

# CONTENTS

<b>1.</b>	<b>INTRODUCTION AND BACKGROUND</b>	<b>10</b>	
1.1	Department of Public Enterprises	11	
1.2	The context for the strategy	12	
1.3	Economic overview	13	
1.4	National Development Plan	14	
1.5	Medium-Term Strategic Framework	15	
1.6	National Infrastructure Plan	15	
1.7	Presidential Review Commission on SOC	16	
<b>2.</b>	<b>THE SOC REPORTING TO THE DPE AND DPE PROGRAMMES</b>	<b>17</b>	
2.1	The SOC reporting to the Department, together with their founding legislation	18	
2.2.	The Department's programmes	23	
2.3	State Owned Companies		24
2.4	SWOT analysis	24	
2.5	Risk management	25	
<b>3.</b>	<b>STRATEGIC DIRECTION</b>	<b>27</b>	
3.1	Vision	28	
3.2	Mission	28	
3.3	Values	28	
3.4	Key outcomes	28	
3.5	Strategic objectives	30	
3.6	Organisation structure	31	
3.7	Business model	32	
3.8	Shareholder management	34	
3.9	Strategic priorities	35	
3.10	Key pillars to achieve the mandate	35	
3.11	Link to other programmes	36	
	<b>GLOSSARY</b>	<b>37</b>	

# FOREWORD BY THE MINISTER



**Ms Lynne Brown, MP**

There is something quite daunting, but also exciting, about looking at a five-year term of government from this end.

Daunting because of the enormous weight of legitimate expectations which accompany the mandate from the electorate to implement radical socio-economic change.

Exciting because of the extraordinary level of readiness of the Executive of the Fifth Democratic Administration to meet the challenges.

There is a great deal of assurance that one draws from the knowledge that every intervention upon which we are about to engage is solidly grounded in the visionary National Development Plan and its effective five-year implementation plan – the Medium Term Strategic Framework (MTSF).

In addition, the existence of a wide array of mutually reinforcing, cross-departmental initiatives, arising from the MTSF, means that, while I am writing to introduce the 2014-2019 Strategic Plan of one portfolio, every element of this plan is inextricably part of a widely endorsed whole-government approach.

The Department is the effective mechanism through

which Government effects custodial oversight over eight State Owned Companies (SOC) and seeks to ensure that, *inter alia*, they are effective, efficient, aligned to other SOC and public entities and contribute maximally to the realisation of a wide range of Government objectives.

Given the diversity of the SOC, this is not a simple mandate and it is becoming more complex. In addition, the performance of the SOC has been uneven and, in some cases, below expectation.

In this light, over this period, I will evaluate the success or not of this plan in terms of the Department's progress in assisting the SOC to achieve the following:

- First, we must get the basics right. SOC must be paragons of strong, visionary and strategic leadership, cutting edge business practices, innovation and exemplary governance. Without this, the secondary and tertiary objectives will not be achieved.
- Second, SOC must lay the foundation for economic growth and efficiency in the economy by doing everything possible to reduce the relative cost of energy, transport and telecommunications and by making universal access to these services. This is a *sine qua*



*non* for instilling confidence in domestic and international investors to invest and, in this way, lay the foundation for the creation of decent jobs.

- Third, SOC must be key vehicles for the realisation of the objectives of radical economic transformation:
  - Accelerating economic growth along an inclusive and sustainable path
  - Ensuring higher levels of employment creation and decent work
  - Reducing inequality substantially and
  - Ensuring meaningful black participation in the ownership, control and management of the economy.

I will focus on at least a few of the very exciting initiatives and interventions which will arise from this plan that will be further enhanced in the Annual Performance Plan (APP), the first of which is being tabled simultaneously.

Let me conclude with the undertaking that while five-year plans are all about giving economic actors policy certainty, my door is open to consider revisions based on persuasive innovative thinking.

Ms Lynne Brown, MP  
**Minister**

# REPORT BY THE DIRECTOR GENERAL



**Mr Tshediso Matona**

The publication of the Department of Public Enterprises' (DPE) Strategic Plan and Annual Performance Plan for 2014/15-2018/19 coincides with the start of a new Administration in Government after the fifth democratic elections of May 2014. It follows that the DPE's Plans must be aligned with, and framed by, the new Administration's five year Medium-term Strategic Framework (MTSF) that the new Cabinet adopted at its first Lekgotla in June 2014, and must be equally informed by the National Development Plan adopted during the preceding Administration. This Strategic Plan of the Department is conceived in this way.

Being published in the current environment of a subdued global economic condition and consequently slowing domestic economy, the Department's Plans focus on the interventions and priorities identified in the MTSF to stimulate growth and employment, and to drive "radical socio-economic transformation". As a Department with oversight over major State-owned Companies (SOC) that are responsible for strategic economic infrastructure, in particular Eskom and Transnet, the DPE is challenged to ensure that these SOC effectively and efficiently deliver the additional capacity required to unlock investment, growth and employment. The continued lack of sufficient electricity and rail, and inefficient logistics, have

been identified as binding constraints on the economy's potential to grow at the desired higher rates.

In line with above strategic imperatives and priorities, the central focus of the DPE Plans in the MTSF period ahead is on continuing to promote stability in the SOC reporting to the Department, in particular financial sustainability and corporate governance best practices, as well as ensuring improved performance levels and outcomes from the work of the SOC.

To successfully and effectively execute this task, the DPE will hold its own performance as a Department to the same or higher standards as we expect of the SOC. This means that the way the DPE is organised, the way we function; the way we utilise the limited resources we are allocated in the currently constrained national fiscus; and the way we manage and develop our employees and skills-set, must be so as to ensure that we achieve concrete measurable results and impact on the MTSF priorities and targets that are relevant to the Department.

I have no doubt that DPE will courageously and diligently apply ourselves to this daunting but exciting task, given the calibre and professional



attributes of our employees, and the performance track-record of the Department. In this context, we are pleased to welcome to DPE a new Minister, the Honourable Lynne Brown MP, who brings new energy, wisdom and a fresh perspective as our political leader; and are thankful for the thoughtful guidance of our continuing Deputy Minister, the Honourable Bulelani Magwanishe.

Mr Tshediso Matona  
**Director General**

# EXECUTIVE SUMMARY



**Mr Tshediso Matona**

The purpose of this document is to present the five-year strategic plan for the Department of Public Enterprises (DPE). The DPE is the shareholder representative for government with oversight responsibility for eight State Owned Companies (SOC), namely Eskom, Denel, SAFCOL, Broadband Infraco, Alexkor, Transnet, South African Airways (SAA), and South African Express Airways (SAX).

All the SOC are incorporated as companies in accordance with the provisions of the Companies Act, 2008. Except for Denel, all the SOC are also established in terms of their own enabling legislation, which sets out the purpose, mandate and objectives for which they were founded. DPE is both the founder and the administrator/custodian of all legislation relating to the establishment of SOC.

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

The strategic plan is informed by the National Development Plan (NDP) and the Medium-Term Strategic Plan (MTSF), while also supporting other Government policies and programmes, such as the

New Growth Path, the Industrial Policy Action Plan, and the National Infrastructure Plan.

The Department has defined its strategic objectives based on the key outcomes that have been defined in the NDP and further articulated in the MTSF. Over this period, the Department will continue to leverage SOC investment and operational activities to support the outcomes that have been highlighted in its Strategic Plan.

The strategic objectives will form the basis for developing the Annual Performance Plans over the next five years as well as inform the individual performance contracts.

A handwritten signature in black ink, appearing to read 'Tshediso Matona', written in a cursive style.

