmes as agreed with Provincial and local Governments, maintains a register of commitments by SOCs, and enables the implementation of special programmes focusing on skills development, transformation and the young people.

4.1 SUB-PROGRAMME: BUSINESS ENHANCEMENT SERVICES

Purpose: To provide SOC business enhancement services.

Key Functions:

- Initiate and coordinate specialist research projects to model the short-, medium- and long-term business enhancement prospects,
- Develop and coordinate the implementation of SOC Group pipeline business enhancement strategies and instruments,
- Develop business enhancement models for the clusters and coordinate adoption processes,
- Initiate and coordinate specialist research projects to define business enhancement inhibitors for the SOC 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 SOC Group,
- Provide technical advisory services to support SOC compact alignment processes and facilitate the development/adoption thereof,
- Coordinate 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 SOCs.

OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS AND TARGETS

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Increase the contribution of SOCs to support transformation of the South African economy	Gender responsive plans approved and implemented.	Number of Gender Responsive Plans approved and implemented.	None	None	New indicator.	Gender responsive plan developed and approved.	Implementation of gender responsive plan	Implementation of gender responsive plan
	SOC Public Procurement % spent on Women owned businesses.	% On SOC public procurement spent on Women Owned Business.	None	None	New indicator	12% on public procurement spent on Women Owned Business.	12% On SOC public procurement spent on Women.	12% On SOC public procurement spent on Women.
	Develop test local content verification framework.	SOCs Local content verification framework developed and tested.	None	Four assessments on SOCs' 75% spend on local content completed	Four assessments on SOCs' 75% spend on local content	Local content verification framework developed and tested with two capital programmes in partnership with SABS.	Monitor implementation of the framework and verify local content spend.	Monitor implementation of the framework and verify local content spend.

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicators	Annual target	Q1	Q2	Q3	Q4
3.1 Number of Gender Responsive Plans approved and implemented.	Gender responsive plan approved and implemented.	Gender responsive plan developed and approved.	Report on implementation of gender responsive plan	Report on implementation of gender responsive plan	Report on implementation of gender responsive plan
3.2 % on SOC public procurement spent on Women Owned Business.	12% on public procurement spent on Women Owned Business.	12% on public procurement spent on Women Owned Business	12% on public procurement spent on Women Owned Business	12% on public procurement spent on Women Owned Business	12% on public procurement spent on Women Owned Business
3.3 SOCs Local content verification framework developed and tested.	Development and testing of a local content verification framework with SABS.	Development and testing of a local content verification framework with SABS	Test and evaluation of the framework with one (1) capital programmes	Test and evaluation of the framework with one (1) capital expenditure	Transfer of capability to independently perform verification to the SOE

EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The programme advocates for WO companies to benefit from SOCs' 1% TMPS. The programme will monitor the 40% spent on procurement for WO Companies as per the Economic Reconstruction and Recovery Plan (ERRP). To ensure local re-industrialization is achieved, the programme will develop a framework and test procurement of local content as per the signed SHC, and this will be done in partnership with SABS.

4.2 SUB-PROGRAMME: ENERGY AND RESOURCES

Purpose: The sub-programme is responsible for the oversight of three SOCs, 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 Limited

- 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 Limited

- Ensuring increased diamond production and promoting the financial stability of the joint venture, by monitoring the implementation of Alexkor’s strategy to promote financial sustainability, and monitor the Pooling and Sharing Joint Venture turnaround strategy on a quarterly basis,
- Ensuring collaboration and alignment of the two SOCs, to provide a clear indication to market by developing a collaborative model with the African Exploration Mining and Finance Corporation over the medium-term, and
- Contributing to developing sustainable economic activities linked to the agricultural sector by continuously supporting and coordinating the joint efforts of the DPE with the Department of Mineral Resources and Energy (DMRE) and the Department of Agriculture, Rural Development and Land Reform (DARDLR), to stabilise the Richtersveld region and make use of revenues.

SAFCOL SOC Limited

- 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 Departments of Rural Development and Land Reform (RDLR), Department Agriculture, Forestry and Fisheries (DAFF) and Department of Trade and Industry (*the dti*), to ensure the warehousing of the shares held by SAFCOL and shares in the four privatised forestry companies, and
- 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		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
ESKOM								
Improved Governance and accountability.	Shareholder Compacts signed.	Number of signed Shareholder Compacts per year (Eskom),	Three Shareholder compacts not signed (Eskom, Alexkor and SAFCOL).	Two Shareholder Compacts not signed (Eskom and Alexkor). Only SAFCOL Shareholder Compact was signed.	Three Shareholder compacts signed (Eskom, Alexkor and SAFCOL).	Three 2023/24 Shareholder compacts signed (Eskom),	Three 2024/25 Shareholder compacts signed (Eskom),	Three 2025/26 Shareholder compacts signed (Eskom),
Supply of Energy Secured.	Increase energy availability factor to above 80% by 2024.	Increased energy availability factor to above 80% by 2024.	Four Assessment Reports on the delivery of Eskom's Build programme (Medupi, Kusile and Power Delivery Projects).	Four Progress Reports on Eskom's delivery of the infrastructure programme was finalised.	Four progress Reports on Eskom's delivery of the infrastructure programme.	Monitor implementation of Eskom's interventions to increase energy availability to above 70% by 2022/23.	DP: Monitor implementation of Eskom's interventions to increase energy availability to above 78% by 2024.	DP: Monitor implementation of Eskom's interventions to increase energy availability to above 80% by 2025.
	Eskom Planned Capacity Adherence (Infrastructure / Build Programme).	Number of Progress Reports on Eskom Planned Capacity Adherence (Infrastructure/Build programme).	None	None	Four Progress Reports on Eskom's delivery of infrastructure programme.	Four Progress reports on Eskom's delivery of infrastructure programme.	Four Progress reports on Eskom's delivery of infrastructure programme.	Four progress Reports on Eskom's delivery of infrastructure programme.

OUTCOME, OUTPUT, INDICATORS, TARGETS (CONTINUED)

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Supply of Energy Secured. (continued)	Assessments of Eskom's on interventions to increase electricity reserve margin to counter loadshedding by 15% by 2024.	Number of Assessment Reports on Increased electricity reserve margin.	Four Assessment Reports on the electricity generation reserve margin to evaluate whether 19% sustained.	Four Assessment Reports of Eskom's performance generation fleet were completed.	Four Progress Reports on the performance of Eskom's generation fleet.	Four Assessments Reports on Eskom's intervention to increase electricity reserve margin by 15% by 2024.	Assess Eskom's intervention to increase electricity reserve margin by 15% by 2024.	Assess Eskom's intervention to increase electricity reserve margin by 15%.
	Implementation of the Eskom Roadmap commitment by 2024 (Unbundling process: Transmission, Generation and Distribution).	Eskom's Roadmap for reformed electricity supply industry implemented (unbundling process Transmission, Generation and Distribution).	None	Two Progress Reports on Eskom's status of the unbundling process were completed.	Two Progress Reports on the implementation of Eskom's Road Map (unbundling process).	Corporatisation of distribution and generation companies.	Legal separation of companies finalised.	Implementation of Eskom's Roadmap.
	Implementation of the Nuclear Build Programme and extend the life of the current nuclear plan.	Number of Reports on the maintenance of the energy levels.	None	None	New indicator.	Four Quarterly Reports on Koeberg Nuclear Power Plant life extended.	Annual Report on the maintenance of Koeberg Nuclear Power Plant life extended.	Annual Report on the maintenance of Koeberg Nuclear Power Plant life extended.

