



DEPARTMENT OF ENERGY – VOTE 29 ANNUAL REPORT 2013/14



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA





energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF ENERGY – VOTE 29 ANNUAL REPORT 2013/14

CONTENTS

PART A: GENERAL INFORMATION..... 4

1. Department of Energy General Information	5
2. List of Abbreviations/Acronyms	6
3. Foreword by the Minister	10
4. Deputy Minister's Statement.....	13
5. Report of the Accounting Officer.....	16
6. Statement of Responsibility and Confirmation of Accuracy for the Annual Report.....	32
7. Strategic Overview	33
8. Legislative and Other Mandates.....	34
9. Organisational Structure.....	42
10. Entities Reporting to the Minister.....	43

PART B: PERFORMANCE INFORMATION 48

1. Auditor-General's Report: Predetermined Objectives.....	49
2. Overview of Departmental Performance	50
3. Strategic Outcome-oriented Goals	58
4. Performance Information by Programme	61
5. Transfer Payments	110
6. Conditional Grants.....	114
7. Donor Funds.....	115
8. Capital Investment.....	117

PART C: GOVERNANCE 118

1. Introduction.....	119
2. Risk Management.....	119
3. Fraud and Corruption	120
4. Minimising Conflict of Interest.....	120
5. Code of Conduct	120
6. Health Safety and Environmental Issues.....	121
7. Portfolio Committees	122
8. Scopa Resolutions.....	123
9. Prior Modifications to Audit Reports	123
10. Internal Control Unit.....	124
11. Internal Audit and Audit Committees.....	125
12. Audit Committee Report	126

PART D: HUMAN RESOURCE MANAGEMENT 128

1. Legislature that Govern Human Resources Management	129
2. Introduction.....	129
3. Human Resources Oversight Statistics	132

PART E: FINANCIAL INFORMATION 166

PART A: GENERAL INFORMATION



1. DEPARTMENT OF ENERGY GENERAL INFORMATION

Physical address: Matimba House
192 Visagie Street
Corner Paul Kruger and Visagie Street
Pretoria

Postal address: Private Bag X96
Pretoria
0001

Telephone number/s: +27 (0)12 406 8000/7300

Fax number: +27 (0)12 323 5646

E-mail address: info@energy.gov.za

Website: www.energy.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

ABC	Activity-Based Cost
ADAM	Approach to Distribution Asset Management
AENE	Adjusted Estimates of National Expenditure
AFRA	African Regional Agreement for Research, Development and Training related to Nuclear Science and Technology
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AU	African Union
BAC	Bid Adjudication Committee
B-BBEE	Broad-Based Black Economic Empowerment
BFP	Basic Fuel Price
BRICS	Brazil, Russia, India, China and South Africa
BSS	Benchmark Service Station
BUSA	Business Unity of South Africa
C3E	Clean Energy, Education and Empowerment
CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
CEF	Central Energy Fund
CEM	Clean Energy Ministerial
CHIETA	Chemical Industries Education and Training Authority
CIPC	Companies and Intellectual Properties Commission
CoGTA	Department of Cooperative Governance and Traditional Affairs
CSLA	Chief State Law Advisor
DBC	Departmental Bargaining Chamber
DEA	Department of Environmental Affairs
DIRCO	Department of International Relations and Cooperation
DNA	Designated National Authority
DoRA	Division of Revenue Act of South Africa
DPME	Department of Monitoring and Evaluation
DRC	Democratic Republic of Congo
ECS	Energy Conservation Scheme
EDIH	Electricity Distribution Industry Holdings
EE	Energy Efficiency
EEDSM	Energy Efficiency Demand Side Management
EHWP	Employee Health and Wellness Programme
EIA	Environmental Impact Assessment
EKRC	Energy Knowledge Resource Centre
EMP	Environmental Management Plan
ENE	Estimates of National Expenditure
EPREV	Emergency Preparedness Review
Esco	Energy Services Companies
ESMAP	Energy Sector Management Assistance Programme
EU	European Union

EURATOM	European Atomic Energy Community
EWSWTA	Energy and Water Sector Education and Training Authority
EXCO	Executive Committee
FBE	Free Basic Electricity
FET	Further Education and Training
FOSAD	Forum of South African Directors
FTRM	Full-Time Regulator Member
GIF	Generation IV International Forum
GIZ	Gesellschaft für Internationale Zusammenarbeit
GUMP	Gas Utilisation Master Plan
HDI	Historically Disadvantaged Individual
HOA	Home Owners Allowance
HR	Human Resources
IAEA	International Atomic Energy Agency
IBT	Inclining Block Tariffs
ICT	Information and Communication Technology
IDC	Infrastructure Development Cluster
IEA	International Energy Agency
leC	Integrated Energy Centre
IEP	Integrated Energy Plan
INEP	Integrated National Electrification Programme
IOP	Institutional Operational Plan
IPEEC	International Partnership for Energy Efficiency Co-operation
IPP	Independent Power Producers
IRENA	International Renewable Energy Agency
IRP 2010	Integrated Resource Plan 2010
ISMO	Independent System Market Operator
LoA	Letter of Approval
LPG	Liquefied Petroleum Gas
LTMS	Long-Term Mitigation Scenario
LV	Low Voltage
MANCO	Management Committee
MCS	Modified Cash Standard
MDZ	Magisterial District Zone
MEC	Member of the Executive Council
MoU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MPAR	Marketing of Petroleum Activities Return
MTEF	Medium-Term Expenditure Framework
MV	Medium Voltage
MW	Megawatts
NDP	National Development Plan
NDPSP	National Development Policy Support Programme
NEA	Nuclear Energy Agency

Necsa	Nuclear Energy Corporation of South Africa
NEDLAC	National Economic Development and Labour Council
NEEAP	National Energy Efficiency Action Plan
NEES	National Energy Efficiency Strategy
NERSA	National Energy Regulator of South Africa
NIASA	Nuclear Industry Association of South Africa
NMPP	New Multi-Product Pipeline
NNEECC	National Nuclear Energy Executive Co-ordination Committee
NNR	National Nuclear Regulator
NRF	National Revenue Fund
NRWDI	National Radioactive Waste Disposal Institute
NTI	New-To-Industry
OECD	Organisation for Economic Co-operation and Development
PAIA	Promotion of Access to Information Act
PDD	Project Development Documents
PDF	Project Development Fund
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Co-ordinating Commission
PIN	Project Identification Notes
PMDS	Performance Management and Development System
PPA	Petroleum Products Act
PPAA	Petroleum Products Amendment Act
PPALS	Petroleum Products Act Licensing System
PPP	Public Participation Programmes
PSETA	Public Services Education and Training Authority
PTRM	Part-Time Regulator Member
PV	Photovoltaic
R&D	Research and Development
RAS	Regulatory Accounting System
RDP Fund	Reconstruction and Development Programme Fund
REIPPP	Renewable Energy Independent Power Producer Programme
RPM	Radiation Portal Monitor
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SAGEN	South African-German Energy Programme
SAIREC	South African International Renewable Energy Conference
SANEDI	South African National Energy Research and Development Institute
SAPIA	South African Petroleum Industry Association
SAPP	Southern African Power Pool
SAPS	South African Police Service
SARi	South African Renewables Initiative
SARS	South African Revenue Service
SAWEP	South African Wind Energy Programme
SAYNPS	South African Young Nuclear Professional Society

SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIF	Service Delivery Improvement Plan
SETA	Sector Education and Training Authority
SIP	Strategic Integrated Projects
SLA	Service Level Agreement
SMART	Specific, Measurable, Attainable, Realistic and Timeous
SMME	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SOE/C	State-Owned Entity/Company
SOOG	Strategic Outcomes-Oriented Goals
SOP	Standard Offer Programme
SSAC	State System of Accounting and Control
STEM	Science, Technology, Engineering and Mathematics
SWH	Solar Water Heater
TCP	Technical Co-operation Programme
TDP	Transmission Development Plan
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	UN Framework Convention on Climate Change
VPN	Virtual Private Network
WACC	Weighted Average Cost of Capital
WINSA	Women in Nuclear South Africa
WOESA	Women in Oil and Energy South Africa
WSP	Workplace Skills Plan

3. Foreword by the Minister

Introduction

In May 2009, the newly established Department of Energy (DoE) was mandated with ensuring security of supply of energy resources and pursuing an energy mix that includes clean and renewable resources to meet the needs of the country's fast growing economy, without compromising our commitment to sustainable development. This meant escalating our efforts towards a greater contribution by renewable energy sources, including solar and wind power, as well as harnessing the hydroelectric potential of the Southern African Development Community (SADC) Region.

The President's decision for a dedicated energy department gave birth to the Department's first Strategic Plan which cited, amongst others, the need to transform towards a low carbon trajectory, taking advantage of our natural resources such as the sun and wind in order to increase the off-take of renewable energy, providing the country's first integrated electricity plan, introducing the Independent System Market Operator (ISMO), encouraging investment in finance, technology and skills development and ensuring universal access to electricity.

Policy Development

The energy policy plans and instruments deployed in the past five (5) years have been shaped by fundamentals such as energy security, economic growth, environmental sustainability and energy access.

By the end of its first five (5) years, the Department had either completed or was in the process of completing amendments and updates to policies to address the country's energy needs, create regulatory certainty and bring transformation to the energy sector. Policies addressed included, amongst others, the Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003) for the regulation and transformation of the petroleum industry, the Gas Act, 2001 (Act No.48 of 2001), the Integrated Resource Plan, 2010 (IRP 2010) [which sets the South African energy sector on a low carbon trajectory], and the Integrated Energy Plan (IEP), which outlines the country's energy infrastructure plans for the next 30 years by optimising the use of gas, petroleum products and electricity in a manner that aligns government's objectives of job creation, skills development and poverty alleviation.

Energy Access

Energy access has been at the heart of South African energy policy since 1994. Prior to 1994 two (2) in every three (3) South Africans were not connected to electricity; today four (4) out of every five (5) South Africans have been connected to electricity via grid or non-grid connections. The country's access rate now stands at 86% and it is intended that universal access will be achieved by 2025. This target is in line with the UN General Assembly declaration that universal access to clean energy should be achieved by 2030.

Large-scale household connection to electricity requires investment in bulk infrastructure to ensure that the transmission of electricity is achieved efficiently and effectively. Although investment into transmission and distribution infrastructure has been made, backlogs remain and a concerted effort will be needed to assist struggling municipalities going forward.

The New Multi-Product Pipeline (NMPP) was completed by Transnet during 2013 and this will assist in providing security of supply of petroleum products to the inland markets over the long term.

Electricity and Clean Energy

The Department of Energy has been responsive to climate change imperatives by embarking on the biggest energy infrastructure investment programme the country has ever seen – the Renewable Energy Independent Power Producer Programme (REIPPP), as outlined in the IRP 2010. This is an ambitious programme that aims to increase generation capacity from low carbon sources



The country's energy access rate now stands at 86% and it is intended that universal access will be achieved by 2025.

by 40 000 Megawatt (MW). Of this, about 17 900 MW will be generated from renewable energy sources, 2 600 MW from imported hydro and 9 600 MW from nuclear. The implementation of this programme has commenced and with the finalisation of three (3) windows of the procurement process, approximately 4 000 MW of wind and solar energy have been secured.

The IRP 2010 was accompanied by a clear programme of incentives for investment, as well as the development of the requisite human resource capacity to take full advantage of the opportunities presented by growth in this sector. One of the technologies successfully deployed and subscribed to by investors is wind energy technology. This has been partly due to preparations done by the Department, such as the development of the Wind Atlas as well as wind stations that provide free data to potential investors.

Nuclear

Since the inception of the Department, it has been clear that nuclear will play a key role in supporting base-load generation capacity for the energy future of our country, especially given the need for the country to reduce carbon emissions. The IRP 2010 makes provision for 9 600 MW to be generated by nuclear energy by 2030. Work on the nuclear programme has been initiated and a National Nuclear Energy Executive Co-ordination Committee (NNEECC), led by His Excellency, President Jacob Zuma, is responsible for leading, monitoring, providing oversight and taking key strategic decisions regarding the implementation of the nuclear programme in the country.

During the year under review, the Department of Energy, together with three (3) National Departments and three (3) State-Owned Companies, participated in an extensive study tour to learn from other countries that have established nuclear programmes. The Department is confident that the nuclear programme will contribute towards our need to diversify the energy mix, industrialisation of the economy, job creation and skills development. It is anticipated that the development of the nuclear sector will also support the aspiration of other African states that have expressed an interest in pursuing nuclear energy power programmes.

Over the past few years, we have focused on the demystification of nuclear energy in preparation for the nuclear programme. This has been successfully implemented through campaigns conducted throughout the country. A number of community engagements (conferences, workshops and dialogues, outreach programmes to over 5 000 learners, and several media campaigns (newspaper and radio), were conducted over the past five (5) years. The South African Nuclear Energy Corporation (Necsa) Visitor Centre, launched in 2010/11, has been instrumental in ensuring that as many South Africans, academics, researchers and students as possible are exposed to information on the nuclear programme of the country.

Hydrocarbons

Demand for hydrocarbons, particularly oil, continues to increase in South Africa. The price of oil has continued to increase and this has had a debilitating effect, especially on developing economies where the fuel (oil) bill has increased substantially. At present, South Africa imports more than 50% of its transport fuels. The country's liquid fuel needs can be broken down as follows: 5% gas, 35% coal 50% crude oil (imported) and 10% refined liquid fuels.

South Africa is currently working on a biofuels initiative which, in the long term, will contribute to the pool of locally produced liquid fuel. The Department is working on the regulatory instruments which will guide the implementation of the biofuels strategy and facilitate the introduction of biofuels in the South African liquid fuels market. There are plans to increase the refining capacity in the country to enhance security of liquid fuels supply. In the past five (5) years, government has worked on liquid fuels infrastructure and invested in the NMPP from Durban to Johannesburg. This pipeline assists by reducing the number of commercial road tankers needed to carry products inland from the coast.

International Relations

The Department has maintained co-operation with the SADC Region, the African continent and the rest of the world. These strategic partnerships have been in line with the energy interests of the country, particularly the need for security of supply, diversification of the energy mix and access to finance, technology, technical skill and information. In line with this imperative, the Department has forged bilateral and multilateral relations that meet our strategic objectives.

The IEP has taken cognisance of the abundant clean energy resources available in the region and seeks to incorporate these sources. This marks the Department's strategy to multi-source, with the objective of reducing our carbon footprint and driving South Africa's low carbon trajectory. In this regard, the Department initiated and signed a treaty with the Democratic Republic of Congo in 2013, which seeks to jointly develop the Grand Inga Hydro Power Project. The project has an estimated capacity to generate 40 000 MW

and will be constructed in phases. The first phase aims to generate 4 800 MW. We are currently exploring ways to operationalise the treaty and initiate the development of phase one. South Africa is also exploring other regional projects within the SADC Region in countries such as Mozambique and Lesotho.

South Africa, together with the SADC region, is working on regional integration of the region's transmission infrastructure. This is driven by the Southern African Power Pool (SAPP). To date, the SAPP has established a day-ahead market where trading of electricity takes place among member countries. The regional transmission system needs further strengthening and connection to other countries such as Angola, Malawi and Tanzania. Plans are under way to implement the interconnectors for the SAPP. The main objective of the Department's approach towards international relations is to advance the South African energy agenda and facilitate sustainable development in the energy sector through bilateral, trilateral and multilateral relations with the African region and the rest of the world.

Conclusion

The five (5)-year targets and mandate of the Department have mostly been met. The efforts that have gone into setting up the Department are commendable. We have excelled in some areas but, as outlined in the National Development Plan (NDP), we need to review our policies and regulations to ensure that we meet the 2030 energy objectives of energy access for all, security of supply, a diversified energy mix and an energy sector that supports the economic growth and prosperity of our country. We need to explore the opportunities offered by the gas sector, both at home and regionally, as this is a potential game changer for South Africa and the Southern African region.



Tina Joemat-Pettersson, MP
Minister of Energy

4. Deputy Minister's Statement

Introduction

Modern energy services are crucial to human wellbeing and to the country's economic development and yet globally over 1.3 billion people are without access to electricity and 2.7 billion people are without clean cooking facilities. More than 95% of these people are either in sub-Saharan Africa or developing Asia and 84% are in rural areas.

The South African Government has mandated the Department of Energy to ensure that there is energy access for all. This is to be achieved through diversity of energy mix to ensure that as a country we embark on a low carbon trajectory and that there is security of supply. The South African Government, through the previous Department of Minerals and Energy and the current Department of Energy has, for the past 20 years, been working towards achieving these goals.

Household Electrification Programme

Government has pledged itself to ensuring that all South Africans have access to electricity by 2025. Our implementation partners, Eskom and the municipalities, have over the years extended their networks, and through electrification projects brought quality of life and economic opportunities to many in underdeveloped areas of our country. In improving access to electricity, the Integrated National Electrification Programme (INEP) continues to be the backbone of our electricity delivery programme to communities that are under-served

in terms of grid and off-grid connection. In the process of rolling out electricity to our communities, employment opportunities have been created and the recipients have been exposed to new business opportunities, a better standard of life and improved health. The Free Basic Electricity (FBE) Policy has enabled indigent communities in our country to have access to basic energy services. This social protection scheme should be protected now and in the future.

In its first five (5) years of existence, the largest item in the budget of the Department of Energy has been the INEP. INEP is a critical project as it combines service delivery through the electrification programme and poverty reduction through the creation of jobs, mainly in the rural areas of our country. As a result, the annual budget for INEP has increased from R2.6 billion in the 2009/10 financial year to R4.1 billion in the 2013/14 financial year.

Access to electricity in South Africa has more than doubled from 36% of the population in 1994 to 86% in 2013. This covers more than 5.8 million households that now have access to electricity. In the last five (5) years alone just over 1.1 million new connections were achieved and of these, 43 517 were connected by non-grid technology to supplement the grid-connections. It is envisaged that at least 10% of the newly electrified houses will be supplied by non-grid technology. This will bring the number of non-grid connections to around 300 000 households since the inception of the off-grid programme.

As more households are connected to the grid and electricity is made available to more remote areas to address the backlog in the country, the need for the installation of bulk infrastructure (substations and major medium voltage lines) and reticulation infrastructure has increased. In this regard, a New Household Electrification Strategy was approved by Cabinet in June 2013 to relook at the electrification targets and address backlogs in order to ensure universal access by 2025. New areas with no transmission infrastructure will have to be serviced; hence the focus on bulk infrastructure. Most of these infrastructure projects are long-term projects (spanning over more than one (1) financial year) due to their complexity and the long lead times to obtain hardware.

In the 2013/14 financial year, around 370 km of new medium voltage (MV) power lines were constructed and various others were upgraded throughout the country. Four (4) new substations were completed, and funding for the upgrading of ten (10) substations was approved. Two (2) of these projects were completed, namely the Okiep and Nababeep substations in the Northern Cape. In order to deliver the high number of connections, Eskom installed 1 554 km of electrical lines, while Municipalities installed 155 km of electrical lines.



“Access to electricity in South Africa has more than doubled from 36% of the population in 1994 to 86% in 2013.”

The infrastructure refurbishment programme also targets municipalities/metros across the country. Through the Mini-Approach to Distribution Asset Management (Mini-ADAM) Programme, nine (9) municipalities/metros were identified as possible recipients of R320 million (which became available after the winding up of EDI Holdings). Due to the limited funding, only municipalities that required critical emergency interventions and responded in time were considered for assistance in the 2013/14 financial year. The main purpose of the Mini-ADAM intervention was for the Department to assist by facilitating the provision of funding for the maintenance, refurbishment and strengthening of the electricity distribution network in selected areas, as the starting point for a longer, multi-phased ADAM Programme. The respective projects are progressing well, with an overall completion rate of 60%. However, one (1) municipality is progressing very slowly due to internal and human resource challenges.

Community Upliftment, Socio-Economic Issues and Special Programmes

During the year under review, the Department continued to implement various programmes and projects in an effort to address poverty and unemployment, with special focus on vulnerable groups and communities. These initiatives included community development programmes; donations to schools, the disabled and households as a kick-start to using electricity for the first time; energy awareness campaigns; and learners' information sessions on energy.

In collaboration with South African oil companies and local municipalities the Department initiated the concept of Integrated Energy Centres (leCs), of which there are now ten (10) throughout the country and two (2) of these were launched in 2013/14. leCs serve as a tool to enable the delivery of affordable, accessible, modern energy services to rural communities. The importance of this initiative is that it takes place in deep rural areas of the country and has created around 800 jobs, 80 of them being permanent.

The Department introduced leCs as an instrument to fight energy poverty and enhance access to energy services. leCs are presented as a 'one-stop energy shop' owned and operated by co-operatives as community projects. leCs sell illuminated paraffin, Liquefied Petroleum Gas (LPG), candles, petrol and diesel at affordable prices but also act as community information hubs. In the financial year under review, the Department launched two (2) leCs; one (1) in the Free State and the other in KwaZulu-Natal, both of which are sponsored by Sasol. A sod turning ceremony was conducted towards the launch of an leC in Qamata (Eastern Cape), which is being sponsored by PetroSA.

In addition to the leCs, the Department conducts other community upliftment projects. In the 2013/14 financial year projects targeted the mainstream gender, youth, disability and HIV/AIDS in relation to the energy sector. These initiatives were conducted in previously disadvantaged communities in all nine (9) provinces of the country. The annual Learner Focus Week was hosted by the Department in July 2013. This event attracted 250 senior learners from previously disadvantaged communities to learn about career and job opportunities in the various energy sectors.

Women in Oil and Energy South Africa

A Memorandum of Understanding (MoU) between the Department of Energy and Women in Oil and Energy South Africa (WOESA) was signed by the Minister in March 2013. The MoU outlines how the Department can support WOESA by talking to communities about available business opportunities in the energy sector, as well as helping those who are interested in the energy sector. The Department acknowledges the importance of WOESA and its role in supporting black economic empowerment of women.

Women in Nuclear South Africa

Women in Nuclear South Africa (WiNSA), in partnership with the Department, hosted WiN-Global in Johannesburg. WiN-Global aims to develop a dialogue with the public to promote awareness and education around the contribution of nuclear technologies to people and society. This partnership will contribute to knowledge and information exchange among members and communities, and promote interest in nuclear engineering, science and other nuclear-related professions, especially among women and young people.

South African Young Nuclear Professionals Society

The South African Young Nuclear Professional Society (SAYNPS) partnered with the Department to host the SAYNPS summit. The society invited young nuclear professionals from the nuclear industry, government departments, academia and research agencies, as well as educators, students, entrepreneurs and small, medium and micro enterprises (SMMEs) and the general public, to provide insight regarding their strategic plans and the roll-out of their programmes. This provided the opportunity for the youth to learn, engage and deliberate on matters concerning the future of nuclear in South Africa. SAYNPS also hosted a career guidance exhibition, which highlighted careers in the nuclear sector and created an understanding of the working environments

learners would be exposed to on completion of their studies. It also informed learners about the application requirements for study at various learning institutions, such as universities, universities of technology and Further Education and Training (FET) colleges and available bursaries and qualifying requirements.

Clean Energy Education and Empowerment (C3E)

C3E is one of the initiatives of the Clean Energy Ministerial (CEM) which brings together energy ministers from more than ten (10) countries to discuss and share best practise on issues of climate change and clean energy. C3E provides a platform for women of all ages across the world to engage and support each other in the clean energy environment. South Africa is a founding member of CEM and represents the African continent.

A strategic session was held in February 2013 where all existing C3ESA partners and team members participated. The outcome was an approved Strategic Plan for C3ESA, which outlines activities and targets for the next five (5) years and is currently being implemented. A webpage for C3E was established and is accessible through the departmental webpage. The Department also participated in the officials' preparatory meeting, held in Mexico in February 2014, to prepare for the CEM meeting three (3) months later. South Africa, as the Africa continent representative, was given the opportunity to present the 'future' of C3E in South Africa and Africa.

Disability, HIV/AIDS and Special Programmes

The Department continued to observe the International Day of Persons with Disabilities and World AIDS Day. These days focused on the role of employees in internal mainstreaming of Disabilities and HIV/AIDS.

Youth and Children Programmes

In 2011 the Department hosted its first Learners Focus Week Programme, aimed at encouraging young women and men to enter into science, technology, engineering and mathematics (STEM) fields. The programme now alternates between coastal and inland provinces, focusing particularly on disadvantaged and rural communities. To date, 750 learners have taken part in the programme and 30 have been awarded full-time bursaries. The programme targets learners who are studying mathematics and science at high school level and encourages them to take up STEM subjects at universities or FET Colleges.

Career Information Sessions/Expos

The Department participated in four (4) exhibitions, including a Youth Day event, where learners were given information on career opportunities available within the energy sector. This afforded learners the opportunity to interact directly with companies showcasing their employment brand, educational institutions which highlighted entrance requirements, as well as role models in various careers who shared their personal experiences in managing their careers. The Department has reached about 20 000 young people and learners to date and shared information regarding opportunities available post-matric.

Conclusion

Energy poverty is one of the most debilitating factors for any country. The energy sector is the engine for economic development and is at the heart of businesses, households and individuals. I am pleased that the Department, young as it is, has managed to achieve this much in the first five (5) years of its existence. Households have been electrified in poor and rich, urban and rural communities. Energy access in South Africa is among the highest on the African continent and the access rate is comparable with other countries like the BRICS nations. We have set a target of 100% access to clean, affordable and reliable energy for all South Africans by 2025 and we are on target to achieve this. The Department has also operated with a human face, touching the lives of many through the outreach programmes that we have initiated and successfully delivered.



Thembisile Majola, MP
Deputy Minister of Energy

5. Report of the Accounting Officer

5.1. Overview of the Operations of the Department

The Department of Energy's operations are premised, among others, on the Energy White Paper of 1998 as well as the National Energy Act, 2008 (Act No. 34 of 2008) which mandates the Department to ensure secure and sustainable provision of energy for socio-economic development. The Department's mission is to regulate and transform the sector for the provision of secure, sustainable and affordable energy; and in some instances transfer resources to various implementing agencies and State-owned Companies (SOCs).

In carrying out this mandate, the Department formulates energy policies, regulatory frameworks and legislation, and oversees their implementation to ensure energy security, promotion of environmentally friendly energy carriers and access to affordable and reliable energy for all South Africans.

To achieve its mandate, the Department has the following six (6) programmes which are respectively responsible for:

- **Programme 1: Administration** – Providing strategic support and management services to the Ministry and the Department of Energy (DoE). The functions include Finance and Supply Chain Management, Corporate Support, Governance and Compliance and International Co-ordination;
- **Programme 2: Energy Policy and Planning** – Ensuring evidence-based planning, policy setting and investment decisions in the energy sector to improve security of energy supply, regulation and competition. The functions include Demand Management, Competition, Energy Policy, Energy Planning, Energy Publications, Distribution Asset Management Plan and Liquid Fuels Infrastructure Plan;
- **Programme 3: Energy Regulation (Petroleum and Petroleum Product Regulation)** – Managing the regulation of petroleum and petroleum products to ensure the optimum and orderly functioning of the petroleum industry to achieve government's developmental goals. The functions include Regulatory Accounting System (RAS), Sector Transformation, Compliance Monitoring and Enforcement, Petroleum Licensing and Fuel Price Regulation;
- **Programme 4: Electrification and Energy Programme and Project Management (Energy Programmes and Projects)** – Managing, co-ordinating and monitoring programmes and projects focused on access to energy. The functions include Universal Access, Electricity Distribution Asset Management, Project Management, Electricity Infrastructure/Industry Transformation, Community Upliftment and Regional Information, Inspections and Liaison;
- **Programme 5: Nuclear Energy** – Managing the South African nuclear energy industry and control of nuclear materials in terms of international obligations, nuclear legislation and policies to ensure the peaceful use of nuclear energy. The functions include Nuclear Security, Nuclear Control and Accounting, Radioactive Waste Management and Nuclear Energy Expansion/Infrastructure Developments; and
- **Programme 6: Clean Energy** – Managing and facilitating the development and implementation of clean and renewable energy, energy efficiency and demand side management initiatives. The functions include Climate Change and Environment, Energy Efficiency (EE) and Demand Management, Energy Management Plan and Renewable Energy.



A number of renewable energy initiatives were advanced over the last 12 months in a bid to respond to targets set in the Integrated Resource Plan 2010 (IRP 2010)

5.2. Overview of the Results and Challenges for the Year – Significant Events and Projects

Below are some of the activities that the Department embarked on in the year under review:

5.2.1. Integrated National Electrification Programme (INEP)

The New Household Electrification Strategy was approved by Cabinet in June 2013 to address electrification backlogs and to ensure universal access by 2025. This will be achieved by grid extension, with 10% of the backlog addressed by means of non-grid Photovoltaic (PV) solar systems. This is in line with proposals contained in the National Development Plan (NDP) to achieve universal access by 2030, however a progressive roll-out programme is being implemented through the New Household Electrification Strategy to reach the universal access target earlier.

The Department's 2013/14 electrification target of 245 070 grid and 15 000 non-grid household connections was met as at 31 March 2014, with 292 714 grid and 14 059 non-grid household connections achieved. The challenges with regard to rural household connections remain since most rural areas are far removed from the grid and additional bulk infrastructure is required to connect these areas. The high cost of such connections and the long lead times to complete these projects result in delays in the roll-out of new connections to rural areas, and other areas where there is a serious shortage of infrastructure.

5.2.2. Renewable Energy

A number of renewable energy initiatives were advanced over the last 12 months in a bid to respond to targets set in the Integrated Resource Plan 2010 (IRP 2010) which requires 42% by 2030, as well as the 10 000 GWh target set out in the White Paper on Renewable Energy Policy (2003).

Windows 1 and 2 of the Renewable Energy Independent Power Producer Programme (REIPPP) were successfully concluded, with 47 projects contracted. The construction phase of Window 1 progressed well, with a number of projects nearing completion and Window 2 projects were in the initial phase of construction as at the end of the financial year. As at 31 March 2014 six (6) projects from Bid Window 1, with a total capacity of approximately 191.13 MW, reached commercial operation, namely:

- Konkoonsies Solar – Northern Cape (9.65 MW);
- Kalkbult Soutpan Solar Park – Northern Cape (72.5 MW);
- Aries Solar – Northern Cape (9.65 MW);
- RustMo1 Solar – North West (6.93 MW);
- Metro Wind (Van Standens) – Eastern Cape (27 MW); and
- Hopefield Wind – Western Cape (65.4 MW).

A further six (6) projects from Bid Window 1 reached an Early Operating Energy per MW (EOP/MW) of about 325 MW. This means that a certain portion of energy is being transmitted to the grid whilst they are still under construction. Four (4) of these are Solar PV projects in the Northern Cape, and the remaining two (2) are Onshore Wind projects in the Eastern and Western Cape.

With regards to Bid Window 2, most of these projects are at initial construction stage and will be completed around 2016. However, it is expected that eight of the 19 Independent Power Producers (IPPs) will achieve commercial operation by the end of 2014.

Nineteen (19) projects across various technologies achieved preferred bidder status in the third round of bidding under the REIPPP. These projects will lead to 1 473 MW of installed capacity. The Bid Window 3 submissions were opened on 3 March 2014 for 200 MW allocated to concentrated solar power (CSP) only, and closed on 31 March 2014. An additional 17 projects were successful in Bid Window 3, but still have to reach financial closure later this year. The IPP programme has, to date, attracted over R150 billion in foreign direct investment. During the construction phase of Bid Windows 1 and 2, just under 13 000 jobs were created, of which about 7 500 were taken up by the youth.

Meanwhile, the feasibility study for the 5 000 MW renewable energy corridor initiative in the Northern Cape has been completed and is in the process of being submitted to Cabinet for consideration. The Environmental Impact Assessment (EIA) for the 1 000 MW Uptington Solar Park is currently under way.

5.2.3. Solar Water Heater Programme

The Solar Water Heater (SWH) Programme has been beset with problems, including the installation of poor quality products, poor workmanship, and the side-lining of locally produced systems due to imports. The SWH installation was slowed down to address these challenges and to enable the Department to revise the contracting model. The revised SWH contracting model prescribes a minimum local content level of 70% for subsidised systems and a rebate can only be secured once the South African Bureau of Standards (SABS) has verified the local content.

5.2.4. Procurement of Generation Capacity through Co-generation and Coal Technologies

In line with the need for new generation capacity, as determined by the Minister of Energy under section 34(1) of the Electricity Regulation Act, 2006 (Act No.4 of 2006), the Department will launch processes for the procurement of 800 MW of co-generated and 2 200 MW of coal generated electricity during April 2014 and May 2014 respectively. This determination is made under the IPP Programme.

5.2.5. Regulatory Framework for Mandatory Blending of Biofuels

On 19 December 2013, the Minister of Energy approved the publication of the Department's Position Paper on the South African Biofuels Regulatory Framework in the *Government Gazette* and on the Department's website. However, due to concerns regarding the extent of public consultation thereon, it was deemed prudent that it be published as a Draft Position Paper to allow for further public consultation.

The Draft Position Paper was developed by the interdepartmental Biofuels Task Team, convened and chaired by the Department of Energy, and comprising representatives from the departments of Water Affairs, Rural Development and Land Reform, Agriculture, National Treasury and Department of Trade and Industry.

In March 2014 consultations were concluded with a broad cross-section of interested parties, to solicit inputs to the Draft Position Paper. The Department will present this to Cabinet, after which the regulatory framework will be gazetted.

5.2.6. Petroleum Licensing

During 2013/14 significant improvements were made to the turnaround time for finalising petroleum licensing applications. The Department continues to make the process of applying for petroleum licences easier and more accessible by sharing information and educating applicants and potential applicants on the licensing process through regional awareness campaigns. The benefits of this approach were seen in the large number of applications that were lodged during the financial year with all the required information provided. Furthermore, the Department had regular interactions with the majority of oil companies, which facilitated the speedy resolution of licence application challenges.

However, the Department still experiences cases where inadequate information is provided in applications. This causes unnecessary delays, since additional information has to be requested from the applicants and their response awaited. In this regard, amendments to the regulations are planned to ensure that licence applications cannot be accepted without all the necessary information.

5.2.7. Compliance Monitoring and Enforcement

Site inspections are conducted to monitor and enforce compliance with the conditions of licences. More than 1 500 site inspections were conducted during the year at sites where petroleum activities are taking place. Inspections include ensuring that licence holders charge the correct fuel prices; are actually licensed; display the correct prices as per legislation; and are not involved in other prohibited activities such as discounting and illegal forecourt promotional activities.

A number of notices were issued to those who were found to be contravening the conditions of their licences. In some instances licence holders were ordered to correct the contravention on the spot, for example where an incorrect fuel price was being charged to the public.