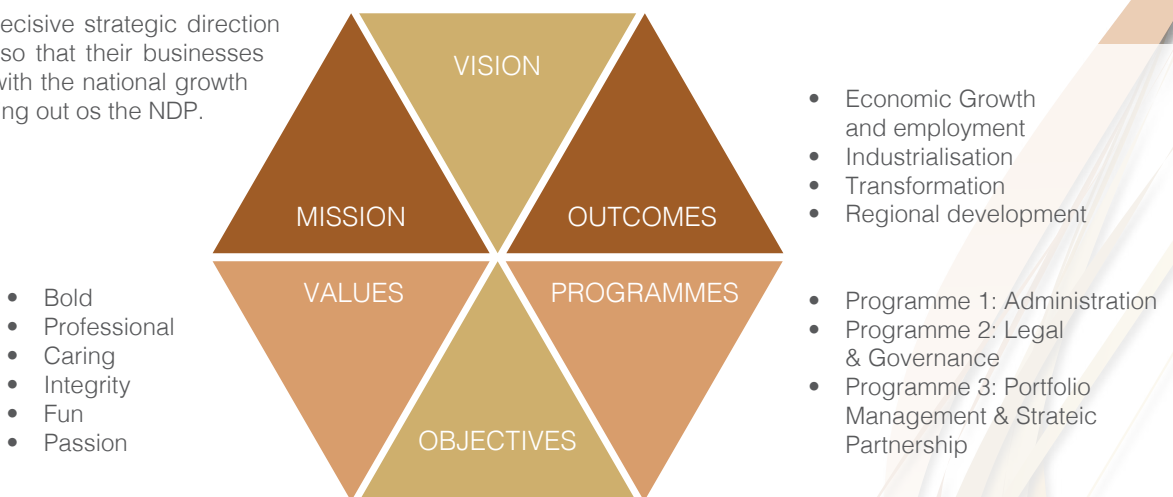
Mr Tshediso Matona  
**Director General**





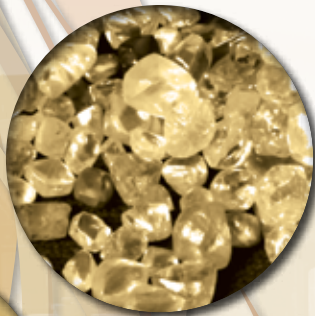
To drive investment, productivity and transformation in the Department's portfolio of State Owned Companies (SOC), their customers and suppliers so as to unlock growth, drive industrialisation, create jobs and develop skills.

To provide decisive strategic direction to the SOC, so that their businesses are aligned with the national growth strategies arising out of the NDP.



- Review the shareholder oversight to ensure alignment of SOC to Developmental outcomes
- Promote good corporate governance
- Build internal capacity to enhance Department's ability to execute its strategic plan and fulfill its mandate
- Drive economic infrastructure investment to enhance the capacity of the economy with emphasis on the Strategic Integrated Projects
- Leverage SOC procurement spend to support industrialisation and transformation

# 1 INTRODUCTION AND BACKGROUND





# 1.1 DEPARTMENT OF PUBLIC ENTERPRISES

## 1.1.1 AIM

The aim of the Department is to drive investment, productivity and transformation in the department's portfolio of state owned companies, their customers and suppliers to unlock growth, drive industrialisation, create jobs and develop skills.

## 1.1.2 MANDATE

The Department's function has evolved since its inception as the Office of Privatisation and Deregulation. Notwithstanding that, there is still no founding legislation for the Department. In the current economic context, the SOC have emerged as key instruments for the State to drive its developmental objectives of creating jobs, enhancing equity and transformation. This evolution underpins the overarching shareholder management process aimed at providing strategic rationale for the SOC.

In this context, the mandate of the Department is to ensure that the SOC within its portfolio are directed to serve Government's strategic objectives as outlined in the NDP and further articulated in the New Growth Path, and the Industrial Policy Action Plan.

The Department does not directly execute programmes but seeks to leverage the state ownership in the economy to support the delivery of key outcomes outlined in the NDP and the MTSF. The SOC under the Department's portfolio form the cornerstone of the economy and their capacity must be strategically utilised to support the delivery of the NDP's outcomes. Strengthening of oversight tools is therefore crucial to ensure that the companies supports the radical socio-economic transformation agenda as articulated in the NDP and MTSF.

## 1.1.3 PROGRAMMES

The Department comprises three programmes, namely:

### **PROGRAMME 1: ADMINISTRATION**

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

### **PROGRAMME 2: LEGAL AND GOVERNANCE**

Provide legal services and corporate governance systems, and facilitate the implementation of all legal aspects of transactions that are strategically important to the Department and the SOC and ensure alignment with Government's strategic intent.

### **PROGRAMME 3: PORTFOLIO MANAGEMENT AND STRATEGIC PARTNERSHIPS**

Align the corporate strategies of the SOC with government's strategic intent, and monitor and benchmark their financial and operational performance and capital investment plans.

The programmes are discussed in Section 2 below.

#### 1.1.4 SOC

The DPE manages a portfolio of state owned companies. These are:

**Alexkor:** A diamond mining company primarily operating in Alexander Bay and the greater Namaqualand.

**Broadband Infraco:** Broadband Infraco provides affordable access to long-distance telecommunication network infrastructure and broadband telecommunications connectivity services in South Africa.

**Denel:** A defence company and although it is established as a private company in terms of the Companies Act, Government exercises control over the Company.

**Eskom:** Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agriculture and residential customers and redistributors.

**SAFCOL:** South African Forestry Company Limited is the Government's forestry company, conducting timber harvesting, timber processing and related activities both domestically and internationally.

**SAA:** South African Airways is a South African national airline with a mandate to conduct passenger and cargo air business.

**SAX:** South African Express is a domestic and regional air carrier with a mandate to be an African airline.

**Transnet:** Transnet is a freight and logistics company responsible for ports and rail transport infrastructure operations in South Africa.

## 1.2 THE CONTEXT FOR THE STRATEGY

The 20 years of democracy shows the progress that has been made in the transformation of South Africa from an apartheid dispensation to a democratic society that seeks to promote cohesion and transformation. The economic assessment over the 20 year period showed progress that has been made in economic transformation and rebuilding of the South African economy. The Strategic Plan recognises the challenges that currently exist in the transformation of the South Africa economy and seeks to leverage state ownership in the economy to accelerate transformation.

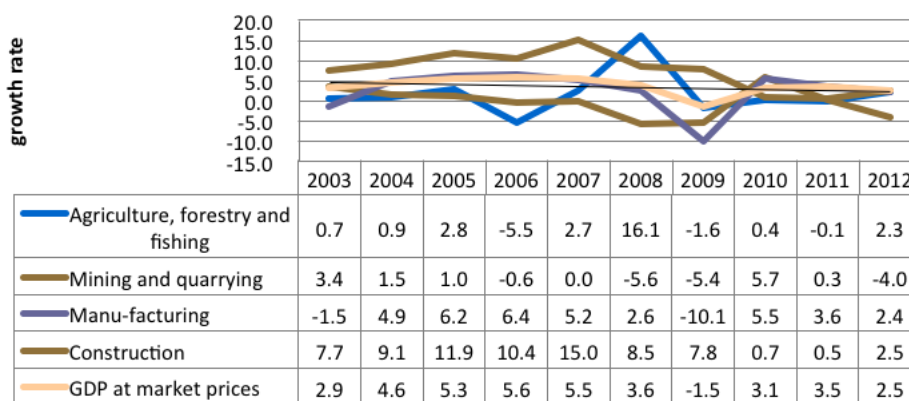
Furthermore, the strategy will be implemented under the new administration, which commenced post the 2014 election. In this regard, the Strategy is informed by the long term aspirations outlined in the NDP and further articulated in the MTSF. Investment into infrastructure remains the backbone of the government's economic strategy and the Department will ensure that the delivery of key projects in the energy and logistics sectors is prioritised.

The growing budget deficit threatens the Government's ability to sustain its investment programme. The constrained fiscal framework requires the Department to explore additional funding mechanisms to support the expansion plans of SOC.