OUTCOME, OUTPUT, INDICATORS, TARGETS (CONTINUED)

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Supply of Energy Secured. (continued)	Explore embedded generation Small Scale Embedded Generator (SSEG) options to augment Eskom's generation capacity by 1000 MW by 2024.	Number of Progress Reports on Additional 1000 MW commissioned by 2024 produced.	Progress Report on additional embedded generation capacity added.	Progress Report on additional embedded generation capacity added.	Progress Report on additional embedded generation capacity added.	Four Progress Reports on additional embedded generation capacity added.	Two Progress Reports on additional embedded generation capacity added.	Two Progress Reports on additional embedded generation capacity added.
SAFCOL								
Improved Governance and accountability	Shareholder Compact signed.	One Shareholder Compact signed (SAFCOL)	Three Shareholder compacts not signed (Eskom Alexkor and SAFCOL).	Two Shareholder Compacts not signed (Eskom and Alexkor). Only SAFCOL Shareholder Compact was signed.	Three Shareholder compacts signed (Eskom, Alexkor and SAFCOL).	One Shareholder Compact signed SAFCOL	One Shareholder Compact signed SAFCOL	One Shareholder Compact signed SAFCOL
ALEXKOR								
Improved Governance and accountability	Shareholder Compact signed.	One Shareholder Compact signed (Alexkor)	Three Shareholder compacts not signed (Eskom Alexkor and SAFCOL).	Two Shareholder Compacts not signed (Eskom and Alexkor). Only SAFCOL Shareholder Compact was signed.	Three Shareholder compacts signed (Eskom, Alexkor and SAFCOL).	One Shareholder Compact signed Alexkor	One Shareholder Compact signed Alexkor	One Shareholder Compact signed Alexkor

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output indicator	Annual target	Q1	Q2	Q3	Q4
ESKOM					
4.1 Signed Shareholder Compact per year (Eskom)	One 2023/24 Shareholder Compact signed (Eskom).	Provision of inputs on the Q4 SHC performance for 2021/2022 FY and commencement of internal consultations for 2023/24 Shareholder Compact.	Provision of inputs on the Q1 SHC performance for 2022/2023 FY and commencement of internal consultations for 2023/24 Shareholder Compact.	One 2023/24 Shareholder Compacts signed (Eskom).	None
4.2 Increased energy availability factor.	Monitor implementation of Eskom's interventions to increase energy availability to above 70% by 2022/23.	Report on site visits to four power stations on monitoring implementation of Eskom's interventions to increase energy availability.	Report on site visits to four power stations monitoring implementation of Eskom's interventions to increase energy availability.	Report on site visits to four power stations monitoring implementation of Eskom's interventions to increase energy availability.	Report on site visits to four power stations monitoring implementation of Eskom's interventions to increase energy availability.
4.3 Eskom Planned Capacity Adherence (Infrastructure / Build Programme.	Four Progress Reports on Eskom's delivery of Infrastructure Programme.	Quarterly progress report of the Infrastructure Programme.	Quarterly progress report of the Infrastructure Programme.	Quarterly progress report of the Infrastructure Programme.	Quarterly progress report of the Infrastructure Programme.
4.4 Increased electricity reserve margin by 15% by 2024.	15% reserve margin achieved.	15% reserve margin achieved.	15% reserve margin achieved.	15% reserve margin achieved.	15% reserve margin achieved.
4.5 Eskom's Roadmap for reformed electricity supply industry implemented (unbundling process: Transmission, Generation and Distribution).	Corporatisation of Distribution and Generation companies finalised	Engagement with Eskom, National Treasury and Department of Mineral Resources and Energy on the corporatisation of Distribution and Generation companies	Progress report on the Corporatisation and Distribution and Generation companies	Engagement with Eskom, National Treasury and Department of Mineral Resources and Energy on the corporatisation of distribution and generation companies	Final report on the Corporatisation and Distribution and Generation companies
4.6 Number of Reports on the maintenance of the energy levels.	Four Reports on Koeberg Nuclear Power Plant life extended.	Quarterly progress report on Koeberg Nuclear Power Plant life extended	Quarterly progress report on Koeberg Nuclear Power Plant life extended	Quarterly progress report on Koeberg Nuclear Power Plant life extended	Quarterly progress report on Koeberg Nuclear Power Plant life extended
4.7 Number of Progress Reports on Additional 1000 MW commissioned by 2024 produced.	Four Progress Report on additional embedded generation capacity added.	Progress Report on additional embedded generation capacity added.	Progress Report on additional embedded generation capacity added.	Progress Report on additional embedded generation capacity added.	Progress Report on additional embedded generation capacity added.

INDICATORS, ANNUAL AND QUARTERLY TARGETS (CONTINUED)

Output indicator	Annual target	Q1	Q2	Q3	Q4
SAFCOL					
4.8 Signed Shareholder Compact per year (SAFCOL)	Shareholder Compact signed SAFCOL	Provision of inputs on the Q4 SHC performance for 2021/2022 FY and commencement of internal consultations for 2023/24 Shareholder Compact.	Provision of inputs on the Q1 SHC performance for 2022/2023 FY and commencement of internal consultations for 2023/24 Shareholder Compact.	One Shareholder Compact signed SAFCOL	None
ALEXKOR					
4.9 Signed Shareholder Compact per year (Alexkor)	Shareholder Compact signed Alexkor	Provision of inputs on the Q4 SHC performance for 2021/2022 FY and commencement of internal consultations for 2023/24 Shareholder Compact.	Provision of inputs on the Q1 SHC performance for 2022/2023 FY and commencement of internal consultations for 2023/24 Shareholder Compact.	One Shareholder Compact signed Alexkor	None

EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The programme will continue to monitor the increase in electricity margins on a quarterly basis. The restructuring of Alexkor and review of Shareholding structure remain a priority in the new financial year, and the programme will commission a study to do feasibility on alternative operating models. The programme will monitor SAFCOL's Timbadola Project on a quarterly basis as an investment opportunity initiative. SAFCOL is expected to procure an additional sawmill to develop a new product line.

4.3 SUB-PROGRAMME: TRANSPORT AND DEFENCE

Purpose: The sub-programme is responsible for the oversight of three SOCs, 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.

The sub-programme is responsible for the oversight of three SOCs, namely Transnet, SAA and SA Express Airways.

SA Express – Shareholder Management and oversight of SA Express strategic, operational and financial performance.

OBJECTIVES

Transnet SOC Limited

- Provides oversight on Transnet's implementation of its Market Demand Strategies that are in line with government objectives and plans to facilitate economic recovery to optimise the economic impact of infrastructure investment on the economy by monitoring the rollout of Transnet's Capital Expenditure Programme, quarterly and annually; and by assessing any significant deviations from corporate plans and potential cost overruns and time delays on major capital projects.

South African Airways SOC Limited

- Monitor the SAA restructuring initiatives as part of the implementation of the Business Rescue 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.
- Collaborate with Government Departments to ensure SAA and SA Express compliance with all policy and regulatory requirements.

South African Express Airways SOC Limited

- Oversee the liquidation proceedings of SA Express to assist with the long-term sustainability of the airline.