The Department continued to facilitate the resolution of disagreements and conflicts between wholesalers and retailers. At least two (2) cases were referred for arbitration in terms of the provisions of the Petroleum Products Act, 1977 (Act No.120 of 1977) as amended. In another three (3) cases, the parties reached an amicable conclusion without the matters having to be referred for arbitration. The Department, however, continues to urge both wholesalers and retailers who believe that there is an unfair contractual

obligation in the agreement between them to request that the matter be referred for arbitration. In most cases, licensed wholesalers and retailers wait until the other party has terminated the agreement before they request arbitration. This makes it difficult to intervene since there is no longer a valid agreement in place.

5.2.8. Regulatory Accounting System

The Department phased in the final implementation of the Regulatory Accounting System (RAS) for the petroleum sector in December 2013. The system has been phased in over the past two (2) years to give stakeholders the opportunity to align commercial contracts with the RAS margins. The RAS for the petroleum sector is an activity-based cost method that is used to determine appropriate margins for petrol at wholesale, retail, secondary storage and secondary distribution level. The RAS seeks to introduce transparency into the market as well as root out inefficiencies, cross-subsidisation and uncontrolled costs.

The ultimate goal is to achieve a uniform and transparent set of regulatory accounts where costs are allocated according to predetermined methods. It is envisaged that a properly functioning regulatory system will promote appropriate investments in the petroleum industry throughout the value chain.

Prior to RAS, the wholesale margin on petrol, diesel and illuminating paraffin was determined in line with the Marketing of Petroleum Activities Return (MPAR) Guidelines. The MPAR Guidelines made provision for a 15% return on assets. However, the assets included in the allowable assets were all assets ex-refinery gate, namely wholesale marketing, secondary depots, secondary distribution and service stations. The activities were not ring-fenced under MPAR which lead to cross-subsidisation.

5.2.9. Basic Fuel Price Review

The Department has embarked on a project to review the Basic Fuel Price (BFP) mechanism, which will focus on international elements including, but not limited to, free-on-board, freight, demurrage, wharfage, evaporation (ocean loss), shipping route, coastal storage and coastal stock financing.

When BFP was implemented, South Africa was a net exporter of refined petroleum products due to excess capacity. At that time fuel was imported only occasionally to supplement local supply due to local refinery shutdowns. Since 2006, there has been a dramatic change in fuel supply and demand balances and South Africa's position has changed from one of net exporter to net importer of refined products.

The Department will publish a Discussion Document on the Basic Fuel Price Review to solicit public comment during the first quarter of the 2014/15 financial year. Thereafter, stakeholder workshops will be organised to solicit inputs and comments before finalising the document. It is envisaged that the 'new' BFP mechanism will be tested in 2015 before full implementation.

5.2.10. Draft Integrated Energy Planning Report

The Draft Integrated Energy Planning Report was approved by Cabinet in June 2013 and subsequently published for comment in July 2013. An extensive stakeholder consultation process was embarked upon in all nine (9) provinces to afford engagement with the public and to solicit comments. The final Integrated Energy Plan (IEP) will be submitted to Cabinet for approval and published before the end of the 2014/15 financial year.

5.2.11. Energy Statistics

The Department continued to improve the quality and frequency of energy statistics which are made available to the public. This was realised through a move away from reports published in hard copy on an annual basis, to the inclusion of a dedicated energy statistics link on the Department's website, which enables current data to be published on a more frequent basis. Statistics on fuel sales as well as fuel levies and taxes are now published on a quarterly basis and at a level of detail sanctioned by the Competition Commission.

5.2.12. National Radioactive Waste Disposal Institute

The Board of the National Radioactive Waste Disposal Institute (NRWDI) was approved by Cabinet in December 2013. Following Cabinet approval, the Minister inaugurated the first meeting of the Board of the Institute in March 2014, in line with the requirements of section 12 of the National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008). The Institute is responsible for the management and disposal of radioactive waste on a national basis. It is also responsible for ensuring that South Africa has a long-term, holistic approach to the management of radioactive waste including the capacity to handle high level radioactive waste as the country prepares to implement the Nuclear New-Build Programme.

5.3. Overview of the Financial Results of the Department

5.3.1. Overall Performance

Main appropriation R'000	Adjusted appropriation R'000	Actual amount spent R'000	(Over)/under expenditure R'000
6 598 172	6 503 244	6 477 063	26 181
Responsible Minister	Minister of Energy		
Administering Department	Department of Energy		
Accounting Officer	Director-General of Energy		

The final appropriation of the Department moved from R6.73 billion in the 2012/13 financial year to R6.50 billion in the 2013/14 financial year, a reduction of 3.43%. This reduction incorporated a number of efficiency savings which reduced the Department's baseline by R27.9 million in the 2013/14 financial period.

The final appropriation of R6.50 billion was shared by the Department's programmes as follows:

- **Programme 1: Administration** – 3.59%;
- **Programme 2: Energy Policy and Planning** – 0.74%;
- **Programme 3: Energy Regulation** – 0.61%;
- **Programme 4: Electrification and Energy Programme Management** – 61.01%, including grant payments to Eskom (R2.14 billion) and municipalities (R1.63 billion) in respect of the Integrated National Electrification Programme;
- **Programme 5: Nuclear Energy and Regulation** – 11.13% inclusive of transfer payments to Necsa (R592.18 million), the National Nuclear Regulator (NNR) (R48.36 million), NRWDI (R19.8 million) and international membership fees (R40.08 million); and
- **Programme 6: Clean Energy** – 22.92% including transfer payments for the South African National Energy Research and Development Initiative (SANEDI) (R134.34 million) and the Energy Efficiency Demand Side Management (EEDSM) Programme (R1.33 billion).

Earmarked transfers to public entities, municipalities and other implementing institutions of R6.06 billion accounted for 93.20% of the Department's final budget of R6.50 billion. Current expenditure, made up of compensation of employees and the procurement of goods and services, accounted for 6.61% while the allocation for capital expenditure accounted for 0.19%.

As at 31 March 2014, a total of R6.48 billion or 99.60% had been disbursed, resulting in a budget balance of R26.18 million or 0.40%.

5.3.2. Departmental Receipts

	2013/14			2012/13		
	Estimate amount R'000	Actual amount collected R'000	(Over)/under collection R'000	Estimate amount R'000	Actual amount collected R'000	(Over)/under collection R'000
Departmental receipts						
Sale of goods and services other than capital assets	2 476	2 760	284	2 862	2 297	(565)
Transfers received	37 016	40 270	3 254	-	387 618	387 618
Interest, dividends and rent on land	40	24	(16)	11	85	74
Transactions in financial assets and liabilities	380	418	38	180	134	(46)
Total	39 912	43 472	3 560	3 053	390 134	387 081

The Department generates revenue from petroleum licence fees processed in terms of the Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003). A total of R43.47 million was collected, which includes a once-off amount of R37 million, surrendered to the Department by the Electricity Distribution Industry Holdings Company (EDIH), following its final closure. A total of R3.25 million was also received by the Department from the affiliated energy sector education and training authorities (SETAs). Both these amounts were surrendered to the National Revenue Fund during the financial year.

The 2013/14 target for petroleum licences was R2.26 million and the Department exceeded its collections by R280 thousand or 12.30%, realising a total of R2.53 million.

The Department is participating in several learner programmes that are funded by the SETAs. Funding from the SETAs is used to implement learner programmes such as the payment of stipends to learners, advertisements aimed at the recruitment of these learners as well as short courses for the Department's employees. This funding was surrendered to the National Revenue Fund during the 2013/14 financial year and will be re-appropriated against the Department's vote in the 2014 Adjusted Estimates of National Expenditure.

5.3.3. Departmental Expenditure

Economic classification	2013/14			
	Final appropriation R'000	Actual expenditure R'000	Actual % of budget spent %	Available R'000
Compensation of employees	230 312	228 545	99.23	1 767
Goods and services	199 932	186 240	93.15	13 692
Transfers and subsidies	6 060 826	6 050 595	99.83	10 231
Payment for capital assets	12 173	11 683	95.97	490
Payment for financial assets	1	0	0.00	1
Total	6 503 244	6 477 063	99.60	26 181

The Department's original appropriation at the beginning of the 2013/14 financial year was R6.60 billion. Following the finalisation of the mid-year adjustment process or the Adjusted Estimates of National Expenditure (AENE), this allocation was reduced by R94.93 million to R6.50 billion.

The decrease was mainly driven by the following declared savings:

- R118 million that was identified in the Solar Water Heater Programme being implemented by Eskom, due to the delayed implementation of the programme and subsequent challenges experienced in the transfer of funds to Eskom in the year under review; and
- R5 million declared from the compensation of employees' category which was brought about by the delayed filling of vacant positions.

However, an additional budget of R28.07 million was allocated to the Department as rolled over funds from the 2012/13 financial year. This was allocated to finalise the processing of payments to service providers under the INEP non-grid electrification project, following the completion of audits or physical verification of work undertaken by service providers.

The percentage share of the Department's adjusted appropriation of R6.50 billion was as follows:

- 93.2% was allocated for transfers to municipalities, State-Owned Entities/Companies (SOE/Cs) and other organisations;
- 6.61% was allocated to current expenditure, comprising compensation of employees (3.54%) and the procurement of goods and services (3.07%); and
- The balance of 0.19% was allocated for capital assets.

The Department's total expenditure for the year under review was R6.48 billion or 99.6% of the total 2013/14 appropriation. This resulted in an unspent budget of R26.18 million or 0.4% from which a total of R21.13 million was requested as a roll-over into the 2014/15 financial year.

A trend emerged during the year under review where the spending during the first quarter was slow from April to June, but increased from July onward with the major spending occurring during July, August, November and March. The high spending levels during these months is attributable to large payments disbursed to Eskom and municipalities for the implementation of both the INEP and the EEDSM programmes.

5.3.4. Programme Expenditure

The following table shows the budget overview per programme for the financial year ended 31 March 2014:

Total for DoE	2013/14			2012/13		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Administration	233 142	232 558	584	232 625	215 824	16 801
Energy Policy and Planning	47 989	47 756	233	1 561 333	1 544 229	17 104
Energy Regulation	39 865	25 836	14 029	29 213	28 263	950
Electricity and Energy Programme Management	3 967 700	3 958 525	9 175	3 170 706	3 136 355	34 351
Nuclear Energy	723 998	722 501	1 497	648 953	643 417	5 536
Clean Energy	1 490 550	1 489 887	663	1 091 648	1 090 896	752
Total	6 503 244	6 477 063	26 181	6 734 478	6 658 984	75 494

Programme 1: Administration

The under-spending of R584 000 or 0.25% under the Administration Programme is mainly attributable to savings realised as a result of vacancies during the financial year. Payment in respect of employee social benefits (payable to employees in cases of retirement) was lower than anticipated as was pending expenditure for goods and services, the orders for which were placed during the financial year. Thus the under-spending or saving reflected under the item compensation of employees is R311 000; R186 000 remained under the leave pay outs item while goods and services reflects an under-spending of R85 000.

Programme 2: Energy Policy and Planning

The under-spending of R233 000 or 0.49% under Programme 2 is mainly attributable to savings realised as a result of vacancies during the financial year. As a result, the compensation of employees item reflects under-spending of R181 000. The balance of under-spending, R51 000, is reflected in the goods and services item.

Programme 3: Energy Regulation

Under-spending in the amount of R14.03 million or 35.19% is mainly the result of delays in the procurement process, delays in the delivery of goods and services, late receipt of invoices and the consequent late processing of related payments. The under-spending relates to the delayed appointment of service providers for the fuel specification testing project, the replacement cost for four (4) secondary depots project and the weighted average cost project.

The Minister of Energy announced and gazetted the Regulations for Petroleum Products Specifications and Standards, R627 of 23 June 2006, in terms of sections 2(1)a 12C(1)(a)(VI), (e) and (f) of the Petroleum Products Act, 1977 (Act No. 120 of 1977) as amended. These regulations provide for the monitoring and testing of the quality of petroleum products to ensure compliance with defined specifications and standards for petroleum products sold in the Republic of South Africa.

The Directorate: Commercial and Charter Compliance is responsible for ensuring compliance with these regulations. During the review period, the Fuel Specification Testing Project was initiated to investigate compliance with specifications. To this end, a service provider was appointed to undertake sampling and testing of petroleum products at manufacturing, wholesale and retail levels.

The objective of the study is to provide an overview of the challenges faced by petroleum operators and to establish their areas of concern around the production of fuel, quality, quantity and the entry into and exit of such products from the South African market. An amount of R7.8 million was allocated for this project.

The Service Level Agreement between the Department of Energy and the service provider was signed after several delays in the procurement process and the project commenced during March 2014. Due to this late start, no payments were effected before year end and an application for the roll-over of these funds to the 2014/15 financial year was submitted to National Treasury for consideration.

Programme 4: Electrification and Energy Programme Management

The under-spending of R9.17 million or 0.23% relates mainly to vacancies (R110 000) and the inability to make payments of R8.9 million to non-grid service providers, due to delays in the delivery of goods and services and late receipt of invoices. As a result, payment will need to be made in the new financial year.

During the 2013/14 financial year, the Department was allocated a total of R119.22 million for the implementation of the non-grid electrification project. As at 31 March 2014, payments totalling R110.32 million had been disbursed to non-grid service providers, leaving the unspent amount of R8.90 million, as mentioned above. Spending on this project was affected by numerous challenges, amongst others the finalisation of service provider contracts. The payment of additional service providers and the verification of work performed increased the spending on this project during the last quarter of the financial year. A motivation for the roll-over of the R8.90 million (7.47%) to the 2014/15 financial year has been submitted in order to finalise outstanding payments.

Programme 5: Nuclear Energy

The under-spending of R1.50 million or 0.21% mainly relates to vacancies within this programme during the financial year and the procurement of goods and services as a result of orders placed but for which expenditure is pending due to delays in delivery of goods and services, including the delay in payments for international organisations relating to international membership fees. Hence, the item compensation of employees reflects an under-spending of R114 000, the item goods and services reflects an under-spending of R216 000 and the item transfers and subsidies reflects under-spending in the amount of R1.17 million.

Programme 6: Clean Energy

The under-spending of R663 000 or 0.04% mainly relates to the procurement of capital assets and the acquisition of goods and services, where orders were placed but expenditure was pending at the end of the financial year due to non-delivery. Compensation of employees reflects an underspending of R113 000.

5.3.5. Major Spending Areas

Major spending items under the category goods and services:

Major cost drivers	
Expenditure item: Goods and Services	Actual spending 31 March 2014 R'000
Travel and subsistence	58 033
Consultants, contractors and agency/outsourced services	28 927
Operating leases	26 709
Advertising	15 969
Venues and facilities	11 114
Computer services	7 973
Communication	6 849
Property payments	6 181
Consumables	4 710
Audit cost – external	4 460
Administrative fees	4 022
Training and development	4 003
Catering	2 642
Bursaries (employees)	696
Minor assets	389
Transport provided as part of the Department's activities	345
Fleet services	304
Entertainment	68
Rental and hiring	28
Other operating expenditure	2 818
Total	186 240

The Department's budget balance as at 31 March 2014 was R26.18 million and comprised the following:

- Compensation of employees: R1.77 million;
- Goods and services: R13.69 million;
- Transfer payments: R10.23 million; and
- Payments for capital assets: R490 000.

The Department submitted a request to National Treasury to roll funds of R21.13 million over to the 2014/15 financial year to enable the finalisation of projects which were pending at the end of the 2013/14 financial year. This request included the following:

- Under the transfer payments category, R8.90 million for the INEP non-grid electrification project. This amount could not be disbursed due to delays in renewing contracts and finalising new contracts with service providers;
- Under the transfer payments category, R257 000 to cater for the reprocessing of the membership fee of the International Energy Forum (IEF); and
- Within the non-personnel current expenditure, R11.97 million for the procurement of various goods and services, the procurement of which commenced during the year under review but could not be finalised before 31 March 2014.

5.3.6. Virements

During August 2013, the Department's Finance Committee identified a total of R3 million worth of savings from Programme 3: Energy Regulation, which resulted from the delayed appointment of a service provider to undertake the Fuel Specification Testing Project. This amount was redirected to critical projects within the Department as follows:

- R2 million was re-allocated to Programme 1: Administration (Information Technology) to cater for the Server Refresh Project. Several IT network and infrastructure equipment had reached the end of its useful life and required replacement. Regular down time was experienced, which impacted on the daily operations of the entire Department. This made the Server Refresh Project critical; and
- R1 million was re-allocated to Programme 4: Electricity and Energy Programmes and Projects (Community Upliftment and Outreach Programmes and Projects) to fund the launch of the 16 Days of Activism for No Violence against Women and Children Campaign on 25 November 2013.

The Accounting Officer subsequently granted a virement approval, on 26 September 2013, to shift funds between main divisions of the vote (programmes) as follows:

Virement from:		Virement to:	
	Amount		Amount
Programme 3: Energy Regulation	R3 million	Programme 1: Administration (Information Technology)	R2 million
		Programme 4: Electricity and Energy Programme and Project Management (Community Upliftment and Outreach Programmes and Projects)	R1 million
Sub-total	R3 million	Sub-total	R3 million

The Department's Budget Programme Structure is organised in such a way that the budget allocations for the offices of line function or core function Deputy Director-Generals, are under Programme 1: Administration, sub-programme: Management.

During the 2013 Medium-Term Expenditure Framework (MTEF) and subsequent conclusion of the 2013 Estimates of National Expenditure (ENE), an amount of R1.62 billion was appropriated under Programme 5: Nuclear Energy and Regulation. This allocation was allocated to the following sub-programmes:

- **Nuclear Safety and Technology**, which manages and implements all matters relating to nuclear safety and technology as required by legislation and international agreements, including nuclear safety, liability and emergency management;

- **Nuclear Non-proliferation and Radiation Security**, which manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements; and
- **Nuclear Policy**, which develops and reviews policies as required by international agreements and governance of the nuclear sector relating to South Africa. The sub-programme undertakes research and development; as well as the review and monitoring of nuclear safety, nuclear technology, nuclear non-proliferation and nuclear radiation security policies; and provides advice thereon.

The newly established Office of the Deputy Director-General: Nuclear Energy and Regulation, which was established during July 2012, was partially funded through the 2013 MTEF process as the allocated funding only catered for expenditure relating to the compensation of employees. During the 2013/14 financial year, the Nuclear Energy Branch reviewed the allocated baseline of all its sub-programmes and redirected an amount of R1.2 million from the Nuclear Safety and Technology Sub-programme to Programme 1: Administration (Management) to provide for operational expenditure of the Office of the Deputy Director-General: Nuclear Energy and Regulation.

The Accounting Officer subsequently granted a virement approval on 26 September 2013, to shift funds between main divisions of the vote (programmes) as follows:

Virement from:		Virement to:	
	Amount		Amount
Programme 5: Nuclear Energy and Regulation	R1.2 million	Programme 1: Administration (Management)	R1.2 million
Sub- total	R1.2 million	Sub-total	R1.2 million

The Department is responsible for organising and co-ordinating official electrification functions and related ceremonies as part of the broader governmental stakeholder engagement process. These forums serve as a platform to engage communities and sensitise them to programmes and projects that are geared towards uplifting the socio-economic wellbeing of South Africans.

On 6 June 2013, the Department hosted a Switch-on Public Participation event to celebrate the electrification of the 5.6 millionth household at Magareng in the Northern Cape. This historic event was led by Minister of Energy, Ms Dipuo Peters and the Deputy Minister of Energy, Ms Barbara Thompson, as part of the Minister's Public Participation Programme for the 2013/14 year.

The Communication and Knowledge Management Chief Directorate, which is responsible for identifying and organising public participation programmes for the Minister and the Deputy Minister, required a total of R1.5 million in order to successfully organise this event. The amount was, however, unavailable in this Chief Directorate's baseline.

A total of R1.44 million in savings was subsequently identified in the Electrification and Energy Programme and Project Management Programme and redirected to the Communications and Knowledge Management Chief Directorate for the procurement of various goods and services in relation to the above-mentioned event. The Accounting Officer subsequently granted a virement approval on 15 October 2013, to shift funds between main divisions of the vote (programmes) as follows:

Virement from:		Virement to:	
	Amount		Amount
Programme 4: Electrification and Energy Programme and Project Management	R1.29 million	Programme 1: Administration (Communication and Knowledge Management)	R1.29 million
Sub-total	R1.29 million	Sub-total	R1.29 million

South Africa is a member of the Generation IV International Forum (GIF) which comprises 13 countries that conduct research and development on the next generation of nuclear energy systems. The Forum is governed by a multilateral Framework Agreement which came into force in February 2005. South Africa acceded to the Agreement in April 2008 and the accession became effective from July 2008. An instrument of accession was deposited with the Secretary-General of the Organisation for Economic Co-operation and Development (OECD) which is the formal depository of the GIF Framework Agreement.

The OECD/Nuclear Energy Agency (NEA) is also in charge of the GIF Technical Secretariat tasks. As a Member State to GIF, and having acceded to the GIF Framework Agreement, South Africa is obliged to contribute to the GIF Technical Secretariat Fees as a voluntary contribution to the OECD/NEA. Each Member State's portion is based on a combination of the size of its nuclear industry and the number of GIF systems and projects it participates in.

South Africa's contribution, up to the 2013/14 financial year, amounted to €142 800 (ZAR1 856 400 based on the exchange rate at 5 August 2013).

On 27 November 2013, National Treasury granted approval in terms of section 43 (4) of the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) and Treasury Regulation 6.3.1(b), to increase transfers and subsidies for international membership fees by R500 000 during the 2013/14 financial year. This was used to supplement the available budget in the Department's baseline, for the payment of GIF Technical Secretariat fees under Programme 5: Nuclear Energy, sub-programme: Nuclear Safety and Technology.

2014 Membership fees for the International Atomic Energy Agency

In terms of section 33(1) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999), "The Minister of Energy acts as the national authority of the Republic for the purposes of the implementation and application of the Safeguards Agreement and any additional protocols, in order to timeously detect and identify nuclear material intended to be used for peaceful nuclear activities and deter the diversion of such nuclear material to the manufacture of nuclear weapons or other nuclear explosive devices or for use in connection with any other purpose that is unknown." In order to fulfil these responsibilities, section 33(2) of the Nuclear Energy Act requires the Minister to liaise with the International Atomic Energy Agency (IAEA) on an ongoing basis regarding, amongst other matters, negotiations on subsidiary arrangements under the Safeguards Agreement, the furnishing and updating of information regarding the design of nuclear installations and sites, and the provision of facilities and support for the inspectors of the IAEA. Section 33(5) further requires that the Minister of Energy pays all fees that are due to the IAEA on behalf of the Republic.

South Africa has been a member of the IAEA for decades and has been both a recipient and provider of services emanating from the Agency. As a Member State of the IAEA, a permanent member of the Board of Directors and an active participant in nuclear energy safety, technology, security and disarmament, South Africa has contributed to efforts to ensure that nuclear energy is used for peaceful purposes such as power generation, medical diagnosis and treatment, and industrial and agricultural initiatives. South Africa's membership in this body is arguably more important now that the country is looking at an expanded nuclear programme, including possible participation in uranium enrichment.

Each Member State is required to pay membership fees as determined every year by the Board of Directors and endorsed by the General Conference of the IAEA. The 57th session of the General Conference resolved that South Africa's contribution for the 2014 year, payable in January of each year, is a total of US\$ 137 036 or €97 267, estimated at ZAR R19.3 million at the exchange rate as on 5 February 2014.

The Department, in its 2013 ENE, made provision for the payment of the above by earmarking funding within the transfer payments category. However, during the 2013/14 financial year, the Department was notified by the IAEA that the 2013 fee was outstanding. Following investigation, it was established that the amount paid in January/February of 2013, had been rejected due to incomplete banking details. This therefore necessitated the use of the 2014 budget allocation to pay the 2013 obligation.

Contribution to the African Regional Co-operation Agreement for Research Development and Training Related to Nuclear Science and Technology Fund

African countries that are members of the IAEA, requested assistance from the IAEA to establish a regional arrangement for co-operation in the field of nuclear science and technology in Africa, similar to existing regional co-operation agreements in Asia and Latin America. On 4 April 1990, the African Regional Co-operation Agreement for Research Development and Training Related to Nuclear Science and Technology (AFRA) came into existence. AFRA countries have full ownership of the design, implementation and monitoring of co-operative projects, which are submitted to the IAEA for assistance through the AFRA Field Management Committee (AFRA-FMC). The AFRA-FMC is a regional entity that is empowered by AFRA Member States to conceptualise, plan, co-ordinate, monitor and evaluate activities, and to actively participate in fundraising and developing partnerships in the private and public sectors within and outside Africa.

South Africa became an AFRA Member State in 1990, when it signed the African Regional Co-operative Agreement for Research, Development and Training related to Nuclear Science and Technology. The Department administers all issues within the scope of nuclear technology and the AFRA programmes. This function includes participation in the IAEA Technical Co-operation Programme (TCP), and related IAEA and AFRA programmes.

During the 24th Meeting of the Technical Working Group, South Africa's financial obligation to the AFRA Fund was determined to be US\$599 339, estimated at ZAR6.7 million using the exchange rate as at 5 February 2014.

Reprioritisation and increase in transfer payments for international membership fees

During the 2013/14 financial year, the Department was allocated a budget of R6.5 billion, which included an amount of R13.58 million for transfer payments to international organisations for international membership fees. This was subsequently increased with the approval of National Treasury by R500 000 to cater for the membership fee payment to the GIF.

During the 2012/13 financial year, the Department processed a payment of R11.96 million to the IAEA for South Africa's membership fee to this body for the 2013 year. Although the Department processed this payment before the end of the 2012/13 financial year, the payment was rejected due to incomplete banking details and subsequently had to be carried over into the 2013/14 budget allocation after reprocessing. The 2013 IAEA membership payment was not included in the Department's 2013 roll-over request as the rejection of the payment was unknown at the time of the compilation of the roll-over request to National Treasury during April 2013. This consequently had a negative impact on the Department's 2013/14 appropriated budget for international membership fees and required that the Department identify savings or areas of underspending to be able to discharge South Africa's obligation to the IAEA.

Following a review of the Department's financial status as at 31 January 2014, savings to a total of R26 million were identified and redirected in order to provide for the 2014 membership fee payments to the IAEA and to the AFRA Fund. The identified savings were as follows:

Compensation of employees

The saving realised in this economic classification as at 31 January 2014 was R14.47 million, attributable to delays in the filling of newly funded positions in the first half of the financial year. This came about due to the protracted finalisation of the matching and placing process, following the Department's restructuring. The savings identified and redirected from various programmes to cater for the IAEA and AFRA membership fees were as follows:

Compensation of employees	R'000
Energy Policy and Planning	1 000
Electrification and Energy Programme and Project Management	5 800
Nuclear Energy	500
Total	7 300

Goods and services

The saving realised in this economic classification as at 31 January 2014 was R37.65 million, attributable to certain projects which were still undergoing bid adjudication and related procurement processes at year end. The under-spending was mainly attributable to the following:

- **Energy Regulation:** Appointment of a service provider for the sampling and testing of petroleum products in terms of regulations regarding Petroleum Products Specifications and Standards;
- **Electrification and Energy Programme and Project Management:** The procurement of a reporting tool and its related support contributed to the savings in this programme;
- **Nuclear Energy:** Nuclear awareness campaigns which were undertaken later than anticipated; the appointment of a service provider for advisory services on financing options; models and solutions for the Nuclear New-Build Programme; and appointment of a service provider for advisory services on the economic impact of localisation for the nuclear expansion programme; and

- **Clean Energy:** Appointment of a service provider to develop the third edition of the Environmental Management Plan (EMP) for the Department and its SOCs; appointment of a service provider to determine a baseline for the Standards and Labelling Project; appointment of a service provider to undertake a study on incentives in support of the Energy Efficiency Standard and Labelling Project and the appointment of a service provider to compile an Energy and Climate Change Strategy in the Public Building Sub-sector. The planned Clean Energy and Efficiency Awareness Campaigns could not commence as planned.

The following savings were identified under various programmes and subsequently redirected towards the payment of the 2014 international membership fees:

Goods and services	Total R'000
Petroleum and Petroleum Products Regulation	2 300
Electrification and Energy Programme and Project Management Programme	2 000
Nuclear Energy	5 000
Clean Energy	9 400
Total	18 700

A virement approval was subsequently granted by National Treasury to:

- Increase transfer payments by R26 million under Programme 5: Nuclear Energy as funding required for the payment of membership fees to affiliated international organisations; and
- Shift funding between several main divisions of the vote to provide funding for the payment of the above-mentioned international membership fees under Programme 5: Nuclear Energy.

The details of these approvals are as follows:

Virement from:	Amount (R'000)	Virement to:	Amount (R'000)
Programme 5: Nuclear Energy (Goods and Services)	2 000	Programme 5: Nuclear Energy, Sub-programme: Nuclear Safety and Technology, Item: Transfer and subsidies (IAEA)	26 000
Programme 5: Nuclear Energy (Goods and Services)	3 000		
Programme 3: Energy Regulation (Goods and Services)	2 300		
Programme 6 : Clean Energy (Goods and Services)	8 000		
Programme 6 : Clean Energy (Goods and Services)	1 400		
Programme 2: Energy Policy and Planning (Compensation of Employees)	1 000		
Programme 4: Electrification and Energy Programme and Project Management (Compensation of Employees)	1 800		
Programme 4: Electrification and Energy Programme and Project Management (Compensation of Employees)	1 000		
Programme 4: Electrification and Energy Programme and Project Management (Compensation of Employees)	2 500		
Programme 4: Electrification and Energy Programme and Project Management (Compensation of Employees)	500		
Programme 5: Nuclear Energy (Compensation of Employees)	500		
Programme 4: Electrification and Energy Programme and Project Management (Goods and Services)	2 000		
Total	26 000	Total	26 000

At financial year end, thefts and losses incurred during the financial year are authorised and carried against the vote (departmental budget) by means of a final virement approval in order to defray excess expenditure emanating from these losses. The final virement approval for a financial year also aims to align budget allocations with actual expenditure and requires that funds are shifted from savings within the respective programmes to cover excess expenditure incurred within other programmes.

At the end of the 2013/14 financial year, the Accounting Officer granted a final virement approval as follows:

Final 2013/14 virement					
Programmes	Adjusted appropriation R'000	Virement approvals after AENE R'000	Approved final virement (from)/to R'000	Final appropriation R'000	Virement after AENE %
Administration	219 628	4 488	9 026	233 142	6.15%
Energy Policy and Planning	47 201	(1 000)	1 788	47 989	1.67%
Energy Regulation	43 315	(5 300)	1 850	39 865	(7.96%)
Electrification and Energy Programme and Projects Management	3 978 028	(8 088)	(2 240)	3 967 700	(0.26%)
Nuclear Energy	708 798	19 300	(4 100)	723 998	2.14%
Clean Energy	1 506 274	(9 400)	(6 324)	1 490 550	(1.04%)
Total	6 503 244	-	-	6 503 244	

5.3.7. Roll-over Funds

The Department's budget balance as at 31 March 2013 was R75.49 million. A total of R69.33 million or 91.85% of the budget balance was motivated for roll-over to the 2013/14 financial year in order to finalise various projects which were initiated in the 2012/13 financial year.

The composition of the Department's request for roll-over of R69.33 million to National Treasury was as follows:

- R48.10 million was requested as transfer payments for the following projects under the Department's electrification programme:
 - R28.07 million was requested specifically for the INEP non-grid programme to enable service providers to finalise installation of systems in their designated areas and to effect outstanding payments to service providers for services rendered during the 2012/13 financial year. The payments to the latter could not be finalised before 31 March 2013 due to outstanding performance verification;
 - R20 million was requested as transfer funding to specific municipalities to enable these municipalities to undertake electrification projects geared towards assisting the Department in achieving its vision of universal access to modern energy carriers by all; and
- R21.26 million was requested to enable payments to service providers for services rendered before 31 March 2013.

National Treasury approved a total of R28.07 million as roll-over funding from the 2012/13 financial year to the 2013/14 financial year specifically for the INEP non-grid electrification programme.

5.3.8. Other Material Financial Matters

Irregular expenditure

During the year under review irregular expenditure in the amount of R379 000 was identified. This amount is due to non-compliance with procurement procedures. The matter is being investigated and disciplinary steps will be taken pending the outcome of the investigation.

Unauthorised expenditure

During the 2010/11 financial year R14.8 million was disbursed from the incorrect vote. A request for condonation was submitted to National Treasury for consideration and a letter of condonation was received from National Treasury on 9 November 2012. However, it was not clear from the letter received whether the condonation was granted with or without funding. The Department requested clarity in this regard to enable it to derecognise the unauthorised expenditure. National Treasury advised that the matter had to be presented to the Standing Committee on Public Accounts (SCOPA) and that it was finalising the matter. No unauthorised expenditure was incurred in the 2013/14 financial year.

Provision for environmental rehabilitation liability (Necsa historical decommissioning and decontamination)

A comprehensive liability reassessment was conducted in the 2013/14 financial year by an independent assessor, to establish the historical liability for decommissioning and decontamination at Necsa. The total cost carrying the proposed liability discharge amounts to R3.5 billion over the remaining 20-year period. The main aspects of the process are decommissioning, decontamination and waste management.

5.3.9. Future Plans

None

5.3.10. Public Private Partnerships

None

5.3.11. Discontinued Activities/Activities to be Discontinued

None

5.3.12. New or Proposed Activities

None

5.3.13. Supply Chain Management

Section 38(1) (iii) of the PFMA stipulates that the accounting officer must ensure that the Department has "an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective". Supply chain management processes and systems are in place to prevent irregular expenditure and these processes have been communicated to all officials in the Department. For the period under review, there were no unsolicited bid proposals.

The Supply Chain Management Directorate is committed to ensuring that efficient and effective processes are in place for the procurement of value for money goods and services. However, capacity constraints still remain a problem. Equally challenging is storage facilities to safeguard bid documents and the provision of a transit store for receiving goods. Non-compliance with supply chain management processes has proved to be the biggest challenge, however this has been systematically addressed through awareness and training interventions.

5.3.14. Gifts and Donations Received in Kind from Non-related Parties

No gifts or donations were received in the 2013/14 financial year.

5.3.15. Exemptions and Deviations Received from National Treasury

No exemptions or deviations were requested from National Treasury in the 2013/14 financial year.

5.3.16. Events after the Reporting Date

Not applicable.

5.3.17 Acknowledgement/Appreciation

A special message of gratitude is extended to our Principals, Team Energy, SOEs reporting to the Minister of Energy, participating government departments and other entities for their tireless efforts in making sure that we deliver on our mandate and provide services to our fellow citizens.

5.3.18 Conclusion

In conclusion, it is my pleasure to report to the Minister, Ms Tina Joemat-Petterson, Deputy Minister, Ms Thembisile Majola and all national and international stakeholders, that the Department has, for the third year running, received an unqualified audit report from AGSA.