# 1.3 ECONOMIC OVERVIEW

This section will look at the current economic climate and how the Department expects this to evolve over the next 5 years as well as the policy framework that seeks to achieve a step change in the level of economic growth. The growth rate over the past 10 years has been mixed. Between 2003 and 2007, the economic growth averaged 4.8 percent and 2.2 percent between 2008 and 2012. The growth between 2003 and 2007 was largely supported by strong consumption growth and global demand that increased demand for South African commodities.

**Percentage change in GDP 2003 - 2012**



**Source:** Stats SA GDP data, 2013

The high unemployment rate remains a major challenge that threatens to erode the economic progress that has been made since 1994. While the economy created over 3 million jobs between 1994 and 2012, this has not been sufficient to reduce the stubbornly high unemployment rate. The economy has been unable to create new jobs at a high rate, and this has resulted in the unemployment rate remaining above 23 percent. Between July 2013 and September 2013, the economy created 308 000 jobs, recovering all the jobs lost during the economic crisis between 2008 and 2009. Youth unemployment remains a challenge that needs to be addressed. The interventions that have been put in place to encourage the employment of young people will be crucial to enhance social cohesion.

**Unemployment rate 2008 - 2013**

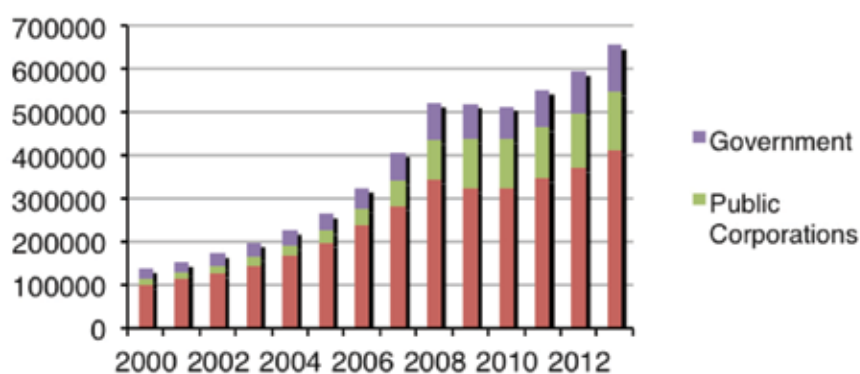


**Source:** Stats SA Quarterly Labour Force Survey, 2013

Investment in the economy by the public corporations has remained buoyant over the past 5 years. This has played a crucial role to limit the impact of the global economic slowdown and pushing the economy towards an investment driven growth path. Investment by public corporation, in particular Eskom and Transnet has played a crucial role in crowding-in private sector investment and boosting demand for supplier industries. Investment by public corporations increased from R22.6 billion in 2003 to R134.9 billion in 2012. The increases in investment between 2008 and 2012 reflected the counter cyclical policy approach adopted by government.

Investment by SOC continued to increase over the past five years. Investment by Transnet amounted to R122.1 billion. This was essential in increasing the infrastructure capacity of the economy and improved the efficiencies in the freight logistics systems. Investment by Eskom also increased during the same period and amounted to R58.2 billion in the 2013/14 financial year. While the electricity grid remains constrained, investment by Eskom into additional generating capacity through the conclusion of the Return to Service programme played a crucial role to avert the total collapse of the system.

## Investments in the economy



**Source:** SARB Quarterly Bulletin, 2014

Despite the good progress achieved over the past 20 years in promoting economic growth, the economic exclusion of the majority of citizens remains a challenge. A suite of economic policy package has been put in place to increase the employment intensity of growth.

## 1.4 NATIONAL DEVELOPMENT PLAN

The NDP offers a long-term strategic direction for the country. It defines a desired destination and identifies the role of different sectors of society in reaching that goal.

The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.



Some of the key milestones of the NDP directly affecting the DPE are summarised below:

- Increase employment from 13 million in 2010 to 24 million in 2030.
- Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
- Broaden ownership of assets to historically disadvantaged groups.
- Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third.
- Make high-speed broadband internet universally available at competitive prices.
- Realise a developmental, capable and ethical state that treats citizens with dignity.
- Play a leading role in continental development, economic integration and human rights.

These key milestones inform the strategy of the Department and will also be incorporated into the Shareholder Compact targets with the SOC. Over the MTSF period, the Department will re-orientate the investment and operating activities of the SOC to support these key milestones.

## 1.5 MEDIUM-TERM STRATEGIC FRAMEWORK

The MTSF for the 2014/15 – 2018/19 administration period builds on the progress made from the previous administration period. It continues to focus on improving the employment outcomes through addressing the structural constraints that have resulted in lower economic growth and stubbornly high unemployment rate. Infrastructure development will continue to form the key foundation of transformation that will promote inclusion and accelerate the reindustrialisation of the South African economy.

The expansion of rail capacity, productivity improvements at the ports and the delivery of the current energy build programme are key deliverables that have been highlighted in the MTSF. In this regard, the Department will continue to support the delivery of the current energy build programme and pursue additional sources of energy such as gas, hydro and renewables. Furthermore, the Department will carefully monitor the implementation of the Transnet's Market Demand Strategy to enhance the current logistics system as part of improving efficiencies in the economy.

## 1.6 NATIONAL INFRASTRUCTURE PLAN

Government, through the Strategic Integrated Projects (SIPs), is prioritising and accelerating the roll out of infrastructure projects.

The SIPs provide a framework to facilitate the implementation of strategic infrastructure projects that will unlock economic growth and promote social inclusion through expansion of service delivery. The National Infrastructure Plan provides a 20 year project pipeline that will allow government to project the expenditure and enable the private sector to gear-up for these investments. The SIPs have been categorised as follows:

- 5 Geographically-focused SIP
- 3 Spatial SIP
- 3 Energy SIP
- 3 Social Infrastructure SIP
- 2 Knowledge SIP
- 1 Regional Integration SIP
- 1 Water and Sanitation SIP

Transnet is responsible for coordinating the SIP2, namely the Durban-Free State-Gauteng Logistics and Industrial Corridor, which is fundamentally about improving logistics and creating better access to markets for firms located along the corridor. The Gauteng-Durban corridor is vital to the future of the national economy and it should be a model for how to strengthen and optimise freight corridors. The corridor handles most of the country's high-value freight and it is the most strategic corridor to achieve a shift of freight from road to rail. The corridor is critical in integrating the Free State Industrial Strategy activities into the corridor.

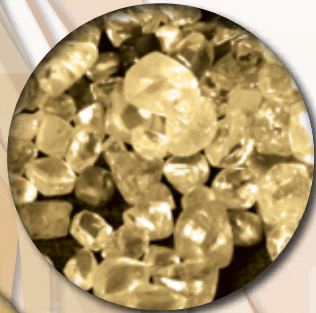
Eskom is responsible for coordinating the SIP1 which focuses on unlocking the Northern Mineral belt with the Waterberg development as the catalyst. The development focuses on investment in rail, water pipelines, energy generation and transmission infrastructure which will unlock the rich mineral resources in Limpopo, resulting in thousands of direct jobs across the areas covered. Mining investments includes coal, platinum and other minerals for local use and export, hence the rail capacity is being extended to Mpumalanga power stations and for export principally via Richards Bay and in future Maputo (via Swaziland link). The company has been further mandated to coordinate all the energy related SIP, namely SIP 8 (Green energy in support of the South African economy), SIPs 9 (Electricity generation to support socio-economic development) and SIP 10 (Electricity transmission and distribution for all).

The implementation of these projects is intended to transform the economic landscape of South Africa, create jobs, strengthen the delivery of infrastructure projects and support regional economic integration.

## 1.7 PRESIDENTIAL REVIEW COMMISSION (PRC) ON SOC

The PRC concluded its work during 2013/14 financial year and has identified a number of recommendations that will improve the management of SOC and set guidelines to streamline government ownership in the economy. The recommendations of the PRC report will be implemented overtime. The Department will continuously assess the implications of PRC recommendations for its mandate and that of the SOC within its ambit.