Denel SOC Limited

- Manages Denel's turnaround initiatives aimed at achieving financial stability and repositioning the SOC 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.
- Ensures proper balance between Denel's primary mandate to develop and support indigenous defence capabilities, and the need to cooperate 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		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
TRANSNET								
Improved Governance and accountability.	Shareholder Compact signed per year with the SOC (Transnet).	Signed Shareholder Compacts per year (Transnet)	Four 2020/21 Shareholder Compacts not signed (Transnet, SAA, SA Express and Denel).	Two 2021/22 Shareholder Compacts were not signed (Transnet and Denel).	Three 2022/23 Shareholder Compacts (Transnet, SAA & Denel).	One 2023/24 Shareholder Compacts signed (Transnet).	One 2024/25 Shareholder Compacts signed (Transnet).	One 2025/26 Shareholder Compacts signed (Transnet).
Increase access to an affordable and reliable transport system.	Corporatised National Ports Authority as required by Section 3(2), 4 and 27 of National Ports Act No 12 of 2005.	Implementation of the agreed decision of Government on the structure and functions of Transnet National Ports Authority (TNPA).	None	None	Four Quarterly Progress Reports on corporatisation of TNPA.	National Ports Authority establishment as a subsidiary of Transnet.	Decision on the date on which the National Ports Authority will be established as an independent company.	Establish National Ports Authority as a State-owned Entity (SoE) (implementation of section 3 (4)).
	Improved movement of rail friendly commodities from road to rail by Transnet Freight Rail (TFR).	% increase of rail friendly commodities moved from road to rail by Transnet Freight Rail (6.2 million tons by 2023/24)	None	None	None	10% improvement of rail friendly commodities moved from road to Transnet rail, not less than 2,12mt.	10% improvement of rail friendly commodities moved from road to Transnet rail, not less than 2,12mt.	10% improvement of rail friendly commodities moved from road to Transnet rail, not less than 2,12mt.

OUTCOME, OUTPUT, INDICATORS, TARGET (CONTINUED)

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Increase access to affordable and reliable transport systems (Private Sector Participation).	Private Sector Participation (PSP) in ports and freight rail.	Number of PSP transactions in ports and rail identified.	None	None	PSP defined in terms of the PSP Framework.	Private Sector Participation (PSP) in ports and freight rail on 13 transactions identified.	Private Sector Participation (PSP) in ports and freight rail on 13 transactions identified.	Private Sector Participation (PSP) in ports and freight rail on 13 transactions identified.
SAA								
Improved Governance and accountability	Develop Shareholder Oversight Model for SOCs with a minority Government Shareholding.	Framework for the Shareholder Oversight Model for SOCs with a minority Government Shareholding developed.	None	None	New indicator	Framework for the Shareholder Oversight Model for SOCs with a minority Government Shareholding developed.	None	None
DENEL								
Improved independent financial sustainability of SOCs.	Mapping of Denel's core defence industrial capabilities and develop options for Denel divisions (Pretoria Metal Pressings, Denel Land Systems, Denel Dynamics Missiles and Denel Aeronautics Maintenance Repair and Overhaul) to preserve or restore the capabilities	Number of reports on mapping of industrial defence capabilities and options for Denel divisions.	None	New indicator	Four reports on mapping options to restore or preserve the core industrial defence capabilities for four Denel divisions.	Four mapping reports on implementation of action plans (for Pretoria Metal Pressings, Denel Land Systems, Denel Dynamics Missiles, Denel Aeronautics Maintenance, Repair and Overhaul) to preserve or restore the capabilities.	Four mapping reports on implementation of action plans (for Pretoria Metal Pressings, Denel Land Systems, Denel Dynamics Missiles, Denel Aeronautics Maintenance, Repair and Overhaul) to preserve or restore the capabilities.	Preservation / restoration of Denel's core capabilities.

OUTCOME, OUTPUT, INDICATORS, TARGET (CONTINUED)

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Improved independent financial sustainability of SOCs.	Conduct diagnostic study to determine the root causes and lessons on the Denel Badger Hoefyster contract.	Number of Diagnostic Reports on the root causes to the challenges of the Denel Badger/ Hoefyster contract and lessons produced.	None	None	Progress Report on the performance of Denel against client-agreed milestones on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters).	Diagnostic Report on the root causes to the challenges of the Denel Badger/ Hoefyster contract and lessons produced.	Assessing future significant contracts in accordance with the findings on the Badger/Hoefyster contract	Assessing future significant contracts in accordance with the findings on the Badger/ Hoefyster contract.
	Implementation of the Aerospace & Defence Masterplan.	Co-ordinate the implementation of the Defence and Aerospace Masterplan (Progress to date and interventions required to achieve the targets of the Masterplan.	None	None	New indicator.	Four reports on the implementation of the Masterplan (Progress made and interventions required).	Four reports on implementation of the Masterplan (progress made and intervention required)	Four reports report on implementation of the Masterplan (progress made and intervention required)

QUARTERLY TARGETS FOR TRANSPORT AND DEFENCE

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
TRANSNET					
5.1 Signed Shareholder Compacts per year (Transnet)	One 2023/24 Shareholder Compacts signed (Transnet)	Provision of inputs on the Q4 SHC performance for 2021/2022 FY and commencement of internal consultations for 2023/24 Shareholder Compact	Provision of inputs on the Q1 SHC performance for 2022/2023 FY and commencement of internal consultations for 2023/24 Shareholder Compact	2023/24 Shareholder Compacts signed (Transnet)	None
5.2 Implementation of the agreed decision of Government on the structure and functions of TNPA.	National Ports Authority establishment as a subsidiary of Transnet.	Establishment of the National Ports Authority as the subsidiary of Transnet SOC Ltd - the finalisation of the MoI.	Assessment and approval of the PFMA of section 54 (2)(a) of the Ports Act – establishment of an entity).	Facilitate the registration of the National Ports Authority as a subsidiary.	Appointment of the National Ports Authority Board.
5.3 % Increase of rail friendly commodities moved from road to rail by Transnet Freight Rail (6.2 million tons by 2023/24)	10% improvement of rail friendly commodities moved from road to Transnet rail, not less than 2,12mt.	10% improvement of rail friendly commodities moved from road to Transnet rail, not less than 2,12mt.	10% increase in rail friendly commodities moved from road to rail by Transnet.	10% increase in rail friendly commodities moved from road to rail by Transnet.	10% increase in rail friendly commodities moved from road to rail by Transnet.
5.4 Number of PSP transactions in ports and rail identified.	Private Sector Participation (PSP) in ports and freight rail on 13 transactions identified.	Situational analysis on areas identified for PSP within ports and rail environment in six (6) strategic segments of Transnet.	Progress analysis on achieved milestones on three (3) PSPs identified for conclusion by Transnet within specific strategic segments.	Progress analysis on achieved milestones by Transnet on two (2) PSPs identified for conclusion by Transnet.	Progress analysis on achieved milestones on eight (8) identified PSP Transactions concluded for the quarter, and produce a Bi-Annual analysis of achieved milestones by Transnet.

QUARTERLY TARGETS FOR TRANSPORT AND DEFENCE (CONTINUED)

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
SAA					
5.5 Framework for the Shareholder Oversight Model for SOCs with a minority Government Shareholding developed.	Proposal Framework for the Shareholder Oversight Model for SOCs with a minority Government Shareholding developed.	None	None	Draft Proposal Framework for the Shareholder Oversight Model for SOCs with a minority Government Shareholding.	Final Proposal Framework for the Shareholder Oversight Model for SOCs with a minority Government Shareholding developed.
DENEL					
5.6 Number of reports on mapping of industrial defence capabilities and options for Denel divisions.	Four Mapping Reports with options to restore or preserve the core industrial Defence capabilities for four Denel divisions, namely Pretoria Metal Pressings, Denel Land Systems, Denel Dynamics (Missiles) and Aviation Maintenance, Repair and Overhaul.	Report on Mapping and action plan to preserve/restore the core industrial capabilities of Pretoria Metal Pressing.	Report on Mapping and action plan to preserve/restore the core industrial capabilities of Denel Land Systems.	Report on Mapping and action plan to preserve/restore the core industrial capabilities of Denel Dynamics (Missiles).	Report on Mapping and action plan to preserve/restore the core industrial capabilities of Denel Aeronautics Maintenance Repair and Overhaul.
5.7 Number of Diagnostic Reports on the root causes to the challenges of the Denel Badge/Hoefyster contract and lessons produced.	Diagnostic Report on the root causes to the challenges of the Denel Badger/Hoefyster contract and lessons produced.	None	None	None	A final Diagnostic Report on the Badger/Hoefyster contract produced.