Dr Wolsey Barnard
Acting Director-General
Department of Energy

6. Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of my knowledge as the Accounting Officer of the Department of Energy, I confirm the following:

- All information and amounts disclosed throughout the Annual Report are consistent. The Annual Report is complete, accurate and free of any omissions. The Annual Report has been prepared in accordance with the Annual Report Guide for National and Provincial Departments as issued by National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by National Treasury;
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information;
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements; and
- The internal and external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2014.



Dr Wolsey Barnard
Acting Director-General
Department of Energy

7. Strategic Overview

The aim of the Department of Energy is to formulate energy policies, regulatory frameworks and legislation, and oversee their implementation to ensure energy security, promotion of environmentally friendly energy carriers and access to affordable and reliable energy for all South Africans.

7.1. Mandate

Ensure secure and sustainable provision of energy for socio-economic development.

7.2. Vision 2014

A transformed and sustainable energy sector with universal access to modern energy carriers for all by 2014.

7.3. Vision 2025

Improving our energy mix by having 30% of clean energy by 2025.

7.4. Mission

To regulate and transform the sector for the provision of secure, sustainable and affordable energy.

7.5. Values

Batho Pele (Sotho for “People first”)	Represents a Department of Energy that is service orientated, strives for excellence in service delivery and commits to continuous service delivery improvement for the achievement of a better life for all and which seeks to include all citizens through services and programmes.
Ethics	Represents our moral principles as reflected by the Code of Conduct for Public Servants, i.e. how we understand, know about and mean when we resolve what is right and what is wrong.
Honesty	Represents a facet of moral character and denotes positive, virtuous attributes such as integrity, truthfulness, and straightforwardness along with the absence of lying, cheating, or theft.
Integrity	Represents consistency of actions, values, methods, measures, principles, expectations, and outcomes and is regarded as the honesty and truthfulness or accuracy of one’s actions.
Accountability	Represents the acknowledgment and assumption of responsibility for our actions, decisions, policies, administration and governance.
Professionalism	Represents workers who enjoy considerable work autonomy and are commonly engaged in creative and intellectually challenging work that requires impressive competence in a particular activity.
Ubuntu	Represents our interconnectedness and our approach that is open, available and affirming of others.
My public servant – my future (we belong, we care, we serve)	Represents public servants at the centre of delivering quality services to the country’s citizens in line with the dictates of the Constitution of the Republic.

8. Legislative and Other Mandates

8.1. Constitutional Mandate

There have been no significant changes to the Department of Energy's constitutional mandate.

Primary mandate

On 10 May 2009, the President announced the appointment of amongst others, the Minister of Energy in terms of Chapter 5 (The President and National Executive), section 91(2) and 93(1) of the Constitution of the Republic of South Africa, 1996 (the Constitution). The portfolios of these ministers necessitated a reorganisation of departments, including the renaming of departments and the establishment of new departments, to support, amongst others, the Minister of Energy in executing their respective mandates.

Therefore the President in terms of section 7(5)(a) of the Public Service Act, 1994 (Act No. 103 of 1994) as amended, by Proclamation No. 48, 2009, amended the national departments listed in Schedule 1 to that Act, to accord, amongst others, with the new portfolio of Energy, thereby establishing, amongst others, the new Department of Energy. The Department of Energy was, by extension, established in terms of Chapter 10 (Public Administration), section 197 (1), of the Constitution, to "loyally execute the lawful policies of the government of the day". The President in terms of Chapter 10 (Public Administration), section 97, of the Constitution, transferred the administration and powers and functions entrusted by specified legislation to, amongst others, the Minister of Energy by Proclamation No. 44, 2009. The Department of Energy's implied mandate in terms of the Constitution is therefore to govern the Energy Portfolio using reasonable legislative and other measures. This mandate is limited by Part B of Schedule 4 of the Constitution, 1996, which specifies "electricity and gas reticulation" as functional areas of concurrent legislative competence. Chapter 7 (Local Government), section 156(1) specifies that a "municipality has executive authority in respect of, and has the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5".

Section 155(7) of Chapter 7 (Local Government), however, specifies that "... national government has the legislative and executive authority to see to the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5, by regulating the exercise by municipalities of their executive authority referred to in section 156(1)". The Department's mission, vision and mandate statements as well as its strategic outcomes-oriented goals (SOOGS) directly relate to this mandate.

Secondary mandate

The Department of Energy has a secondary role to play in the following areas:

Environment

Chapter 2 (Bill of Rights), section 24.1, specifies that "Everyone has the right to an environment that is not harmful to their health or wellbeing; and to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:

- Prevent pollution and ecological degradation;
- Promote conservation; and
- Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development".

As we ensure the provision of various forms of energy and manage the utilisation of energy, we therefore also have to ensure the above-mentioned rights of our citizens through reasonable legislative and other measures. The mandate of the Department, i.e. "Ensure secure and sustainable provision of energy for socio-economic development", together with the following SOOGs of the Department, directly relate to this mandate:

- Environmental assets and natural resources protected and continually enhanced by cleaner energy technologies; and
- Mitigation of and adaptation to, the impacts of climate change. We therefore, further have to ensure that as part of 'adequate' housing we provide electricity and other means of energy.

The Department addresses this obligation by means of, amongst others, legislative and other measures to reduce carbon emissions, energy efficiency, mitigate the impact of the generation/refinement and use of energy on the environment.

Housing

Chapter 2 (Bill of Rights), section 26.1, specifies that “Everyone has the right to have access to adequate housing”; and section 28.2, which specifies that “Every child has the right to ... basic ... shelter”. The Department therefore has to ensure that as part of ‘adequate’ housing and ‘basic shelter’, the provision of electricity and other means of energy for cooking, heating and lighting. The Vision 2014 statement of the Department, i.e. “... with access to modern energy carriers for all by 2014”, as well as the following SOOGs, directly relate to this mandate:

- Efficient and diverse energy mix for universal access within a transformed energy sector; and
- An efficient, competitive and responsive energy infrastructure network.

The Department addresses this obligation by means of, amongst others, programmes and projects to improve universal access to energy, especially to rural areas and vulnerable groups through mainstreaming and integrated policy development and programmes such as the Integrated National Electrification Programme; and legislative measures (with other government departments, where applicable) to regulate building standards.

Bill of Rights

The provisions of Chapter 2 (Bill of Rights) relating to Equality (section 9), Freedom of Trade (section 22), Healthcare (section 27) and Education (section 29) also inform the Department’s mandate. The Department addresses this obligation by means of:

- Legislation and other measures to promote transformation of the sector to, amongst others, ensure participation by historically disadvantaged individuals;
- Licensing of energy enterprises through the Petroleum Products Act, 1977, and/or the National Energy Regulator of South Africa (NERSA) and the National Nuclear Regulator (NNR);
- Programmes and projects to improve universal access to energy such as the electrification of schools and clinics component of the Integrated National Electrification Programme;
- Infrastructure development for the provisioning of electricity where new schools, clinics and hospitals are built; and
- Increasing the skills and capacity needed in the energy sector, such as Science, Technology, Engineering and Mathematics (STEM).



8.2. Legislative Mandate

Legislation regulating the energy sector

The following legislation regulates the energy sector and reflects the legislative measures the Department has instituted to:

- Execute its obligation to govern the energy sector in order to ensure secure and sustainable provision of energy for socio-economic development with universal access to modern energy carriers for all;
- Establish the need for the maintenance of this legislation and monitoring/ensuring compliance therewith; and
- Directly mandate the activities of the Department.

The National Energy Act, 2008 (Act No. 34 of 2008)

The National Energy Act, 2008, is the enabling legislation that empowers the Minister of Energy to ensure that diverse energy resources are available in sustainable quantities and at affordable prices in the South African economy to support economic growth and poverty alleviation, while also taking into account environmental considerations. In addition, the Act provides for energy planning; the increased generation and consumption of renewable energy; contingency energy supply; the holding of strategic energy feedstock and carriers; adequate investment in appropriate upkeep and access to energy infrastructure; measures for the furnishing of certain data and information regarding energy demand, supply and generation; and the establishment of an institution responsible for the promotion of efficient generation and consumption of energy, energy research and all matters connected therewith.

The Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended

The Electricity Regulation Act, 2006, establishes a national regulatory framework for the electricity supply industry and makes the National Energy Regulator of South Africa (NERSA) the custodian and enforcer of the national electricity regulatory framework. The Act provides for licences and registration as the manner in which generation, transmission, distribution, trading and the import and export of electricity are regulated. The Minister of Energy, in terms of section 34 (1), is empowered to make determinations for the establishment of Independent Power Producers (IPPs) for the purpose of greater competition in the electricity generation sector so as to increase the supply of electricity.

The Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended

The Petroleum Products Act, 1977, as amended, provides for measures in the saving of petroleum products and economy in the cost of distribution thereof; the maintenance and control of the price thereof; the furnishing of certain information regarding petroleum products, for the rendering of service of a particular kind or standard in connection with petroleum products; the licensing of persons involved in the manufacturing, wholesaling and retailing of prescribed petroleum products; promoting the transformation of the South African petroleum and liquid fuels industry; and the promulgation of regulations relating to licences and matters incidental thereto.

The Central Energy Fund Act, 1977 (Act No. 38 of 1977), as amended

The Central Energy Fund Act, 1977, as amended, provides for the payment of certain moneys into the Central Energy Fund (CEF) and for the utilisation and investment thereof; the imposition of a levy on fuel and the utilisation and investment thereof; the control of the affairs of the Central Energy Fund (Proprietary) Limited by a Board of Directors; the keeping of records of all transactions entered into for the account of the CEF or the Equalisation Fund and of certain other transactions; the investigation, examination and auditing of the books, accounts and statements kept and prepared in connection with the said transactions; and for the submission to Parliament of a report relating to the said investigation, examination and auditing. It also provides for matters connected with the Act.

The Nuclear Energy Act, 1999 (Act No. 46 of 1999)

The Nuclear Energy Act, 1999, provides for the establishment of the South African Nuclear Energy Corporation SOC Limited (Necsa), a public company wholly owned by the State. It defines its functions, powers and its financial and operational accountability; its

governance and management by a Board of Directors; the composition of the Board and appointment of a chief executive officer; its responsibilities for the implementation and application of the Safeguards Agreement and additional protocols entered into by the Republic and the International Atomic Energy Agency in support of the Nuclear Non-Proliferation Treaty acceded to by the Republic; regulates the acquisition and possession of nuclear fuel, certain nuclear and related material and equipment, as well as the importation and exportation thereof, together with certain other acts and activities relating to that fuel, material and equipment in order to comply with the international obligations of the Republic; and prescribes measures regarding the disposal of radioactive waste and the storage of irradiated nuclear fuel.

The National Nuclear Regulator Act, 1999 (Act No. 47 of 1999)

The National Nuclear Regulator Act, 1999, provides for the establishment of the National Nuclear Regulator (NNR) in order to regulate nuclear activities. It also provides for its objectives and functions; the manner in which it is to be managed and staffed; safety standards and regulatory practices; and the protection of persons, property and the environment against nuclear damage and matters connected therewith.

The National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008)

The National Radioactive Waste Disposal Institute Act, 2008, provides for the establishment of the National Radioactive Waste Disposal Institute (NRWDI) in order to manage radioactive waste disposal on a national basis. It provides for its functions; the manner in which it is to be managed; and regulation of its staff including matters connected therewith.

The Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)

The Petroleum Pipelines Act, 2003, provides for the establishment of a national regulatory framework for petroleum pipelines; a Petroleum Pipelines Regulatory Authority as the custodian and enforcer of the national regulatory framework; and matters connected therewith.

The Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004)

The Act provides for imposition of levies by the Petroleum Pipelines Regulatory Authority and matters connected therewith.

The Gas Act, 2001 (Act No. 48 of 2001)

The Gas Act, 2001, provides for the orderly development of the piped-gas industry; establishes a national regulatory framework; and provides for a National Gas Regulator as the custodian and enforcer of the national regulatory framework and matters connected therewith.

The Gas Regulator Levies Act, 2002 (Act No. 75 of 2002)

The Act provides for the imposition of levies by the National Gas Regulator and matters connected therewith.

The National Energy Regulator Act, 2004 (Act No. 40 of 2004)

The National Energy Regulator Act, 2004, provides for the establishment of a single regulator to regulate the electricity, piped-gas and petroleum pipeline industries and matters connected therewith.

The Abolition of the National Energy Council Act, 1991 (Act 95 of 1991)

The Abolition of the National Energy Council Act, 1991, provided for the abolition of the National Energy Council; and the transfer of powers, assets, liabilities, rights, duties, obligations and staff of the Council to the Minister and for matters incidental thereto.

Acts not transferred to the Minister of Energy

The following Acts were not transferred to the Minister of Energy by Proclamation 44 of 2009 (presumably by oversight) but are administered by the Department and/or entrust certain powers and functions to the Minister, the Department and/or the State-Owned Entities/Companies (SOE/Cs) of the Department:

The Electricity Act, 1987 (Act No. 41 of 1987), as amended

The Electricity Act, 1987, as amended, was repealed by the Electricity Regulation Act, 2006, with the exception of section 5B that provides for the funds of the Energy Regulator for the purposes of regulation of the electricity industry.

The Liquid Fuel and Oil Act Repeal Act, 1993 (Act No. 20 of 1993)

The Liquid Fuel and Oil Act Repeal Act, 1993, repealed the Liquid Fuel and Oil Act, 1947 (Act No. 49 of 1947) and the Liquid Fuel and Oil Amendment Act, 1960 (Act No. 17 of 1960).

The Coal Act Repeal Act, 1991 (Act No. 124 of 1991)

The Coal Act Repeal Act, 1991, provided for the repeal of the Coal Act, 1983.

Acts considered as obsolete which need to be repealed

The following Acts are considered obsolete and need to be repealed:

- The Electricity Amendment Acts, 1989 and 1994 (Act No. 58 of 1989 and Act No. 46 of 1994);
- The Nuclear Energy Act, 1993 (Act No. 131 of 1993); and
- The Coal Resources Act Repeal Act, 1992 (Act No. 6 of 1992).

Other legislation impacting on the Department

In addition to the aforementioned Acts, the Department is mandated by, amongst others, the following legislation:

The National Environmental Management Act, 1999 (Act No. 107 of 1999)

The National Environmental Management Act, 1999, has a direct impact on legislative and other measures to reduce carbon emissions, energy efficiency and mitigation of the impact of the generation/refinement and use of energy on the environment.

The Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)

The Mineral and Petroleum Resources Development Act, 2002, makes provision for access to and sustainable development of mineral and petroleum resources and matters connected therewith.

Legislation not listed in the Revised Strategic Plan

In addition to the aforementioned Acts, the Minister and/or the Department are mandated by legislation that was not listed in the Revised Strategic Plan, among others:

- The Disaster Management Act, 2002 (Act No. 57 of 2002);
- The Hazardous Substances Act, 1973 (Act No. 15 of 1973); and
- The Defence Act, 2002 (Act No. 42 of 2002).

8.3. Policy Mandates

White Paper on the Energy Policy, December 1998

The Department derives its mandate, among others, from the White Paper on Energy Policy of December 1998. The Department is responsible for ensuring energy security within the country and achieves this by undertaking Integrated Energy Planning (IEP), regulating energy industries, and promoting electric power investment in accordance with the Integrated Resource Plan (IRP) for electricity. The Department also implements the Electricity Regulation Act, 2006, as amended, especially with respect to creating the necessary conditions for the introduction of an Independent Systems Market Operator (ISMO) and Independent Power Producers (IPPs) in the electricity market.

The Department plans to review and update the 1998 White Paper on the Energy Policy of the Republic of South Africa during the 2014/15 MTEF period.

White Paper on Renewable Energy Policy, November 2003

The White Paper on Renewable Energy Policy of November 2003 supplements the White Paper on Energy Policy, which recognises that the medium- and long-term potential of renewable energy is significant. This Paper sets out government's vision, policy principles, strategic goals and objectives for promoting and implementing renewable energy in South Africa. It also informs the public and the international community of government's vision, and how government intends to achieve its objectives; and informs government agencies and organs of their roles in achieving the objectives.

Energy Security Master Plan for Liquid Fuels, 2007

The recommendations made in the Energy Security Master Plan for Liquid Fuels, which was approved by Cabinet in 2007, continue to be implemented, with the current focus being primarily on addressing the short- to medium-term infrastructural constraints within the liquid fuels sector.

Nuclear Energy Policy, June 2008

Following the White Paper on the Energy Policy, 1998, the Nuclear Energy Policy was approved by Cabinet in June 2008. The policy provides a framework within which prospecting, mining, milling and the use of nuclear materials as well as the development and utilisation of nuclear energy for peaceful purposes shall take place. The long-term vision of the policy is for South Africa to become globally competitive in the use of innovative technology for the design, manufacture and deployment of state-of-the-art nuclear energy systems and power reactors and nuclear fuel cycle systems.

Integrated Energy Planning Strategy

The Department tabled the Integrated Energy Planning Strategy before Cabinet during the first quarter of 2011. The strategy outlines the requisite processes, systems and structures necessary for the development of a comprehensive Integrated Energy Plan (IEP). The first phase of a national integrated energy modelling system, which is required to provide statistical analysis for the IEP, was completed during the 2011/12 financial year. As part of the second phase the draft Integrated Energy Planning Report was approved by Cabinet in June 2013.

National Strategic Fuels Stock Policy

The Energy Security Master Plan for Liquid Fuel identified a number of capacity constraints and challenges faced by the petroleum sector in meeting energy demand. In responding to these challenges, the National Strategic Fuels Stock Policy was submitted to Cabinet during the 2011/12 financial year. This policy sets out the framework for the storage of fuels stock by government as well as industry. It also seeks to guide the necessary investment decisions within the liquid fuels sector to ensure the security of energy supply. As part of this process, towards the end of September 2010, the Department drafted and published Regulations in Respect of Strategic Stocks to be Kept by Oil Companies, which was also finalised during the 2011/12 financial year.

National LPG Strategy

As part of the promotion of clean energy sources, the Department drafted a Liquefied Petroleum Gas (LPG) Strategy which was submitted to Cabinet in 2011/12. The main objectives of the strategy are to provide access to safe, cleaner, efficient, portable, environmentally friendly and affordable thermal fuel for all households, and to convert low-income households from the use of coal, paraffin and biomass to LPG.

Cleaner Fuels Programme

To further improve the quality of transport fuels, the Department reviewed the current fuel specifications and standards so as to reduce harmful emissions, and to align standards with global vehicle technology trends and environmental requirements. This should encourage vehicle manufacturers to introduce fuel efficient engine technologies with lower carbon and noxious emissions. The Amended Regulations regarding Petroleum Products Specifications and Standards for Cleaner Fuels 2 were promulgated on 30 June 2012 to come into effect in July 2017.

Promoting Clean and Renewable Energy Sources

Promoting the development and use of clean and renewable energy resources remains a key priority for the Department. Renewable energy feed-in tariffs were set for a diverse portfolio of renewable energy sources including wind, solar, biomass and small-scale hydro. Producers who invest in renewable energy are incentivised by tariffs which cover the cost of generation plus an attractive return.

Energy Efficiency Programmes

Similarly, energy efficiency programmes are prioritised and the Department has developed a Solar Water Heating Framework, which consolidates all solar water heating programmes currently run by various municipalities, public entities and the private sector. Energy efficiency in the residential, commercial and industrial sectors remains one of the most attractive options in terms of cost and time to deploy. The measurement and verification of energy efficiency outcomes will accordingly become a focal area, with the South African National Energy Research and Development Institute (SANEDI) serving as a repository for all energy efficiency interventions and outcomes.



Independent Power Producers

The Department moved away from the Standard Offer Framework (Renewable Energy Feed-in Tariff), to a criteria-based approach for proposals for the finance, construction, operation and maintenance of renewable energy generation facilities by IPPs. These criteria included potential for the creation of a local industry, job creation, black economic empowerment and technology transfer. Interventions that improve energy efficiency in the domestic, industrial and commercial sectors were developed and finalised in 2011/12. These initiatives assisted the Department to achieve its target of producing 10 000 GWh of electricity from renewable sources by 2013, and will contribute to improving energy efficiency by 12% by 2015.

The Department also initiated a procurement process for renewable energy investment under the Renewable Energy Independent Power Producer (REIPPP) Programme. Technologies including solar, wind, biomass, hydro and landfill gas will all contribute to the diversified portfolio of renewable energy. In addition to the renewable energy IPPs, other non-Eskom generation opportunities are being procured, particularly cogeneration and other options identified as part of the IRP implementation process.

Nuclear Energy Policy, 2008

The Department continues with the implementation of the 2008 Nuclear Energy Policy, including the implementation of inter-governmental decisions such as the deployment of a new nuclear power station, the associated funding and procurement framework, the industrialisation and localisation strategy, appropriate information sharing, as well as related training and skills development. In regard to this policy, the National Radioactive Waste Disposal Institute became operational in the 2013/14 period.

Infrastructure Rehabilitation

As the electricity supply-demand situation is improved, it has become critical to address problems facing the electricity distribution network, particularly municipal infrastructure. The Approach to Distribution Asset Management (ADAM) Programme has been introduced to rehabilitate the identified municipal structure which poses a risk to energy security.

8.4. Bills

Independent System and Market Operator Bill

The Bill provides for the establishment of an Independent System and Market Operator (ISMO) as a State-Owned Entity to provide the operation of an independent system to ensure safe, secure and efficient operation of the integrated power system; and for trading of electricity at wholesale level.

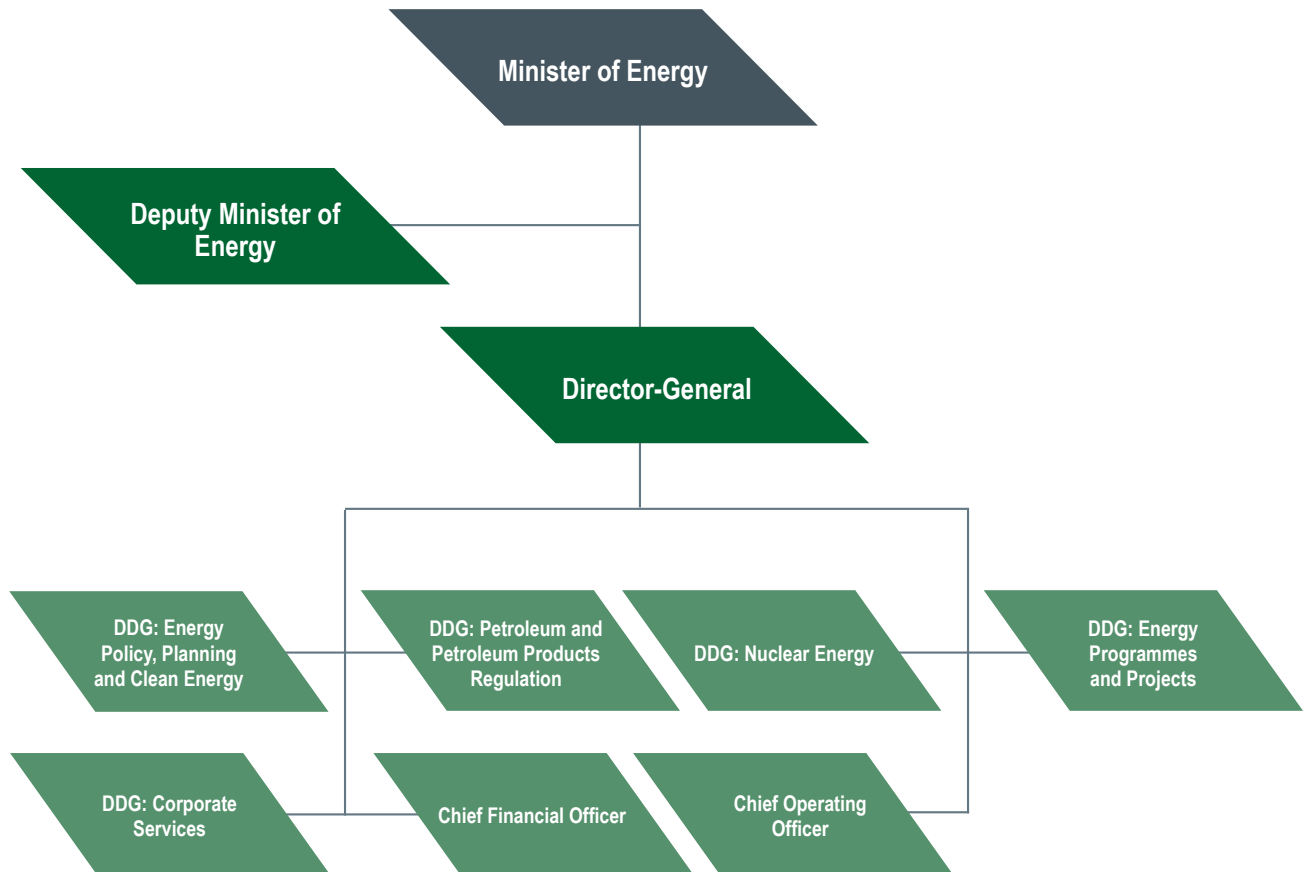
Electricity Regulation Amendment Bill

This Bill aims to amend the Electricity Regulation Act, 2006, including: defining certain words and expressions and amending or deleting certain definitions; effecting text corrections; providing for the licensing of electricity dispatch; allowing for the pre-approval of tariffs and licence conditions; allowing the Minister to expropriate land or right in, over or in respect of land on behalf of a licensee; allowing NERSA to act as an arbitrator in order to resolve disputes between licensees; setting out the procedure to be followed when developing the Integrated Resource Plan; providing a framework for the procurement of new generation capacity; and extending the Minister's power to delegate; and providing for matters connected therewith.

National Energy Regulator Amendment Bill

This Bill aims to amend the Electricity Regulation Act, 2006, including: amendments to the National Energy Regulator Act, 2004, so as to amend, substitute and insert certain definitions; the deletion of certain obsolete definitions; extension of the objects of the Act; amendments to the provisions relating to the functions of the Energy Regulator; amendments to the composition of the Energy Regulator; amendments to the disqualification and requirements for membership of the Energy Regulator; provision for the Minister to remove a member of the Energy Regulator; the establishment of an Energy Review Board to review the decisions of the Energy Regulator; provision for the review panel and procedure; provision for transitional provisions; provision for the Minister to make regulations; and to provide for matters connected therewith.

9. Organisational Structure



10. Entities Reporting to the Minister

The Minister of Energy is responsible for overseeing the following six (6) State-Owned Entities/Companies (SOE/Cs) and their subsidiaries, which are either classified as Schedule 2 or 3A institutions in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended (PFMA):

- The Central Energy Fund (CEF) Group of Companies (SOC) Ltd.;
- The National Nuclear Regulator (NNR);
- The National Energy Regulator of South Africa (NERSA);
- The South African National Energy Development Institute (SANEDI);
- The National Radioactive Waste Disposal Institute (NRWDI); and
- The South African Nuclear Energy Corporation (Necsa) SOC Ltd.

The founding legislation of the SOE/Cs requires the Minister to appoint suitable persons to the various boards of Directors of the aforementioned SOE/Cs, which in turn report to the Minister. These boards are ultimately accountable and responsible for the legal, operational and financial performance of their respective entities.

In addition to their legislative mandates, the boards have an inherent and/or intrinsic duty to ensure that the strategic activities of their SOE/Cs are aligned with the objectives of the Department and with those of the Government of South Africa as a whole. The strategic direction, provided by the boards, is then implemented by Senior Management within each SOE/C.

The Chief Operations Officer Branch within the Department has continued to provide oversight of State Owned SOE/Cs reporting to the Minister of Energy through the SOE/C Oversight Unit, by ensuring engagements on and timely approval of their Corporate Plans, Strategic Plans, Annual Performance Plans (APPs) and budgets. Oversight of the activities of the SOE/Cs has been enhanced through meetings between the Minister and the Chairpersons of the SOE/Cs, quarterly meetings between DGs and CEOs and quarterly meetings between departmental officials and SOE/C executives.

All SOE/Cs reporting to the Minister of Energy received unqualified audit opinions during the audit of the 2012/13 Annual Financial Statements and Performance Information. The audit and presentation of the 2013/14 Annual Financial Statements and Performance Information for all SOE/Cs will be concluded by 31 August 2014.

During the year under review, the Minister approved the appointment of the Inaugural Board Members of the NRWDI. Section 12(1) of the NRWDI Act states that the first meeting of the Board must be held at a time and place determined by the Minister, and thereafter meetings are to be held at such time and place as determined by the Board. Accordingly, the Minister conducted the first meeting of the NRWDI Board on 31 March 2014. The Board is in the process of putting in place the necessary processes, procedures and policies required to fully operationalise the institution.

The table below indicates the mandate, nature of operations and financial relationship between entities that report to the Minister/MEC.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
CEF (SOC) LTD	To finance and promote the acquisition of, research into and exploitation of oil, gas and renewable/clean energy-related products and technology.	The CEF Group generates its revenue from commercial activities undertaken by its various subsidiaries. Government from time to time provides financial guarantees in support of the Group's activities as and when they are required.	Undertakings include: (a) Involvement in the search for appropriate energy solutions to meet the future energy needs of South Africa, the Southern African Development Community and the sub-Saharan African region, including oil, gas, electricity, solar energy, low smoke fuels, biomass, wind and renewable energy sources. (b) Management of the operation and development of the oil and gas assets and operations of the South African Government. (c) Finance and promotion of the acquisition of coal, the exploitation of coal deposits and the manufacture of liquid fuel, oil and other products from coal. (d) Marketing of said products and any matter connected with the acquisition, exploitation, manufacture and marketing thereof. (e) Management of the Equalisation Fund, which collects levies from the retail sales of petroleum products to eliminate unnecessary fluctuations in the retail price of liquid fuel and give tariff protection to the synthetic fuel industry. (f) Acquisition, generation, manufacture, marketing or distribution of any other forms of energy and research connected therewith.
South African Nuclear Energy Corporation (Necsa)	Necsa is established in terms of section 3(1) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999). The Act provides for the commercialisation of nuclear and related products and services, and delegates specific responsibilities to Necsa, including the implementation and execution of national safeguards and other international obligations. The Nuclear Energy Policy of 2008 reinforced Necsa's mandate relating to Research and Development (R&D) and nuclear fuel cycle responsibilities.	Government grants (transfer payments) for mandated activities during 2013/14 amounted to R592 million. Necsa also generates income from various commercial activities undertaken by its subsidiaries.	Operations include: (a) Undertaking and promoting research and development in the field of nuclear science. (b) Processing source materials, including uranium, and co-operating with other institutions on nuclear-related matters. (c) Growing outputs of new technology, products and services.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
National Energy Regulator of South Africa (NERSA)	NERSA is a regulatory authority established as a juristic person in terms of section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). NERSA's mandate is to regulate the electricity, piped-gas and petroleum pipeline industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), the Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).	Revenue is generated from tariffs and levies paid by the regulated industries.	Ensuring the development and sustainability of the electricity, piped-gas and petroleum pipelines industries by: (a) Setting and approval of tariffs and prices; (b) Setting of rules, guidelines and codes for the regulation of the three (3) industries; and (c) Compliance monitoring and enforcement.
National Nuclear Regulator (NNR)	The NNR is established in terms of the NNR Act, 1999 (Act No. 47 of 1999) as the competent authority for nuclear regulation in South Africa. The purpose of the NNR, as outlined in section 5 of the Act, is to provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.	Government grants (transfer payments) for 2013/14 to the NNR amounted to R48 million. Revenue is also generated through authorisation fees levied on nuclear authorisation holders.	Providing for the protection of persons, property and the environment against nuclear damage by: (a) Exercising regulatory control over the siting, design, construction, operation, decontamination, decommissioning and closure of nuclear installations, as well as the manufacture of component parts; (b) Exercising regulatory control over the actions to which the Act applies, through the granting of nuclear authorisations; (c) Providing assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections; (d) Fulfilling national obligations in respect of international legal instruments concerning nuclear safety; and (e) Ensuring that provisions for nuclear emergency planning are in place.
South African National Energy Development Institute (SANEDI)	SANEDI is an applied energy research institute established in terms of section 7(1) of the National Energy Act, 2008 (Act No. 34 of 2008).	Government grants (transfer payments) for 2013/14 amounted to R134.3 million.	Operations include: (a) Undertaking measures to promote energy efficiency throughout the economy; (b) Ensuring uninterrupted supply of energy to the country; (c) Promoting diversity of supply of energy sources; (d) Facilitating effective management of energy demand and its conservation; (e) Promoting energy research; (f) Promoting appropriate standards and specifications for the equipment, systems and processes used to produce, consume and supply energy; (g) Providing for certain safety, health and environmental matters that pertain to energy; (h) Facilitating energy access to improve the quality of life of the people of the Republic; (i) Commercialising energy-related technologies; and (j) Ensuring effective planning of energy supply, transportation and consumption, and contributing to the sustainable development of the South African economy.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
<p>The National Radioactive Waste Disposal Institute (NRWDI)</p>	<p>NRWDI is a nuclear waste disposal institute established in terms of section 3 of the National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008).</p> <p>The purpose of NRWDI is to manage radioactive waste disposal on a national basis and to provide for its functions and for the manner in which it is to be managed.</p>	<p>The funds of the Institute are derived from:</p> <p>(a) Monies appropriated by Parliament which, for 2013/14, amounted to R19.8 million received as government transfer payment;</p> <p>(b) Monies received from waste generators on a cost-recovery basis for services rendered in terms of the NRWDI Act;</p> <p>(c) Monies transferred to the Institute from the Radioactive Waste Management Fund that must be established by an Act of Parliament;</p> <p>(d) Monies received for services rendered or derived from the sale or exploitation of products, technology or other assets;</p> <p>(e) Income or interest earned on the Institute's cash balances or on money invested;</p> <p>(f) Loans raised by the Institute in accordance with the PFMA; and</p> <p>(g) Donations or contributions received from any source, with the approval of the Minister.</p>	<p>Operations include:</p> <p>(a) Designing and implementing disposal solutions for all classes of radioactive waste;</p> <p>(b) Developing radioactive waste acceptance and disposal criteria in compliance with applicable regulatory health, safety and environmental requirements and any other technical and operational requirements;</p> <p>(c) Assessing and inspecting the acceptability of radioactive waste for disposal and issuing of radioactive waste disposal certificates;</p> <p>(d) Managing, operating and monitoring operational radioactive waste disposal facilities, including related storage and predisposal management of radioactive waste at disposal sites;</p> <p>(e) Managing and monitoring closed radioactive waste disposal facilities;</p> <p>(f) Investigating the need for new radioactive waste disposal facilities and site selection, design and construction of such new facilities as may be required;</p> <p>(g) Conducting research and developing plans for the long-term management of radioactive waste storage and disposal;</p> <p>(h) Maintaining a national radioactive waste database and publishing a report on the inventory and location of all radioactive waste in the Republic at a frequency determined by the Board;</p> <p>(i) Managing the disposal of any ownerless radioactive waste on behalf of the State, including the development of radioactive waste management plans for such waste;</p> <p>(j) Assisting generators of small quantities of radioactive waste in all technical aspects relating to the disposal of such waste;</p> <p>(k) Implementing any assignments or directives from the Minister regarding radioactive waste disposal;</p> <p>(l) Providing information on all aspects of radioactive waste disposal to the public in general, and particularly those living in the vicinity of radioactive waste disposal facilities; and</p> <p>(m) Co-operating with any person or institution on matters relating to the performance of any duty falling within the above functions.</p>

10.1. The Electricity Distribution Industry Holdings (EDIH)

Deregistration papers were submitted to the Companies and Intellectual Property Commission (CIPC) in July 2013. As at the end of the financial year, the process of deregistration of EDI Holdings had not been finalised and the Department awaits CIPC's response.