## 2 THE SOC REPORTING TO DPE AND DPE PROGRAMMES



## 2.1 THE SOC REPORTING TO THE DEPARTMENT, TOGETHER WITH THEIR FOUNDING LEGISLATION, ARE IN THE TABLE BELOW:

NAME OF ENTITY	FOUNDING LEGISLATION	NATURE OF BUSINESS
Alexkor	Alexkor Limited Act 116 of 1992	Alexkor is a diamond mining company primarily operating in Alexander Bay and the greater Namaqualand.
Broadband Infraco	Broadband Infraco Act 33 of 2007	Broadband Infraco provides affordable access to long-distance telecommunication network infrastructure and broadband telecommunications connectivity services in South Africa.
Denel	None	Denel is a Defence company and although it is established as a private company in terms of the Companies Act, Government exercises control over the Company.
Eskom	Eskom Conversion Act 13 of 2001	Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agriculture and residential customers and redistributors.
South African Forestry Company Limited	Management of State Forests Act 128 of 1992	South African Forestry Company Limited Is the Government's forestry company, conducting timber harvesting, timber processing and related activities both domestically and internationally.
South African Airways	South African Airways Act 5 of 2007	South African Airways is a South African national airline with a mandate to conduct passenger and cargo air business.
South African Express Airways	South African Express Act 34 of 2007	South African Express is a domestic and regional air carrier with a mandate to be an African airline.
Transnet	Legal Succession to the South African Transport Services Act 9 of 1989	Transnet is a freight and logistics company responsible for ports and rail transport infrastructure operations in South Africa.

## 2.2 THE DEPARTMENT'S PROGRAMMES

The Department comprises three programmes, namely:

**Programme 1:** Administration

**Programme 2:** Legal and Governance

**Programme 3:** Portfolio Management and Strategic Partnerships



The programmes are discussed next.

## **2.2.1 Programme 1: Administration**

### **2.2.1.1 Purpose**

Provides strategic management, corporate management and administrative support to the Department, which enables the Department to meet its strategic objectives. Over and above the administration function, the programme also comprises of units that are critical for the development of systems, plans and processes that will aid the Department in executing its mandate and enhancing coordination in the delivery of its plans.

The programme is currently made up of the following sub-programmes: Ministry, Management which includes the Director-General and Corporate Management, Corporate Services, Chief Financial Officer, Human Resources, Communications, Strategic Planning, Monitoring and Evaluation, Inter- Governmental and Stakeholder Relations, and Internal Audit.

The sub-programmes are discussed next.

### **2.2.1.2 Office of the Director-General**

The Office is responsible for establishment of effective and efficient systems of financial and risk management and provision of strategic leadership.

### **2.2.1.3 Corporate Management**

Corporate Services is responsible for:

- Security and Facilities Management
- Information Management and Technology
- Office of the Chief Financial Officer
- Human Resources
- Communications
- Strategic Planning, Monitoring & Evaluation
- Inter-Governmental and Stakeholder Relations
- Internal Audit (reports to DG but supported administratively and operationally within Corporate management).

### **2.2.1.4 Office of the Chief Financial Officer**

The Office is responsible for Financial Management Services to ensure compliance with the PFMA and Treasury Regulations and efficient and effective supply chain management services.

### **2.2.1.5 Human Resources**

Human Resources partners with line management to ensure that Departmental strategic plans are implemented and operational excellence is achieved through departmental human capital.

### **2.2.1.6 Communications**

Communications is responsible for repositioning the department as an activist shareholder representative; continuously ensure the DPE brand is relevant and understood by South Africans; impact media relations and media communication and improve employee engagement.

### **2.2.1.7 Strategic Planning, Monitoring and Evaluation (SPME)**

SPME is responsible for coordination, management and oversight of outcomes-based performance reporting of the department; implementation of performance monitoring and evaluation processes for individual programmes and business units as a mechanism for measuring delivery of our strategic objectives and reporting to various stakeholders.

### **2.2.1.8 Inter-Governmental and Stakeholder Relations**

Inter-Governmental and Stakeholder Relations is responsible for coordination, support and provision of advice to the Minister, Deputy Minister, Director-General and the department on matters related to the Inter-Governmental, International and Stakeholder Relations. The units is responsible to co-ordinate and ensure implementation of the public participation initiatives, including the provincial engagements.

### **2.2.1.9 Internal Audit**

Internal Audit reports to the Accounting Officer and the Audit Committee in the effective discharge of their responsibilities. The function provides independent analysis, appraisals, recommendations, counsel and information concerning the activities reviewed, with a view to improving accountability and performance.

## **2.2.2 Programme 2: Legal and Governance**

### **2.2.2.1 Purpose**

Provides legal services and corporate governance systems, and facilitates the implementation of all legal aspects of transactions that are strategically important to the Department and the SOC, and ensure alignment with Government's strategic intent by, amongst others, monitoring key risk factors that may affect the achievement of key performance indicators contained in the shareholder compacts.

The sub-programmes are discussed next.

### **2.2.2.2 Management**

Management comprises the office of the Deputy Director-General, which provides strategic leadership and management of the programme personnel.

### **2.2.2.3 Legal**

Legal provides internal legal services and support to state owned companies. The unit provides legal services, including transaction and contract management support to the Department as well as work specifically related to the commercial activities of the sector teams in respect of the SOC within their oversight.

### **2.2.2.4 Governance**

Governance develops, manages and effects effective corporate governance and shareholder management systems mainly for the Department's portfolio of SOC. This includes risk Management whose main task is to identify, report and monitor both the operational and shareholder risks including but not limited to SOC specific and cross cutting risks.

## **2.2.3 Programme 3: Portfolio Management and Strategic Partnerships**

The purpose of Programme 3 is to align the corporate strategies of the SOC with Government's strategic intent, and monitor and benchmark their financial and operational performance and capital investment plans. To contribute to the implementation of overarching economic, social and environmental policies, the execution of shareholder oversight is focused on building strategic partnerships between SOC, strategic customers, suppliers and financial institutions.

### **2.2.3.1 Strategic Partnerships**

The Strategic Partnerships Unit's main role is to develop innovative models to ensure financial sustainability of SOC; as well as project oversight for infrastructure projects, which includes providing support for SOC to access and secure funding for infrastructure projects. The unit also oversees the coordination and implementation of the relevant SIPs by SOC, as well as facilitate the localisation and supplier development program. The focus is on driving the building of strategic relationships between SOC and key customer and supplier sectors to transform the sectoral and social composition of the economy.

### **2.2.3.2 Transport Enterprises**

This function entails monitoring the Transport enterprises' (Transnet, SAA and SA Express) capital investments and the efficient use of their assets base to ensure that they support economic growth and social development goals.

#### **SAA and SAX**

With particular reference to SAA and SA Express, the key objective is to provide support to the airlines in the path to achieve long-term financial stability and sustainability. The Department will play a more active role in strengthening its oversight and monitoring of the airlines to ensure the achievement of their strategic turnaround objectives.

#### **Transnet**

Reducing overall costs of logistics will be another major focus of the Department for Transnet. A methodology needs to be agreed with Transnet that will enable an assessment of the logistical costs and a review of the cost components of the logistics value chain. This will ensure that these are managed in a more cost effective manner and the services are provided in a more efficient manner.

### **2.2.3.3 Manufacturing Enterprises**

This function performs shareholder oversight over Denel, Alexkor and Safcolon behalf of the shareholder.

#### **Denel, SAFCOL and Alexkor**

Its purpose is to ensure the SOC alignment with shareholder strategic intent in relation to SOC's roles in achieving objectives in the defence, mining and forestry sectors. This entails annually reviewing enterprise strategies and mandates in the context of political and sectoral policy shifts, and alerting the enterprise boards to material deviations. To support the SOC in delivering their outcomes as set out in the shareholder compacts and corporate plans by identifying appropriate target benchmarks for key performance measures and by analysing quarterly and annual performance.