QUARTERLY TARGETS FOR TRANSPORT AND DEFENCE (CONTINUED)

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
5.8 Number of Quarterly Reports update on the implementation of the Defence and Aerospace Masterplan.	Four Quarterly Reports on the implementation of the Defence and Aerospace Masterplan.	Quarterly Status update Report on the implementation of the Defence and Aerospace Masterplan.	Quarterly Status update Report on the implementation of the Defence and Aerospace Masterplan.	Quarterly Status update Report on the implementation of the Defence and Aerospace Masterplan.	Quarterly Status update Report on the implementation of the Defence and Aerospace Masterplan.

Note: Shareholder Compact signing exclude SAA, Denel and SA Express.

EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The uncertainty on Denel's operations and its future state continues to be a fundamental task for the Department. The programme will continue to monitor the restructuring plan of Denel, and performance against client-agreed milestones on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters).

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 Corporatisation of TNPA will be finalised in the next financial year. 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, the programme will sign with Transnet and Denel. With regard to SAA, the programme will sign a Shareholder's Performance Agreement. In terms of SA Express, the programme will not sign any Compact or agreement due to the airline's liquidation challenges. Denel also will not sign Shareholder Compact due liquidity reasons.

4.4 SUB-PROGRAMME: RESEARCH AND ECONOMIC MODELLING

OBJECTIVES

- Conduct cost benefit analysis reviews of proposed business enhancement and transformation initiatives.
- 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		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Just transition to a low carbon economy.	Development and implementation of a Just Energy Transition (JET) Framework in collaboration with Eskom.	Number of Progress Reports on the implementation of “Just” Energy Transition Framework.	None	None	Progress Report on development of “Just” Energy Transition Framework in collaboration with Eskom.	Four Monitoring Reports on the implementation of “Just” Energy Transition Framework.	Four Monitoring Reports on the implementation of “Just” Energy Transition Framework.	JET Funding Mobilisation Report produced.
Increase the contribution of SOCs to support the transformation of the South African economy.	Industry-specific research.	Number of industry-specific research working papers conducted.	Ten industry specific research conducted.	Five industry-specific research completed.	Two Industry-specific research.	Four Industry-specific research working papers conducted.	Four Industry-specific research working papers conducted.	Four Industry-specific research working papers conducted.

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output Indicators	Annual targets	Q1	Q2	Q3	Q4
6.1 Number of Reports on the implementation of “Just” Energy Transition Framework.	Four Quarterly Monitoring Reports on the implementation of “Just” Energy Transition Framework.	Monitoring Report on the implementation of “Just” Energy Transition Framework.	Monitoring Report on the implementation of “Just” Energy Transition Framework.	Monitoring Report on the implementation of “Just” Energy Transition Framework.	Monitoring Report on the implementation of “Just” Energy Transition Framework.
6.2 Number of industry-specific research working papers conducted.	Four Industry-specific research working papers conducted.	One Industry-specific research working papers conducted.	One Industry-specific research working papers conducted.	One Industry-specific research working papers conducted.	One Industry-specific research working papers conducted.

EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD

The efforts to low carbon economy through the implementation of the “Just” Energy Transition. The programme continues to conduct research on various aspects, to provide the Department with relevant information for analysis of specified industry-specific issues to inform the policy decision- making process. The overview on the global, regional, and local economic information provides the Department with current economic activities that affect different sectors within the DPE portfolio.

5. PROGRAMME RESOURCE CONSIDERATIONS

PROGRAMME 3: BUSINESS ENHANCEMENT, TRANSFORMATION AND INDUSTRIALISATION

Table 10.10 Business Enhancement, Transformation and Industrialisation 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							2018/19	2019/20	2020/21		
Energy Resources	9.5	49 013.6	56 010.6	31 698.6		1394.1%	77.5%	21 867.6	6.6	6.9	-94.0%	89.5%
Research and Economic Modelling	6.9	6.7	6.6	10.7		15.7%	-	8.8	8.6	9.0	-5.8%	0.1%
Transport and Defence	6 262.1	7 619.2	21 311.9	4 327.8		-11.6%	22.4%	1 793.3	15.7	16.4	-84.4%	10.3%
Business Enhancement Services	26.7	21.0	18.7	27.7		1.1%	0.1%	32.3	32.4	33.9	7.0%	0.2%
Total	6 305.3	56 660.4	77 347.8	36 064.8		78.8%	100.0%	23 701.9	63.3	66.1	-87.8%	100.0%
Change to 2021 Budget estimate				(5.5)				21 856.8	(5.5)	(5.7)		
ECONOMIC CLASSIFICATION												
Current payments	56.2	60.4	62.8	62.6		3.7%	0.1%	67.4	63.3	66.1	1.8%	0.4%
Compensation of employees	47.9	48.9	44.7	47.8		-0.1%	0.1%	48.6	49.0	51.2	2.3%	0.3%
Goods and services	8.3	11.5	18.1	14.8		21.2%	-	18.8	14.3	15.0	0.2%	0.1%
of which:												
Administrative fees	-	0.0	-	-		-	-	-	-	-	-	-
Communication	0.2	0.2	0.3	0.5		33.2%	-	0.4	0.5	0.5	-0.2%	-
Consultants: Business and advisory services	4.3	6.2	17.2	4.0		-2.4%	-	14.3	8.7	9.1	31.3%	0.1%
Entertainment	-	-	-	0.0		-	-	0.0	0.0	0.0	-43.9%	-
Travel and subsistence	3.6	3.6	0.4	10.2		41.9%	-	4.1	5.1	5.3	-19.8%	-
Venues and facilities	0.0	0.2	-	0.1		22.7%	-	0.1	0.1	0.1	5.8%	-
Transfers and subsidies	0.1	0.0	0.9	0.2		44.0%	-	-	-	-	-100.0%	-
Households	0.1	0.0	0.9	0.2		44.0%	-	-	-	-	-100.0%	-
Payments for financial assets	6 249.0	56 600.0	77 284.0	36 002.0		79.3%	99.9%	23 634.5	-	-	-100.0%	99.6%
Total	6 305.3	56 660.4	77 347.8	36 064.8		78.8%	100.0%	23 701.9	63.3	66.1	-87.8%	100.0%
Proportion of total programme expenditure to vote expenditure	97.4%	99.7%	99.8%	99.4%		-	-	99.1%	21.3%	21.3%	-	-
DETAILS OF TRANSFERS AND SUBSIDIES												
Households												
Social benefits												
Current	0.1	0.0	0.9	0.2		44.0%	-	-	-	-	-100.0%	-
Employee social benefits	0.1	0.0	0.9	0.2		44.0%	-	-	-	-	-100.0%	-

EXPENDITURE ANALYSIS

Expenditure is expected to decrease at an average annual rate of 87.8 %, from R36.1 billion in 2021/22 to R 66.1 million in 2024/25. This is due to reduction in allocations made to Eskom and SAA in 2021/22 for the settlement of Government guaranteed debt. Payments for financial assets constitute the Department’s main cost driver over the period ahead. These payments include an additional R21.9 billion for Eskom in 2022/23 and R1.8 billion for SAA in 2022/23.