PART B: PERFORMANCE INFORMATION



1. Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to Management, with material findings being reported under the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the Auditor's Report.

Refer to page 168 of the Report of the Auditor-General, published as Part E: Financial Information.

2. Overview of Departmental Performance

2.1. Service Delivery Environment

The Integrated National Electrification Programme

The Integrated National Electrification Programme (INEP) has gained momentum over the financial year, with support from the Presidential Infrastructure Co-ordinating Commission (PICC), Eskom and municipalities. Despite the gains realised, challenges still remain, especially in the municipalities, some of which include:

- Funding applications that are six (6) times higher than the funding available per year;
- Long lead times for municipalities, forcing projects to start late in the year;
- New connections that cannot be made due to lack of network capacity or the bad state of network infrastructure;
- Limited oversight capacity within the Department due to resource constraints;
- Lack of, or limited technical and managerial capacity in municipalities to plan, procure and manage electrification projects; and
- High turnover of technical and managerial officials within municipalities.

Renewable Energy Independent Power Producers Programme

Windows 1 and 2 of the Renewable Energy Independent Power Producer Programme (REIPPP) were successfully concluded with 47 projects contracted. The construction phase of Window 1 progressed well, with a number of projects nearing completion and Window 2 projects were in the initial phase of construction as at the end of the financial year. Despite good progress, the programme experienced some teething problems, such as:

- Misunderstanding by stakeholders regarding issues relating to localisation and socio-economic development timeframes and beneficiaries;
- The need for the Department and the developers to intensify engagements and communication with local communities and local and provincial governments regarding the socio-economic development aspects of these projects;
- Interventions by different stakeholders in the delivery of the construction process;
- Delays in connection to the national grid due to grid access constraints; and
- Clarification of the interpretation of certain aspects of the Implementation Agreements, especially with respect to the manner and information required in terms of reporting by the IPP developers.

Public engagements

The Minister and the Deputy Minister hosted more than 45 formal public engagements with an additional 15 engagements hosted by the Director-General and the staff of the Department during the year under review. During these engagements the Department used the opportunity to share information on access to energy, the use of different energy carriers, safety aspects relating to energy, opportunities for women and youth in the energy space, planned projects to improve access to energy, the use of energy in an efficient manner, as well as general responsibilities of energy users. The challenges experienced in these engagements were as follows:

- The time required to prepare and conduct engagements;
- The cost of arranging the engagements, since the majority were held in rural areas;
- Limited resources within the Department to manage the large number of engagements, given that the same staff members were involved in the roll-out of the electrification programme; and
- Difficulties in the remote management of procurement where procurement could not be undertaken at local government level due to cash flow challenges, and as a result had to be undertaken via the Department.

Petroleum Licensing

The Petroleum Licensing function encountered the following challenges during the year under review:

- Failure of certain licence applicants to submit their documents as required in terms of the Petroleum Products Amendment Act, (PPAA) and applicable regulations, which adversely impacted on decision-making and increased the turnaround time;
- The tendency for site and retail applicants to focus on overtraded areas, leading to an increase in the number of new-to-industry (NTI) site and retail applications which were turned down, and an increase in the number of appeals challenging the decision of the Petroleum Controller;
- The fact that site and retail activities tend to be recycled amongst Africans, in particular Blacks, thus defeating the imperatives of economic transformation;
- Structural issues such as land and property ownership and development tend to perpetuate the imbalances with regards to access to site and retail ownership;
- Non-compliance with licence conditions; and
- Abuse of legislative gaps by law firms and applicants' representatives, which drain the overstretched human resource capacity of the Petroleum Licensing function.

As part of addressing the challenges mentioned above, the Department hosted 11 PPAA and licensing awareness campaigns during the year, where the queries of individual applicants were addressed.

Solar water heaters

The Solar Water Heater (SWH) Roll-out Programme experienced installation delays during the year under review due to problems that included the installation of poor quality products, poor workmanship, and the crowding out of locally produced systems by imports. As a result, as at the end of the year, 46 654 solar water heaters had been installed against a target of 80 000. During the year the Department revised the SWH contracting model to prescribe a minimum local content of 70% for subsidised systems and a rebate can only be secured if the local content has been verified by the South African Bureau of Standards (SABS). The revised model seeks to remedy most of the problems identified, in order to enable the Department to increase the uptake of solar water heaters in the residential sector in the period between 2014 and 2016.

Electricity distribution infrastructure

The performance and operational state of the electricity distribution infrastructure in the country remains a pressing concern and requires urgent investment and rehabilitation to prevent long-term catastrophic power failures among all major distributors. The distribution networks of municipalities and Eskom are in some cases not maintained or have been upgraded on an ad hoc basis and as a result are not operating effectively. It is estimated that the maintenance and rehabilitation backlog figure is about R38 billion. As part of the 2013/14 appropriation, the Department was allocated R320 million to initiate and conduct pilot projects in municipalities and metros to test a policy option to rectify this challenge. Nine (9) municipalities/metros across the country were identified as recipients of the allocated funding. As at the end of the financial year 50% of these projects had been completed. This network upgrading will ensure a more stable supply to customers who have been experiencing regular power dips and outages due to network failures.

2.2. Service Delivery Improvement Plan

In accordance with the Public Service Regulations, Chapter 1, Part III C, the Department is required to develop a Service Delivery Improvement Plan (SDIP) and to publish an annual statement of public service commitment which sets out the service standards that citizens and customers can expect from the Department and which serves to explain how the Department will meet each of the standards. The table below sets out the Department's SDIP.

Main services and standards

Main services	Beneficiaries	Current/Desired standard of service	Actual achievement
New Multi-Product Pipeline (NMPP) from Durban to Johannesburg	South African public.	Monitor and report on implementation of the agreement for completion of the NMPP trunk line.	The NMPP has been operational since end of 2012, and currently transports only diesel.
Inclining Block Tariffs (IBT) for prepaid metering	Municipalities	Extend IBT to cover prepaid meters in more municipal areas.	For 2013/14, IBT implementation in municipal areas had progressed to 76%, including Centlec licensed areas (e.g. Kopanong, Naledi and Mohokareng) of 1%.
Petroleum Licensing	<ul style="list-style-type: none"> The South African public; Manufacturers, wholesalers and retailers; Industry associations across the value chain; Oil companies; Parliament and various government departments; and Independent consultants/ lawyers/attorneys representing applicants. 	<p>100% compliance rate by the Controller in finalising all applications within 90 days, excluding Site and Retail NTI applications.</p> <p>90% compliance rate by the Controller in finalising site and retail NTI applications within 60 days.</p>	<p>An average of 97% compliance with the 90-day turnaround time.</p> <p>An average of 93% compliance with the 60-day turnaround.</p>
Compliance with the Petroleum Product Act	<ul style="list-style-type: none"> The South African public; Manufacturers, wholesalers and retailers; Industry associations across the value chain; Oil companies; Parliament and various government departments; and Independent consultants/ lawyers/attorneys representing applicants. 	<p>1 500 compliance inspections conducted at the sites during 2013/14.</p> <p>1 080 fuel samples and tests during 2013/14.</p>	<p>1 945 compliance inspections were conducted at the sites.</p> <p>Only 200 fuel samples were tested due to a delay in signing the Service Level Agreement (SLA) between the Department and the service provider.</p>
Fuel stock levels and corrective actions	<ul style="list-style-type: none"> Petroleum Industry; Transnet; NERSA; and Parliament. 	Fuel stock levels monitored and corrective action taken to avoid distribution shortages co-ordinated.	Thorough monitoring of fuel stocks was undertaken by the Department and industry through supplier manager meetings and the Logistics Planning Team. Therefore only minimal fuel supply disruptions were experienced.
Nuclear safeguards compliance inspections, audits and investigations	<ul style="list-style-type: none"> Nuclear industry; and Energy users. 	Four (4) nuclear safeguards compliance inspections and one (1) audit conducted.	<p>Eight (8) nuclear safeguards compliance inspections were conducted.</p> <p>One (1) nuclear audit was completed and an Audit Report drafted, but the Department still awaits the finalisation of comments from Necsa's Nuclear Safeguards Management Department.</p>
Nuclear radiation security	Nuclear industry stakeholders.	<p>Facilitation of installation of Radiation Portal Monitors (RPMs).</p> <p>Conducting Nuclear Radiation Security training, courses, workshops.</p> <p>Enhance security measures at strategic points.</p>	<p>Facilitation of installation of RPMs in progress.</p> <p>Training courses and workshops ongoing.</p>
Energy efficiency incentive scheme	Industry	Energy efficiency incentive scheme implemented.	Incentive scheme promulgated and launched in December 2013.

Main services	Beneficiaries	Current/Desired standard of service	Actual achievement
SWH units in residential and commercial sectors	The general South African public, in particular poorer communities that currently do not have electricity.	500 027 SWH units installed.	400 046 units installed as at the end of March 2014.
Clean Development Mechanism (CDM) projects	<ul style="list-style-type: none"> Industry; Municipalities; and Organisations. 	100% of all CDM applications processed within the set timeframes (45 working days for Project Development Documents (PDDs) and 30 working days for Project Identification Notes (PINs).	All applications processed within stipulated timeframes.
Universal access to energy	<ul style="list-style-type: none"> Eskom and Municipalities; and The general South African public, in particular poorer communities that currently do not have electricity. 	A minimum of 215 000 households electrified per annum, comprising: <ul style="list-style-type: none"> 200 000 grid connections; and With an additional 15 000 off-grid connections. 	Grid household connections: <ul style="list-style-type: none"> Eskom (157 839 planned, 202 943 including roll-overs achieved); Municipalities (87 231 planned, 89 771 including roll-overs achieved). Therefore a total of 292 714 achieved.
		Two (2) Integrated Energy Centres (IeCs) established and operational	One IeC was launched QwaQwa in the Free State, (Makwane IeC) and the second was launched in Ulundi in KwaZulu-Natal.

Consultation arrangements with customers

Type of arrangement	Actual customers	Potential customers	Standard of service	Actual achievement
Nuclear stakeholder engagement	<ul style="list-style-type: none"> South African Police Service (SAPS); South African Revenue Service (SARS); Nuclear Authorisation (permit) Holders; National Nuclear Regulator (NNR); International Atomic Energy Agency (IAEA); Department of International Relations and Cooperation (DIRCO); and Non-Proliferation Council. 	New Nuclear Authorisation (permit) Holders.	Giving inputs on matters related to nuclear non-proliferation. Conducting inspections and audits for Authorisation Holders. Conducting regular training/workshops, including nuclear commodity identification, and an annual workshop for authorisation holders.	Recommendations for authorisation of nuclear material. 18 inspections and one (1) audit conducted. Two (2) commodity identification workshops conducted.
Public Awareness Campaigns on Petroleum Products Act (PPA)	<ul style="list-style-type: none"> The South African public; Manufacturers, wholesalers and retailers; Industry associations across the value chain; Oil companies; Parliament and various government departments; and Independent consultants/lawyers/attorneys representing applicants. 	South African public.	Continue regular engagement with oil companies and industry association. Engagement with tribal authorities to reach outlying areas.	11 PPA and licensing awareness campaigns were conducted.

Type of arrangement	Actual customers	Potential customers	Standard of service	Actual achievement
Inspection of the electrification project and engagement with communities	Eskom and municipalities.	South African public or communities.	Due to protocol, consultation is done through local municipalities who then convey messages within their structures to communities. The Energy Ministry and the Department engage with stakeholders and communities to address energy-related issues of communities.	In 2013/14 all the Minister and Deputy Minister Public Participation Programmes (PPPs) were related to electrification, leCs or Independent Power Producers (IPPs). Hence, more than 40 such events were held.

Service delivery access strategy

Access strategy	Actual achievement
Regional offices exist to support beneficiaries with information, resolution of queries and general electrification assistance; access to head office is possible at all times	All the queries are being addressed, either by the Department, Eskom and/or municipalities and are reported on a monthly basis.
Department of Energy Website	The Department's website is updated on a daily basis with information on new and revised policies, legislation, programmes, and media statements.
Regional representation at departmental workshops/road shows; provision of mobile services	Branches carry out workshops and mobile services in line with Annual Performance Plans (APPs).
Contact with the Department via the website, e-mail, telephonically or physical consultation	<p>Website management has been enhanced to optimise timeous information updates by ASD Electronic Publications.</p> <p>Goals achieved and reports of contacts made with the Department are available for the website, and enquiries e-mailed to the Energy Knowledge Resource Centre (EKRC) at info@energy.gov.za.</p> <p>No telephonic enquiry reports are available due to the lack of appropriate electronic tracking systems.</p>

Service information tool

Type of information tool	Actual achievement
Pamphlets and workshops on the licensing process (including local languages)	Not yet in place. 18 regional workshop were conducted.
Regional representation, more collaboration with stakeholders – helpdesk, website and seminars	Ongoing website updates of policies, legislation and programmes maintained in partnership with branches.

Complaints mechanism

Complaints mechanism	Actual achievement
E-mailed	E-mails received via Info@Energy.gov.za are managed by the EKRC.
Telephonic	<p>Telephonic complaints are received via the Switchboard and the EKRC.</p> <p>In terms of the current process, complaints are received via these three (3) channels and referred to the appropriate branches for response. Upon receipt of an e-mailed or telephonic complaint, the EKRC sends an e-mail of acknowledgement to the client concerned. Branches are required to copy the EKRC on all direct responses. The EKRC reports on the status of all such complaints in weekly reports, and at monthly Management Committee (MANCO) meetings.</p>

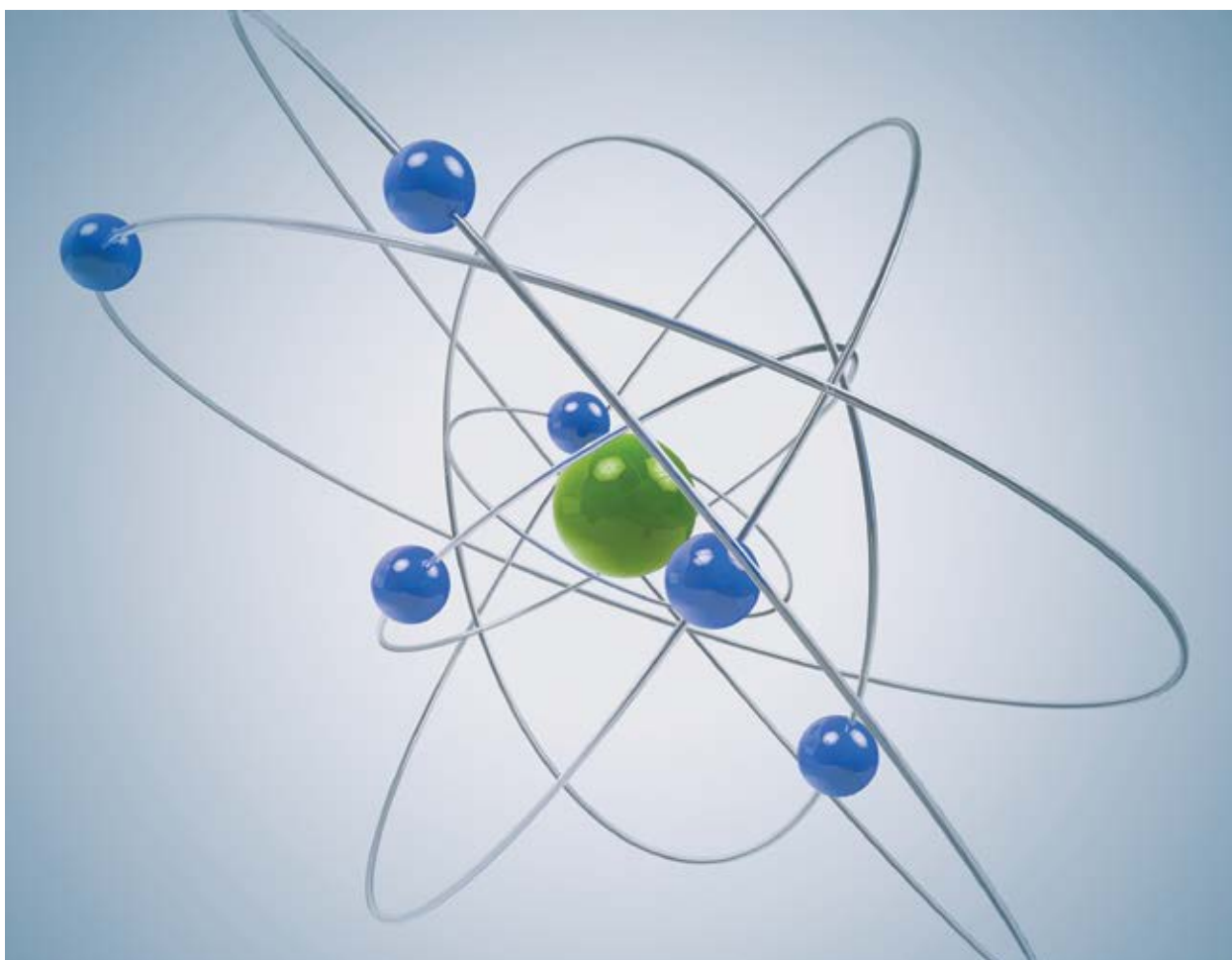
2.3. Organisational Environment

The Department of Energy was established in 2009 with a staff complement of 426 permanent and 97 additional employees, being interns and contract employees. Following the development of strategic outcomes for the Department, the approved organisational structure was reviewed to align with the mandate as well as the strategic priorities of the Department. The alignment of the revised organisational structure with the strategic outcomes and service delivery agreements signed between the Minister and the President led to the creation of the following line function branches:

- Energy Policy and Planning;
- Petroleum and Petroleum Products Regulation;
- Nuclear Energy;
- Clean Energy; and
- Energy Programmes and Projects.

The aforementioned realignment of the structure has amongst others, ensured that previous challenges relating to reporting and accountability lines are properly addressed. The approved organisational structure, however, was implemented in a phased approach due to financial constraints within in the Department's Medium-Term Expenditure Framework (MTEF) allocations. As a result, the Department has continued to explore and embark on various interventions to improve the efficiency and effectiveness of the organisation within the baseline allocations and has creatively and innovatively implemented an approved Integrated Human Resource Plan in order to improve its human resource capacity and capabilities. As at the end of the 2013/14 financial year the Department's permanent staff complement had increased to 550 employees, with a further 57 employees appointed additional to the approved establishment.

The Department relocated to a stand-alone building, Matimba House, with branding that reflects its image and the work it does as a Department of Energy.



The annual programme for Employee Performance Management and Development commenced with the submission of performance agreements and the overall submission rate exceeded the target of 80%, although an improved compliance rate is still desired. The performance review moderation for the 2012/13 performance cycle was timeously concluded and performance rewards were paid on time and within budget. Performance Management and Development System (PMDS) workshops undertaken during the year were well attended by staff members below Senior Management Service (SMS) level.

The Department conducted a Culture Survey to determine the current underlying challenges within the organisation. Some of the critical issues identified were, among others, the enhancement and/or better application of the performance management and development system; enhancement of the leadership and management capability; and project management. The development and implementation of the Human Resource Development Strategy has, amongst others, resulted in a programme that aims to address the critical skills shortages in the energy sector; and led to the placement of 54 interns in various municipalities around the country. To enhance the Department's capacity to deliver on its mandate, partnerships were formed in addition to the focused human resource development interventions with the Energy and Water Sector Education and Training Authority (EWSETA) and the Chemical Industries Education and Training Authority (CHIETA) to increase the scope of energy training to meet the growing skills needs of the energy sector.

In terms of communication, the planned programme of public outreach and awareness campaigns and interactions with specific external audiences, as well as the general public, was implemented to increase awareness of government's energy programme. A schedule of activities and events, aimed at broadening access to energy sector information, was implemented to ensure the communication and distribution of relevant information to defined internal and external stakeholders. In this way, energy sector target markets were also informed of the continuously growing and evolving energy issues.

Recognising the importance of an informed staff complement for enhanced service delivery, the Director-General continued to engage with employees at quarterly staff interaction sessions. Through these sessions employees were provided with an opportunity to constructively engage with the leadership of the Department on issues that affect their ability to implement the Department's mandate. During 2013/14 the Department further enhanced internal communication by introducing a number of platforms for direct interaction between the Ministry, the Executive and officials. Among the most successful vehicles used were the daily Team Energy Memorandum Updates, providing updates on internal developments; the *Energy Update* monthly newsletter; bi-quarterly information sessions; and periodic Ministerial staff interaction sessions.



Departmental training programmes/interventions

The Department trained 282 officials on various skills programmes during the 2013/14 financial year, as part of the implementation of the Workplace Skills Plan (WSP). Among these were Project KHAEDU, Advanced Management Development Programme; Compulsory Induction Programme; Basic and Advanced Project Management Course; Basic Charts of Accounts and Economic Reporting Format; Legislative Drafting; Policy Development; Leadership and Management Development Programme; Excellent Customer Service for Frontline Staff; and Financial Management. The Department also offered 66 new bursaries to serving employees, with effect from the beginning of the 2014 academic year. This brings the total number of employees studying part-time at various institutions to 77.

Interventions to address skills needs within the energy sector

Following the outcome of the skills audit conducted within the Department, a WSP was compiled to address requirements. The WSP was submitted to the Public Service Education and Training Authority (PSETA), EWSETA and CHIETA for implementation.

In addition, the Department successfully implemented an internship programme with various municipalities, with a total of 54 interns being beneficiaries of this programme.

2.4. Key Policy Developments and Legislative Changes

The revised Integrated Resource Plan was drafted for public consultation, with major highlights being:

- Reconfirmation of nuclear and renewables as supply side solutions to meet environmental and macroeconomic development objectives;
- Shale gas and imported piped-gas playing a prominent role;
- Coal technology, particularly fluidised bed combustion, to sustain the coal programme; and
- Regional integration through imported hydro projects to improve the SADC economy, while simultaneously providing a renewable energy source.

During the year under review stakeholder engagement on the Integrated Energy Plan (IEP) was completed. The IEP is a high level planning platform to manage the interrelations between electricity, gas, and liquid fuels up to 2050.

With regard to the development of South Africa's gas resources, including regional gas opportunities in neighbouring countries and the country's own shale gas resource, the draft Gas Utilisation Master Plan (GUMP) was completed and stakeholder engagement will commence to solicit broader input into the plan.

During the year, the Biofuels Incentive Framework was published for public comment. The framework has been developed to facilitate the mandatory blending of ethanol into South Africa's liquid fuels. It is envisaged that the increased cultivation of energy crops like sorghum and sugar will be coupled with agrarian reform to result in more job opportunities and transformation of the economy.

Consultation on the Liquefied Petroleum Gas (LPG) maximum refinery gate price, which started during the year, is intended to facilitate the importation of LPG, especially during supply constraints in the winter season.

3. Strategic Outcome-oriented Goals

The Department of Energy is not a lead department in any of the 12 Government Outcomes; however the Minister has signed delivery agreements with regard to the following seven (7) outcomes which are pursued by the indicated Strategic Outcomes-oriented Goals (SOOG) and departmental programmes implemented during the year under review. The table below also highlights the proposals in terms of the National Development Plan (NDP).

Government outcome	Strategic outcome-oriented goals	Objective statement in support of the SOOG	Proposals in terms of the NDP	Departmental programmes implemented during the year
Outcome 2 – A long and healthy life for all South Africans	SOOG 4 – Universal Access and Transformation	To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	Healthcare for all. Revise National Electrification Plan and achieve 97% access by 2025.	Implemented the Integrated National Electrification Programme (INEP), more than 292 000 new connections achieved. New Household and Electrification Strategy approved by Cabinet. Introduction of the Renewable Energy Independent Power Producers Programme (RE IPP). Installation of Solar Water Heaters (SWH).
	SOOG 1 – Security of Supply SOOG 3 – Regulation and Competition	To ensure that energy supply is secure and demand is well managed. To ensure that there is improved energy regulation and competition.	Enable exploratory drilling to identify economically recoverable coal seam and shale gas reserves, while environmental investigation will continue to ascertain whether sustainable exploitation of these resources is possible. If gas reserves are proven and environmental concerns alleviated, then development of these resources and gas-to-power projects will be fast-tracked. Fast-track development of off shore West Coast gas coupled with incremental power generation units. Develop infrastructure for the import of liquefied natural gas, mainly for power production.	IPPs, INEP, Integrated Energy Plan (IEP), and Energy Efficiency.
Outcome 4 – Decent employment through inclusive economic growth				

Government outcome	Strategic outcome-oriented goals	Objective statement in support of the SOOG	Proposals in terms of the NDP	Departmental programmes implemented during the year
Outcome 6 – An efficient, competitive and responsive economic infrastructure network	SOOG 2 – Infrastructure	To facilitate an efficient, competitive and responsive energy infrastructure network.	<p>Economy and employment – Increasing rail, water and energy infrastructure.</p> <p>Enable exploratory drilling to identify economically recoverable coal seam and shale gas reserves, while environmental investigation will continue to ascertain whether sustainable exploitation of these resources is possible.</p> <p>If gas reserves are proven and environmental concerns alleviated, then development of these resources and gas-to-power projects will be fast-tracked.</p> <p>Fast-track development of off-shore West Coast gas coupled with incremental power generation units.</p> <p>Develop infrastructure for the import of liquefied natural gas, mainly for power production.</p>	Completion of the Gas Utilisation Master Plan
	SOOG 2 – Infrastructure	To facilitate an efficient, competitive and responsive energy infrastructure network.	Move Eskom's system operator, planning, power procurement, power purchasing and power contracting functions to the Independent System Market Operator (ISMO) and accelerate procurement of IPPs.	ISMO Bill submitted to Parliament. IPP Programme being implemented.
	SOOG 3 – Regulation and Competition	To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	Ensure that there is improved energy regulation and competition.	Amendments to the Electricity Regulation Act, Gas Act, National Energy Regulator Act and Petroleum Products Act. New Household and Electrification Strategy approved by Cabinet in 2013.
Outcome 7 – Vibrant, equitable and sustainable rural communities and food security for all	SOOG 4 – Universal Access and Transformation		Revise National Electrification Plan and achieve 97% access by 2025.	Implementation of INEP. Introduction of Renewable Energy Independent Power Producer Programme (REIPPP).

Government outcome	Strategic outcome-oriented goals	Objective statement in support of the SOOG	Proposals in terms of the NDP	Departmental programmes implemented during the year
Outcome 8 – Sustainable human settlements and improved quality of household life	SOOG 4 – Universal Access and Transformation	To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	Revise National Electrification Plan and ensure 97% by 2025. Ring-fence the electricity distribution businesses of the 12 largest municipalities, resolve maintenance and refurbishment backlogs and develop a financing plan, alongside investment in human capital.	New Household and Electrification Strategy approved by Cabinet. Petroleum Licensing Programme. Mini-ADAM.
Outcome 9 – A responsive, accountable, effective and efficient local government system				
Outcome 10 – Environmental assets and natural resources that are well protected and continually enhanced	SOOG 5 – Environmental Assets SOOG 6 – Climate Change	To ensure that environmental assets and natural resources are protected and continually enhanced by cleaner energy technologies. To implement policies that adapt to and mitigate the effects of climate change.	Move to less carbon intensive electricity production by procuring at least 20 000 MW of renewable energy. Increase hydro-imports from the region. Increase demand side measures, including water heating.	INEP – just over 12 000 households were supplied with PV solar electricity. Signed Treaty with the DRC on the Grand Inga Hydropower project, subsequent to which a number of workshops were held to develop the implementation plan. Solar Park – Feasibility study completed. REIPPP – 300 MW of green power being generated by Renewable Energy IPPs by end of March. Implementation of the SWH Programme.

4. Performance Information by Programme

After the second quarter of the 2013/14 financial year, the Department conducted a critical review of all key performance indicators for year. During this review, a number of factors were taken into account while evaluating the implementation of the 2013/14 Annual Performance Plan. These factors included the following:

- Has the environment changed from the time of development of the Annual Performance Plan (APP)?
- Was the original APP for 2013/14 too ambitious (are there key performance indicators that need to be removed/are there delayed targets/are there postponed targets)?
- To what extent is the APP in line with the Framework for Strategic Plans and Annual Performance as published by National Treasury?

Upon comparison between the Department's 2013/14 APP and the Framework for Strategic Plans, it was realised that:

- The APP did not fully follow the hierarchy of the planning concepts as indicated in the framework, resulting in 188 key performance indicators for the Department, the majority of which were inputs or activities rather than outputs; and
- Some targets were outside the control of the Department, necessitating the rephrasing of those targets and performance indicators.

A detailed mid-term review report containing changes, together with the revised 2013/14 APP and the new Operational Plan for 2013/14, was produced and submitted to the Minister for approval. Changes to the APP separated high level targets/outputs from activities and inputs, giving a focused approach for the APP.

4.1. Programme 1: Administration

4.1.1. Programme purpose

To provide strategic support and management services to the Ministry and the Department.

4.1.2. Sub-programmes

The following table indicates the sub-programmes identified for this Programme:

Sub-programmes	Functions
1.1. Ministry (CD: Ministerial and Parliamentary Services)	Provides executive support to the Minister and Deputy Minister. Provides a Parliamentary service to the Minister, Deputy Minister, Department and energy sector.
1.2. Departmental Management (CD: Office of the Director-General and Offices of Deputy Directors-General)	Provides executive support to the Director-General and Deputy Directors-General.
1.3. Finance Administration (Branch: Financial Management Services)	Provides financial management, accounting, and supply chain management services to the Department.
1.4. Audit Services (Directorate: Audit Services)	Provides internal audit service to the Department.
1.5. Corporate Services (Branch: Corporate Services)	Provides corporate support to the Department.
1.6. Office Accommodation (Branch: Corporate Services)	Provides office accommodation and related support to the Department.
1.7. Governance and Compliance (Branch: Governance and Compliance)	Ensures good corporate governance and compliance by the Department and SOE/Cs. It should be noted that this sub-programme is not listed as a sub-programme in terms of the Estimate of National Expenditure. However, National Treasury will be requested to do this with effect from the 2014/15 fiscal year.

4.1.3. Strategic objectives

The following strategic objectives (outputs) were identified for this Programme:

Strategic objective (outputs)	Objective statement
SO 1.1 Finance and Supply Chain Management (SCM)	To provide financial management, accounting, supply chain and asset management services to the Department.
SO 1.2 Corporate Support	To provide corporate support to the Department.
SO 1.3 Governance and Compliance	To ensure good corporate governance and compliance by the Department and SOE/Cs.
SO 1.4 International Co-ordination	To support the Minister, Deputy Minister, Director-General, Department and energy sector with their international engagements and obligations.

4.1.4. Performance indicators, planned targets and actual achievements

Corporate Services Branch

The Corporate Services Branch achieved two (2) and partially achieved the remaining two (2) of the four (4) revised APP targets for which it was responsible during the period under review. One of the branch's major achievements was the drafting and approval of the Integrated Human Resource Plan for the period 2013–2018 whose implementation commenced on 1 April 2013. This Plan seeks to match the required number of jobs with the appropriate profiles of employees so as to effectively deliver on the Department's mandate and strategic objectives.

Another substantial improvement relates to an 80% compliance rate with respect to the completion of the annual employee performance management and development process, although a better compliance rate is still desired. The performance review moderation for the 2012/13 performance cycle was concluded timeously and bonuses were paid on time and within the allocated budget. Human Resources (HR) delegations were also compiled and approved in terms of the Public Service Act and the relevant regulations. Employment targets for the participation of women at Middle Management level, as well as for race and gender representation were exceeded. However, the overall employment equity target for women and people with disabilities was not met. The Department is expending considerable effort on appointing a dedicated team to mainstream these vulnerable groups.

Training and Development

Donor-funded international training

The Department has participated in human resource and capacity development interventions emanating from signed bilateral and mutual co-operation agreements. Such co-operation includes capacity building in the energy sector, for example in the fields of nuclear energy, renewable energy, electricity, leadership development programme and project management.

Countries engaged in these interventions include Japan, China and South Korea. In the case of the latter, South Africa benefited from a bilateral agreement with the South Korean Nuclear Energy Corporation (KEPCO), which offered scholarships for the Masters Programme in Nuclear Energy through one of the leading universities offering specialised nuclear education, KINGS. The scholarship offer commenced in 2011 and to date one (1) South African, based at Eskom, has successfully completed the programme. Currently three (3) South African students are studying at KINGS and the Department intends to extend the offer to more students.

The Department restructured its internal structure, processes and capacity in order to better service the profoundly changing energy sector. The German Government, through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the South African-German Energy Programme (SAGEN), played an instrumental role in supporting the Department in its drive to capacitate these processes, which are aimed at improving, amongst others, leadership capacity. A recent culture survey finding indicated a need for all managers to attend a tailor-made, fit-for-purpose Leadership Development Programme. This programme was developed for the Department through funding provided by GIZ and SAGEN. The Leadership Development Programme was provided by KONINGWEISER and NETWORK, based in Germany. The training was attended by the Director-General, Deputy Directors-General, Chief Directors and some Directors. Feedback on this programme was extremely positive and negotiations are under way to proceed with the next phase of the enhancement of leadership skills, which will see the programme being rolled out to all senior managers in the Department.

The Malaysian Scholarship Programme commenced in 1999 as a joint venture between the former Department of Minerals and Energy and the Malaysian Government. The programme is targeted at South African matriculants from disadvantaged communities who are pursuing careers in engineering, information technology and information systems. The scholarship provides for funding for South African students to study at the University Teknologi PETRONAS in Malaysia. The intention of this flagship programme is to bridge the scarce skills gap in the information technology and engineering sectors. To date 84 students have graduated in chemical, mechanical, electrical, petroleum, geoscience, civil and information technology and systems disciplines. Currently seven (7) students are still pursuing their studies in Malaysia, and a total of 74 students who have graduated are permanently employed in various South African organisations and companies.

Officials of the Department are also participating in International Energy Agency (IEA) and International Atomic Energy Agency (IAEA) training programmes, which include study tours and site visits to advanced plants and international organisations.