#### **2.2.3.4 Economic Impact and Policy Alignment (EIPA)**

This function aims to build the capacity to monitor national economic policies to determine areas in which the SOC can make strategic contributions.

##### **Environmental Policy Alignment**

Environmental Policy Alignment oversees the alignment and implementation of SOC Strategically Important Developments (SIDs), with special focus on the Eskom and Transnet build programmes. It also oversees and aligns the Climate Change Policy Framework for SOC in support of a transition to a low carbon economy.

##### **Economic Policy Integration**

Economic Policy Integration will focus on appropriate macro-economic modeling and research to enhance the links between industrial policy, macro-economic policy and the role of the SOC.

##### **Transformation, Skills and Youth Development**

The sub-unit focuses on the provision of scarce and critical skills by the SOC in support of the National Skills Agenda, the New Growth Path (NGP) and the NDP. It will optimise the SOC skills training facilities through facilitating sourcing of funding.

Transformation and youth development areas will form new areas for incorporation into SOC Shareholder Compacts. This includes overseeing the alignment and implementation of SOC transformation agenda in support of national policies and the New Growth Path, with a focus on Job creation, youth development, development of targeted groups (i.e. women, people with disabilities, co-operatives, etc), Broad – Based Black Economic Empowerment (B-BBEE), Employment Equity (EE), Leveraging of CSI of SOC and the disposal process of SOC non-core assets.

#### **2.2.3.5 Energy and Broadband Enterprises**

The function ensures shareholder oversight on Eskom and Broadband Infraco on behalf of the shareholder.

##### **Eskom**

DPE's role is shareholder management and oversight of Eskom's business, including the generation, transmission and distribution of electricity with particular emphasis on ensuring security of supply. This entails providing strategic financial and transactional analysis of Eskom business, as well as monitoring of its capital investment programme. Additionally, oversight is provided to the implementation of the PBMR care and maintenance programme to preserve intellectual property and assets.

##### **Broadband Infraco (BBI)**

DPE's role is shareholder management and oversight of Broadband Infraco and monitoring of the implementation of its investment programme. The Sub-Unit also undertake strategic financial and transactional analysis including interfacing with investors and strategic stakeholders across the sector.



## 2.3 STATE OWNED COMPANIES

The role of the State Owned Companies has been clearly articulated by the government. This can be summarised as follows: “Government must build the capacity of the state in order to pursue the objectives of a developmental state and to ensure that whilst SOC and DFIs remain financially viable and profitable; their primary responsibility is to support and lead in strategic government-led developmental objectives within the realm of a clearly defined public mandate of pursuing an overarching industrialisation programme”.

The Department, through the Minister, is tasked with the responsibility of shareholder oversight over eight state owned companies. These are:

### 2.3.1 Denel

Denel is the largest manufacturer of defence equipment in South Africa and operates in the military aerospace and landward defence environments. Incorporated as a private company in 1992 in terms of the South African Companies Act (No 62 of 1973), Denel’s sole shareholder is the South African Government.

### 2.3.2 SAFCOL

The mandate of the South African Forestry Company Limited (SAFCOL) is to ensure sustainable forests under management and to play a catalytic role in the realisation of the State’s afforestation, rural development and transformation goals. SAFCOL remains certified through the Forestry Stewardship Council forestry plantation and chain of custody.

### 2.3.3 Alexkor

Alexkor was established in terms of the Alexkor Limited Act, No. 116 of 1992, and amended by the Alexkor Amendment Act, No. 29 of 2001. Alexkor is a listed schedule 2 public entity wholly owned by the government through the Minister of Public Enterprises being the shareholder representative. The company has two divisions or business units, which are the Alexander Bay Mining (Alexkor RMC JV) and the Alexkor corporate unit. The mining division is the core business of the company, exploiting a large land-based diamond resource and extensive diamondiferous marine deposits.

### 2.3.4 Transnet

Transnet’s mandate is to assist in lowering the cost of doing business in South Africa, enabling economic growth and ensuring security of supply through providing appropriate port, rail and pipeline infrastructure in a cost-effective and efficient manner, within acceptable benchmarks.

### 2.3.5 SAA

South African Airways (SAA) is South Africa’s national air carrier, which operates a full service network in the international, regional and domestic markets, from its head office at OR Tambo International Airport.

### 2.3.6 SAX

South African Express Airways (SAX) was established in 1994 and transferred to the Department of Public Enterprises in 2008/09. It operates regional and domestic flights from OR Tambo International Airport, King Shaka International Airport and Cape Town International Airport, serving secondary routes in South Africa and the continent. SAX operates regional routes to Botswana, Namibia, the Democratic Republic of the Congo, Zimbabwe, Zambia and Mozambique. It also provides feeder air services that connect with the South African Airways’ network.

### 2.3.7 Eskom

Eskom generates 95 percent of the electricity used in South Africa and 45 percent of the electricity used in Africa. Eskom's reserve margin has been steadily declining since 1999 up to 2009 as a result of increasing demand, increase in maintenance backlogs and under-investment on new generation capacity required to meeting the growing demand. This was particularly acute in January 2008, when the reserve margin dropped to alarmingly low levels (3.6 percent commercially available) resulting in extensive load shedding that impacted the economy negatively and cast doubt on investor confidence on Eskom's ability to provide reliable electricity supply.

### 2.3.8 Broadband Infraco

Broadband Infraco (Proprietary) Limited ("Broadband Infraco") is an SOC in the telecommunications sector, intended to improve market efficiency in the long distance connectivity segment by increasing available long distance network infrastructure and capacity to stimulate private sector development and innovation in telecommunications services and content offerings, as well as to provide long distance national and international connectivity to previously underserved areas.

It has invested in a national long distance fibre optic network based on the fibre optic assets deployed by Eskom on power transmission lines and Transnet on railway lines, which forms the backbone of the second national operator. Broadband Infraco launched its services to the market in November 2010 after obtaining an electronic communications networks services license in October 2009. By March 2013, Broadband Infraco had deployed and commissioned 12 800 km of the network.

In addition to national connectivity, the other major cost component for capital expenditure for BBI has been the international connectivity, which includes the rollout of the West Africa Coast Cable System (WACS). The system will reduce broadband costs, increase bandwidth capacity and ensure regional connectivity for South Africa and other African states.

## 2.4 SWOT ANALYSIS

The Strengths, Weaknesses, Opportunities and Threats for the Department are summarised in the table below.

STRENGTHS	WEAKNESSES
Dedicated , skilled and competent workforce	Shareholder management model not finalised
Overseeing companies that are the corner stone of the economy	Lack of common view on shareholder oversight
Strong financial management systems and practices	Lack of clarity on roles and responsibilities

OPPORTUNITIES	THREATS
Position the Minister as an “activist” shareholder representative	Not all enabling sector policies and legislations are in place
Stimulate economic growth through infrastructure rollout programme	Recapitalisation of SOC in a constrained fiscal policy framework
Drive SOC transformation	Slow economic growth
Drive industrialisation and localisation	Absence of a clear legislative framework setting out the DPE’s shareholder mandate
Development of a new organisational model and functional structure in line with the strategic objectives set for the Department’s new Medium Term Expenditure Framework.	
Alignment with other Government policy departments e.g. alignment with DOE on Eskom	

## 2.5 RISK MANAGEMENT

The Department aims to implement an integrated Enterprise Risk Management (ERM) process, not only to ensure compliance with the PFMA and Treasury Regulations, but also to enhance the Department’s ability to effectively manage uncertainty regarding delivery of strategic objectives. ERM is a comprehensive, systematic approach for assisting the Department to identify events, and measure, prioritise and respond to the risks challenging its most critical objectives and related projects, initiatives and day-to-day operating practices. Risk management processes have been implemented at all levels of the Department and an effective risk governance process is in place, including regular reporting to senior management levels and the Audit Committee.