6. UPDATED KEY RISKS AND MITIGATION FROM THE STRATEGIC PLAN

Risk No	Outcome	Risks: Risk Context	Existing Controls	Planned Mitigation
1	Improved Governance and accountability.	Failure of Governance in SOCs: The risk of failure of Governance in SOCs such maladministration and poor Board performance in SOCs.	<ul style="list-style-type: none"> Shareholder policy paper submitted to cabinet in 2016. Presidential SOE Council (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 PSEC work. 	<ul style="list-style-type: none"> Review Shareholder Management policy (SOE Bill) principles and secure buy-in on the Green Paper. Establish 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 SOCs.	Unsustainable business model of SOC: The SOC business models are unsustainable, not reviewed and amended on regular basis, become misaligned to environmental change.	<ul style="list-style-type: none"> Implementation of Logical Planning, Monitoring and Evaluation Framework (SIS, SHC, AGM, Filling of Board Vacancies and Executive Directors (CEO & CFO), Induction of new Board Members and Executive team). Implementation of REM 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 SOCs Quarterly Performance Reports. Regular policy engagements with Policy Departments and National Treasury. 	<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 SOCs. Review the mandate, facilitate consolidation and rationalisation of SOCs.

Risk No	Outcome	Risks: Risk Context	Existing Controls	Planned Mitigation
3	Improved Governance and accountability.	Policy incoherence: Policy misalignment between the DPE/SOCs 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 FOSAD engagements. Statement of Strategic Intent in place to guide programme priorities for each SOC. 	<ul style="list-style-type: none"> No additional risk mitigations planned.
4	Improved Governance and accountability.	Corruption and malfeasance: The risk that SOC's may be fraught with corruption, fraud, and maladministration.	<ul style="list-style-type: none"> SIU Proclamations into SOEs Internal Anti-Corruption and Fraud Prevention Unit in place to oversee maladministration in SOC's Analysis of SOC 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 SOC's 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 EXCO and Minister. Enterprise Architecture Masterplan. Extended EXCO meetings. Branch meetings. Demand Management Planning. 	<p>Focus on restructuring and reengineering 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 BIS capability within the Department. Review, streamline and rationalise existing Committees where viable. Host bi-annual strategic planning session.

7. PUBLIC ENTITIES

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

Name of Entity	Legislative Mandate	Minister's Financial relationship with the SOC	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.
SA Express	South African Express Act (Act 34 of 2007)	Shareholder representative	Under liquidation SA Express is the regional air carrier with a mandate to provide air transportation services for passengers, cargo, and mail on lower density routes within the Republic, the African continent and surrounding islands.
SAA	South African Airways (Act 5 of 2007)	Shareholder representative	Under Business Rescue 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.

8. INFRASTRUCTURE PROJECTS

The Department does not have any Infrastructure Projects.

9. PUBLIC-PRIVATE PARTNERSHIPS (PPPS)

The Department does not have any PPPs.



PART D

TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

PART D: TECHNICAL INDICATOR DESCRIPTIONS (TIDs)

PROGRAMME 1: ADMINISTRATION

1.1 Indicator title	% Of vacancy rate reduced.
Definition	To measure the reduction of vacancy rate in the Department through filling of vacant posts. During 2021/22 the Department was at 21% in terms of baseline of vacancy rate and on an annual basis the vacancy rate will be reduced by 8%. The desired plan is to keep the vacancy rate below 8% by 2024/25.
Source of data	PERSAL Reports and manual database.
Method of calculation or assessment	Quantitatively by simple count and verification of total funded posts vs funded vacant posts.
Means of verification	PERSAL Reports and manual database on appointments made.
Assumptions	The Department will recruit and fill vacant posts as planned.
Disaggregation of beneficiaries (where applicable)	Regarding women at SMS level, the Department is at 44%. By 2022/23 the Department will have 50% women at SMS level.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	Maintain a reduction of the vacancy rate of 8% annually.
Indicator responsibility	Chief Director: Human Resources.

1.2 Indicator title	% on performance management achieved as per individual performance agreements linked to APP and AOP targets.
Definition	To ensure individual performance agreements are linked to APP and AOP targets, to ensure achievement of departmental goals.
Source of data	Quarterly Assessment of Department Quarterly Performance Report from SPME. Individual Annual performance Assessment and Individual Performance Agreements from units. Database for compliance of submission of Performance Agreements and Performance Assessments.
Method of calculation or assessment	Total % of units performance
Means of verification	Report on Quality Assurance of Performance Agreements and Performance Assessments of members of SMS aligned to Assessment Reports of Unit performance and achievement as per APP and AOP Targets. Database report for compliance of submission of Performance Agreements and Performance Assessments to be approved by DG
Assumptions	Individuals will submit performance agreements and performance assessments within the timelines units will achieve their target.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Non-Cumulative
Reporting cycle	Annually
Desired performance	Synergy of individual performance to support achievement of departmental goal
Indicator responsibility	Chief Director: Human Resources.

1.3 Indicator title	% on improvement of ICT infrastructure services and 90% systems availability maintained.
Definition	To measure implementation of Enterprise Architecture Masterplan, improvement of ICT infrastructure services, digital transformation and 90% systems availability maintained
Source of data	Approved Enterprise Architecture vision and gap analysis, Enterprise Architecture Masterplan. System generated data on uptime.
Method of calculation or assessment	Simple count.
Means of verification	Proof of implementation as per Masterplan, Report on implementation approved by DG.
Assumptions	Limitation of inputs/information from relevant Stakeholders (SOCs/Business units).
Disaggregation of beneficiaries (where applicable)	Not applicable.
Spatial transformation (where applicable)	Not Applicable.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Functional Enterprise Business Architecture and achievement of 99.9% availability.
Indicator responsibility	Director: Information Management.

1.4 Indicator title	% on population of ICT Structure with new capabilities.
Definition	To capacitate the ICT structure and fill vacancies.
Source of data	Skill audit, Approved ICT structure.
Method of calculation or assessment	% of newly sourced capability/capacity against the existing
Means of verification	New capabilities sourced and signed contract.
Assumptions	Vacant positions still funded and HR recruitment processes fast tracked.
Disaggregation of beneficiaries (where applicable)	Not applicable.
Spatial transformation (where applicable)	Not applicable.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Reduce percentage of unfilled positions within ICT.
Indicator responsibility	Chief Director: Communications.

1.5 Indicator title	% On implementation of signed corporation agreement to reduce SOCs infrastructure vandalism
Definition	To measure the implementation of signed corporation agreement by government stakeholder forum that comprises of law enforcement agencies, SOCs, DPE and other government organs. To determine the extend to which vandalism of SOCs infrastructure, cable theft has cost SOCs.
Source of data	SOCs record on vandalized infrastructure and cable theft, SAPS records. Stakeholder engagements records, ToRs for forum.
Method of calculation or assessment	Simple counts
Means of verification	Progress report on signed corporation agreement with stakeholders, stakeholder engagement records approved by DG.
Assumptions	There will be corporation from all the stakeholders.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Reduction on infrastructure vandalism
Indicator responsibility	Chief Director: Communications.

1.6 Indicator title	% on media public perception survey achieved.
Definition	To measure public perception through survey.
Source of data	Survey tools, analytical tools, previous surveys,
Method of calculation or assessment	Simple count
Means of verification	Media public perception survey report approved by DG
Assumptions	The survey will be conducted and finalised within stipulated timeframe.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Annual
Desired performance	Improvement on public perception against the department
Indicator responsibility	Chief Director: Communications.