In the last financial year 50 officials participated in various donor-funded programmes. In order to respond appropriately to the skills needs of the petroleum industry, the Department established a partnership with the South African Petroleum Industry Association (SAPIA) for the development of a programme to provide the requisite skills for officials in the Department. The programme is accredited by Rhodes University and is presented in partnership with Duke Corporate Education. The main focus of the partnership is on capacitating women in Management positions as well as preparing women at Middle Management level to take up positions at Senior Management level. Twelve (12) female officials attended and graduated through the SAPIA Women in Leadership in the Oil Industry Programme and the Advanced Leadership Development Programme for the Oil Industry. SAPIA is currently providing full funding for seven (7) female officials from the Department who are enrolled in the Certificate in Management for Oil and Gas.

The Department has established a Human Resource Development Forum which is constituted by the following SOE/Cs reporting to the Ministry of Energy: Necsa, NERSA, SANEDI, PetroSA and the NNR. The purpose of the forum is to collectively drive skills development to ensure that scarce skills in the energy sector are properly addressed in the Sector Skills Plans of the relevant SETAS; to collectively source the required funding; and to share best practice in promoting knowledge management and benchmarking between member organisations. The forum advocates skills transfer, secondments, mentoring and coaching amongst member organisation employees for the effective achievement of their strategic objectives. Forum members are also making their employees available for graduate development programmes, internships and experiential learning.



Information and communication technology (ICT)

The Department successfully completed the server refresh, consolidation and virtualisation initiative, which resulted in a reduction in the data centre footprint; an improvement in energy efficiency; a stable business application environment; increased ICT service availability; and a simplified disaster recovery capability. Substantial progress was made in relation to the re-engineering of the Petroleum Products Act Licensing System (PPALS) in order to improve functionality, usefulness, and use of the system. PPALS is used to capture, track and process licence applications efficiently. The anticipated project completion date is July 2014. The Department is on track with the implementation of a Virtual Private Network (VPN) by the first quarter of the 2014/15 financial year. The VPN is aimed at creating secure channels of communication, while at the same time reducing costs, improving security, increasing performance and providing greater access for remote users. The target date for the implementation of the VPN is April 2014.

Legal services

The Legal Services Directorate continued to support the Department and the Ministry by ensuring that all requests for legal assistance were dealt with within agreed timeframes, reducing the internal appeal backlog and improving turnaround times on appeals with the support of the Office of the Controller. Approximately 75 internal appeals to the Minister were finalised during the financial year, with only 32 appeals remaining at the end of the financial year. In-house training was arranged on legislative drafting and interpretation for policy drafters in the Department to improve the quality of draft legislation. A legislative drafting manual was also developed for the Department.

Serious strides were made in ensuring improved access to the records of the Department and compliance with the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA). The PAIA Manual was translated into three (3) additional languages, and further training will be arranged for designated Deputy Information Officers. No adverse court judgements or orders were made against the Department in the financial year and only one (1) application for judicial review of the Controller's decision was successful and referred back to the Controller for re-evaluation of the licence application. (Note that the Department did not oppose this review application and no costs were awarded against the Department.) There are 28 litigation matters pending and being attended to on behalf of the Department. Thirty-eight (38) legal opinions were provided and sixty-three (63) contracts were vetted by the Directorate in the financial year. International agreements were dealt with in compliance with the prescribed legal processes.

Communications

The Communications component of the branch facilitated 48 Izimbizo during the year under review. The public engagements addressed topics of primary interest to the public, business and industry. These included energy service delivery, the Renewable Energy Independent Power Producer Programme (REIPPP), fuel security and pricing, nuclear, energy efficiency and the status of energy legislation among others. In return, the Department gained a better understanding of community needs, concerns, and challenges.

The Department hosted a number of media engagements during the year to strengthen the valuable public engagement programme aimed at interacting with targeted stakeholders and communities generally. The media programme ensured that departmental developments are communicated to local and international media accurately and timeously.

In addition, the Department has been very active in leading the government-related sector in communicating messages aimed at demystifying the concept of nuclear energy among the broader South African public. To date the Department and its SOE/Cs, in partnership with Eskom, has actioned a community outreach strategy at existing and potential nuclear installation areas, such as Vaalputs and Thyspunt. In addition to these nuclear outreach efforts, the Department has partnered with organisations like SAYNPS, which represents the interests of young nuclear sector employees, and the Nuclear Industry Association of South Africa (NIASA), which represents the interests of the nuclear industry.

Governance and Compliance Branch

In terms of the revised APP, the Governance and Compliance Branch achieved its consolidated target for the year.

State-Owned Entities oversight

During the period under review, the SOE Unit of the Governance and Compliance Branch ensured that all SOE boards were fully capacitated with the necessary skills and experience by monitoring the composition of the five (5) boards reporting to the Minister of Energy and facilitating the filling of board vacancies as and when they arose. These included the appointment of board members to NNR, SANEDI, CEF (SOC) Ltd and PetroSA (SOC) Ltd. In addition, the Minister appointed four (4) Part-Time Regulator Members (PTRMs) and a Full-Time Regulator Member (FTRM), primarily responsible for the regulation of the piped-gas industry, to NERSA. One of the three (3) part-time Regulator Members was also appointed to the position of Chairperson of NERSA. All of the NERSA appointments were effective 1 March 2014 with the PTRMs appointed for a four-year term while the FTRM serves a five-year term.

The SOE Oversight Unit worked with the relevant line function to ensure that the SOE/Cs Corporate Plans, Strategic Plans and APPs were aligned with the objectives of the Department and broader government priorities. The SOC/Es performance was monitored through Performance Reports submitted on a quarterly basis. The monitoring activities contributed to these SOEs receiving unqualified audit opinions for their 2012/13 Annual Financial Statements and performance information. The Governance and Compliance Branch continued to monitor the performance of all SOE/Cs by ensuring that the Quarterly Performance Reports were reviewed and submitted to the Minister, with recommendations for improvements to performance where necessary.

Performance monitoring and evaluation

The Monitoring and Evaluation Unit achieved its revised 2013/14 APP target concerning the co-ordination of the Management Performance Assessment Tool (MPAT) process, and itself attained a perfect score (4 out of 4) for 2012. The unit also successfully led the Department's 2013 MPAT self-assessment in accordance with Department of Performance Monitoring and Evaluation (DPME) procedures. In terms of its Institutional Operational Plan (IOP) targets, the Unit achieved five (5) of its annual targets and partially achieved one (1) (see accompanying performance tables on page 68). In addition, the Unit advanced 48 policy and other recommendations for overall service delivery improvement for consideration by the Director-General and the Minister, and developed accompanying departmental improvement plans for implementation monitoring.

Risk management

The Department has a Risk Management Committee comprising Heads of Branches. The purpose of the Risk Management Committee is to ensure the implementation and maintenance of risk management processes within the various programmes and business operations of the Department.

The Risk Management Committee was chaired by an independent member. Risk Management Committee meetings for the 2013/14 fiscal year were held as follows: 30 April 2013, 19 September 2013, 05 December 2013 and 24 March 2014. Risk Management featured as a standing item on the agenda of the Audit and Risk Committee. The responsibilities of the Risk Management Committee involved the provision of an independent and objective view of the Department's risk management effectiveness, and recommendations for improvement.

Risk assessments were conducted during the year under review and a Global Risk Register was produced containing 105 risk exposures for the Department. The ratings of the risk exposures were as follows: 45 high risk exposures, 48 medium risks and 12 low risks were identified and rated. The Risk Management Committee, together with Management, decided to focus on the top 20 risks reflecting High exposures against departmental targets and business operations. The implementation of mitigation strategies and the updating of the Top 20 risks were monitored and evaluated at branch level and presented to the Risk Management Committee and Audit and Risk Management Committee for review on a quarterly basis.

A Risk Maturity Assessment was conducted with a view to determining the extent to which Management and other employees are embedding and inculcating a culture of risk management in their day-to-day activities when making choices and decisions. A medium level maturity assessment result was obtained, with recommendations that training, education and awareness be provided to ensure that Management and other employees of the Department understand their roles and responsibilities in risk management and its value add.

International relations

The Department conducted several international multilateral and bilateral engagements covering clean energy, energy planning, hydrocarbons and nuclear. These engagements were in line with the strategic objectives of the Department with a special focus on capacity building, enhancing security of energy supply, and creating access to funding, technology and information. The Department, through its engagement with the international community, has received assistance but also provided support, especially to African countries.

The scope of co-operation was expanded through bilateral agreements signed with a number of countries, including Ghana, Nigeria, Russia and the Democratic Republic of Congo (DRC). One (1) multilateral agreement was signed between South Africa and the European Atomic Energy Community (EURATOM) on the peaceful use of nuclear energy. The agreement aims to foster scientific co-operation between EURATOM and South Africa by facilitating participation in each other's nuclear energy research projects. With regard to the DRC, the Department played a leading role in the negotiation and signing of the Treaty on Grand Inga Hydropower Project between the South African Government and the DRC. In terms of the signed Treaty, South Africa becomes a principal partner and a buyer of the hydropower generated from the Inga Hydropower Project in the DRC. The project is in line with the target of 6% of imported electricity generated from hydropower, as envisaged in the IRP 2010. This project is also in line with the policy to enhance regional integration and promote energy access in the SADC region. Furthermore, the project will ensure access to clean energy and assist South Africa to decrease its carbon emissions. Through the established bilateral relations, PetroSA has been able to successfully acquire producing assets in the Republic of Ghana.

Other important engagements conducted during the course of the year included the Clean Energy Ministerial (CEM), the SADC Energy Ministerial, the International Renewable Energy Agency (IRENA), the International Energy Agency Ministerial meeting, the IAEA Annual General Meeting, the Africa-EU Energy partnership and the United Nations Sustainable Energy for All. Several consultations were held at bilateral level. The Department and associated institutions received both financial and technical assistance from a number of countries, including Denmark, United Kingdom, Germany, USA, Norway, Sweden, and Switzerland. The assistance related mainly to renewable energy and energy efficiency.

As part of advancing developmental energy agenda and regional integration in SADC and the African continent, the Department hosted delegations from Lesotho, Malawi and Kenya for capacity building and information sharing. South Africa sent students, officials and representatives of SOE/Cs for training and skills development to countries and organisations such as China, USA, IEA, IAEA, IRENA, the African Union (AU) and the European Union (EU). Most of the training was funded by the host. The Department also conducted study tours to five (5) leading nuclear vendor countries, namely Russia, France, South Korea, Japan, USA and China. The outcomes of the study tours enabled the Department to gain insight into issues relating to capacity building, localisation and industry development in preparation for the nuclear expansion programme.

The Department will continue to advance strategic co-operation in the energy sector to enable South Africa to develop its energy sector to the benefit and prosperity of the country and the continent. Furthermore, the Department promotes and supports the development of global energy governance that ensures security of supply and access to energy products.

Financial Management Services Branch

The Financial Management Services Branch achieved its consolidated target according to the revised APP. For the period under review, the Financial Management Services Branch set out to achieve 100% of approved invoices paid within 30 days of receipt and this target was achieved. The Branch submitted monthly reports on compliance and exceptions regarding the 30 day payment period to National Treasury by the 7th of the following month. In so doing, a total of 12 compliance reports was submitted for the financial year and the Branch met all its quarterly targets.

In the 2013/14 financial year, one of the Branch's objectives was to submit four (4) budget submissions to National Treasury and this target was achieved. It is a requirement, in terms of Treasury Regulation 6.1, that the Accounting Officer of a Department complies with any Annual Budget Circulars issued by the relevant treasury.

The Department's Bid Adjudication Committee (BAC) convened 12 ordinary meetings and four (4) *ad hoc* meetings and adjudicated 87 submissions in total during the year under review. The decisions taken at the BAC meetings remain confidential.

The Department's Finance Committee convened five (5) times during the 2013/14 financial year to monitor the performance of the various main divisions of vote and the utilisation of funds within these divisions. The committee reprioritised available financial resources of the Department by ensuring that funds were shifted from slow moving projects to critical under-funded projects, whilst maintaining the purpose of the vote.

This resulted in the Department utilising 99.60% of its adjusted appropriation in the year under review, an increase of 0.70% from the 98.90% reported in the 2012/13 financial year. Some of the critical projects of the Department, not catered for in the adjusted appropriation, which were funded through the Finance Committee resolutions include:

- The review of the Electricity Distribution Industry's Asset Status Report and the development of a business case for the implementation of the Asset Rehabilitation Programme;
- Finalisation of certain aspects of the development of the 20-Year Liquid Fuels Infrastructure Road Map; and
- The payment of various international membership fees on behalf of the Republic of South Africa.

On a monthly basis the Expenditure Management Directorate submits a report to National Treasury on the payment of invoices within 30 days as required in terms of Treasury Regulation 8.2.3. In this regard the Department has been identified by the Presidency as one of the national departments that has successfully achieved this target. The Department has been duly invited to share its success story in the form of a case study supported by the Presidency (DPME) and the University of the Witwatersrand.

The Internal Control and Reporting Unit ensures that internal controls are in place in order to provide reasonable assurance that the Department has accounted for all the financial transactions in terms of accuracy, validity and completeness; and in compliance with applicable laws and regulations, so as to ensure reliable financial reporting. Additionally this Unit provides a reporting function by submitting monthly Compliance Certificates to National Treasury. On a quarterly basis the Interim Financial Statements are submitted to National Treasury and the Annual Financial Statements are submitted at the end of the financial year.

The table below indicates performance against set objectives, output and outcomes. Performance targets have been designed to indicate the output in relation to various activities under the respective sub-programmes.



Strategic objective: 1.1–1.4					
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14	Comment on deviations
1.5.1 Percentage of vacancy rate	Achieved. A vacancy rate of below 15% was maintained as planned.	Vacancy rate reduced to at least 10%.	Achieved. At the end of the reporting period the vacancy rate was 7.75%.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
1.5.2 Percentage of employment of people with disabilities	Achieved. The following was finalised as planned: <ul style="list-style-type: none"> Implementation of labour problem analysis interventions; and Rollout of the pilot project to recruit disabled employees to other components. 	1.8% of employment of people with disabilities.	Partially achieved. The disability figure is currently at 1.66% and therefore the target is partially achieved.	0.14% of employment of people with disabilities was not achieved.	Various interventions were put in place to assist managers to meet the target.
1.5.3 Percentage of women in SMS positions. (Original indicator)	N/A	42.5% of women in SMS positions.	Partially achieved. Currently there are 40% of women in SMS positions.	There is 2.5% less of women in SMS positions than the planned target.	Various interventions were put in place to assist managers to meet the target.
Percentage of women in SMS positions. (Revised indicator)					
1.5.4 Number of Izimbizo (Public Participation Programmes [PPP]) conducted.	Achieved. All external events, including 36 PPPs, were managed.	20 Izimbizo PPPs conducted.	Achieved. A total of 48 PPPs were held in for the 2013/ 2014 year.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
1.1.1 Result of annual audit.	Baseline not yet established.	Unqualified audit for 2012/13.	Achieved. The Department received an unqualified report in the 2012/13 financial year.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
1.3.1 Percentage of approved invoices paid within 30 days of receipt.	Baseline not yet established.	100% of approved invoices paid within 30 days of receipt.	Achieved. 100% of approved invoices paid within 30 days of receipt and 12 reports on compliance with payment periods within 30 days were submitted to National Treasury for all 12 periods in the financial year.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
1.1.2 Average score on the Management Performance Assessment Tool (MPAT).	Baseline not yet established.	Average MPAT score of at least 2.8 for the moderated score of 2012/13 with the following sub-scores: KPA1 – 3.2 KPA2 – 3.0 KPA3 – 2.7 KPA4 – 2.4	Achieved. Average MPAT score of at least 2.8 was achieved in 2012/13 financial year.	Not applicable. Target was achieved.	Not applicable. Target was achieved.

4.1.5. Strategy to overcome areas of under-performance

Area of under-performance	Extent of under-performance	Strategies to overcome the areas of under-performance
42.5% of women in SMS positions.	Partially achieved. 40% of women were employed in SMS positions.	Various interventions were put in place to assist managers to meet the target.
1.8% of employment of people with disabilities	Partially achieved. 1.66% of employment of people with disabilities.	Various interventions were put in place to assist managers to meet the target.

4.1.6. Changes to planned targets

The 2013/14 APP was revised. The table below indicates changes that were made to the performance indicators and/or annual targets. Targets were moved to the Institutional Operational Plan (IOP) as they were operational.

4.1.7. Linking performance with budgets

Financial performance at 31 March 2014

	2013/14			2012/13		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Administration						
Ministry	32 878	35 536	(2 658)	23 276	23 552	(276)
Departmental Management	46 638	43 271	3 367	44 016	32 822	11 195
Finance Administration	32 194	27 204	4 990	52 897	52 863	35
Audit Services	5 293	4 564	729	6 774	5 863	911
Corporate Services	84 691	121 983	(37 292)	73 425	75 108	(1 683)
Office Accommodation	31 448	-	31 448	32 237	25 617	6 620
Total	233 142	232 557	585	232 625	215 824	16 801



4.2. Programme 2: Energy Policy and Planning

(Branch: Energy Policy and Planning)

4.2.1. Programme purpose

Ensure evidence-based planning, policy setting and investment decisions in the energy sector to improve security of energy supply, regulation and competition.

4.2.2. Sub-programmes

The following table indicates the sub-programmes identified for this Programme, in terms of the 2013/14 APP:

Sub-programmes	Functions
2.1. Policy Analysis and Research (CD: Policy Analysis and Research)	<ul style="list-style-type: none"> Develops key indicators and monitors the impact of energy sector policies, planning and interventions; Analyses all energy policies and their impact on access to energy and on the security of energy supply; Conducts research and analyses policies in relation to other countries; and Researches and analyses national and international trends or developments that impact on the demand and supply of energy.
2.2. Energy Planning (CD: Energy Planning)	<ul style="list-style-type: none"> Manages energy data and information; Develops and maintains an energy modelling system to stimulate energy supply and distribution; Identifies energy supply and distribution constraints and addresses them through the Integrated Energy Plan; Manages the overall collection, collation, validation, integrity and quality of energy data, and analyses and/or interprets economic and/or statistical data; and Responsible for managing the development of energy plans and strategic interventions for generation and/or refining, distribution and transmission of energy sources for demand and supply optimisation. <p>Over the medium term, the focus will be on the development of standardised tools for connecting data, centralising the collection and storage of energy data collected within the unit, and automating the submission of energy data by the oil industry.</p>
2.3. Hydrocarbon Policy (CD: Hydrocarbon Policy)	<ul style="list-style-type: none"> Ensures secure energy supply; well-managed demand; enhanced access to hydrocarbons and a transformed energy sector; and Ensures that energy regulation and competition are improved through the development, promulgation and maintenance of a statutory framework for petroleum, petroleum products, petroleum infrastructure, coal and gas. <p>In 2012/13, R1.5 billion was transferred to Transnet for the construction of the New Multi-Product Pipeline (NMPP).</p>
2.4. Electricity and Alternative Energy Policy (CD: Electricity, Energy Efficiency and Environmental Policy)	<ul style="list-style-type: none"> Ensures secure energy supply; well-managed demand; enhanced access to electricity and alternative energy and a transformed energy sector; and Ensures that energy regulation and competition are improved through the development, promulgation and maintenance of a statutory framework for electricity over the medium term.

4.2.3. Strategic objectives

The following strategic objectives (outputs) were identified for this Programme:

Strategic objective	Objective statement
SO 2.1 Demand Management	Improve energy security by regulating demand and introducing a diversified mix of energy generation technologies.
SO 2.2 Competition	Improve energy security by improving efficiency through competition in the energy sector.
SO 2.3 Energy Policy	Improve energy security by developing key indicators to effectively monitor the energy sector policies on an ongoing basis.
SO 2.4 Energy Planning	Improve energy security by planning interventions to expand energy infrastructure by developing a policy framework for the Integrated Energy Plan (IEP), the Integrated Resource Plan (IRP), the Liquid Fuels Infrastructure Road Map, the Transmission Development Plan (TDP) and the Major Distribution Infrastructure Plan over the medium term.
SO 2.5 Energy Publications	Improve energy security by publishing an Annual Energy Statistics Report to facilitate information-based decision-making.
SO 2.6 Distribution Asset Management Plan	Address current and envisaged energy supply and distribution constraints by developing the Approach to Distribution Asset Management (ADAM) Programme for the rehabilitation of critical municipal electricity distribution infrastructure.
SO 2.7 Liquid Fuels Infrastructure Plan	Develop and implement the Liquid Fuels 20-Year Infrastructure Plan over the medium term to improve liquid fuels energy security.

4.2.4. Performance indicators, planned targets and actual achievements

The Energy Policy and Planning Branch had set 18 targets, of which five (5) were achieved, eight (8) were partially achieved and five (5) were not achieved. The main focus of the branch was to improve energy security through various mechanisms that include (i) formalising and publishing policy positions that support the set objectives, (ii) using planning instruments to model various scenarios, (iii) legislative amendments to facilitate the interventions, (iv) implementing specific programmes through various implementation agents, including Eskom and other SOCs, municipalities, private concessionaires, IPPs and Energy Service Companies (Esco). Broadly the Policy Branch has identified key result areas in the electricity, gas and liquid fuel sectors as supply side, and where appropriate, demand side interventions. These are covered in summary below.

Integrated Energy Plan (IEP)

The process of developing the IEP has been initiated, and a draft Plan was approved by Cabinet for public engagement. The IEP forms the core of the Department's strategy to meet future energy requirements up to 2050, covering electricity, gas and liquid fuels and taking into consideration the energy efficiency potential within these sectors. Various stakeholders have been consulted in a process that includes public meetings, a web-based portal for comments, and the legislated engagement of business, labour and civil society at formal National Economic Development and Labour Council (NEDLAC) platforms. The comments from this consultation process have been collated into a report which is publically available. Comments have been considered and the revised draft IEP is to be presented to Cabinet for approval.

Parallel to the IEP process, two (2) other plans were developed, viz.:

- The Integrated Resource Plan (IRP) for the electricity sector has been updated, with the intention of mapping out the future power generation technologies and the timing of their introduction. The IRP update was informed by the policy choices that government made in order to meet objectives, including keeping electricity prices affordable, regional economic integration, diversification of energy sources, reducing greenhouse gas emissions and reducing water usage; and
- The Gas Utilisation Master Plan (GUMP) for the gas sector. This outlines the gas infrastructure necessary for the introduction of gas as an energy carrier that would compete where appropriate and reduce our dependency on coal for power generation and in liquid fuels production. GUMP also considers the regional gas supply-demand dynamic, especially as it relates to the potential exploitation of natural gas from Mozambique in the near term, and shale gas in the medium to long term.

A similar planning process has been postponed to the next financial year, to address the liquid fuels infrastructure requirements over the same planning horizon. The Liquid Fuels Master Plan will accordingly be completed in the next financial year and incorporated into the IEP.

Electricity pricing policy review

Whilst the same could be said for the liquid fuels and gas sectors, it is more and more the case that the affordability of electricity by the end-user, including domestic and industrial users, has become a critical consideration in determining the approach to financing the building of new power generation infrastructure. In addition, the economic impact of electricity prices needs careful management, given its inflationary impact, and its adverse impact on the economy when power is unavailable.

In determining Eskom's tariff, NERSA took into account certain government-prescribed policy changes aimed at limiting the extent of tariff increases and providing for a smoothing of increases. The policy adjustments were approved by Cabinet in respect of the current tariff determination period (up to 2018) and there is a need to determine an optimal tariff trajectory over the longer term (up to 2050). This is intended to provide certainty to municipalities, industry, investors and to Eskom regarding the future pricing of electricity, and it has been targeted for completion in the next financial year.

Legislative amendments

The need for massive investment in new and additional infrastructure for improving our energy security is the key driver for legislative amendments to be introduced. The Electricity Regulation Amendment Bill, National Energy Regulator Amendment Bill, Gas Amendment Bill, Petroleum Pipelines Amendment Bill and Independent System and Market Operator Bill were drafted during the period under review. Except for the Gas Amendment Bill and the Petroleum Pipelines Amendment Bill, stakeholder consultation was completed in respect of the other Bills, after approval by Cabinet. Once public comments have been considered, the Bills will be presented to Cabinet again for certification and introduction in Parliament in the next financial year.

The Gas Amendment Bill and the Petroleum Amendment Bill have been deferred to the next financial year for tabling in Cabinet as the first step before public consultation.

Energy efficiency

The potential to defer the building of new power stations through demand management has been identified as a critical component of South Africa's energy security strategy. Recognition and payment for every unit of energy saved (in kilowatt-hours) forms the basis of the Standard Offer Programme (SOP). In terms of the SOP, solar water heaters introduced in the high electricity consumption market would be rebated on the basis of the energy displaced from the grid on a monthly basis, instead of providing a capital subsidy for the actual solar water heater. In this way, the lifecycle management of the solar water heater is sustained, because without verifying the saving, the installer does not get access to the 'standard offer'.

The Regulator has approved the SOP concept, subject to the determination of the value allocated to saving one (1) unit of electricity (kilowatt-hour). This financial year, a budget allocation to the extent of 20% of the appropriated funding for the SWH Programme was earmarked for the SOP, in agreement with Eskom (the implementing agent). Having concluded all the preliminary work for introducing the SOP, the execution of the Eskom agreement will lead to the inception of the SOP in the next financial year.

The SOP concept can be extended to fund the introduction of other energy efficiency technologies besides solar water heaters, including energy efficiency in buildings, industry and municipal public lighting.

New generation capacity through Independent Power Producers

Side by side with Eskom, new power stations are being built by the private sector through the IPP Programme. Since the inception of the programme, 3 900 MW of wind, solar, small hydro and biomass technologies have been procured under the Renewable Energy Independent Power Producer Programme (REIPPP). Approximately R150 billion of investment has resulted from this programme, with the majority of investment being in the Northern Cape (solar), Eastern Cape (wind) and Western Cape (wind).

In addition to the REIPPP, the Baseload IPP Programme intends to introduce coal, gas and hydropower plants to the extent of 8 000 MW in the period starting in 2013 up to 2022. The bidding documents for the Baseload Programme have been drafted and the Department intends to commence with the procurement in the next financial year.

Energy statistics

The Department compiles and publishes energy statistics on a regular basis, in line with commitments made to various local and international bodies such as the International Energy Agency and the Joint Oil Data Initiative. In particular, the South African Energy Balance is compiled annually in retrospect, and the statistics relating to petroleum exploration, production, imports, exports, and sales is updated quarterly and compiled annually.

The table below indicates performance against set objectives, output and outcomes. Performance targets have been designed to indicate the output in relation to various activities under the respective sub-programmes.

Strategic objectives: 2.1–2.7				
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14
2.2.1 Finalised Integrated Energy Plan submitted to Cabinet for approval.	Achieved. Draft IEP Report completed.	Draft IEP submitted to Cabinet.	Achieved. Draft IEP submitted to Cabinet for public consultation.	Not applicable. Target was achieved.
2.3.1 Finalised Gas Infrastructure Development Options report submitted to the Minister for approval.	Partially achieved. Developed strategy and plans for the introduction of new economic infrastructure as per the IEP/IRP.	Draft IEP published for public consultation (if approved by Cabinet).	Achieved. Draft IEP published for public consultation and stakeholder comments collated. (As approved by Cabinet).	Not applicable. Target was achieved.
2.3.2 Finalised Liquid Fuels Road Map Report submitted to the Minister for approval.	Baseline not yet established.	Gas Infrastructure Development Options Report submitted to the Minister.	Partially achieved. Draft Gas Utilisation Master Plan (GUMP) completed.	GUMP was not submitted to the Minister due to prolonged and extensive stakeholder consultations.
2.3.3 LPG Pricing Policy Framework submitted to the Minister for approval.	Baseline not yet established.	Liquid Fuels Road Map Report submitted to Minister for approval.	Not achieved.	The Department decided to prioritise GUMP in order to take advantage of the synergies between the Liquid Fuels Road Map Report and GUMP, given the potential overlaps in pipeline infrastructure.
				Further consultations were needed to improve the draft LPG Pricing Policy Framework and the consultation process took longer than expected.

Strategic objectives: 2.1–2.7					
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14	Comment on deviations
2.3.4 Legislative amendments to the Petroleum Products Act submitted to the Minister for approval.	Baseline not yet established.	Legislative amendments to the Petroleum Products Act submitted to Minister for approval.	Partially achieved. Draft Gas Amendment Bill was completed and stakeholder consultations were completed.	Gas Amendment Bill not submitted to Minister for approval.	The stakeholder consultation process took longer than anticipated hence the delay in submission to Minister.
2.4.1 IRP updated with transmission and distribution infrastructure requirements.	Partially achieved. Procurement process delayed. Terms of reference will be reissued in the first quarter of the next financial year.	Transmission and Distribution Infrastructure requirements incorporated into the IRP.	Achieved. Transmission and Distribution Plan incorporated into Updated IRP.	Not applicable. Target was achieved.	Not Applicable. Target was achieved.
2.4.2 Amendments to the Electricity Regulation Act and the NER Act submitted for certification for deliberation by Parliament.	Baseline not yet established.	Amendments to the Electricity Regulation Act and the NER Act submitted for certification for deliberation by Parliament.	Partially achieved. Draft Electricity Regulation Bill stakeholder consultation completed. Draft NER Amendment Bill stakeholder consultation completed.	Amendments to the Electricity Regulation Act and the NER Act not yet submitted for certification for deliberation by Parliament.	The stakeholder consultation took longer than anticipated.
2.4.3 ISMO Bill promulgated.	Baseline not yet established.	ISMO Bill promulgated.	Partially achieved. ISMO Bill completed and tabled at Parliamentary Portfolio Committee.	ISMO Bill was not promulgated.	The Parliamentary Portfolio Committee deferred the adoption of the ISMO Bill.
2.4.4 Developed regulatory mechanisms and delivery model(s) relating to municipal distribution infrastructure.	Baseline not yet established.	Developed regulatory mechanisms and delivery model(s) for major municipal distribution infrastructure expansion requirements and pilot Municipal Infrastructure Rehabilitation Programme.	Partially achieved. Review of the Distribution Infrastructure Assessment Report completed.	The regulatory mechanisms and delivery model(s) for major municipal distribution infrastructure expansion requirements were not developed and Municipal Infrastructure Rehabilitation Programme was not piloted.	Pilot project for municipal asset rehabilitation started late in order to ensure that it informs the regulatory mechanisms for financing the programme.

Strategic objectives: 2.1–2.7					
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14	Comment on deviations
2.4.5 Update pricing policy framework documents.	Baseline not yet established.	Revised Electricity Pricing Policy Framework and promulgated discussion document on the maximum refinery gate pricing (LPG gas) model.	Partially achieved. Revised Electricity Pricing Policy Framework (in respect of MYPD 3) approved by Cabinet. The draft maximum refinery gate pricing (LPG gas) model has been completed.	The revised Electricity Pricing Policy Framework and the discussion document on the maximum refinery gate pricing (LPG gas) model have not yet been promulgated. The maximum refinery gate pricing model could not be completed due to the need for further stakeholder engagement on the importation framework.	The long-term Electricity Pricing Policy could not be completed as it awaits the completion of the IRP. The maximum refinery gate pricing model could not be completed due to the need for further stakeholder engagement on the importation framework.
2.4.6 Promulgate Standard Offer Incentive Scheme for SWH and reducing energy consumption in the building environment.	Baseline not yet established.	Promulgated policy for the Standard Offer Scheme for SWH.	Partially achieved. The Standard Offer Scheme for SWH was tabled for regulatory approval and the NERSA public hearings were completed.	The policy for The Standard Offer Scheme SWH was not promulgated.	The conditions for approval of the policy for the Standard Offer Scheme for SWH imposed by NERSA could not be met.

4.2.5. Strategy to overcome areas of under-performance

The following table provides the strategies to overcome the areas of under-performance:

Area of under-performance	Extent of under-performance	Strategies to overcome areas of under-performance
Gas Infrastructure Development Options Report submitted to the Minister.	Partially achieved	Fast-track the consultation process with external stakeholders and also allocate sufficient time to consider the nature of consultations that have to be undertaken.
Liquid Fuels Road Map Report submitted to Minister for approval.	Partially achieved	The Liquid Fuels Road Map Report review process has commenced and it will be submitted to the Minister during the second quarter of the 2014/15 financial year.
LPG Pricing Policy Framework submitted to Minister for approval.	Not achieved	The LPG Pricing Policy Framework review process has commenced and it will be submitted to the Minister during the second quarter of the 2014/15 financial year.
Legislative amendments to the Petroleum Products Act submitted to Minister for approval.	Partially achieved	The draft Bill was completed and further consultations with internal stakeholders are under way. The draft Bill will be submitted to the Minister approval.
Amendments to the Electricity Regulation Act and the NER Act submitted for certification for deliberation by Parliament	Partially achieved	The draft Bill was completed and further consultations with internal stakeholders are under way. The draft Bill will be submitted to the Minister approval.
ISMO Bill promulgated.	Partially achieved	Bill submitted to Cabinet. The promulgation thereof is dependent to the decision by Cabinet.
Developed regulatory mechanisms and delivery model(s) for major municipal distribution infrastructure expansion requirements and pilot municipal infrastructure rehabilitation programme.	Partially achieved	Infrastructure Rehabilitation Pilot Programme commenced during the 2013/14 period and is expected to be completed within the half of 2014/15 period. The next step is to get Cabinet to approve recommendations of the report and implementation of infrastructure strengthening and expansion.
Revised Electricity Pricing Policy Framework and promulgated discussion document on the maximum refinery gate pricing (LPG gas) model.	Partially achieved	Further consultations to be held with stakeholders regarding the importation framework (how to make provision for the pricing of imported LPG over the winter period).
Promulgated policy for the Standard Offer Scheme (SOP) for solar water heaters.	Partially achieved	The SOP has been included in the SWH Programme roll-out for the 2014/15 financial year.

4.2.6. Changes to planned targets

The 2013/14 Annual Performance Plan was revised. The table below indicates changes that were made to the performance indicators and/or annual targets.

Performance indicator	Original annual target	Revised annual target	Reasons for changes/movement from original 2013/14 APP
2.1.1 Four (4) energy security indicators, each for electricity, energy efficiency (EE), gas and oil. (No changes made)	Development of two (2) indicators for: <ul style="list-style-type: none"> Electricity supply security; and Electricity EE. 	No changes were made. Target moved to the Institutional Operational Plan (IOP).	Target was moved to IOP as it was operational.
2.1.2 Number of energy policies to be researched in the electricity, gas, and oil sectors.	<ul style="list-style-type: none"> Development of a research agenda for the expansion of gas infrastructure; Development of a research agenda for expansion of electricity generation, transmission and distribution infrastructure; and Development of a research agenda for EE in the electricity sector. 	No changes were made. Target moved to the IOP.	Target was moved to IOP as it was operational.