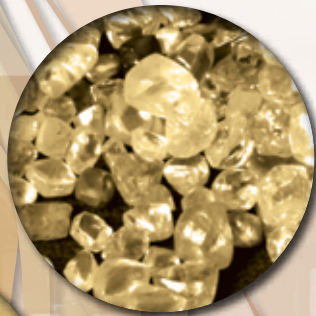
The key risks for the Department are listed below. The risk mitigation is presented in Section 4.

STRATEGIC RISK	RISK DESCRIPTION
Coherent Strategic Intent	“Ability to formulate strategic intent on each SOC after robust stakeholder engagement process. Ability to communicate strategic intent to SOC aligned with a set of outcomes and crucial output measures based on the Strategic Priorities identified in the MTSF “
Shareholder/Board Governance	Board and senior management competence and ability to interpret SOC mandate and apply its resources in meeting its mandate in an effective; efficient and economical manner
Preservation and growth of shareholder value by SOC	“Greater SOC productivity and asset effectiveness to increase revenue and profit and achieve operational excellence with optimum economic impact of SOC activities on their respective sectors and the broader economy.  Ability to determine whether SOC performance is on track with the corporate plans; whether strategic objectives have been met and to highlight any emerging risks”

STRATEGIC RISK	RISK DESCRIPTION
SOC Funding	"Ability to provide shareholder support for SOC to access capital from external sources and leverage status as sovereign shareholder Ability of SOC to be self-sustainable (Ability to generate sufficient profits to remain solvent and repay loans) "
Responsiveness to external factors	Impact of uncontrollable economic factors (foreign exchange rates; inflation; interest rates; labour unrest) on SOC revenues; debt and costs
Effective stakeholder consultation	Understanding stakeholder expectations in relation to the SOC environment and Government's strategic objectives.
Effectiveness/ efficiency of the infrastructure investment programme	The infrastructure investment programme might not be delivering the desired targets in terms of addressing capacity constraints (planned progress and completion; budgeted costs; private sector participation; local spend; skills development; job creations; etc)
Operational efficiency	Having efficient and effective officials, processes and systems to enable DPE to fully deliver on its mandate.
Legal and regulatory compliance	Non-compliance by the Department and its portfolio of SOC with relevant laws, regulations, directives, protocol, contractual provisions, etc.



# 3 STRATEGIC DIRECTION



## 3.1 VISION

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

## 3.2 MISSION

To provide decisive strategic direction to the SOC, so that their businesses are aligned with the national growth strategies arising out of the NDP.

## 3.3 VALUES

**Bold** – we must dare to be brave.

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

**Caring** – this must be expressed in how we watch over and support the Department's people. **Integrity** – we must do the right thing irrespective of implications.

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

**Passion** – we are out to make the South African economy competitive – this requires high passion. Batho Pele principles – guide our engagements with our clients and other stakeholders.

## 3.4 KEY OUTCOMES

### 3.4.1 Economic Growth and Employment

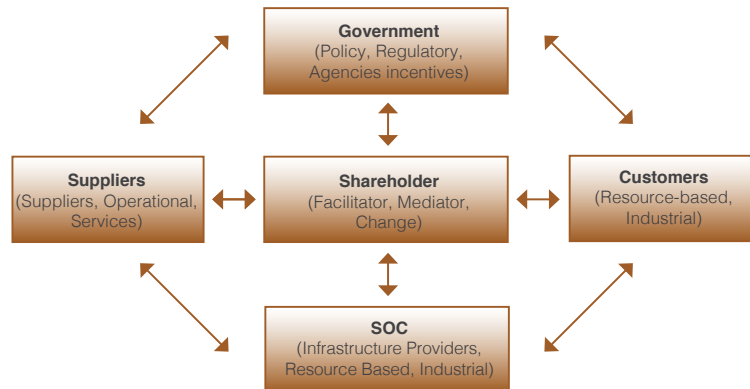
The NDP's central goals are expanding employment and entrepreneurial opportunities in a growing and more inclusive economy. Accelerating growth is crucial for expanding employment and reducing poverty. This outcome largely depends on the achievement of other outcomes that would increase the capacity of the economy and enhance competitiveness. The Department will support SOC to expand the capacity of the economy through the build and expansion programme as well as building on the advanced manufacturing capabilities that exist within the SOC.

### 3.4.2 Industrialisation

As defined in the Industrial Policy Action Plan and the New Growth Path, South Africa has the considerable challenge of building its manufacturing capacity, particularly in the area of machinery and equipment, as part of the industrialisation process. The SOC need to be repositioned to support this process through providing efficient infrastructure to this sector, contributing to the development of relevant skills and through localisation of their procurement in a manner that promotes investment in these sectors.



The Department, through the Minister, is tasked with the responsibility of shareholder oversight of eight commercial SOC. The Competitive Supplier Development Programme (CSDP) represents the Department's approach to leverage the capacity that exist within the SOC, their suppliers and customers to support the re-industrialisation of the economy. Influencing the SOC procurement and supply chains to increase the local content is at the centre of the CSDP.



### 3.4.3 Economic Transformation

Economic transformation is focused on broadening opportunities for all South Africans with a focus on historically disadvantaged individuals. The NDP recognises the progress that has been made in changing the corporate landscape. While there are noticeable improvements in the participation of the previously disadvantaged in the economy, this has not been sufficient. The procurement spend of SOC can be leveraged to support the further transformation of the economy and promoting participation of historically disadvantaged in the key sectors. The refocusing of the Corporate Social Investment programmes of the SOC will play a key role in the transformation agenda of the Department.

### 3.4.4 Skills Development

Skills development is a key element of the strategy to accelerate inclusive growth. The SOC must continue to play a fundamental role in the development of critical skills to support the development of the economy. The skills accord concluded under the auspices of the Economic Development Department and National Economic Development and Labour Council outlines the target that would need to be achieved by SOC over the medium term. Furthermore, the National Skills Development Strategy identifies the skills categories that will be crucial to support growth in the medium to long term. The expansion of the SOC Skills Development Programmes is critical to ensure that these institutions support the development of skills that are crucial for the growth of the South African economy.

### 3.4.5 Regional Development

The infrastructure deficit that currently exists has limited the trade opportunities that exist in the Southern African Development Community (SADC) and intra Africa trade. The SOC within the Department's portfolio can play a key role in expanding the current infrastructure to promote trade amongst African countries and create the foundation essential for developing regional value chains. In this regard, implementation of the SOC Africa Strategy finalised by the Department in 2013/14 is crucial.