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

2.1 Indicator title	Government Shareholder Management Bill adopted into law by 22/2023 FY.
Definition	Overarching Law to be enacted by Government, which will govern all State-Owned Entities (SOEs) to reduce the current burden of compliance with multiple laws and regulations.
Source of data	Presidential SOEs Council Reports, agenda, and minutes. Draft Green and White Paper.
Method of calculation or assessment	Simple counts.
Means of verification	Proof of SOE Bill submission to Cabinet and Parliament, a draft Green and White Paper.
Assumptions	Presidential SOEs Council meetings held and Cabinet and Stakeholder consultations. Timeous gazetting of the Green and White Papers.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	Overarching legal framework and appropriate Shareholder model.
Indicator responsibility	DDG: SOC GAP.

2.2 Indicator title	Report on activities and recommendations of PSEC.
Definition	To provide strategic and Secretariat support to PSEC.
Source of data	PSEC Reports and Minutes.
Method of calculation or assessment	Number of SOEs repurposed.
Means of verification	DPE PSEC Report approved by DG.
Assumptions	PSEC will achieve its milestone on recommendations for Governance of SOEs.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	Recommendations of PSEC will be incorporated into the SOE Bill.
Indicator responsibility	DDG: SOC GAP.

2.3 Indicator title	Number of Governance Tool (MOI) revised and approved.
Definition	Enhance DPE's instruments relating to development, monitoring, and implementation of SOC MOIs
Source of data	Existing SOC MOIs, Standard MOI template developed, relevant prescripts and guidelines relating to board governance approved by DG.
Method of calculation or assessment	Report on monitoring of SOC compliance with the norms and standards on MOIs.
Means of verification	Revised MOI; Letter from the Chairperson to the Minister; Section 60 Shareholder's Resolution, and Decision Memorandum to the Minister.
Assumptions	Necessary approvals from both the Board and Minister will be granted.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly
Desired performance	Good SOC governance
Indicator responsibility	DDG: SOC GAP.

2.4 Indicator title	Centre of excellence on Governance established.
Definition	To measure the establishment of centre of excellence in promotion of good governance and accountability. Develop governance handbook that guides the Shareholder, Boards, Management and Company Secretary of SOCs on governance practices and provisions to be effective.
Source of data	MOI PFMA Companies Act DPE guidelines
Method of calculation or assessment	Simple count
Means of verification	Governance handbook, Proof of resource allocated, Approval of centre of excellence by DG.
Assumptions	Centre of excellence will be established within stipulated timeframe and governance handbook will be approved.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly
Desired performance	Shareholder and SOCs are abreast of roles, duties, advice, knowledge and behaviours to be effective on the main features of SOC governance.
Indicator responsibility	DDG: SOC GAP.

SUB-PROGRAMME 3: FINANCIAL ASSESSMENT AND INVESTMENT SUPPORT

3.1 Indicator title	Report on preferred option to resolve Eskom debt
Definition	Develop a preferred option to deal with Eskom debts.
Source of data	Eskom reports, National Treasury reports,
Method of calculation or assessment	Modelling different scenarios to resolve.
Means of verification	Briefing Memo proposing financial option to resolve Eskom debts by DG.
Assumptions	Eskom completes incorporating various parameters to model preferred option to resolve the debt.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Bi-annual
Desired performance	Eskom reduced and sustainable debt level.
Indicator responsibility	DDG: Financial Assessment and Investment Support.

3.2 Indicator title	Develop guidelines for SOCs seeking SEP and evaluating shareholding approved.
Definition	Develop guidelines for determining when an SEP should be introduced into an SOC and the level of shareholding i.e. majority and minority shareholding.
Source of data	Research papers on disposal of shares in SOCs
Method of calculation or assessment	Guideline on seeking SEPs
Means of verification	Guideline on seeking SEPs approved by DG
Assumptions	The public to open to introduction of SEPs in SOCs
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Annual
Desired performance	Reducing reliance on fiscus for funding
Indicator responsibility	DDG: Financial Assessment and Investment Support

3.3 Indicator title	SOCs' Restructuring unit established
Definition	To measure the establishment of Restructuring unit that its main focus is to deal with distressed SOC's.
Source of data	Restructuring Business Plan.
Method of calculation or assessment	Simple count
Means of verification	Appointment letter/Contract of Restructuring Officer
Assumptions	A suitable expertise will be secured in the market.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Annual
Desired performance	SOCs under distress revitalised
Indicator responsibility	DDG: Financial Assessment and Investment Support.

3.4 Indicator title	Number of progress reports on SOC's audit findings
Definition	Tracking the implementation of the external auditor's audit finding action plan of SOC's.
Source of data	External auditor's management report and the SOC action plan.
Method of calculation or assessment	Simple count
Means of verification	Progress report on the SOC's implementation of audit findings signed off by DG.
Assumptions	All SOC's submit the Audit report done by external auditors.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Bi-Annual
Desired performance	SOC Audit findings addressed and improved audit outcome.
Indicator responsibility	DDG: Financial Assessment and Investment Support.

3.5 Indicator title	% of Compliance on reporting (i.e., Corporate Plans (CP), quarterly reports, PFMA section 66 applications)
Definition	Tracking compliance to PFMA reporting requirements
Source of data	SOCs' Quarterly Reports, Corporate Plans, Annual Financial statements, and guarantee applications
Method of calculation or assessment	% achieved of compliance on reports received and reviewed. PFMA section 66 application is counted only once received.
Means of verification	Approved compliance report approved by the DG.
Assumptions	All SOCs will submit their compliance reports as the PFMA guidelines
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Non-Cumulative
Reporting cycle	Annually
Desired performance	Improved compliance to PFMA reporting requirements by SOCs
Indicator responsibility	DDG: Financial Assessment and Investment Support.

3.6 Indicator title	Number of DPE and SOC CFOs' Forum held quarterly.
Definition	To measure the Chief Financial Officers' (CFOs) forum held, to ensure continuous engagement to discuss financial challenges faced by SOCs, can be Government funding, borrowings, debts etc.
Source of data	Stakeholder engagement, SOCs Reports.
Method of calculation or assessment	Simple count.
Means of verification	Proof of Engagement Reports (back to office reports with clear resolution) by the DG.
Assumptions	Forum will be held as planned.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Improved SOC financial and operational performance.
Indicator responsibility	DDG: Financial Assessment and Investment Support.

SUB-PROGRAMME 4: BUSINESS ENHANCEMENT SERVICES

4.1 Indicator title	Development and testing of a local content verification framework with SABS.
Definition	Contribution of the SOCs to support the re-industrialisation of the SA economy through spend on locally manufactured goods and services to support job creation and economy growth. To further measure percentage of procurement spend on locally manufactured goods and services.
Source of data	Individual SOCs' procurement data, SABS Verification Report.
Method of calculation or assessment	Simple count.
Means of verification	Local Content Verification Report and Memo approved by DG.
Assumptions	SABS and the Department will complete verification within stipulated timeframes.
Disaggregation of beneficiaries (where applicable)	Local manufactures or companies.
Spatial transformation (where applicable)	None.
Calculation type	Simple count.
Reporting cycle	Quarterly.
Desired performance	75% spent on locally manufactured goods and services.
Indicator responsibility	DDG: Business Enhancement and Industrialisation.

4.2 Indicator title	SOCs Local content verification framework developed and tested.
Definition	Contribution of the SOCs to support the re-industrialisation of the SA economy through spend on locally manufactured goods and services to support job creation and economy growth. To further measure percentage of procurement spend on locally manufactured goods and services.
Source of data	Individual SOCs' procurement data, SABS Verification Report.
Method of calculation or assessment	Simple count.
Means of verification	Local Content Verification Report and Memo approved by DG.
Assumptions	SABS and the Department will complete verification within stipulated timeframes.
Disaggregation of beneficiaries (where applicable)	Local manufactures or companies.
Spatial transformation (where applicable)	None.
Calculation type	Simple count.
Reporting cycle	Quarterly.
Desired performance	75% spent on locally manufactured goods and services.
Indicator responsibility	DDG: Business Enhancement and Industrialisation.