Performance indicator	Original annual target	Revised annual target	Reasons for changes/movement from original 2013/14 APP
2.2.1 IRP (Original indicator) Finalised IEP submitted to Cabinet for approval. (Revised indicator)	<ul style="list-style-type: none"> Draft IEP submitted to Cabinet; and Draft IEP published for public consultation. 	<p>Draft IEP submitted to Cabinet for public consultation.</p> <p>Draft IEP published for public consultation (if approved by Cabinet)</p>	Performance indicator and annual target revised as they did not meet specific, measurable, attainable, realistic and timeous (SMART) principles.
2.2.2 IRP and Transmission Development Plan (TDP)	IRP and TDP incorporated as part of IEP.	<p>No changes were made.</p> <p>Target moved to the IOP.</p>	Target was moved to the IOP as it was operational.
2.2.3 Liquid Fuels Infrastructure Road Map	Liquid Fuels Infrastructure Road Map incorporated as part of IEP.	<p>No changes were made.</p> <p>Target moved to the IOP.</p>	Target was moved to the IOP as it was operational.
2.2.5 Credible energy statistics	Energy statistics compiled and disseminated timeously (according to reporting obligations).	<p>No changes were made.</p> <p>Target moved to the IOP.</p>	Target was moved to the IOP as it was operational.
2.3.1 Gas Infrastructure Development Options. (Original indicator) Finalised Gas Infrastructure Development Options Report submitted to the Minister for approval. (Revised indicator)	Developed strategy and plans for the introduction of new economic infrastructure as per the IEP/IRP.	Gas Infrastructure Development Options Report submitted to the Minister for approval.	The performance indicator did not meet the SMART principles and the annual target was rephrased to be in line with the performance indicator.
2.3.2 Liquid Fuels Road Map Report. (Original indicator) Finalised Liquid Fuels Road Map Report submitted to the Minister for approval. (Revised indicator)	Developed strategy and plans for the introduction of new economic infrastructure as per the IEP/IRP.	Liquid Fuels Road Map Report submitted to the Minister for approval.	The Performance indicator did not meet the SMART principles and the annual target was rephrased to be in line with the performance indicator.
2.3.3 LPG Pricing Policy Framework submitted to the Minister for approval. (New performance indicator added to the revised APP)	No original target.	LPG Pricing Policy Framework submitted to Minister for approval.	New performance indicator was accidentally left off from the original 2013/14 APP.
2.3.3 Revised legislation. (Original indicator) Legislative amendments to the Petroleum Products Act submitted to the Minister for approval. (Revised indicator)	Develop amendments to the Petroleum Products Act, Gas Act.	Legislative amendments to the Petroleum Products Act submitted to the Minister for approval.	Performance indicator and annual target added to the revised 2013/14 APP to create a split between the Petroleum Products Act and the Gas Act.
2.3.4 Legislative amendments to the Gas Act submitted to Minister for approval. (New performance indicator added to the revised APP)	Develop amendments to the Petroleum Products Act, Gas Act.	Legislative amendments to the Gas Act submitted to the Minister for approval.	Performance indicator and annual target added to the revised 2013/14 APP to create a split between the Petroleum Products Act and the Gas Act.

Performance indicator	Original annual target	Revised annual target	Reasons for changes/movement from original 2013/14 APP
2.4.1 Transmission and Distribution Infrastructure Rehabilitation and Expansion Plan. (Original indicator) IRP updated with transmission and distribution infrastructure requirements. (Revised indicator)	Transmission and Distribution Infrastructure Rehabilitation and Expansion Plan published after public consultation.	Transmission and distribution infrastructure requirements incorporated into the IRP.	Indicator was revised as it formed part of the IRP (indicator 2.2.1) and was moved to the IOP.
2.4.2 Revised legislation and regulatory mechanisms. (Original indicator) 2.4.3 ISMO Bill promulgated. (Revised indicator)	Amendments to the Electricity Regulation Act and NER Act certified for deliberation by Parliament. Independent System Market Operator (ISMO) Bill promulgated.	Amendments to the Electricity Regulation Act submitted for certification for deliberation by Parliament. Amendments to the NER Act submitted for certification for deliberation by Parliament.	The performance indicator was added to the APP as the targets were lumped together with amendments of the Electricity Regulation Act and NER Act while it is a separate process.
2.4.4 Developed regulatory mechanisms and delivery model(s) relating to municipal distribution infrastructure. (New performance indicator added to the revised APP)	No original target.	Developed regulatory mechanisms and delivery model(s) for major municipal distribution infrastructure expansion requirements and for pilot municipal infrastructure rehabilitation programme.	In the original APP the quarterly targets relating to the revision of the legislation were the targets associated with the key performance indicator. In order to ensure that all key performance targets, annual targets and quarterly targets are aligned. This performance indicator was added to the revised APP with each other.
2.4.4 Standard Offer Incentive Scheme for the high energy consumption domestic segment. (Original indicator) 2.4.6 Promulgated Standard Offer Incentive Scheme for SWHs and reducing energy in the building envelope. (Revised indicator)	Promulgated policy for the Standard Offer Scheme for SWHs.	Promulgated policy for the Standard Offer Scheme for SWHs.	To ensure that the performance indicator is worded correctly.
2.4.5 IPP bidding documents (Original indicator)	Bidding documents developed in respect of Window 3 of Renewable Energy Independent Power Producer (REIPPP), gas, coal baseload programmes.	No changes were made. Target moved to IOP.	Target was moved to IOP as it was operational.

4.2.7. Linking performance with budget

Financial performance at 31 March 2014

Energy Policy and Planning	2013/14			2012/13		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Policy Analysis and Research	3 127	2 337	790	24 153	11 595	12 558
Energy Planning	21 349	18 380	2 969	14 540	14 376	164
Hydrocarbons Policy	15 704	15 402	302	1 513 832	1 513 077	755
Electricity and Alternative Energy Policy	7 809	11 637	(3 828)	8 808	5 181	3 627
Total	47 989	47 755	234	1 561 333	1 544 229	16 104

4.3. Programme 3: Energy Regulations

(Branch: Petroleum and Petroleum Products Regulation)

4.3.1. Programme purpose

Manage the regulation of petroleum and petroleum products to ensure the optimum and orderly functioning of the petroleum industry to achieve government's development goals.

4.3.2. Sub-programmes

Sub-programmes	Functions(s)
3.1. Petroleum Compliance (CD: Petroleum Compliance Monitoring and Enforcement)	Manages arbitration requests and public complaints in the petroleum industry, finalises requests within 14 working days, and promotes the Petroleum Products Amendment Act, 2008 (Act No. 120 of 2008) as amended, through inspections, audits and investigations. <i>On an annual basis, 1 500 retail site inspections are conducted for petroleum manufacturers, wholesalers and retailers to ensure compliance with the licensing conditions.</i>
3.2. Petroleum Licensing and Permitting (CD: Petroleum Licensing and Fuel Supply)	<ul style="list-style-type: none"> Manages the petroleum licensing process; regulates the permitting of the export and import of petroleum products; Monitors compliance with the Petroleum and Liquid Fuels Charter and technical, legal and commercial licensing conditions; Monitors fuel stock levels; and Co-ordinates corrective actions to avoid distribution shortages. This entails conducting licence application analysis, and ensuring permit and charter compliance and hydrocarbons supply.
3.3. Petroleum Pricing (CD: Fuel Pricing)	Regulates the pricing of petroleum products in accordance with the legislative framework. This entails the determination, review, update and maintenance of fuel levies and margins and the process of paying fuel levies. Fuel price administration which includes developing, evaluating and monitoring price models; updating elements of the Basic Fuel Price (BFP); and ensuring secure audit services for the auditing of fuel prices to ensure that the pricing of petroleum products is internationally competitive, thus enabling investment in the sector.

4.3.3. Strategic objectives

The following strategic objectives (outputs) were identified for this Programme:

Strategic objective	Objective statement
SO 3.1 Regulatory Accounting System (RAS)	To strengthen the regulatory framework in the petroleum products industry by implementing the RAS to have a transparent reimbursement framework for rewarding investment in the liquid fuels sector by 2013/14.
SO 3.2 Sector Transformation	To facilitate the improved participation of Historically Disadvantaged Individuals (HDIs) in the petroleum sector by awarding 25% of all petroleum licence applications to HDIs in each year of the medium term.
SO 3.3 Compliance Monitoring and Enforcement	To ensure compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions.
SO 3.4 Petroleum Licensing	To regulate the petroleum industry (manufacturing, wholesaling and retailing) through licence adjudication.
SO 3.5 Fuel Price Regulation	To regulate fuel prices.

4.3.4. Performance indicators, planned targets and actual achievements

The Petroleum and Petroleum Products Regulation Branch achieved three (3) targets and partially achieved three (3) during the period under review. During this period, the branch phased in the final implementation of the RAS for the petroleum sector. The RAS seeks to introduce transparency into the market, as well as root out inefficiencies, cross subsidisation, and uncontrolled costs in the determination of the margins. In addition, the branch published a Draft Position Paper on the Implementation of a Biofuels Regulatory Framework was published, and a discussion document on the Basic Fuel Price Review will be published to solicit public comment during the first quarter of the 2014/15 financial year.

A further development was the appointment of a service provider to conduct random sampling and testing of petroleum products that are sold across South Africa. In addition, more than 1 500 site inspections were conducted by Department officials. This fulfils the Department's mandate to ensure regulatory compliance of petroleum products with specifications and standards by all manufacturers, wholesalers, and retailers.

During the 2013/14 fiscal year the turnaround time for licence applications was improved, however, too many applications are lodged with inadequate information, which causes unnecessary delays. The Department also continued to facilitate the resolution of disagreements and conflicts between wholesalers and retailers. The next sections provide more performance information on certain key strategic areas for the branch.

Regulatory Accounting System

The Department phased in the final implementation of the RAS for the petroleum sector in December 2013. The system has been phased in over the past two (2) years to give stakeholders the opportunity to align commercial contracts with the RAS margins. The RAS for the petroleum sector is an activity-based cost (ABC) method that is used to determine appropriate margins for petrol at wholesale, retail, secondary storage and secondary distribution level. The RAS seeks to introduce transparency into the market as well as root out inefficiencies, cross-subsidisation and uncontrolled costs.

The ultimate goal is to achieve a uniform and transparent set of regulatory accounts where costs are allocated according to predetermined methods. This will provide certainty to investors with regard to the return on assets throughout the petroleum sector. It is anticipated that a properly functioning regulatory system will promote appropriate investments in the petroleum industry throughout the value chain.

Prior to RAS, the wholesale margins on petrol, diesel and illuminating paraffin were determined in line with the Marketing of Petroleum Activities Return (MPAR) Guidelines. The MPAR Guidelines made provision for a 15% return on assets. The assets included in the allowable assets were all assets ex-refinery gate, namely those of wholesale marketing, secondary depots, secondary distribution and service stations. The activities were not ring-fenced under MPAR which lead to cross-subsidisation.

Finalisation of the administrative arrangements for the implementation of the Biofuels Mandatory Blending Regulations

After the promulgation of the Mandatory Blending Regulations on 24 October 2013, a Biofuels Implementation Committee and Work Streams (for example the Taxes, Specifications, Pricing and Logistics Work Streams) were established to oversee all the necessary actions in preparation for the implementation of mandatory biofuels blending. The biggest challenge for the Committee and Work Streams is to finalise all the necessary regulatory and other implementation issues before 01 October 2015. The finalisation of the qualification criteria for biofuels manufacturers and the consideration of feedstock such as soya beans and sugar beet, in addition to sorghum are very critical for implementation.

The Department published a Draft Position Paper on the Implementation of a Biofuels Regulatory Framework, solicited comments and held a stakeholder engagement. The Department is in the process of finalising this Position Paper after consolidating stakeholder comments.

Basic Fuel Price review

The Department embarked on a project to review the Basic Fuel Pricing (BFP) mechanism, which will focus on international elements, including but not limited to, the free on board, freight, demurrage, wharfage, evaporation (ocean loss), shipping routes, coastal storage and coastal stock financing.

When BFP was implemented, South Africa was a net exporter of refined petroleum products due to excess capacity, and only imported fuels from time to time to supplement supplies in the event of local refinery shutdowns. Since 2006, there has been a dramatic change in South Africa's fuel supply and demand balances. South Africa's position has changed from that of a net exporter to that of a net importer of refined products.

The Department will publish a Discussion Document on the Basic Fuel Price Review to solicit public comments during the first quarter of the 2014/15 financial year. Thereafter, stakeholder workshops will be organised to solicit inputs and comments before finalising the Document. It is envisaged that the 'new' BFP mechanism will be piloted in 2015 before full implementation.

The review of the BFP includes a review of the Magisterial District Zone (MDZ) transport tariffs. The Department decided that it would be prudent to conduct this review once the New Multi-Product Pipeline (NMPP) is fully functional. The review of the MDZ should commence at the end of June 2014.

Fuel sampling and testing

During the 2013/14 financial year the Department issued a tender, and after a rigorous process appointed a service provider to conduct random sampling and testing of petroleum products that are sold across South Africa.

In terms of section 12C (1)(e) of the Petroleum Products Act, 2003 (Act No. 58 of 2003) as amended, the Minister of Energy is mandated to make regulations regarding the specifications and standards of petroleum products. The Minister published such regulations in 2006, and amendments have subsequently been made to these regulations. The Department is required to monitor and enforce compliance with these regulations by all manufacturers, wholesalers and retailers. Sampling and testing of petroleum products are therefore a critical component in order to monitor compliance and fulfil the Department's mandate.

The appointment of the service provider will enable the Department to ensure that the petroleum products sold to the public across the country meet the minimum specifications and standards required and are of acceptable quality. Sampling and testing of petroleum products will also assist the Department to stem illegal imports and detect off-specification products, such as diesel which is often mixed with paraffin. The Department has identified some hotspots where this practice is rife, and will be conducting random sampling and testing of petroleum products in those areas.

Petroleum licensing

During 2013/14 the Department, through NERSA, continued to significantly improve the turnaround time of finalising petroleum licensing applications and continued to make the process of applying for petroleum licences easier and more accessible.

The Department's effort to share information and educate applicants and potential applicants on the licensing process through regional awareness campaigns has yielded positive results. This could be seen from the fact that the majority of applications that were lodged during the financial year provided all the required information. The Department regularly interacted with most oil companies, which also facilitated the speedy resolution of licence application challenges.

However, the Department still experienced certain cases where applications are lodged with inadequate information. This causes unnecessary delays while the Department requests the information from the applicants, and awaits the response of the applicants. In this regard, the Department plans to amend the regulations to ensure that licence applications cannot be accepted without all the necessary information.

Compliance, monitoring and enforcement

During the year under review, more than 1 500 site inspections were conducted at licensed facilities where petroleum activities are taking place. These inspections are conducted to monitor and enforce compliance with the conditions of the licences, including ensuring that licence holders charge the correct fuel prices, are actually licensed and display the correct prices. In addition checks are done to ensure that other prohibited activities, such as discounting and illegal forecourt promotional activities, are not taking place.

A number of notices were issued to those who were found to be contravening the conditions of their licences. In some instances licence holders were ordered to correct the contravention on the spot, for example where an incorrect price was being charged for fuel.

The Department continued to facilitate the resolution of disagreements and conflicts between wholesalers and retailers. At least two (2) cases were referred for arbitration in terms of the provisions of the Petroleum Products Act. In another three (3) instances, the Department engaged the parties in mediation and amicable resolutions were reached without the need for arbitration. The Department, however, continues to urge both wholesalers and retailers who believe that there is an unfair contractual obligation in the agreement between them to request that the matter be referred for arbitration. In most cases, licensed wholesalers and retailers wait until one of the parties has terminated the agreement before making a request for arbitration. With no valid agreement in place, it is no longer possible for the Department to intervene.

The table below indicates performance against set objectives, output and outcomes. Performance targets were designed to indicate the output in relation to various activities under the respective sub-programmes.



Strategic objectives: 3.1–3.5

Performance indicator	Actual achievement 2012/13 (baseline)	Planned/revised target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14	Comment on deviation
3.1.1 Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections.	Achieved. 1 717 Compliance inspections conducted.	Enforcement notices issued in 80% of cases where non-compliance is identified during routine compliance inspections.	Achieved. 225 non-compliance issues were identified during the period under review. Of these 199 enforcement notices were issued, and 26 non-compliance matters were resolved immediately, hence no notice was issued.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
3.1.2 Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during fuel sample testing.	Baseline not yet established.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing.	Achieved. 95% of enforcement notices were issued during the period under review.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
3.2.2 Percentage of arbitration requests finalised within the prescribed timeframes.	Partially achieved. 66% of arbitration notices were issued within the 14 working day turnaround time. Three (3) arbitration requests were received and only two (2) finalised within 14 working days.	100% of arbitration requests finalised within the prescribed timeframes.	Achieved. Two (2) arbitration requests were received during the 2013/14 year and both were processed within the prescribed timeframe and finalised.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
3.3.1 Revised Basic Fuel Price (BFP) Working Rules Process and Magisterial District Zones (MDZs).	Achieved. The Department met with Platts and Argus to discuss the international pricing elements. A Department official participated in the SAPIA-KBC study on the review of the BFP. The report will be used as input document to the Department processes.	Implementation of the BFP/MDZ review study recommendations.	Not achieved.	The recommendations for the BFP/MDZ review study have not been implemented.	The Department drafted a position paper on the BFP elements after the review study was conducted. However the Department decided that it would be prudent to conduct the MDZ study review once all the terminals of the NMPP are fully functional. The full operations of the NMPP will have a significant influence on the transport tariffs for the different MDZs. The MDZ study review will only be conducted after June 2014 as it is expected that all the NMPP terminals will be fully functional.

Strategic objectives: 3.1–3.5					
Performance indicator	Actual achievement 2012/13 (baseline)	Planned/revised target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14	Comment on deviation
3.3.2 Determine Benchmark Service Station (BSS) asset base.	Baseline not yet established	Conduct the service stations survey to determine the BSS asset base.	Not achieved.	The BSS asset base survey was not conducted.	The BSS survey could not be conducted because the Department decided not to award the tender after the two (2) companies that responded to the request for proposal could not meet the technical specifications as defined in the Terms of Reference (ToRs). This will be re-advertising in 2014/15 and the survey will be conducted during the 2014/15 financial year.
3.3.3 Promulgation and implementation of biofuels pricing framework.	Partially achieved. The Biofuels Mandatory Blending Regulations were promulgated and the draft Biofuels Pricing Framework was developed.	Gazette the Biofuels Pricing Framework.	Not achieved.	The Biofuels Pricing Framework was not gazetted.	There was delay in finalising the pricing framework after the Biofuels Interdepartmental Task Team (BITT) was requested to consider other crops which were not part of the original crops that the team was working on. The team had to extend the stakeholder consultations which took longer than expected and as a result the Pricing Framework could not be gazetted in this financial year.

4.3.5. Strategy to overcome areas of under-performance

Area of under-performance	Extent of under-performance	Strategies to overcome the areas of under-performance
Implementation of the BFP/MDZ review study recommendations.	Not achieved.	The Document will be published for public comment once approved by the Minister. The MDZ review would be undertaken during 2014/15 financial year.
Conduct the service stations survey to determine the BSS asset base.	Not achieved.	The BSS study and survey would be conducted during 2014/15 financial year. The TORs for both have been finalised already.
Gazette the Biofuels Pricing Framework.	Not achieved.	The Biofuels Interdepartmental Task Team (BITT) is still finalising the pricing model, including the qualification criteria for subsidies.
Percentage of compliance by the controller in clearing historical (outstanding) applications already in the system.	Partially achieved.	The branch finalised 86% of all the outstanding applications as at the end March 2014. The remaining applications, there was no response from applicants, and the Branch will seek approval from the Controller to reject these applications.

4.3.6. Changes to planned targets

The 2013/14 Annual Performance Plan was revised. The table below indicates changes that were made to the performance indicators and/or annual targets.

Performance indicator	Original annual target	Revised target	Reasons for changes/movement from original 2013/14 APP
3.1.1 Number of inspections conducted by the Department.	1 500 compliance inspections conducted at the sites.	No changes were made. Target moved to the IOP.	Target was moved to the Institutional Operational Plan (IOP) as it was operational.
3.1.2 Number of enforcement of notices issued for non-compliance. (Original indicator) Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections. (Revised indicator)	100% of enforcement notices issued.	Enforcement notices issued in 80% of cases where non-compliance is identified during routine compliance inspections.	The performance indicator did not meet the SMART principles. The annual target was revised as there was no baseline.
3.1.3. Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during fuel samples testing. (Original indicator) Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections. (Revised indicator)	750 fuel samples tested.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel samples testing.	Performance did not meet the SMART principles. Annual target revised as there was no baseline and the target.
3.2.1 Percentage of compliance with the 60-day turnaround time for the Controller to make a final decision on all new-to-industry (NTI) licence applications (turnaround time measured from the date of receipt of proof of publication of the notice).	90% compliance rate with the 60 days prescribed timeframe by the Controller when adjudicating on all petroleum site and retail NTI licence applications.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
3.2.2 Percentage of compliance with the 90-day turnaround time for the Controller to make a final decision on all licence applications (turnaround time measured from the date of receipt of proof of publication of the notice).	95% compliance rate with the 90 days prescribed timeframe by the Controller when adjudicating on petroleum activity licence applications, excluding site and retail NTI applications	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.

Performance indicator	Original annual target	Revised target	Reasons for changes/ movement from original 2013/14 APP
3.2.4 Percentage of compliance with 21 working days from date of receipt of the arbitration request. (Original indicator) Percentage of arbitration requests finalised within the prescribed timeframes. (Revised indicator)	100% of arbitration notices issued.	100% of arbitration requests finalised within the prescribed timeframes.	Target did not meet the SMART principles and to ensure that the annual and quarterly targets are aligned with key performance indicator.
3.2.5 Number of Petroleum Products Act (PPA) awareness campaigns conducted.	Nine (9) PPA and licensing awareness campaigns conducted per annum.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
3.3.2 Fuel margins adjusted in line with RAS modes.	Implement and monitor RAS. Fuel margins adjustment in line with RAS models.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
3.3.3 Promulgation of the fixed retail margin for IP regulations.	Promulgation of regulation and implementation of the fixed retail margin of IP.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
3.3.5 Promulgation and implementation of Biofuels Pricing Framework.	Gazette the Biofuels Pricing Regulations. Conclude the working rules to administer biofuel prices and bioethanol blending value.	Gazette the Biofuels Pricing Framework.	The annual target was revised as there was no baseline.
3.1.2 Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections. (Revised indicator)	100% of enforcement notices issued.	Enforcement notices issued in 80% of cases where non-compliance is identified during routine compliance inspections.	The performance indicator did not meet the SMART principles. The annual target was revised as there was no baseline.
3.1.3 Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during fuel samples testing. (Revised indicator)	750 fuel samples tested.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel samples testing.	The performance indicator did not meet the SMART principles. The annual target was revised as there was no baseline.

4.3.7. Linking performance with budgets

Financial performance at 31 March 2014

Energy Regulations	2013/14			2012/13		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Petroleum Compliance	12 221	6 796	5 425	4 058	4 215	(157)
Petroleum Licensing and Permitting	15 571	15 473	98	11 645	11 625	20
Petroleum Pricing	12 073	3 566	8 507	13 510	12 423	1 087
Total	39 865	25 836	14 029	29 213	28 263	950

4.4. Programme 4: Electrification and Energy Programme Management

(Branch: Energy Programmes and Projects)

4.4.1. Programme purpose

To manage, co-ordinate and monitor programmes and projects focused on access to energy.

4.4.2. Sub-programmes

The following table indicates the sub-programmes identified for this Programme, in terms of the 2012/13 APP:

Sub-programmes	Functions
4.1. Integrated National Electrification Programme (CD: Integrated National Electrification Programme)	<ul style="list-style-type: none"> Oversees and manages the finance and implementation processes for the Electrification Programme; Manages the annual planning processes including electrification infrastructure plans; and Manages and co-ordinates technical audits for the programme. <p><i>In 2013/14, R320 million was allocated to pilot an Approach to Asset Distribution Management (ADAM) Programme, which aims to support nine (9) municipalities facing serious electricity provision challenges.</i></p>
4.2. Energy Regional Offices (CD: Energy Regional Offices)	<ul style="list-style-type: none"> Provides advice on integrated energy services; Develops appropriate interventions to enhance and promote universal access to energy; Manages and co-ordinates regional electrification planning; manages the petroleum licensing process; and ensures economic and technical compliance with relevant legislation; and Captures and analyses all annual information submitted by licence holders.
4.3. Programme and Projects Management Office (Directorate: Programme and Projects Management Office)	Provides specialised assistance to Programme and Project Managers, and Management in general, to apply management principles, co-ordinate project information and report on projects.
4.4. Electricity Infrastructure/Industry Transformation (CD: Electricity Infrastructure/Industry Transformation)	<p>Oversees programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector and Independent Power Producers (IPPs).</p> <p><i>This entails establishing an IPP Unit with minimal support from external experts by 2013/14.</i></p>
4.5. Community Upliftment Programmes and Projects (Directorate: Community Upliftment Programmes and Projects)	<p>Ensures the mainstreaming of government's priorities for broad transformation in the work of the Department and the energy sector, and supports departmental special programmes and projects.</p> <p><i>This entails drafting youth and gender policies for the Department and monitoring job creation in projects.</i></p>

4.4.3. Strategic objectives

The following strategic objectives (outputs) have been identified for this Programme:

Strategic objective	Objective statement
SO 4.1 Universal Access	To manage, co-ordinate, monitor and report on programmes and projects to promote/enhance universal access to energy.
SO 4.2 Electricity Distribution Asset Management	To improve the quality of electricity distribution by addressing the rehabilitation of municipal electricity distribution assets through ongoing monitoring and evaluation of distribution asset management.
SO 4.3 Project Management	To ensure the efficient management of projects by enhancing the application of project management business principles to assist programme and project managers on an ongoing basis.
SO 4.4 Electricity Infrastructure/Industry Transformation	To co-ordinate, monitor and report on the implementation of programmes and projects focused on the development, improvement and transformation of the energy generation, refinement, transmission, and distribution industry and infrastructure.
SO 4.5 Community Upliftment	To identify, implement, manage and co-ordinate programmes/projects aimed at the mainstreaming/upliftment/empowerment of disadvantaged/vulnerable groups and increase public awareness on energy issues.
SO 4.6 Regional Information, Inspections and Liaison	To obtain information relevant to planning, doing physical inspections on the execution of Access to Energy Projects and liaising between beneficiaries of projects, service providers and the Department.

4.4.4. Performance indicators, planned targets and actual achievements

Electrification

The Energy Programmes and Projects Branch achieved three (3) targets and partially achieved one (1), in relation to the four (4) revised APP targets for which it was responsible during the period under review.

Over the past five (5) years, more than 1.1 million new households were connected to the grid and 43 517 were connected by non-grid technology. The total connection target for the year under review was 260 000 households with 292 714 grid and 14 059 non-grid connections were achieved, bringing the total of households receiving electricity for the first time this year to 306 773. More than 70% of the funding was allocated to the 24 most disadvantaged district municipalities in the country.

The Integrated National Electrification Programme (INEP) is also addressing the electrification backlog in the country through the installation of bulk infrastructure (substations and major medium voltage lines) and reticulation infrastructure to bring electricity to households by means of grid connections. The figures below show the progress made to date on combined Eskom and Municipal Electrification Programme connections.

Combined Eskom and Municipal Electrification Programme connections (grid and non-grid)

	2009/10	2010/11	2011/12	2012/13	2013/14
Eastern Cape	47 354	43 459	29 747	40 390	58 260
Free State	16 769	8 436	6 739	3 011	4 779
Gauteng	18 730	17 075	32 523	22 830	26 471
KwaZulu-Natal	44 929	35 658	31 529	42 896	74 029
Limpopo	36 970	37 403	37 825	38 032	58 853
Mpumalanga	23 848	16 435	16 700	19 092	33 623
Northern Cape	4 066	6 205	6 824	6 067	4 290
North West	14 403	15 168	13 829	19 370	29 775
Western Cape	17 249	15 102	14 142	11 147	16 693
Total	224 318	194 941	189 858	202 835	306 773*

*Does not include last quarter (June 2014) figures for Municipalities.

A New Household Electrification Strategy was approved by Cabinet in June 2013 to address electrification backlogs and ensure universal access by 2025. Backlogs will be addressed using grid extensions, with about 10% of backlogs addressed using non-grid PV solar systems. This is in line with the proposals of the National Development Plan (NDP) for achieving universal access.

Electrification has traditionally been regarded as involving the connection of households using existing distribution network infrastructure. However, due to the fact that large parts of the country have no or limited backbone network infrastructure, the Department had to extend the electrification programme to include bulk infrastructure at low voltage (LV) and medium voltage (MV) levels. The Department has to ensure that applications received for electrification are to the benefit of electrification customers, hence a 70/30 principle is used for allocation purposes. New or existing electrification customers comprise 70% of the customers to be served by the networks, while not more than 30% non-electrification customers can also be served by such network upgrading or new infrastructure.

Most of these infrastructure projects are long-term projects (spanning more than one (1) financial year) due to their complexity, long lead times to obtain hardware, delays in the appointment of contractors and land approvals. The progress of these projects is closely monitored by INEP to ensure successful completion. It is important to note that these infrastructure projects, linked to substations and MV lines, can only be reported as completed once energised. To this end, INEP monitored the construction of 370 km of new MV power lines, while various MV lines were also upgraded throughout the country. These projects take between 12 and 24 months to complete. In addition, funding for the upgrading of ten (10) substations was provided, leading to the completion of the Okiep and Nababeep substations in the Northern Cape.

Renewable Energy Independent Power Producer Programmes

As noted earlier in this report regarding the greening of the economy, the Department, through its Renewable Energy Independent Power Producer Programme (REIPPP) has undertaken to purchase 2 460 MW of electricity from the 47 suppliers that are currently approved.

Under Bid Window 1, 28 IPP agreements (about 1 400 MW) were entered into on 5 November 2012, of which six (6) IPPs are already connected to the Eskom grid, and were producing about 200 MW of green electricity by end of April 2014. These are Konkoonies (PV solar), Metrowind (Wind), Kalkbult (PV solar), Aries Solar (PV solar), Hopefield (Wind), and RustMo1 Solar Farm (PV solar).

Approximately 350 MW of green electricity was supplied into the grid up to end of April 2014 as part of the early operation phase test period by some of the IPPs. It is expected that by the end of 2014, about 1 000 MW of green electricity will be supplied into the grid in total.

Under Bid Window 2, 19 IPP agreements were entered into (yielding about 1 050 MW) on 9 May 2013. All of these IPPs have commenced with construction.

Under Bid Window 3 (scheduled to yield about 1 460 MW), the Department published the names of 17 preferred bidders on 5 November 2013. All bidders are currently busy with financial close.

South Africa is presently rated as the 12th most attractive investment in terms of renewable energy projects. This bodes well for South Africa, as the REIPPP has received international acclaim for fairness, transparency and certainty. The REIPPP has, to date, attracted over R150 billion in foreign direct investment.



Municipal distribution network upgrading assistance

Nine (9) municipalities/metros across the country were identified as possible recipients of funding for distribution network upgrading (R320 million) which became available after the winding up of EDI Holdings.

Due to this limited funding, only municipalities that required critical, emergency interventions, and which responded in time with sufficient information as required by the Department, were considered for this assistance in the 2013/14 financial year.

The main purpose of the (Mini-ADAM) intervention was for the Department to assist in facilitating the provision of funding for the maintenance, refurbishment and strengthening of electricity distribution networks as a starting point in a longer, multi-phased ADAM Programme. The respective projects are progressing well, with an overall progress rate of 60%, however one (1) municipality is progressing very slowly due to internal and human resource challenges.

Community upliftment

The Electricity Programmes and Projects Branch is also responsible for community upliftment projects. During the 2013/14 financial year, it facilitated the launch of two (2) Sasol sponsored Integrated Energy Centres (IECs), one (1) in the Free State, and the other in KwaZulu-Natal. Similarly, PetroSA is supporting an IEC project in Qamata, Eastern Cape.

Community upliftment in the 2013/14 financial year strived to mainstream gender, youth, disability and HIV/AIDS with respect to the energy sector, by engaging with previously disadvantaged communities in all provinces. As an example, the Department hosted a Learner Focus Week in July 2013, attended by 500 senior learners from previously disadvantaged communities, which afforded them the opportunity to be exposed to learning and job opportunities in the various energy sectors.

The table below indicates performance against set objectives, output and outcomes. Performance targets were designed to indicate the output in relation to various activities under the respective sub-programmes.



Strategic objectives 4.1–4.6

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14	Comment on deviation
4.1.1 Number of reports on the allocation of funding and monitoring of grid electrification of households projects in comparison to the Electrification Plan.	Partially achieved. A total number of 175 473 connections was made: Grid connections of 166 130 of which: • Municipal connections – 47 204; and • Eskom connections – 118 926. (Also see non-grid connections reflected below)	Four (4) reports on the allocation of funding and monitoring of electrification of households projects in comparison to the Electrification Plan.	Achieved. Four (4) reports on allocation of funding and monitoring of electrification were submitted to National Treasury. The reports for Eskom (157 839 planned, 202 943 including roll-overs achieved) and municipalities (87 231 planned, 89 771 including roll-overs achieved, 292 714 achieved by end of March 2014.	Not applicable. Target achieved.	Not applicable. Target achieved.
4.1.2 Number of reports on the allocation of funding and monitoring of non-grid connection projects in comparison to the Electrification Plan.	Non-grid connections – 9 343.	Four (4) reports on the allocation of funding and monitoring of non-grid connection projects in comparison to the Electrification Plan.	Partially achieved. 14 059 non-grid connections were achieved against 15 000 planned connections. Four (4) reports submitted.	Originally 15 000 non-grid connections were planned to be achieved. Additional connections were added to planned connections due to roll-over of funds from 2012/13 to 2013/14 financial year, hence 17 326 planned connections. The procurement process took longer than expected and the service providers had only a few months to complete their full annual planned connections.	In addition to the connections achieved, a pilot of 3 000 connections in urbanised areas is still in progress and will be completed in the second quarter of the 2014/15 financial year.
4.2.1 Number of reports on the allocation of funding and monitoring of the establishment of Integrated Energy Centres (IECs) in comparison to the IEC Plan. (Revised indicator)	Achieved. Two (2) IECs were successfully established, namely Mbizana in the Eastern Cape and Uluudi in KwaZulu-Natal.	Four (4) reports on the allocation of funding and monitoring of IECs in comparison to the IEC Plan.	Achieved. During 2013/14 the Department launched two (2) IECs in the Free State and KwaZulu-Natal provinces, both being sponsored by Sasol. Engagements with Shell and Chevron commenced to encourage them to participate in this programme as Sasol, Engen and Total are currently participating. Four (4) reports submitted.	Not applicable. Target achieved.	Not applicable. Target achieved.
4.4.4 Percentage of construction phase of IPP Bid Window 1 projects completed. (Original indicator)	Partially achieved. Procurement process delayed; terms of reference to be reissued in the first quarter of the 2013/14 financial year.	60% of construction phase of IPP Bid Window 1 projects completed.	Achieved. 60% of construction of Bid Window 1 projects completed. Quarterly report submitted.	Not applicable. Target achieved.	Not applicable. Target achieved.
4.4.1 Number of reports on progress made with regard to construction and operation phases of IPP projects. (Revised indicator)					

4.4.5. Strategy to overcome areas of under-performance

Area of under-performance	Extent of under-performance	Strategies to overcome areas of under-performance
Four (4) reports on the allocation of funding and monitoring of non-grid connection projects in comparison to the Electrification Plan.	Partially achieved (50%–99%)	15 000 non-grid connections were planned this year. Additional connections were added to the planned connections due to the roll-over of funds from the 2012/13 to 2013/14 financial year, hence 17 326 planned connections. The procurement process took longer than expected and the service providers had only a few months to complete their full annual planned connections. In addition to the connections achieved, a pilot of 3 000 connections in urbanised areas is still in progress and will be completed in the second quarter of 2013/14.