## 3.5 STRATEGIC OBJECTIVES

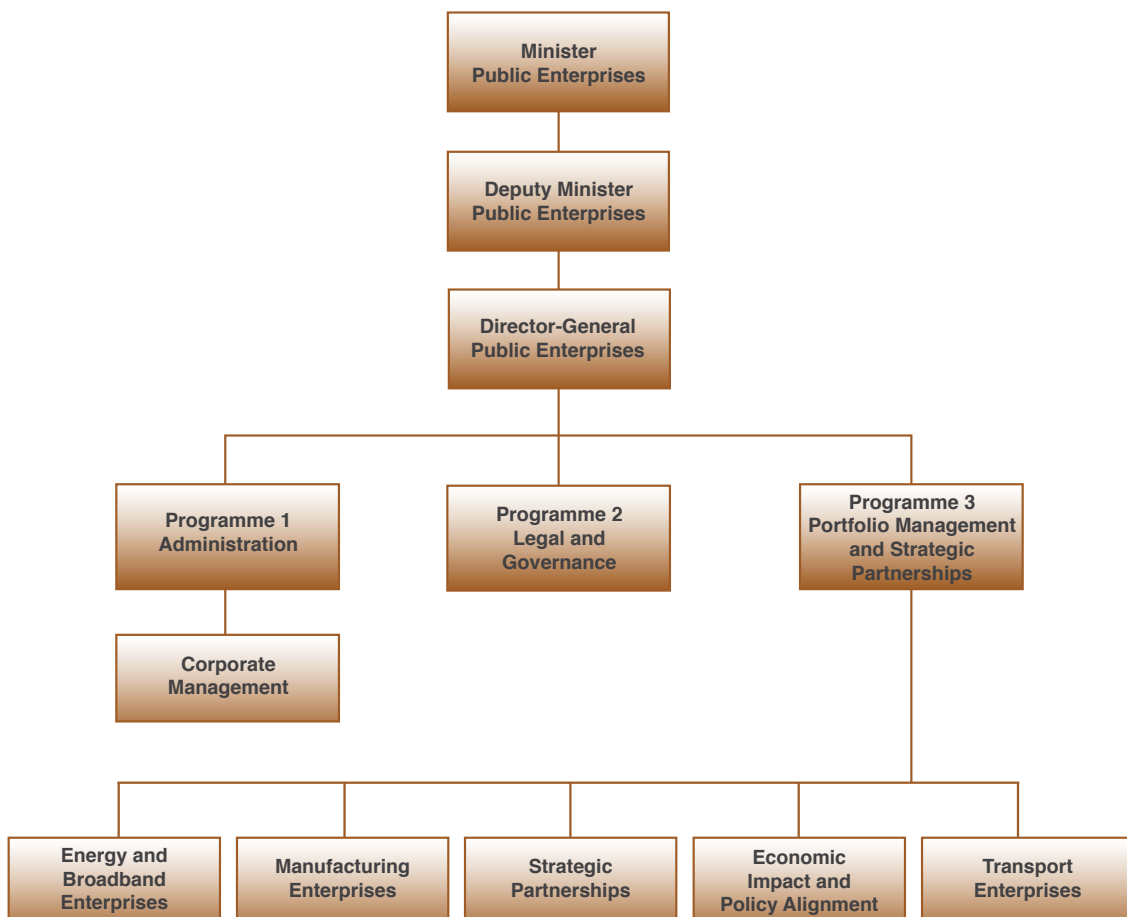
Over the MTSF period, the Department will seek to achieve the following strategic objectives and this will inform the programmes and allocation of resources.

STRATEGIC OBJECTIVES	OUTPUTS	IMPACT
Review the shareholder oversight legislation	<ul style="list-style-type: none"> <li>Shareholder oversight legislation</li> <li>Proclamation of the Department</li> </ul>	Alignment of SOC to developmental outcomes
Promote good corporate governance	<p>Good corporate governance within the Department and its SOC focused on achieving clean audit opinions. This will also include:</p> <ul style="list-style-type: none"> <li>Corporate Governance awareness at Departmental level</li> <li>Induction and ongoing training for Board members of SOC</li> <li>IT Governance</li> <li>Knowledge Sharing Platforms</li> </ul>	Compliance to good corporate governance principles
Build internal capacity	<p>Skills retention and attraction strategies</p> <p>Capabilities and competency framework</p> <p>DPE Leadership and management charter</p>	<p>Ability to execute strategic plan</p> <p>Ability to fulfill DPE mandate</p>
Stabilise and strengthen SOC	<ul style="list-style-type: none"> <li>Improve SOC balance sheet</li> <li>Develop and Implement innovative funding options for infrastructure projects within SOC</li> <li>Guarantees management</li> </ul>	<ul style="list-style-type: none"> <li>Stable SOC</li> <li>Improved business sustainability</li> </ul>
Ensure that SOC increase investments into economic infrastructure	Economic infrastructure investment (contributing to achieving the target of investments amounting to 10 percent of the GDP on an annual basis)	<ul style="list-style-type: none"> <li>Enhance capacity of the economy</li> <li>Facilitation of SIPs implementation</li> </ul>

STRATEGIC OBJECTIVES	OUTPUTS	IMPACT
Leverage SOC procurement spend	<ul style="list-style-type: none"> <li>• CSDP</li> <li>• SOC skills development programmes</li> <li>• Transformation and CSI framework</li> </ul>	<ul style="list-style-type: none"> <li>• Promote industrialisation</li> <li>• Promote localisation</li> <li>• Reduction of the current skills deficit to support the achievement of the growth target</li> <li>• Increased participation of the historically disadvantaged</li> </ul>

## 3.6 ORGANISATION STRUCTURE

The DPE has adopted a programme-based organisation structure. The high-level structure is presented in the diagram below.



The Department will adopt a matrix organisation structure. The matrix structure will promote collaboration in the delivery of the strategic objectives, reinforce and broaden technical excellence and facilitate efficient use of resources.

## 3.7 BUSINESS MODEL

A business model describes the value an organisation offers to various customers and/or stakeholders and portrays the capabilities and partners required for creating, and delivering this value with the goal of achieving on the key outcomes. Clearly defining the business model is crucial to assess what will be delivered by the Department, its SOC and the partnerships crucial to contribute to the achievement of the key government's outcomes. The components of the business model are discussed next.

### 3.7.1 Value Proposition

The value proposition represents the products and services that DPE will deliver to various stakeholders, including the SOC.

SERVICE/PRODUCT
Shareholder oversight
Drive investment
Facilitate short and long term funding
Coordinate SIPs 1, 2, 8, 9 and 10
Promote enabling policy and regulatory environment
Drive transformation in the relevant SOC
Facilitate industrialisation and localisation in SOC investment

### 3.7.2 Customer and Stakeholder Segments

The Department will deliver the value proposition essentially to the SOC and in coordination with other Government Departments, provinces and municipalities. These are summarised in the table below.

VALUE PROPOSITION	SOC	DOE	DOC	DOT	EDD	DTI	DHET	DIRCO	NT	MUNIC	PROVINCE
Shareholder oversight	X										
Drive investment	X	X	X	X		X			X	X	X
Facilitate short and long term funding	X								X		
Coordinate SIP 1, 2, 8, 9 and 10	X				X						

Promote enabling policy and regulatory environment	X	X	X	X	X	X	X	X	X	X	X
Drive transformation in the relevant SOC	X					X					
Facilitate industrialisation and localisation	X					X					

### 3.7.3 Delivery channels

The value proposition will be delivered to the relevant stakeholders using a number of delivery channels. The channels are shown in the table below.

VALUE PROPOSITION	MECHANISM
Shareholder oversight	CEO-DG Consultations, Chairpersons Forum, Quarterly Report, Ministers one-to-one meetings, relevant legislation
Drive investment	Strategic Intent Statements, Shareholder Compact, Corporate Plan, PFMA applications
Facilitate short and long term funding	Guarantees, Budget Allocation, Private Sector Participation
Coordinate SIP 1, 2, 8, 9, 10	PICC
Promote enabling policy and regulatory environment	Bilateral and multi stakeholder consultations
Drive transformation in the relevant SOC	Shareholder compact, MOA, CSI Forum
Drive industrialisation and localisation	CSDP, Shareholder Compact

### 3.7.4 Service Delivery Improvement

The SOC within the Department's portfolio provide services that are crucial for the economy and the general public as a whole. Establishing interface points between the Department and the public is crucial. This will be achieved through the public participation programmes, provincial engagements and other forums that will enhance collaborations.

### 3.7.5 Key Resources

Key resources to make the business model work are summarised in the table below.

CATEGORY	RESOURCES
Human Resources	Employees Specialised skills Graduate programme (talent pool)
Finance	Guarantees (SOC), Budget Allocation, Recapitalisation (SOC), PPP
Systems and Processes	Knowledge Management, BPM (process design), Compliance and Risk management
Infrastructure	ICT infrastructure, office infrastructure
Facilities	Office accommodation

### 3.7.6 Key Partnerships

The Department will deliver the value proposition to the relevant stakeholders by leveraging strategic relationships and partnerships. The partnering arrangements are effected through Shareholder Compact, MOU, Bilateral Agreements, MOA and Collaboration Agreements.

A partner and stakeholder matrices will be developed. The engagement strategy and model for partners and stakeholders will be crafted. The strategies will define benefits that will accrue from engaging the partners and stakeholders and vice versa.