4.3 Indicator title	Number of Gender Responsive Plans approved and implemented.
Definition	Ensuring the institutionalization of gender mainstreaming in the department and the SOCs based on the implementation of gender responsive planning and budgeting framework.
Source of data	SOC Gender-based Plan/Report, DPE Gender based plan.
Method of calculation or assessment	Simple count.
Means of verification	Gender Responsive Plan approved by the DG. Approved implementation reports approved by DG.
Assumptions	SOCs and DPE will implement Gender Responsive Plan.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Yearly.
Desired performance	Institutionalisation of gender mainstreaming across the department and SOCs.
Indicator responsibility	DDG: BES.

SUB-PROGRAMME 5: ENERGY AND RESOURCES

5.1 Indicator title	Signed Shareholder Compact per year (Eskom).
Definition	An annual agreement document as per TR 29.2 between the Shareholder, Minister and the SOC on the agreed key performance measures and targets to be attained by the SOC.
Source of data	Consultation with SOCs, Previous Shareholder Compact, SIS
Method of calculation or assessment	Simple count.
Means of verification	Approved Shareholder Compacts by Minister.
Assumptions	Timely agreement of Key Performance Areas (KPA) and Key Performance Indicator (KPI) with all Stakeholders and negotiations processes are not delayed. Shareholder Compact will be approved before the end of the financial year.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annual.
Desired performance	Attainment of key performance measures by the SOCs.
Indicator responsibility	DDG: Energy and Resources.

5.2 Indicator title	Increased energy availability factor
Definition	Monitor and assess progress on the delivery of Eskom's infrastructure programme.
Source of data	Eskom Quarterly Reports.
Method of calculation or assessment	Number of Progress Reports on increased energy availability.
Means of verification	Quarterly Reports approved by DG. Site visits reports
Assumptions	SOCs will submit reports on time.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Delivery of Eskom Build Programme.
Indicator responsibility	DDG: Energy and Resources.

5.3 Indicator title	Eskom Planned Capacity Adherence (Infrastructure / Build Programme).
Definition	Monitor Eskom's prudent Fleet Management to support the energy availability factor that measures power station availability, considering energy losses not under the control of Plant Management and internal non-engineering constraints.
Source of data	Eskom Quarterly Reports.
Method of calculation or assessment	Simple count.
Means of verification	Quarterly Assessment Reports signed by DG. Site visits reports.
Assumptions	Timely submission of Eskom Quarterly Shareholder Reports.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Improved Energy Availability Factor, plant capability load factor and unplanned capability load factor.
Indicator responsibility	DDG: Energy and Resources.

5.4 Indicator title	Increased electricity reserve margin of 15% by 2024.
Definition	Monitor Eskom's prudent Fleet Management to support the energy availability factor that measures power station availability, considering energy losses not under the control of Plant Management and internal non-engineering constraints through monitoring and reporting on increased electricity reserve margin of 15% by 2024.
Source of data	Eskom Quarterly Reports.
Method of calculation or assessment	Simple count.
Means of verification	Quarterly Assessment Reports signed by DG.
Assumptions	Timely submission of Eskom Quarterly Shareholder Reports.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Improved Energy Availability Factor, plant capability load factor and unplanned capability load factor.
Indicator responsibility	DDG: Energy and Resources.

5.5 Indicator title	Eskom's roadmap for reformed electricity supply industry implemented (unbundling process transmission, generation and distribution).
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	Progress Report on Eskom's status of the unbundling process signed off by the DG. Proof of Corporatisation of Transmission and Generation.
Assumptions	Eskom will be unbundled into three separate subsidiaries with separate Boards and CEOs.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Bi-annual.
Desired performance	Efficient Eskom with increase generation competition.
Indicator responsibility	DDG: Energy and Resources.

5.6 Indicator title	Number of Reports on maintenance of the Energy levels.
Definition	Monitor Implementation of the Nuclear Build Programme and extend the life of the current nuclear plan.
Source of data	Eskom Reports on Nuclear Build Programme.
Method of calculation or assessment	Simple count.
Means of verification	Progress Report approved by DG.
Assumptions	Eskom will submit Progress Report timeously and unbundling will take place.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Bi-annually.
Desired performance	Secured energy supply.
Indicator responsibility	DDG: Energy and Resources.

5.7 Indicator title	Number of Progress Reports on Additional 1000 MW commissioned by 2024 produced.
Definition	To increase electricity generation capacity in the country.
Source of data	Quarterly Reports, National Energy Regulator of South Africa (NERSA), Department of Minerals Resources and Energy (DMRE).
Method of calculation or assessment	Simple count.
Means of verification	Progress Report approved by DG.
Assumptions	NERSA will finalise reports on time.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Bi-annually.
Desired performance	Secured energy supply.
Indicator responsibility	DDG: Energy and Resources.

5.8 Indicator title	Number of signed Shareholder Compacts per year (SAFCOL).
Definition	An annual agreement document as per TR 29.2 between the shareholder Minister and the SOC on the agreed key performance measure and targets to be attained by the SOC.
Source of data	Consultation with SOCs, previous Shareholder Compact and SIS.
Method of calculation or assessment	Simple Count.
Means of verification	Approved Shareholder Compacts by Minister.
Assumptions	Timely agreement of KPA and KPI with all stakeholders and negotiations process are not delayed. SHC will be approved before the end of the financial year.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annual.
Desired performance	Attainment of key performance measure by the SOCs.
Indicator responsibility	DDG : Energy and Resources.

5.9 Indicator title	Number of signed Shareholder Compacts per year (ALEXKOR)
Definition	An annual agreement document as per TR 29.2 between the shareholder Minister and the SOC on the agreed key performance measure and targets to be attained by the SOC.
Source of data	Consultation with SOCs, previous Shareholder Compact and SIS.
Method of calculation or assessment	Simple Count.
Means of verification	Approved Shareholder Compacts by Minister.
Assumptions	Timely agreement of KPA and KPI with all stakeholders and negotiations process are not delayed. SHC will be approved before the end of the financial year.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annual.
Desired performance	Attainment of key performance measure by the SOCs.
Indicator responsibility	DDG: Energy and Resources.

SUB-PROGRAMME 6: TRANSPORT AND DEFENCE

6.1 Indicator title	Shareholder Compacts signed per year (Transnet)
Definition	An annual agreement document as per TR 29.2 between the Shareholder, Minister and the SOC on the agreed key performance measures and targets to be attained by the SOCs.
Source of data	Consultation with SOCs, previous Shareholder Compact and SIS..
Method of calculation or assessment	Simple count.
Means of verification	2023/24 Shareholder Compact Transnet approved by Minister.
Assumptions	Timely agreement of KPA and KPI with all Stakeholders and negotiation processes are not delayed. Shareholder Compacts will be approved before the end of the financial year.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	Attainment of key performance measures by the SOCs.
Indicator responsibility	DDG: Transport and Defence.

6.2 Indicator title	Implementation of the agreed decision of Government on the structure and functions of TNPA.
Definition	Corporatisation of Transnet National Ports Authority (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, 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 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 Transnet National Ports Authority 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.