4.4.6. Changes to planned targets

The 2013/14 Annual Performance Plan was revised. The table below indicates changes that were made to the performance indicators and/or annual targets.

Performance indicator	Original annual target	Revised target	Reasons for changes/movement from original 2013/14 APP
4.1.1 Number of additional households electrified. (Original indicator) Number of reports on the allocation of funding and monitoring of grid electrification of household projects in comparison to the Electrification Plan. (Revised indicator)	200 000 additional households electrified.	Four (4) reports on the allocation of funding and monitoring of electrification of household projects in comparison to the Electrification Plan.	The Department does not electrify households; therefore the performance indicator is outside of the Department's control.
4.1.2 Number of non-grid connections. (Original indicator) Number of reports on the allocation of funding and monitoring of non-grid connection projects in comparison to the electrification plan. (Revised indicator)	15 000 non-grid connections.	Number of non-grid connections.	Performance indicator is outside of the Department's control, and as a result a new performance indicator was added.
4.1.3 Number of new operational Integrated Energy Centres (IeCs) established. Number of reports on the allocation of funding and monitoring of the establishment of IeCs in comparison to the IeC Plan. (Revised indicator)	Two (2) IeCs established.	Four (4) reports on the allocation of funding and monitoring of IeCs in comparison to the IeC Plan.	Performance indicator is outside of the Department's control, and as a result a new performance indicator was added.
4.1.4 Number of km of new medium voltage (MV) power lines constructed.	350 km new MV power lines constructed.	No changes were made. Performance indicator and annual target grouped together under new target indicated in 4.1.1 above.	Performance indicator and annual target grouped together under new target indicated in 4.1.1 above.
4.1.5 Number of km of existing MV power lines upgraded.	220 km existing MV power lines upgraded.	No changes were made. Performance indicator and annual target grouped together under new target indicated in 4.1.1 above.	Performance indicator and annual target grouped together under new target indicated in 4.1.1 above.
4.1.6 Number of new bulk substations built per year.	Six (6) new bulk substations built.	No changes were made. Performance indicator and annual target grouped together under new target indicated in 4.1.1 above.	Performance indicator and annual target grouped together under new target indicated in 4.1.1 above.

Performance indicator	Original annual target	Revised target	Reasons for changes/ movement from original 2013/14 APP
4.1.7 Number of additional substations upgraded per year.	Ten (10) additional substations upgraded.	No changes were made. Performance indicator and annual target grouped together under new target indicated in 4.1.1 above.	Performance indicator and annual target grouped together under new target indicated in 4.1.1 above.
4.1.8 Value of expenditure on Broad-Based Black Economic Empowerment (B-BBEE) and Small, Medium and Micro Enterprises (SMMEs) per year.	R933 million spent on B-BBEE and SMME.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
4.2.1 Number of reports submitted to head office with regard to planning, physical inspections on the execution of access to energy projects and liaising between beneficiaries of projects, service providers and the Department.	12 reports submitted.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
4.3.1 Monthly progress reports and dashboards submitted per project within the Department.	12 progress reports and dashboards submitted per project.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
4.4.1 Number of Strategic Integrated Project (SIP) reports submitted to Executive Committee (EXCO)/ Management Committee (MANCO) and Presidential Infrastructure Co-ordinating Commission (PICC) Secretariat on all SIPs.	Four (4) SIP reports submitted to EXCO/MANCO and PICC Secretariat on all SIPs.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
4.4.2 Number of municipalities in which the refurbishment of key electrical networks is to take place (ADAM).	Pilot project on refurbishment of key electrical networks in nine (9) municipalities commenced.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
4.4.3 Number of Solar Water Heaters (SWHs) installed.	129 679 SWHs installed.	No changes were made.	Annual target was moved to Programme 6 as there were duplications.
4.4.4 Percentage of construction phase of IPP Bid Window 1 projects completed.	60% of construction phase of IPP Bid Window 1 projects completed.	Original target removed. Four (4) reports on progress were made with regards to the construction and operation phases of IPP projects.	Original target was removed because it was outside the control of the Department and revised with a new annual target.
4.5.1 Number of jobs created through projects/programmes aimed at poverty alleviation and rural development interventions.	12 000 jobs created.	No changes – target removed.	The target was removed because it is outside the control of the Department.
4.5.2 Percentage of budget allocated for community upliftment spent on projects/programmes aimed at the upliftment and empowerment of vulnerable groups.	60% of budget allocated for community upliftment spent on upliftment and empowerment projects/programmes.	No changes – target removed.	The target was removed because it is outside the control of the Department.
4.5.3 Number of public energy awareness campaigns conducted.	Four (4) public energy awareness campaigns conducted.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.

4.4.7. Linking performance with budgets

Financial performance at 31 March 2014

Electrification and Energy Programme Management	2013/14			2012/13		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Integrated National Electrification Programme	3 918 013	3 907 895	10 118	3 145 079	3 110 878	34 201
Energy Regional Offices	33 572	33 205	367	18 826	19 472	(646)
Programme and Project Management Office	5 318	5 927	(609)	2 743	1 498	1 245
Electricity Infrastructure/ Industry Transformation	2 916	4 262	(1 346)	100	845	(745)
Community Upliftment Programmes and Projects	7 881	7 238	643	3 958	3 662	296
Total	3 967 700	3 958 526	9 174	3 170 706	3 136 355	34 351

4.5. Programme 5: Nuclear Energy

(Branch: Nuclear Energy)

4.5.1. Programme purpose

To manage the South African nuclear energy industry and control source and special materials in terms of international obligations, nuclear legislation and policies to ensure the peaceful use of nuclear energy.

4.5.2. Sub-programmes

The following table indicates the sub-programmes identified for this Programme, in terms of the 2012/13 APP.

Sub-programmes	Functions
5.1. Nuclear Safety and Technology (CD: Nuclear Safety and Technology)	<ul style="list-style-type: none"> Manages and implements all matters related to nuclear safety and technology as required by legislation and international agreements; Implements the Nuclear Energy Policy, which was approved in 2008 as a national nuclear programme in line with Integrated Resource Plan 2010 (IRP 2010) requirements; and Administers all matters related to nuclear safety, liability and emergency management with the aim of improving the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. <p><i>In 2012/13, R610.2 million was transferred to the National Nuclear Regulator (NNR) and the South African Nuclear Energy Corporation (Necsa).</i></p>
5.2. Nuclear Non-Proliferation and Radiation Security (CD: Nuclear Non-Proliferation and Radiation Security)	Manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements.
5.3. Nuclear Policy (CD: Nuclear Policy)	<ul style="list-style-type: none"> Develops and reviews policies as required by international agreements and governance of the nuclear sector in South Africa; Undertakes research and development in the nuclear sector; and Reviews and monitors nuclear safety, nuclear technology, nuclear non-proliferation and nuclear radiation security policies, and provide advice accordingly.

4.5.3. Strategic objectives

The following strategic objectives (outputs) were identified for this Programme:

Strategic objective	Objective statement
SO 5.1 Nuclear Security	To regulate the security of nuclear material and facilities by adhering to nuclear security obligations, and developing and publishing appropriate regulations by 2013/14.
SO 5.2 Nuclear Control and Accounting	To strengthen the control of and accounting for nuclear materials and related equipment by enforcing the relevant legislation and regulations, and facilitating the installation of monitoring equipment at identified ports of entry in conjunction with the South African Revenue Service (SARS) by 2013/14.
SO 5.3 Radioactive Waste Management	To promote the safe management and disposal of radioactive waste by establishing and ensuring the full operation of the National Radioactive Waste Disposal Institute (NRWDI), as provided for in the Radioactive Waste Management Policy and Strategy, by 2014/15.
SO 5.4 Nuclear Energy Expansion/ Infrastructure Development	To develop and ensure the implementation of a framework for nuclear energy expansion/infrastructure development.

4.5.4. Performance indicators, planned targets and actual achievements

Nuclear Safety and Technology

In the year under review the sub-programme Nuclear Safety and Technology achieved two (2) key targets. The first was a self-assessment of the national nuclear emergency preparedness infrastructure in terms of the IAEA Emergency Preparedness Review (EPREV) service. The second target achieved was the submission of a nuclear procurement framework to the executive by the second quarter of 2013/14. Delays in the establishment of the NRWDI office were beyond the control of the Department and are the responsibility of NRWDI. However, the Board was appointed in December 2013 and Ministerial inauguration of the Board took place on 31 March 2014. Transitional arrangements were facilitated through the establishment of a Joint Technical Task Team which handed over its report to the Board. Challenges in the finalisation of study reports delayed the submission of the Nuclear Fuel Cycle Strategy for approval by the National Nuclear Executive Co-ordination Committee (NNEECC). The Department will ensure submission of this deliverable during 2014/15.

Nuclear Non-proliferation and Radiation Security

In the year under review 18 nuclear compliance inspections were conducted to monitor compliance in terms of sections 37, 38 and 39 of the Nuclear Energy Act, 1999 (No. 46 of 1999). The target was exceeded due to the appointment of a third nuclear safeguard inspector. One (1) audit was conducted. The target for the installation of radiation portal monitors was moved to the IOP as the Department is not in control of the project in terms of legislation. The target has therefore been redefined for the Department to play a facilitating role. In terms of authorisations, 71% were issued within the eight-week timeframe. The partial achievement was due to the fact that capacitation in the Nuclear Branch was still in progress. As a long-term measure the Department is in the process of investigating an electronic system to improve efficiency.

Nuclear Policy

The finalisation of the Nuclear Energy Amendment Act, the National Nuclear Regulator Amendment Bill and the National Radioactive Fund Bill was delayed due to the necessary consultations and stakeholder inputs required. The NNR Amendment Bill was presented at the Forum of South African Directors (FOSAD) Cluster in 2013 and comments received necessitated that the Department should consult with stakeholders who are impacted by the amendment. The FOSAD Cluster comments were addressed in terms of NNR amendments and consultation with other stakeholders and the remaining outstanding matters should be resolved in the near future, after which the NNR will compile a report on the way forward.

During the mid-term review, NNR Amendment Bill was deferred to the 2014/15 financial year. The Bill will be sent to the Chief State Law Advisor (CSLA) for precertification and then to the FOSAD Cluster in 2014/15. Due to the necessary consultation and further input from the NNR it is expected that this Bill will be submitted to Cabinet in the 2015/16 financial year.

In terms of the draft Nuclear Energy Amendment Act, the public consultation target was not achieved due to finalisation of stakeholder inputs. During the mid-term review, the draft Amendment Act was deferred for consultation with the CSLA in the 2014/15 financial year.

The National Radioactive Waste Disposal Fund Bill was sent to National Treasury for comment. This Bill was also deferred to the 2014/15 financial year for submission to the CSLA, the FOSAD Cluster and ultimately Cabinet for approval for public comment.

Demystification of nuclear energy in preparation for the nuclear programme took place through outreach campaigns, where planned targets were exceeded. At least four (4) direct community engagements, reaching out to over 5 000 learners, and several media campaigns in newspapers and on radio were concluded.

The table below indicates performance against set objectives, output and outcomes. Performance targets were designed to indicate the output in relation to various activities under the respective sub-programmes.



Strategic Objectives: 5.1–5.4

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14	Comment on deviation
5.1.1 Level of implementation of actions based on the approved action plan resulting from the Mission Report of the Nuclear Infrastructure Review conducted.	Partially achieved. Draft report completed.	Self-assessment review completed and submitted to IAEA EPREV for Mission Report.	Achieved. The self-assessment report was completed and submitted to the IAEA on 31 October 2013.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
5.1.2 To commission an additional 9 600 MW of nuclear energy into the grid by 2030.	Not achieved. Approved Nuclear Programme relative to IRP.	Submit recommendation on the procurement process specifications to Cabinet and implementation of procurement process (if approved).	Achieved. Recommendations on the procurement process specifications submitted to NNEECC in October 2013.	The Procurement Plan was submitted; however it has not yet been approved for implementation.	The Procurement Plan process could not be implemented as it was still under review by other National Departments.
5.1.3 Strategy for nuclear fuel cycle infrastructure development submitted to the decision-making structures.	Baseline not yet established.	Submission made to NNEECC on Nuclear Fuel Cycle Strategy.	Not achieved.	Submission to NNEECC on Nuclear Fuel Cycle Strategy not made.	Nuclear Fuel Cycle Strategy was not submitted to NNEECC because comments were still being addressed at Nuclear Energy Sub-Working Group level.
5.1.4 Established National Radioactive Waste Disposal Unit.	Partially achieved. Shortlisting of nominated candidates completed and Cabinet memorandum drafted.	Set up NRWDI office and implement section 30 (transitional arrangement) of the NRWDI Act, 2008.	Partially achieved. Board members were appointed by Cabinet in December 2013 and the Minister chaired an inaugural Board meeting on 31 March 2014.	The NRWDI offices not set up.	The NRWDI offices could not be set up as the inaugural Board meeting had to be held by the Minister first. The meeting was only held on 31 March 2014.
5.2.1 Accounting and control of possession, acquisition, transportation, importation and exportation of nuclear material through consideration of 100% of authorisation applications within eight (8) weeks.	Partially achieved. 80% of authorisations for nuclear materials and related equipment were issued within eight (8) weeks.	100% of applications for nuclear materials and related equipment concluded within the eight (8)-week timeframe.	Partially achieved. 94 authorisations were issued, of which 67 were issued within the required turnaround time. Therefore 71% authorisations were issued within the eight (8)-week timeframe.	29% of authorisation could not be achieved.	Partial achievement due to capacity constraints within the Nuclear Branch.

Strategic Objectives: 5.1–5.4					
Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Deviation between planned target and actual achievement 2013/14	Comment on deviation
5.2.2 Number of nuclear safeguard compliance reports submitted to the relevant decision-making structures.	Partially achieved. Three (3) nuclear safeguards inspections conducted.	Four (4) nuclear safeguards compliance reports submitted to the relevant decision-making structures.	Achieved. 14 nuclear safeguards compliance inspections conducted.	Not applicable. Target was achieved.	Not applicable. Target was achieved.
5.3.1 Promulgated National Nuclear Regulator Amendment Act.	Partially achieved. NNR Act, 1999 amendment proposal submitted to Cabinet (estimated performance from 2013/14 APP).	Submission to Chief State Law Advisor (CSLA).	Not achieved.	Amendments not submitted to the CSLA.	The amendments could not be submitted to the CSLA as inter-departmental consultations were not completed.
5.3.2 Promulgated Nuclear Energy Amendment Act.	Baseline not yet established.	Submission to CSLA.	Not achieved.	Amendments to the Act not submitted to the CSLA.	The amendments could not be submitted to the CSLA as inter-departmental consultations were not completed.
5.3.3 Demystifying nuclear energy through the number of public awareness campaigns and the number of community outreach events per annum.	Achieved. Two (2) community outreach events and a media campaign conducted. In addition the Africa Nuclear Conference which took place on 18 March 2013 and the media coverage received constituted an additional media campaign.	Four (4) public awareness campaigns and community outreach events held.	Achieved. Three (3) awareness campaigns and three (3) community outreach events hosted or supported by the Department.	Not applicable. Target was achieved.	Not applicable. Target was achieved.

4.5.5. Strategy to overcome areas of under-performance

Area of under-performance	Extent of under-performance	Strategies to overcome the areas of under-performance
Submission made to NNEECC on Nuclear Fuel Cycle Strategy.	Not achieved.	Comments from the Nuclear Energy Sub-Working Group level will be addressed to ensure that this process is completed at the end of the 2014/15 financial year.
Set up NRWDI office and implement section 30 transitional arrangement of the NRWDI Act.	Partially achieved.	The process of appointing the acting CEO and acting Deputy Chairperson is under way.
100% of applications for nuclear materials and related equipment concluded within the eight (8)-week timeframe.	Partially achieved.	The Branch is in the process of increasing its capacity in order to overcome delays in processing applications.
Submission of National Nuclear Regulator Amendment Act to the Chief State Law Advisor (CSLA).	Not achieved.	The target was revised as it was deemed not to meet SMART criteria. The amendments could not be submitted to the CSLA as inter-departmental consultations were not complete.
Submission of Nuclear Energy Amendment Act to the CSLA.	Not achieved.	The target was revised as it was deemed not to meet SMART criteria. The target was not achieved as consultations with relevant State organs on the proposed amendments were not complete.

4.5.6. Changes to planned targets

The 2013/14 Annual Performance Plan was revised. The table below indicates changes that were made to the performance indicators and/or annual targets.

Performance indicator	Original annual target	Revised target	Reasons for changes/movement from original 2013/14 APP
5.1.1 Number of nuclear infrastructure reviews conducted. (Original indicator) Level of implementation of actions based on the approved Action Plan resulting from the Mission Report of Nuclear Infrastructure Review conducted. (Revised indicator)	One nuclear infrastructure review conducted.	Self-assessment review completed and submitted to IAEA EPREV for Mission Report.	To enhance performance indicator to a more strategic level. (The strategic nature of this activity lies in the implementation of the actions that are based on the Mission Report of the Nuclear Infrastructure Review).
5.1.2 Approved Nuclear Procurement Programme relative to IRP by June 2013. (Original indicator) To commission an additional 9 600 MW of nuclear energy into the grid by 2030. (Revised indicator)	Implementation of procurement process.	Submit recommendations on the Procurement Process Specifications to Cabinet and implementation of procurement process (if approved).	To enhance the performance indicator to a more strategic level (the ultimate goal is to commission the additional 9 600 MW of nuclear energy into the grid by 2030).
5.1.3 Nuclear fuel cycle infrastructure developed for beneficiation of uranium to support new nuclear build priorities. (Original indicator) Strategy for nuclear fuel cycle infrastructure development submitted to the decision-making structures. (Revised indicator)	Submission made to NNEECC on Nuclear Fuel Cycle Strategy.	Submission made to NNECC on Nuclear Fuel Cycle Strategy.	The performance indicator was revised to be in line with targets.
5.2.1 Number of portal radiation monitors installed	One (1) radiation portal monitor installed.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.

Performance indicator	Original annual target	Revised target	Reasons for changes/ movement from original 2013/14 APP
5.2.2 Percentage of applications for nuclear materials and related equipment concluded within the eight (8)-week timeframe. (Original indicator) Accounting and control of possession, acquisition, transportation, importation and exportation of nuclear material through consideration of 100% of authorisation applications within eight (8) weeks. (Revised indicator)	100% of applications for nuclear materials and related equipment concluded within the eight (8)-week timeframe.	100% of authorisation applications considered within the 8-week time period.	Performance indicator lifted to a more strategic level.
5.2.3 Number of nuclear audits conducted.	One (1) nuclear audit conducted.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
5.2.4 Number of nuclear compliance inspections conducted. (Original indicator) 5.2.2 Number of nuclear safeguard compliance reports submitted to the relevant decision-making structures. (New performance indicator added to the revised APP)	Eight (8) nuclear safeguards compliance inspections conducted.	Original annual target moved to the IOP. Four (4) nuclear safeguards compliance reports submitted to the relevant decision-making structures. (New annual target)	Original performance indicator and annual target were moved to the IOP as it was operational. These were replaced with a performance indicator and annual target that is more strategic in nature.
5.3.1 National Nuclear Regulator Act, 1999 amended. (Original indicator) Promulgated National Nuclear Regulator Amendment Act. (Revised indicator)	Public consultation process completed (Act amended).	Submission to CSLA.	The performance indicator did not comply with SMART principles. The performance indicator was not within the control of the Department.
5.3.2 Nuclear Energy Act, 1999. (Original indicator) Promulgated Nuclear Energy Amendment Act. (Revised indicator)	Nuclear Energy Act amendment submitted to Cabinet.	Submission to CSLA.	The performance indicator did not comply with SMART principles. The performance indicator was not within the control of the Department.
5.3.3 New legislation for radioactive waste management funding.	Public consultation process completed.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
5.3.4 Safeguard function removed from nuclear operator to State System of Accounting and Control (SSAC) of nuclear materials.	Transitional arrangements for SSAC for nuclear material.	No changes were made. Target moved to the IOP.	Target was moved to the IOP as it was operational.
5.3.5 Number of community outreach events per annum. (Original indicator). Demystifying nuclear energy through the number of public awareness campaigns and the number of community outreach events per annum. (Revised indicator)	Four (4) community outreach events held.	Four (4) public awareness campaigns and community outreach events held.	Performance indicator elevated to a more strategic level.

4.5.7. Linking performance with budgets

	2013/14			2012/13		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Nuclear Energy						
Nuclear Safety and Regulation	714 475	712 386	2 089	643 599	638 887	4 712
Nuclear Non-Proliferation and Radiation Security	5 872	5 461	411	3 284	3 846	(562)
Nuclear Policy	3 651	4 654	(1 003)	2 070	684	1 386
Total	723 998	722 502	1 496	648 953	643 417	5 536

4.6. Programme 6: Clean Energy

(Branch: Clean Energy)

4.6.1. Programme purpose

To manage and facilitate the development and implementation of clean and renewable energy, energy efficiency and demand side management initiatives.

4.6.2. Sub-programmes

The following table indicates the sub-programmes identified for this Programme, in terms of the 2012/13 APP:

Sub-programmes	Functions
6.1. Energy Efficiency (EE) (CD: Energy Efficiency)	Plan and co-ordinate initiatives and interventions focused on developing and improving the EE market and ensure integration and co-ordination of EE initiatives and interventions with relevant associated institutions.
6.2. Renewable Energy (CD: Renewable Energy)	<p>Ensure the integration of renewable energy into South Africa's mainstream energy supply by planning and co-ordinating initiatives and interventions focused on the development and improvement of the renewable energy market, ensuring the integration and co-ordination of renewable energy initiatives and interventions with relevant associated institutions.</p> <p><i>The largest spending item is on transfers to the South African National Energy Research and Development Institute (SANEDI) for research and development into the Carbon Capture and Storage (CCS) and Hydraulic Fracturing projects. In 2012/13, the bulk of this sub-programme's total budget (90.8%) was transferred to SANEDI.</i></p>
6.3. Climate Change and Designated National Authority (CD: Climate Change and Designated National Authority)	<p>Ensure that climate change and environment response measures, in terms of mitigation and adaptation, are implemented within the energy sector and fulfil international energy commitments and obligations under the United Nations Framework Convention on Climate Change pertaining to the Kyoto Protocol.</p> <p>Develop energy and climate change strategy and measure and report on energy-related carbon emission reductions.</p>

4.6.3. Strategic objectives

The following strategic objectives (outputs) were identified for this Programme:

Strategic objective	Objective statement
SO 6.1 Climate Change and Environment	To manage climate change and environmental matters through regulations and monitoring to mitigate the risk of environmental impact by: <ul style="list-style-type: none"> • Publishing strategies and plans by 2014/15; and • Developing a regulatory framework that supports Carbon Capture and Storage (CCS) test injection by 2016.
SO 6.2 Energy Efficiency (EE) and Demand Management	To promote and facilitate EE improvement and demand management by: <ul style="list-style-type: none"> • Monitoring and reporting on energy savings on an ongoing basis; • Co-ordinating and tracking the achievements of energy efficiency by 2015; and • Reviewing the EE Tax Incentive Scheme and energy management planning as part of Energy Conservation Schemes by 2014/15.
SO 6.3 Energy Management Plan	To improve demand management by facilitating the development of energy management planning by 2014/15.
SO 6.4 Renewable Energy	To ensure the integration of renewable energy into the mainstream energy supply of South Africa by planning and co-ordinating initiatives and interventions focused on the development and improvement of the renewable energy market by: <ul style="list-style-type: none"> • Improving the generation capacity of renewable energy to at least 42% by 2030; • Facilitating approval of the Renewable Energy White Paper by 2013/14; • Implementing awareness campaigns from 2013/14 onwards; and • Installing one (1) million Solar Water Heater (SWH) units by 2015/16.

4.6.4. Performance indicators, planned targets and actual achievements

The Clean Energy Branch achieved four (4) targets and did not achieve one (1) target in relation to the five (5) revised APP targets for which it was responsible during the period under review.

Since 2011, the Department has successfully reviewed the National Energy Efficiency Strategy (NEES), which included, among others, extensive public consultation and sector engagements leading to the finalisation of the revised NEES and the National Energy Efficiency Action Plan (NEEAP). The review process was also informed by the Energy Efficiency Policy mapping and assessment process which was completed in 2012. The revised NEES and NEEAP are currently tabled for Cabinet consideration, with the NEEAP outlining key deliverables to be achieved prior to 2015.

Solar Water Heating Programme

In 2009, the Department, during the budget vote speech, pronounced its target of installing one (1) million SWH units over a five-year period. To date just over 400 000 units have been installed across the country. However it should be noted that there could not have been success without teething challenges particularly in a fledgling industry such as this. These challenges had to be addressed as the Programme was being rolled out and lessons were learnt along the SWH value chain as a result. One of the key indicators was the implementation of a 70% minimum Local Content threshold for tanks and collectors, as outlined in National Treasury's Instruction Note, with effect from August 2013, in order to strengthen localisation within the sector.

Designated National Authority (DNA), climate change and environment

With one of the Department's strategic objectives being to protect the natural environment and its assets, a significant milestone was achieved with the adoption of an Environmental Policy by the Public Service Bargaining Council. This Policy will serve as a framework for the Department and its SOE/Cs. South Africa is a party to both the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol, having acceded to the Convention on 29 August 1997 and ratified the Kyoto Protocol on the 31 July 2002. This led to the establishment of the Designated National Authority (DNA) whose main functions are to evaluate and approve Clean Development Mechanism (CDM) projects in accordance with section 40(a) of the Marrakech Accords, as well as to promote and facilitate the development of CDM projects in South Africa.

The South African DNA received the most Project Development Document (PDD) submissions in 2012 relative to all the other years since its inception. On average, the DNA receives about eight (8) PDDs annually, however an astonishing 83 PDD applications were received in 2012. In comparison with the previous years, in 2010 the DNA had received 52 Project Identification Notes (PINs) and seven (7) PDDs, while in 2011 the DNA had received 62 PINs and 16 PDDs.

It is worth mentioning that as part of the South African delegation to the UNFCCC, the Department of Energy participated at the 18th and 19th Conferences of the Parties, serving as the 8th and 9th Meetings of Parties to the Kyoto Protocol (COP18/MOP8) and (COP9/MOP9) in 2012 and 2013 respectively. For the two (2) consecutive years it was indeed a celebration period when the DNA received two (2) UNFCCC awards on CDM projects, the first for best communicators among developing countries with ten (10) registered projects and the second for best communicators globally.

All of the above would not make a complete picture without mentioning the successful participation and profiling of the country's energy sector during the COP 17 held in Durban in 2011.

Outcome 10

The Department constantly reports on its performance against the National Energy Efficiency Strategy's overall target of a 12% demand reduction by 2015 and 10 000 GWh of Renewable Energy by 2013, which addresses Outcome 10. This forms part of the strategy via the Department of Environmental Affairs with respect to the Minister's agreement.

Wind Atlas of South Africa, International Renewable Energy Agency and Clean Energy Ministerial

In March 2013, the Department launched the Wind Atlas of South Africa, its first Verified Numerical Wind Atlas. This is a significant milestone since implementing the South African Wind Energy Programme (SAWEP), a programme funded by the Global Environmental Facility, with the United Nations Development Programme (UNDP) as the Executing Agent. For this component of the project, SANEDI is the executing partner. The four-year project covered three (3) provinces, namely Northern Cape, Western Cape and Eastern Cape. Ten (10) measurement stations were erected across the three (3) provinces to enable the sector to attract investment based on valid and reliable data. The country is now embarking on Phase 2 of the Wind Atlas project, focusing on some parts of the Eastern Cape, KwaZulu-Natal and Free State. Based on these achievements, South Africa is now participating actively in the Global Solar and Wind Atlas Project, led by the International Renewable Energy Agency (IRENA) on behalf of the Clean Energy Ministerial (CEM).

In 2013 Cabinet approved that South Africa hosts the International Renewable Energy Conference (SAIREC) to be held from 4–7 October 2015. Preparations towards SAIREC are well under way.

The table below indicates performance against set objectives, output and outcomes. Performance targets were designed to indicate the output in relation to various activities under the respective sub-programmes.



Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Revised target 2013/14	Actual achievement 2013/14	Comment on deviation between planned target and actual achievement 2013/14
6.1.1 Energy consumption baselines for municipalities. (Original indicator)	Not established.	Develop energy consumption baselines for ten (10) municipalities.	Partially achieved. The relevant templates for business plans and consumption were distributed to all participating municipalities.	Develop energy consumption baselines for ten (10) municipalities.	Achieved. The consumption baselines were finalised in the second half of the financial year.	This process happened parallel to the co-ordination of workshops for all participating municipalities, to ensure that programme managers are conversant with the required reporting, as well as address the shortfalls or gaps that were identified in the last financial year with respect to the implementation process.
Number of municipalities for which energy consumption baselines have been developed. (Revised indicator)						
6.1.2 National Energy Efficiency Strategy (NEES) document. (Original indicator)	Partially achieved. Standard Offer Policy for SWHs in place. Second review of National Energy Efficiency Strategy was approved by Cabinet for public consultation in October 2012. The draft National Energy Efficiency Action Plan (NEEAP) was completed and consultation was in progress.	Promulgation of revised Cabinet-approved strategy and plan for improving EE.	Achieved. Three (3) Workshops were held with stakeholders to discuss the draft NEES and NEEAP. This preceded the closing of comments which was February 2013 and consolidation thereafter in March to June 2013. The first half of the year dealt with workshops and redrafting of the documents.	Submit NEES document to Cabinet for approval.	Achieved. The review of the NEES document was completed in December 2013. Submission to the Minister and the process of tabling the Cabinet Memo in the Infrastructure Development Cluster (IDC) followed in January and February 2014 respectively. The NEES was presented at the IDC in March and April 2014 and further consultation was undertaken with the Departments of Environment and Transport as per the resolution of the IDC.	Based on the need to consolidate the comments emanating from the workshops, it was clear that the redrafting process may take longer than initially planned, hence the promulgation process was revised. However, submission process to Cabinet was planned to be initiated in the 2013/14 financial year. Once Cabinet approves, the promulgation process will commence in 2014/15.
NEES document submitted to Cabinet for approval. (Revised indicator)						
6.1.3 Energy Conservation Scheme (ECS) submitted to Parliament. (Original indicator not revised)	Not established.	Stakeholder-consulted ECS rules developed.	Partially achieved. Stakeholder consultation under way to resolve legal issue of selective legislation (ECS) due to targeting only key industrial customers.	Stakeholders consulted on ECS and submitted to Parliament.	Not achieved. Internal discussions are under way to redesign a new approach. The regulations for mandatory provision of energy management plans have been drafted and submitted to the CSLA for comment.	During the start of the consultation process between the Department and NERSA, it was acknowledged that there are legislative gaps that need to be resolved first to provide a framework for the process. However it was noted that the process that was already under way on the development of an addendum to the regulations on mandatory provision of data is the one to address the identified legislative gaps or shortfalls. Therefore ESC will now be replaced by the Regulations for Mandatory Provision of Data, with special focus on the energy management plans which had already started. It is envisaged that these Regulations will be published for public comment during the 2014/15 financial year.

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Revised target 2013/14	Actual achievement 2013/14	Comment on deviation between planned target and actual achievement 2013/14
6.2.1 Northern Cape Solar Park Concept. (Original indicator) Feasibility study report on the Northern Cape Solar Park Concept. (Revised indicator)	Partially achieved. An MoU was signed for an alternative site with Siyathemba Municipality. The Environmental Impact Assessment (EIA) for transmission line, distribution and substation support to the Solar Park (Upington site) by Eskom was submitted to the Department of Environmental Affairs (DEA) and is awaiting a Record of Decision. The tenders for all technical studies (feasibility, EIA and Geotechnical) for the Prieska site were concluded and awarded.	Complete feasibility study for the development of the Northern Cape Solar Park.	Partially achieved. Geotech assessment has been completed for the Prieska site and thus far the results are positive. Consultants have been appointed for the EIA and main Feasibility Study and both studies have commenced. The EIA Report with respect to Eskom's transmission line and substation support to the Solar Park Upington site has been submitted to the DEA and is currently awaiting the Record of Decision.	Complete feasibility study for the development of the Northern Cape Solar Park and report submitted to the Minister.	Achieved. Feasibility Study has been completed. Report submitted to the Minister.	The reports were submitted by the Central Energy Fund (CEF) in April and the Department is currently preparing to table the Solar Park Report for Cabinet consideration. If Cabinet approves, the Department and CEF will implement the recommendations in 2014/15.
6.2.2 Completed planning and contracting model to ensure that the subsidised SWH units comply with local content requirements. (Original indicator not revised)	Not established	Transition to revised contracting model for new SWH installations.	Partially achieved. The process of revising the contracting model was well under way between the Department and Eskom, supported by legal services in line with the drafting of the funding agreement between the Department and Eskom.	Complete the planning and contracting model for ensuring that the subsidised SWH units comply with the local content requirements.	Achieved. The revised contracting model was approved in October 2013. The appointment of SABES to conduct a Local Content Verification on the SWH Programme, based on the identified local manufacturers, was completed in February 2014. The Memorandum of Agreement between the Department and SABES was signed in March 2014, including the funding agreement which was also approved and signed off by both the Department and Eskom in March 2014.	SWH Local Content Insurrection Note will be implemented in line with the outcomes of the SABES process, contracting model and funding agreement.