### 3.7.7 Cost Model

In the 2013/14 financial year, National Treasury issued cost containment measures that needed to be implemented by the government. There is greater appreciation of the current fiscal constraints and the need to promote efficiency within the Department. The Department has identified budget items that could be rationalised to promote savings that could be used to expand crucial programmes.

### 3.7.8 Revenue Model

Revenue is not a key focus area in the functions of the Department. Incidental revenue collection is the only revenue item. The dividend expectations from the shareholder will be outlined as the SOC are stabilised.

## 3.8 SHAREHOLDER MANAGEMENT

In April 2013, Cabinet accepted the Report and recommendations of the Presidential Review Committee (PRC) on state owned enterprises. In June 2013, the Report was presented by the Presidency to the Portfolio Committee on Public Enterprises. The Department has taken a decision to hold in abeyance the development of the Government Shareholder Management Bill (GSM) in order to align its work with the Presidency's implementation of the PRC's recommendations, in particular on the proposed enactment of a single overarching legislation governing all SOC.

The Department promotes an activist approach to shareholder oversight, to enable it to drive certain key initiatives together with the SOC. This will require strengthening of Department's ability to provide strategic direction to the business operations of SOC and improve the monitoring of financial and operational



performance of companies. To achieve this, the Department would need to improve the collection of information and develop industry benchmarks that will be used to assess the performance of companies to be able to decisively intervene where there are challenges.

## 3.9 STRATEGIC PRIORITIES

The MTSF has defined the priority outcomes that would need to be achieved by the government within the economic sector. The growth target of 5 percent by 2019 as set out in the MTSF will require increased investment by the State to create capacity in the economy to be able to grow at this level and stimulate demand. In this regard, the Department has identified the following strategic priorities:

- Finalise the shareholder oversight legislation
- Facilitate industrialisation and localisation
- Facilitate transformation (CSI, skills development, and Youth Empowerment Programme)
- Effectively monitor SOC delivery and maintenance of infrastructure and the rollout of the capital expenditure programmes
- Promote policy and regulatory clarity in sectors in which the SOC operate.
- Improve operational efficiencies of the SOC, particularly in relation to the reliable delivery of rail and ports services and the reliable generation, distribution and transmission of electricity.
- Improve business processes and drive efficiencies within the Department.

## 3.10 KEY PILLARS TO ACHIEVE THE MANDATE

### Strategy

Develop a clear shareholder management and oversight model, which will clarify the role of the shareholder and the manner and nature of the intervention through which the Department can intervene. The Department wishes to be an activist shareholder who will drive certain key initiatives together with the SOC.

### People

The Department recognizes that employees are the biggest and most important assets. To this extend, the Department will create a conducive working environment and ensure that skills development is prioritised. Management capability development will be developed to ensure that the strategy is implemented. There will be focus on the retention of scarce and critical skills. The culture and diversity interventions identified from the recent climate survey will be implemented.

### **Process**

The Department will deliver the various product and services in collaboration with SOC as well as other relevant Government Department. The oversight management process will be streamlined to ensure effective monitoring and evaluation of programmes implemented by the SOC. The roles and responsibilities of the different units will be clarified to eliminate uncertainty. The RACIL framework in section 3.8 clarifies this.

### **Technology**

The Department will invest in Knowledge Management to ensure the preservation of institutional memory and facilitate knowledge sharing. The ICT strategy and Governance Framework for the Department will be developed.

## **3.11 LINK TO OTHER PROGRAMMES**

The work of the Department is interlinked to the work of policy departments such as Departments of Energy, Transport and Telecommunications and Postal Services. The work of the Department through its SOC would further contribute to implementation of other programmes of government such as the Industrial Policy Action Plan and National Skills Development Strategy. Strengthening of coordination structures at the national level to ensure coherency in the delivery of programmes that are crucial to the achievement of government's economic strategy as outlined in the New Growth Path is essential.

The creation of an enabling policy, regulatory and operating environment for SOC to support the delivery of the Department's strategy is crucial. In this regard, the Department will continue to engage Departments in the energy, ICT, transport and defence sectors. This will ensure that sectoral policies create an enabling environment to support the delivery of key outcomes of inclusive growth and employment.

# GLOSSARY

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

<b>AFDB</b>	African Development Bank
<b>AGM</b>	Annual General Meeting
<b>BB-BEE</b>	Broad Based Black Economic Empowerment
<b>CAPEX</b>	Capital Expenditure
<b>CFO</b>	Chief Financial Officer
<b>CS</b>	Corporate Services
<b>CSDP</b>	Competitive Supplier Development Programme
<b>DAFF</b>	Department of Agriculture, Forestry and Fisheries
<b>DCT</b>	Durban Container Terminal
<b>DEA</b>	Department of Environmental Affairs
<b>DG</b>	Director-General
<b>DDG</b>	Deputy Director-General
<b>DHET</b>	Department of Higher Education and Training
<b>DM</b>	Deputy Minister
<b>DMR</b>	Department of Mineral Resources
<b>DOC</b>	Department of Communications
<b>DOD</b>	Department of Defence
<b>DOE</b>	Department of Energy
<b>DOT</b>	Department of Transport
<b>DPE</b>	Department of Public Enterprises
<b>DRDLR</b>	Department of Rural Development & Land Reform
<b>DTI</b>	Department of Trade and Industry
<b>EDI</b>	Electricity Distribution Industry
<b>EE</b>	Economic Equity
<b>EIA</b>	Environmental Impact Assessments
<b>EMP</b>	Environmental Management Plan
<b>ExCo</b>	Executive Committee
<b>FET</b>	Further Education and Training
<b>FOSAD</b>	Foundations of Security Analysis and Design
<b>FSN</b>	Full Services Network
<b>HR</b>	Human Resources
<b>ICASA</b>	Independent Communications Authority of South Africa -
<b>ICT</b>	Information and Communication Technology
<b>IGR</b>	Inter-Governmental Relations
<b>IP</b>	Intellectual Property
<b>IPO</b>	Initial Public Offering

<b>IPP</b>	Independent Power Producers
<b>IRP</b>	Integrated Resource Plan
<b>ISMO</b>	Independent System and Market Operator
<b>EIPA</b>	Economic Impact Policy Alignment
<b>JV</b>	Joint Venture
<b>KLF</b>	Komatiland Forests
<b>KPI</b>	Key Performance Indicator
<b>LTTS</b>	Long Term Turnaround Strategy
<b>MISS</b>	Minimum Information Security Standards
<b>MOU</b>	Memorandum of Understanding
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>MYPD</b>	Multi- Year Price Determination
<b>NCPM</b>	National Corridor Performance Measurement
<b>NDP</b>	National Development Plan
<b>NEDLAC</b>	National Economic Development and Labour Council
<b>NERSA</b>	National Energy Regulator
<b>NT</b>	National Treasury
<b>PAIA</b>	Promotion of Access to Information Act
<b>PBMR</b>	Pebble Bed Modular Reactor
<b>PFMA</b>	Public Finance Management Act
<b>PPP</b>	Public-Private Partnerships
<b>PSJV</b>	Pooling and Sharing Joint Venture
<b>PSP</b>	Private Sector Participation
<b>RACIL</b>	Responsibility Accountability Consultation Information Leading
<b>R&amp;D</b>	Research and development
<b>RMC</b>	Richtersveld Mining Company
<b>SAA</b>	South African Airways
<b>SAAT</b>	South African Airways Technical
<b>SAFCOL</b>	South African Forestry Company Ltd
<b>SAQA</b>	South African Qualification Authority
<b>SAX</b>	South African Express Airways
<b>SCM</b>	Supply Chain Management
<b>SIP</b>	Strategic Integrated Projects
<b>SLA</b>	Service Level Agreement
<b>SOC</b>	State Owned Companies
<b>SSA</b>	State Security Agency
<b>TNPA</b>	Transnet National Ports Authority
<b>TOR</b>	Terms of Reference
<b>TFR</b>	Transnet Freight Rail
<b>WACS</b>	West Coast Submarine Cable