6.3 Indicator title	% Increase of rail friendly commodities moved from road to rail by Transnet Freight Rail (6.2 million tons by 2023/24)
Definition	Monitor friendly commodities movement from road to rail to ensure target 6.2 million by 2023/24 is achieved by Transnet. Annual 10% improvement of rail friendly commodities moved from road to Transnet rail, not less than 2,12mt will be assessed.
Source of data	SOC Quarterly reports
Method of calculation or assessment	Average percentage from all quarters.
Means of verification	Quarterly Report/Memo approved by DG
Assumptions	Transnet will implement road to rail strategy
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Increase of rail friendly commodities moved from road to rail by Transnet Freight Rail
Indicator responsibility	DDG: Transport and Defence.

6.4 Indicator title	Number of PSP transactions in ports and rail identified.
Definition	To facilitate transition from road, freight to rail and the participation of the private sector in Transnet - in rail and port terminals. Private Sector Participation (PSP) in ports and freight rail on 13 transactions identified.
Source of data	Transnet Reports, Site visits, Stakeholder engagements.
Method of calculation or assessment	Simple count.
Means of verification	Briefing memo on Transnet's progress on three targeted concessions signed off by DG.
Assumptions	Private Sector Participation (PSP) framework will be completed as per schedule by DOT i.e end of FY 2021, and Transnet makes positive progress on commitments for PSP.
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.

6.5 Indicator title	Framework for the Shareholder Oversight Model for SOCs with a minority Government Shareholding developed.
Definition	Proposed Framework document for the Shareholder Oversight Model for SOCs with a minority Government Shareholding.
Source of data	Engagements with Department of Communicawtions and Digital Technologies. Engagement with the NT. Engagement with Governance experts identified.
Method of calculation or assessment	Simple count
Means of verification	Framework for Shareholder Oversight Model approved by DG.
Assumptions	Current Shareholder Oversight Model will be revised.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Simple Count.
Reporting cycle	Quarterly.
Desired performance	Document outlining the Framework for the Shareholder Oversight Model for SOCs with a minority Government Shareholding.
Indicator responsibility	DDG: Transport and Defence.

6.6 Indicator title	Number of reports on mapping of industrial defence capabilities and options for Denel divisions.
Definition	Denel's operational excellence to improve liquidity and cash flow in the SOC to reduce Government financial support. To measure mapping of Denel's defence capabilities and develop options for divisions like Pretoria Metal Pressings, Denel Land Systems, Denel Dynamics Missiles and Denel Aeronautics Maintenance Repair and Overhaul), to preserve or restore the capabilities.
Source of data	SOC, clients, suppliers, and industry experts.
Method of calculation or assessment	Simple count.
Means of verification	Quarterly reports on mapping of industrial defence capabilities and options for Denel divisions approved by the DG.
Assumptions	Monthly and quarterly engagements to assess Denel's execution of its business plan, strategic initiatives and their impact on liquidity and sustainability.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Simple count.
Reporting cycle	Quarterly.
Desired performance	Operational excellence that delivers financial and operational sustainability.
Indicator responsibility	DDG: Transport and Defence.

6.7 Indicator title	Number of Diagnostic Reports on the root causes to the challenges of the Denel Badger/Hoefyster contract and lessons learned.
Definition	Documentation of the root causes of the challenges and lessons learned on the Denel Badger/Hoefyster contract.
Source of data	Denel, client, suppliers, and industry experts.
Method of calculation or assessment	One report per quarter.
Means of verification	A Diagnostic Report detailing the root causes to the challenges and lessons learned on the Badger/Hoefyster contract signed by DG.
Assumptions	There are fundamental flaws on how the Badger/Hoefyster contract was structured.
Disaggregation of beneficiaries (where applicable)	Not applicable.
Spatial transformation (where applicable)	Not applicable.
Calculation type	Manual - One Diagnostic Report.
Reporting cycle	Annually.
Desired performance	Identify fundamental flaws and lessons learned which will inform how future significant contracts should be optimally structured.
Indicator responsibility	DDG: Transport and Defence.

6.8 Indicator title	Number of quarterly reports update on the implementation of the Defence and Aerospace Masterplan.
Definition	The Minister of Public Enterprises is tasked by Cabinet to oversee the implementation of the Defence and Aerospace Masterplan. The DPE will provide progress to date and interventions required to achieve the targets of the Masterplan.
Source of data	Market data, sector departments, sector experts and work streams (defence, space and aerospace/aviation sector) of the Masterplan.
Method of calculation or assessment	Quarterly Monitoring Reports produced on implementation of the Masterplan and interventions required.
Means of verification	DG approved quarterly monitoring reports on implementation of the Masterplan and interventions required.
Assumptions	The Masterplan is implemented and all work streams are functional.
Disaggregation of beneficiaries (where applicable)	Defence sector, Space sector, and Aerospace/Aviation sector.
Spatial transformation (where applicable)	Not applicable.
Calculation type	One (1) report per quarter.
Reporting cycle	Quarterly.
Desired performance	Masterplan is implemented to support the desired growth aims of the defence and aerospace industry.
Indicator responsibility	DDG: Transport and Defence.

SUB-PROGRAMME 7: RESEARCH AND ECONOMIC MODELLING

7.1 Indicator title	Number of Reports on the implementation of “Just” Energy Transition Framework.
Definition	To ensure that there's a “Just” energy transition to a low carbon economy in collaboration with other relevant Stakeholders for example Eskom, DEFF, DMR, NPC. To monitor implementation as per Shareholder Compact signed.
Source of data	Eskom Quarterly Shareholder Reports.
Method of calculation or assessment	Simple Count.
Means of verification	Quarterly Progress Report on implementation of “Just” Energy Transition Framework approved 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.

7.2 Indicator title	Number of industry-specific research working papers conducted.
Definition	Conduct research studies that are sector-specific and are used to inform planning and decision-making.
Source of data	Research Report.
Method of calculation or assessment	Simple count.
Means of verification	Industry-specific research working paper approved by DG.
Assumptions	SOCs and the Department will implement the recommendations from the studies and use them in decision making.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Annually.
Desired performance	Research Reports used for planning.
Indicator responsibility	DDG: BES.



ANNEXURES TO THE PERFORMANCE PLAN

ANNEXURE A: AMENDMENTS TO THE STRATEGIC PLAN

2019-2025 STRATEGIC PLAN OUTCOME	NEW 2022/23 ANNUAL PERFORMANCE PLAN OUTCOMES	REASON FOR AMENDMENTS
Position SOCs to support the re-industrialisation of the SA economy.	Environmental Management and Climate Change.	Alignment to the revised MTSF
Position SOCs to support the re-industrialisation of the SA economy.	Just Transition to low Carbon economy (mitigation)	Alignment to the revised new MTSF
None	Improved Governance and accountability	Alignment to the revised new MTSF
None	Promote alignment and efficiency across institutional model	Admin/support function not included in the Strategic Plan 2020/25
None	Improved ICT and business alignment and enhancement function	Admin/support function not included in the Strategic Plan 2020/25

ANNEXURE B: CONDITIONAL GRANTS

None

ANNEXURE C: CONSOLIDATED INDICATORS

None

ANNEXURE D: DISTRICT DEVELOPMENT MODEL

District Development Model (DDM) is a District-based joint planning approach by all three spheres of Government and State entities. The plans are articulated in “One Plans”. One Plan is a long-term 25–30-year strategic IGR framework guiding investment, development, and service delivery in relation to each of the district and spaces not belonging to any sphere or Government Department. The Department is currently participating in the National DDM Structures as coordinated by COGTA, for

example, the DDM One Plans Quality Assurance Panel. The Department will ensure participation of its SOCs in the relevant Districts & Metropolitans DDM Technical Committees. Technical officials will be nominated to serve in the DDM Technical committees, particularly where SOCs have footprints and or “Catalytic Projects”.

ANNEXURE E: CHANGES TO OUTPUTS

None



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