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Revised target 2013/14	Actual achievement 2013/14	Comment on deviation between planned target and actual achievement 2013/14
6.2.3 Number of SWH units installed (Original indicator)	353 188 SWH units were installed to date (cumulative).	Install 80 000 SWH units.	Partially achieved. final draft contracting model agreed upon between the Department and Eskom. Standard offer model is being developed.	Target moved to 2014/15 APP.	Partially achieved. 46 954 SWH units installed by end of March 2014. The under-performance was due to the need to revise the SWH contracting model and finalise the Funding Agreement between the Department and Eskom with respect to the compliance requirements as per the SWH Programme Instruction Note issued by National Treasury with effect from August 2013. The new SWH Contracting Model was approved and signed by the DG in October 2013. The Funding Agreement between the Department and Eskom was approved and signed off in February/March 2014. A cumulative total of 400 046 SWH systems were installed by the end of March 2014. In addition, the Local Content Verification contract with SABS started before the end of March 2014. Fifty-six (56) municipal sites have been identified for the installation of SWH systems.	Since the frameworks and agreements have been signed, the implementation of the revised contracting model will be fully undertaken in 2014/15–2015/16 as per the signed Funding Agreement between the Department and Eskom.
6.3.1 Project Identification Notes (PINs) and Project Development Documents (PDDs). (Original indicator)	Achieved. Sixty-eight (68) Clean Development Mechanism (CDM) Project Proposals received by the DNA, including 64 PDDs and four (4) PINs. Sixty-four (64) Letters of Approval (LoA) for PDDs and four (4) Letters of No Objection were issued.	Submitted PINs and PDDs processed within the prescribed timelines.	Partially achieved. Three (3) PINs and no PDDs were received and submissions were done accordingly. Two (2) PINs and two (2) PDDs were received. Submission for PINs processed and Letters of No Objection issued. PDD review process not completed in time due to outstanding information. LoAs not yet issued.	Target moved to the IOP.	Achieved. Five (5) new PINs and two (2) PDDs were received during the quarter. Only four (4) PDDs re-submissions (cumulative of all the quarters) were received.	

Performance indicator	Actual achievement 2012/13 (baseline)	Planned target 2013/14	Actual achievement 2013/14	Revised target 2013/14	Actual achievement 2013/14	Comment on deviation between planned target and actual achievement 2013/14
Alignment of energy plans with national climate change response position. (Original indicator)		Promote the CDM and negotiation of the UNFCCC position.	Achieved. CDM stakeholders agreed to the adoption of the Grid Emission Factor for the Southern African Power Pool. A workshop in this regard was held in April 2013 at the Department's offices with CDM stakeholders. Climate Change Negotiations attended in Bonn, Germany in June 2013. CDM Waste to Energy Workshop held on 25 July 2013. Chemical sector booklet published. Draft CDM status report completed.	Target moved to the IOP.	Achieved. Comments on the National Treasury Carbon Off-set Document were compiled and a submission drafted and the matter is pending a meeting to address these comments with National Treasury. The Department, represented by Clean Energy Officials, participated in the COP 19 negotiations, and a report on the outcome was finalised. CDM Post-Registration Changes and PoA Workshop held from 12–14 February 2014. CDM in the Energy Sector booklet published. Guide for CDM applicants updated and copies available. Position Paper on Carbon Tax released for comment.	The comments on the Carbon Tax Policy Discussion Paper, with specific focus on the Carbon Off-set Discussion Paper, will continue into the 2014/15 financial year as the discussion paper was released for public comment on 30 April 2014. Engagement with National Treasury will continue until the overall process of finalising and promulgating the Carbon Tax Policy Paper and Carbon Offset Paper. The process also takes into consideration that the Minister of Finance, in his budget speech of February 2013, pronounced that the implementation of the Carbon Tax Policy would be with effect from 2016 as opposed to the initial target date of 2015.

4.6.5. Strategy to overcome areas of under-performance

Area of under-performance	Extent of under-performance	Strategies to overcome the areas of under-performance
Stakeholders consulted and ECS submitted to Parliament.	Partially achieved.	The Energy Conservation Scheme (ECS) will be replaced by a scheme that uses the Regulations for Mandatory Provision of Energy Management Plans, to achieve the same objective of demand reduction. The Regulations for Mandatory Provision of Energy Management Plans have been drafted. It is envisaged that these regulations will be published for public comment during the 2014/15 financial year.

4.6.6. Changes to planned targets

The 2013/14 Annual Performance Plan was revised. The table below indicates changes that were made to the performance indicators and/or annual targets.

Performance indicator	Original annual target	Revised target	Reasons for changes/movement from original 2013/14 APP
6.1.1 Energy consumption baselines for municipalities. (Original indicator) Number of municipalities for which energy consumption baselines have been developed. (Revised indicator)	Develop energy consumption baselines for ten (10) municipalities.	Develop Energy Consumption Baselines for ten (10) municipalities.	Performance indicator did not meet the SMART principles.
6.1.2 NEES document. (Original indicator) NEES document submitted to Cabinet for approval. (Revised indicator)	Promulgation of revised, Cabinet-approved Strategy and Plan for improving EE.	NEES document submitted to Cabinet for approval.	Performance indicator did not meet the SMART principles; and to ensure that the target is within the control of the Department.
6.1.3 Energy Conservation Scheme (ECS). (Original indicator) Energy Conservation Scheme (ECS) submitted to Parliament. (Revised indicator)	Consult with stakeholder and develop ECS rules.	Stakeholders consulted and ECS submitted to Parliament.	Performance indicator did not meet the SMART principles; and to ensure that the annual target is in line with the quarterly targets and is within the control of Department.
6.2.1 Solar Park concept. (Original indicator) Feasibility study report on the Northern Cape Solar Park Concept. (Revised indicator)	Complete feasibility study for the development of the Northern Cape Solar Park.	Complete feasibility study for the development of the Northern Cape Solar Park and submit report to the Minister.	Performance indicator did not meet the SMART principles, and to ensure that the target is within the control of the Department.
6.2.2 Locally produced SWHs. (Original indicator) Completed planning and contracting model for ensuring that the subsidised SWH units comply with local content requirements. (Revised indicator)	Transition to revised contracting model for new SWH installations.	Planning and contracting model for ensuring that the subsidised SWH units comply with the local content requirements completed.	Performance indicator did not meet the SMART principles, and to ensure that the target is within the control of the Department.
6.2.3 Number of SWH units installed.	80 000 SWH units installed.	Target removed from the APP. Target not within the control of the Department.	Performance indicator did not meet the SMART principles, and to ensure that the target is within the control of the Department.
6.3.1 Project Identification Notes (PINs) and Project Development Documents (PDDs).	Clean Development Mechanism (CDM) applications processed in line with regulated timeframes and negotiations of UNFCCC position.	No changes were made. Target moved to IOP.	Target was moved to the IOP as it was operational.
6.3.2 Alignment of energy plans with national climate change response position.	Alignment of energy plans with national climate change response position.	No changes were made. Target moved to the IOP.	Target was moved to IOP as it was operational.

4.6.7. Linking performance with budgets

Financial performance at 31 March 2014

	2013/14			2012/13		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Clean Energy						
Energy Efficiency	1 480 214	1 481 892	(1 678)	1 083 188	1 082 979	209
Renewable Energy	4 620	3 194	1 426	5 107	4 515	592
Climate Change and Designated National Authority	5 716	4 802	914	3 353	3 402	(49)
Total	1 490 550	1 489 888	662	1 091 648	1 090 896	752

	2013/14			2012/13		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Total for Department of Energy						
Administration	233 142	232 557	585	232 625	215 824	16 801
Energy Policy and Planning	47 989	47 755	234	1 561 333	1 544 229	17 104
Energy Regulation	39 865	25 836	14 029	29 213	28 263	950
Electrification and Energy Programme Management	3 967 700	3 958 526	9 174	3 170 706	3 136 355	34 351
Nuclear Energy	723 998	722 502	1 496	648 953	643 417	5 536
Clean Energy	1 490 550	1 489 888	662	1 091 648	1 090 896	752
Total	6 503 244	6 477 064	26 180	6 734 478	6 658 984	75 494



5. Transfer Payments

The transfer of payments to municipalities has been made in accordance with the approved annual Division of Revenue Act of South Africa (DoRA) transfer requirements (Refer to note 7 to the Annual Financial Statements).

5.1. Transfers and Subsidies

As at 31 March 2014, the Department disbursed transfer payments to the value of R6.05 billion, which represented 99.83% of the budget allocated for the year to public entities, municipalities and implementing agencies.

Major transfer payments are reflected in the following table:

Transfer payments	Adjusted budget 2013/14 R'000	Year to date transfer payments up to March 2014 R'000	Available balance March 2014 R'000	Actual spending for the year as % of total budget allocation
South African National Energy Development Institute (SANEDI)	134 344	134 344	-	100.00
National Radioactive Waste Disposal Institute (NRWDI)	19 800	19 800	-	100.00
International Membership Fees	40 077	38 903	1 174	97.07
Electricity Demand Side Management (EDSM) – Eskom	1 149 900	1 149 900	-	100.00
EDSM – Municipalities	180 722	180 718	4	100.00
South African Nuclear Energy Corporation (Necsa)	592 182	592 182	-	100.00
National Nuclear Regulator (NNR)	48 360	48 360	-	100.00
Integrated National Electrification Programme (INEP) – Eskom	2 141 027	2 141 027	-	100.00
INEP – Municipalities	1 634 772	1 634 772	-	100.00
INEP – Non-grid	119 224	110 320	8 904	92.53
Households	418	269	149	64.35
Total transfer payments	6 060 826	6 050 595	10 231	99.83

Transfers and subsidies are included under Annexures 1A, 1B and 1C to the Annual Financial Statements.

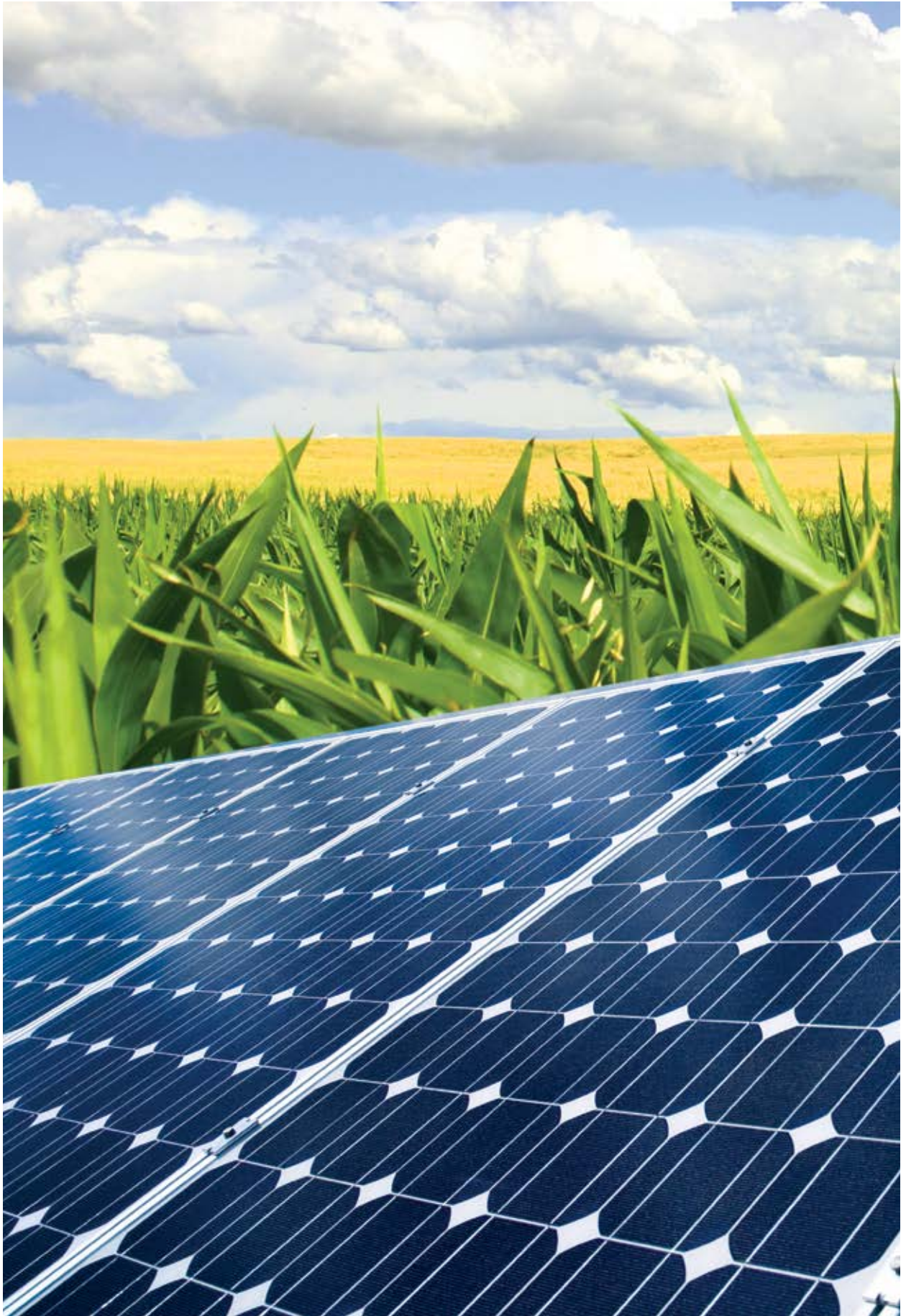
5.2. Transfer Payments to Public Entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
South African Nuclear Energy Corporation (Necsa)	Necsa is responsible for the following core functions: <ul style="list-style-type: none"> Undertaking and promoting research and the development in the field of nuclear science; Processing source material, including uranium; and Co-operating with other institutions on nuclear-related matters. 	592 182	463 465	Necsa received an unqualified audit report with an overall performance rating of 76% for the 2013/14 financial year. Ten (10) of the thirteen (13) targets for the year were achieved, including the number of peer reviewed scientific publications and the operational availability of the SAFARI-1 Research Reactor. All planned maintenance for SAFARI-1 was done according to the planned schedule. Over and above this, Necsa completed the business case for the establishment of a Nuclear Fuel Cycle Front-End in South Africa.

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
National Nuclear Regulator (NNR)	<p>Responsible for:</p> <ul style="list-style-type: none"> • Providing for the protection of persons, property and the environment against nuclear damage; • Exercising regulatory control related to the siting, design, construction, operation, manufacture of component parts, and decontamination, decommissioning and closure of nuclear installations; • Exercising regulatory control over the actions, to which the Act applies, through the granting of nuclear authorisations; • Providing assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections; • Fulfilling national obligations in respect of international legal instruments concerning nuclear safety; and • Ensuring that provisions for nuclear emergency planning are in place. 	48 360	46 859	During the period under review, the NNR received an unqualified audit report, with a performance rating of 82%. The NNR continued with preparations for the envisaged Nuclear Expansion Programme by developing guidelines and regulations on nuclear expansion. It also conducted several inspections and compliance audits to ensure that authorisation holders comply with nuclear requirements and the protection of the public and property environment against nuclear damage. The majority of inspections did not show significant findings, which indicates that authorised holders are maintaining high levels of safety requirements.
South African National Energy Development Institute (SANEDI)	<p>SANEDI's core functions:</p> <ul style="list-style-type: none"> • Directing, monitoring and conducting energy research and development; and • Undertaking measures to promote energy efficiency throughout the economy. 	134 344	83 242	SANEDI received an unqualified audit report for the 201/14 financial year, completed the Oil and Gas Framework, and developed an investigation work plan for shale gas.
National Radioactive Waste Disposal Institute (NRWDI)		19 800	–	The NRWDI was allocated a seed capital of R19 800 million during 2013/14 to operationalise the Institute. The Institute was formally launched by the Minister and the Inaugural Board was appointed to commence with operationalising the Institute.

5.3. Transfer Payments to all Organisations other than Public Entities

Name of transferee	Purpose for which the funds were used	Amount budgeted for R'000	Amount transferred R'000	Reasons why funds were not transferred
Non-grid Service Providers	Non-grid electricity connections	119 224	110 320	Challenges in finalising service provider contracts during the financial year delayed spending on this project. Additional service providers were brought on board to accelerate implementation during the latter part of the financial year. During the last quarter of the financial year a number of audits or verification of work performed were finalised, increasing the spending on this project. The remaining balance of R8.9 million (7.47%) is expected to be rolled over to the next financial year to finalise outstanding payments carried over to the 2014/15 financial year.
Households	Leave gratuities and retirement benefits	418	269	Anticipated leave gratuities and retirement benefits were less than anticipated.
International Atomic Energy Agency (IAEA)	International membership fees 2013	11 955	11 955	
IAEA	International membership fees 2014	15 845	15 845	
Generation IV International Forum (GIF)	International membership fees	2 158	2 158	
African Regional Co-operation Agreement for Research Development and Training related to Nuclear Science and Technology (AFRA) Fund	International membership fees	6 422	6 422	
International Partnership for Energy Efficiency Co-operation (IPEEC)	International membership fees 2013	886	886	
IPEEC	International membership fees 2014	775	775	
International Renewable Energy Agency (IRENA)	International membership fees	862	862	
International Energy Forum (IEF)	International membership fees 2014	1 174	0	During the 2013/14 financial year, the Accounting Officer approved a membership payment of R256 817.76 to the IEF. The payment was processed by the Department in US Dollars. Upon verification by National Treasury and the Reserve Bank, it was determined that the banking details of the entity, i.e. bank name and bank account, were incorrect. The payment was therefore rejected and the Department was unable to reprocess before the end of the financial year due to the delay in receiving the verification results from National Treasury. This contributed to the budget balance in the membership fee cost item, however savings were realised as a result of exchange differences.



6. Conditional Grants

6.1. Conditional Grants and Earmarked Funds Paid

Conditional Grant 1: National Electrification Programme (equitable share)

Department/ Municipality to whom the grant has been transferred	Several municipalities
Purpose of the grant	Electricity connections
Expected outputs of the grant	87 231 connections
Actual outputs achieved	89 771 connections
Amount per amended DoRA (R'000)	1 634 772
Amount transferred (R'000)	1 634 772
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department (R'000)	1 634 772
Reasons for the funds unspent by the entity	Resource constraints
Monitoring mechanism by the transferring Department	Technical audits and monthly reports

Conditional Grant 2: National Electrification Programme (Eskom)

Department/Municipality to whom the grant has been transferred	Eskom
Purpose of the grant	Electricity Connections
Expected outputs of the grant	157 839
Actual outputs achieved	202 943
Amount per amended DoRA (R'000)	2 141 027
Amount transferred (R'000)	2 141 027
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department/municipality (R'000)	2 141 027
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring Department	Eskom

Conditional Grant 3: Energy Efficiency and Demand Side Management Programme (equitable share)

Department/Municipality to whom the grant has been transferred	Several municipalities
Purpose of the grant	Implementation of energy efficiency technologies
Expected outputs of the grant	Energy consumption baselines determined from ten municipalities
Actual outputs achieved	Energy consumption baselines determined from ten municipalities. Energy savings to be quantified by 2014/15
Amount per amended DoRA (R'000)	180 722
Amount transferred (R'000)	180 718
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department/municipality (R'000)	Actual amount spent by municipalities to be verified by 2014/15
Reasons for the funds unspent by the entity	Municipal financial year end in June
Monitoring mechanism by the transferring Department	The Department developed a monitoring and evaluation tool indicating the pay-back period to achieve kWh savings; energy savings (kWh) achieved by each municipality; and R (million)/kWh

Conditional Grant 4: Energy Efficiency and Demand Side Management Programme (Eskom)

Department/Municipality to whom the grant has been transferred	Eskom
Purpose of the grant	Implementation of the SWH Programme
Expected outputs of the grant	Number of SWH technologies installed in residential and commercial sectors; local content verification of SWH technologies; and finalisation of the revised SWH contracting model
Actual outputs achieved	Verified local content thresholds of SWH technologies and finalisation of the revised SWH contracting model
Amount per amended DoRA	1 149 900
Amount transferred (R'000)	1 149 900
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department/ municipality (R'000)	355 200
Reasons for the funds unspent by the entity	Installation of SWH units delayed due to the verification of local content threshold of SWH technologies by the South African Bureau of Standards (SABS)
Monitoring mechanism by the transferring Department	The Department developed monthly and quarterly reporting templates, as well as an online SWH monitoring tool to monitor programme implementation

6.2. Conditional Grants and Earmarked Funds Received

No conditional grants and earmarked funds were received by the Department.

7. Donor Funds

7.1. Donor Funds Received

Donor Fund 1: Energy Efficiency Monitoring and Implementation Project (Swiss Donor Fund)

Name of donor	Swiss Federation
Full amount of the funding	R13.9 million
Period of the commitment	August 2010 to June 2015
Purpose of the funding	Contribute towards the Energy Efficiency Monitoring and Implementation Project. The project's objective is to build capacity in energy efficiency monitoring and implementation both at national and municipal levels in South Africa.
Expected outputs	Institutionalise the development of an Energy Efficiency Target Monitoring System; build capacity in energy efficiency monitoring and implementation; develop energy efficiency policy and regulatory framework; and facilitate knowledge sharing sessions on energy efficiency monitoring and implementation.
Actual outputs achieved	Energy efficiency monitoring methodologies developed; data collection procedures and questionnaires developed; and energy efficiency target monitoring piloted.
Amount received in current period (R'000)	2 969 950
Amount spent by the Department (R'000)	1 018 676
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	A Project Steering Committee was established to monitor progress. In addition, monthly, quarterly and bi-annual progress reports are compiled

The Energy Efficiency Monitoring and Implementation Project was intended to come to an end in December 2014. The project has, however, been extended to June 2015. The inclusion of the transport sector in addition to those sectors that are already part of the development (industrial, mining, commercial project, public buildings, residential sector) necessitated the extension of this project.

The project aims to establish a mechanism by which data for the transport sector can be collected in order to monitor the effect of policy, structural and activity changes on the transport sector.

Donor Fund 2: Implementation of 'Smart Metering' in South Africa

Name of donor	EU Commission
Full amount of the funding	R179.5 million
Period of the commitment	April 2013 to March 2016
Purpose of the funding	Implementation of 'smart metering' in the South African electricity industry
Expected outputs	Implementation of 'smart metering'
Actual outputs achieved	After further discussions with SANEDI a process to revise the smart grid business plan was initiated. This business plan would inform the manner in which the smart grid programme gets rolled out. The revised business plan was signed off in May 2014.
Amount received in current period (R'000)	R 71.8 million
Amount spent by the department (R'000)	Zero
Reasons for the funds unspent	Fundamental differences between the Department and its Implementing Agency (SANEDI) on the overall policy direction for the Smart Grid Programme.
Monitoring mechanism by the donor	Project Steering Committee

The Smart Metering Implementation Programme's funding is governed by the Reconstruction and Development Programme (RDP) Fund Act, 1994 (Act No. 7 of 1994) as amended. Section 5 of this Act requires that, in the absence of any provision to the contrary in a technical assistance agreement, all funding not spent by the end of a financial year, must be paid back into the RDP Fund. The General Budget Support Technical Assistance Agreement with the EU does not make provision for the roll-over of funding. A total of R71.8 million, which was transferred to the South African National Energy Development Institute (SANEDI) during the 2012/13 financial year, remained unspent by 31 March 2013. The mentioned funds were subsequently surrendered to the RDP Fund during March 2014 and interest earned of R4.3 million during the same period, was surrendered during April 2014.

7.2. Utilisation of Donor Funds

Energy Efficiency Monitoring and Implementation Project

The Government of South Africa and the Government of Switzerland recognise climate change as a fundamental risk to future development and livelihood. Based on the Long-Term Mitigation Scenarios (LTMSs) for South Africa, the options for climate change reductions have been assessed and it is acknowledged that energy efficiency is one of the most cost-effective options. South Africa launched its Energy Efficiency Strategy in 2005 but full implementation is constrained by lack of capacity at national, municipal and sector practitioner levels. An agreement was signed between the South African Government and the Swiss Confederation, represented by the Swiss Federal Department of Foreign Affairs and acting through the Swiss Agency for Development and Co-operation. During the 2013/14 financial year the Department did not receive donor funding from the Swiss Confederation. The project will, however, continue during the 2014/15 financial year, when the Energy Efficiency Monitoring and Implementation Project has been extended to June 2015 due to the inclusion of the transport sector to those sectors that are already part of the development (industrial, mining, commercial, public buildings, residential sector). The project aims to establish a mechanism by which data for the transport sector can be collected in order to monitor the effect of policy, structural and activity changes on the sector.

Implementation of 'Smart Metering' in South Africa

During the 2012/13 financial year, a total of R179.5 million, for disbursement over a three-year period, was made available through the EU Commission financing agreement and the National Development Policy Support Programme (NDPSP) for the implementation of 'smart metering' in the South African electricity industry. The project was anticipated to comprise of two (2) phases:

- The establishment of a vision and standards for smart grid technology for South Africa; and
- The implementation of smart grid technologies.

During the 2012/13 financial year, the first year in the three-year funding period, a total of R71.8 million was received from the National Development Programme for the first phase of the implementation of smart grid initiatives in South Africa. This amount was disbursed to SANEDI as the implementing agent of this project. As mentioned previously, the Smart Metering Implementation Programme did not materialise, resulting in the surrender of the funding to the RDP Fund.

Danish support for renewable energy development in South Africa

During the financial year under review, the Department entered into an agreement with the Danish Government to support the development of renewable energy in South Africa. The programme was developed in response to the commitment made in the MoU of October 2011 between Denmark and South Africa on the declaration of intent regarding the South African Renewables Initiative (SARi), to which Denmark is a co-signatory. The programme has been designed with a view to assisting South Africa in implementing its policy on developing a low carbon economy, with special focus on electricity supply. The support will be delivered in three (3) components:

- Technical assistance to the Department to review the White Paper on Renewable Energy, developing an Implementation Strategy for the National Climate Change Response White Paper, developing alternative scenarios for renewable energy deployment and socio-economic analysis of renewable energy policies;
- Further development of the Wind Atlas for South Africa, covering the most potential wind areas in order to facilitate future decisions on introducing wind energy to national electricity supply; and
- Technical assistance to Eskom for renewable energy integration into electricity supply.

Payments to implementing agencies will commence during the 2014/15 financial year with an anticipated payment of R15.1 million.

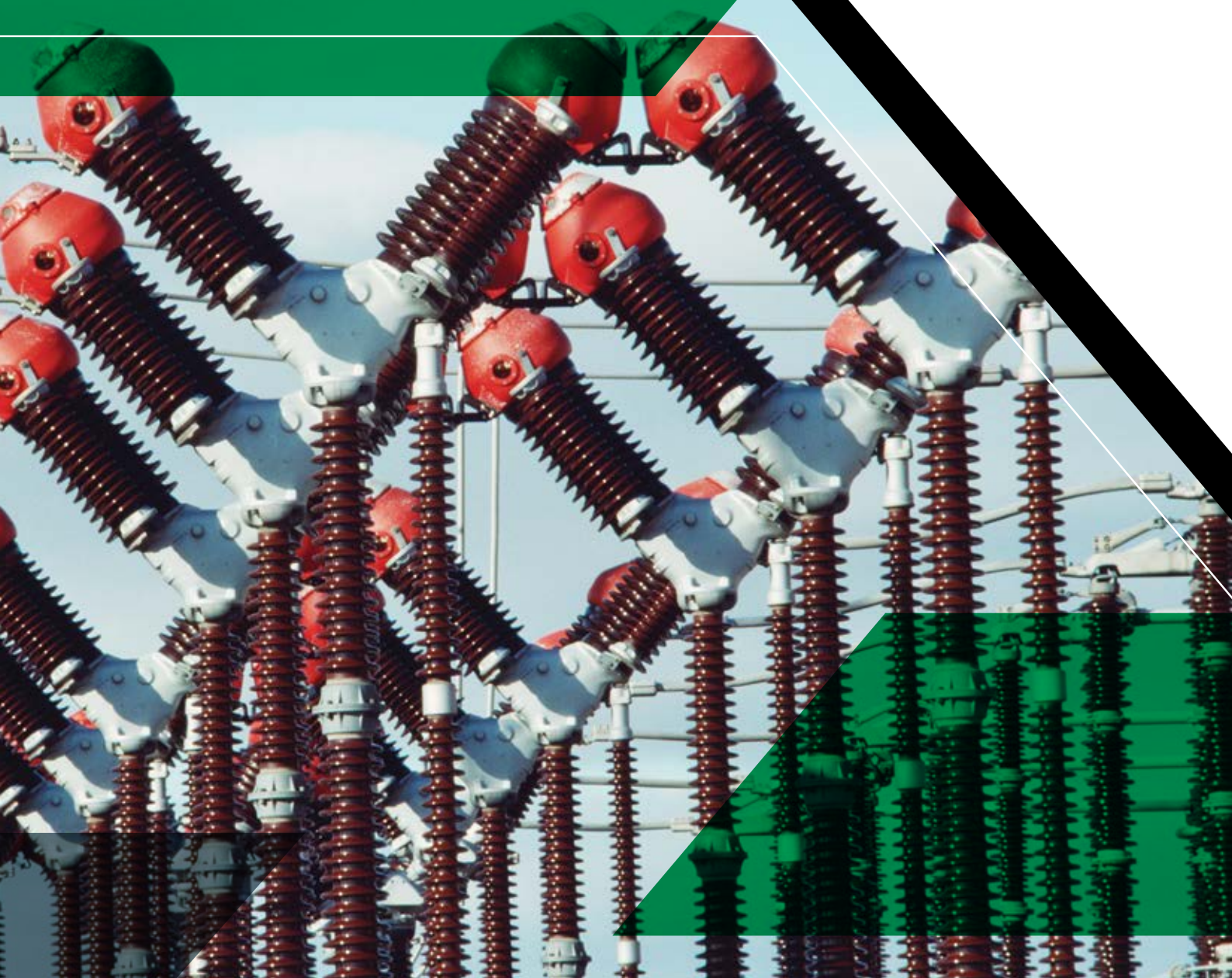
8. Capital Investment

8.1. Capital Investment, Maintenance and Asset Management Plan

Asset verifications were performed in the 2013/14 financial year at head office and all regional offices. The Asset Register complies with the minimum requirements for an asset register, including all assets procured during the 2013/14 financial year. As part of the Asset Management Programme, unusable, damaged and redundant moveable, tangible assets, with a book value of R8.02 million, were disposed of. This was implemented subsequent to the recommendation of the Asset Disposal Committee.



PART C: GOVERNANCE



1. Introduction

The Department has established systems and governance structures to oversee its processes and improve accountability. These systems and structures are crucial in promoting good governance within the Department and ensuring compliance with legislative requirements.

In order to maintain the highest standards of good corporate governance and the management of public finances and resources, the following governance structures are in place:

- Executive Management Committee (EXCO);
- Management Committee (MANCO);
- Audit Committee;
- Internal Audit;
- Risk Management Committee;
- Bid Adjudication Committee;
- SOE/Cs Oversight;
- Finance Committee;
- Departmental Organisational Development Committee; and
- Strategic Management Committee (meeting with the Minister).

2. Risk Management

The Department has developed a Risk Management Policy and a Risk Management Strategy to assist Management and other employees to identify measure, evaluate, treat, monitor and communicate risks associated with business operations and projects.

Risks are assessed on an ongoing basis and control measures are designed to respond to risks throughout the Department. The top 20 risks facing the Department were identified at the beginning of the year under review and a Top 20 Risk Register, together with mitigation strategies and risk owners, was developed. High risk exposures are reviewed on a regular basis to determine the effectiveness of internal controls. New and emerging risks are identified by analysing reports presented to the governance structures. Management is encouraged to disclose new and emerging risks and/or incidents for assessment and rating by the Risk Management Committee.

The Department's Risk Management Committee is responsible for the review and determination of the effectiveness of the risk management system and processes, and comprises Heads of Branches. The Risk Management Committee is chaired by an independent external person. The Risk Management Committee reviews the top 20 risk exposures and makes recommendations for the improvement of mitigation strategies. During the year under review, four (4) Risk Management Committee meetings were held as follows: 30 April 2013, 19 September 2013, 05 December 2013 and 24 March 2014.

The Risk Management Committee considers Quarterly Risk Management Reports concerning the effectiveness of risks reflected in the Risk Register and makes recommendations for improvement of mitigation strategies where necessary. Regular updates of Branch Risk Registers are monitored by the Committee and advice is provided to the Department in terms of additional mitigation strategies to address residual risk exposures in terms of business operations and projects.

A Risk Maturity Assessment was conducted during the year under review to determine the extent to which Management and other employees are embedding and inculcating a culture of risk management in their day-to-day activities when making decisions. A medium maturity assessment result was obtained with recommendations to provide training, education and awareness to ensure that Management and other employees of the Department understand their roles and responsibilities regarding risk management.

3. Fraud and Corruption

The Department has developed a Fraud Prevention Plan setting out the stance of the Department with respect to fraud and corruption and reinforces existing systems, policies and procedures aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption. The Fraud Prevention Plan is implemented by way of an Induction and Orientation Programme for newly appointed employees; a Gift Policy which is aligned with the Code of Conduct; vetting of employees and service providers; posting of anti-fraud and corruption posters in visible areas; signed annual declarations by all Senior Management Service (SMS) members serving to confirm their understanding of and commitment to the values, ethics and business conduct of the Department; improved access control with all movable assets recorded on entry to and departure from the premises; adherence to supply chain management procedures; regular updates to the data base of service providers; and signing of declarations of interest by Management.

Mechanisms are in place to report fraud and corruption, by encouraging members of the public and employees of the Department who suspect fraud and corruption to blow the whistle. This can be done via the National Anti-Fraud and Corruption Hotline, the Ministry, the Accounting Officer, the Audit and Risk Management Committee, Internal Audit, Labour Unions, the Auditor-General, the Public Service Commission, law enforcement agencies and Chapter 9 institutions.

It is the responsibility of all employees of the Department to report any allegation or incidents of fraud, corruption and maladministration to their immediate supervisors. The reported allegations are screened, evaluated, investigated and resolved. High profile cases, depending on the nature and complexity, are entered into the case register and referred to an external law enforcement agency for investigation and resolution. After a full investigation has been completed with findings and recommendations against any member of staff, the Department institutes internal disciplinary action and files for criminal and/or civil charges against the offender, depending on the severity of the offence committed. Reports on progress made with regard to reported cases of fraud and corruption are submitted to the Public Service Commission and the Department of Public Service and Administration on a regular basis.

4. Minimising Conflict of Interest

In order to minimise any conflict of interest, the following mechanisms are in place:

- Vetting of officials in Supply Chain Management, and service providers prior to the awarding of contracts;
- Vetting of SMS members;
- Senior Managers are required to disclose their financial interests annually as required in terms of the Financial Disclosure Frameworks;
- Sanctions and/or disciplinary action are taken with regard to non-compliance; and
- A Conflict of Interest Disclosure Form is signed by all attendees at the various Management meetings.

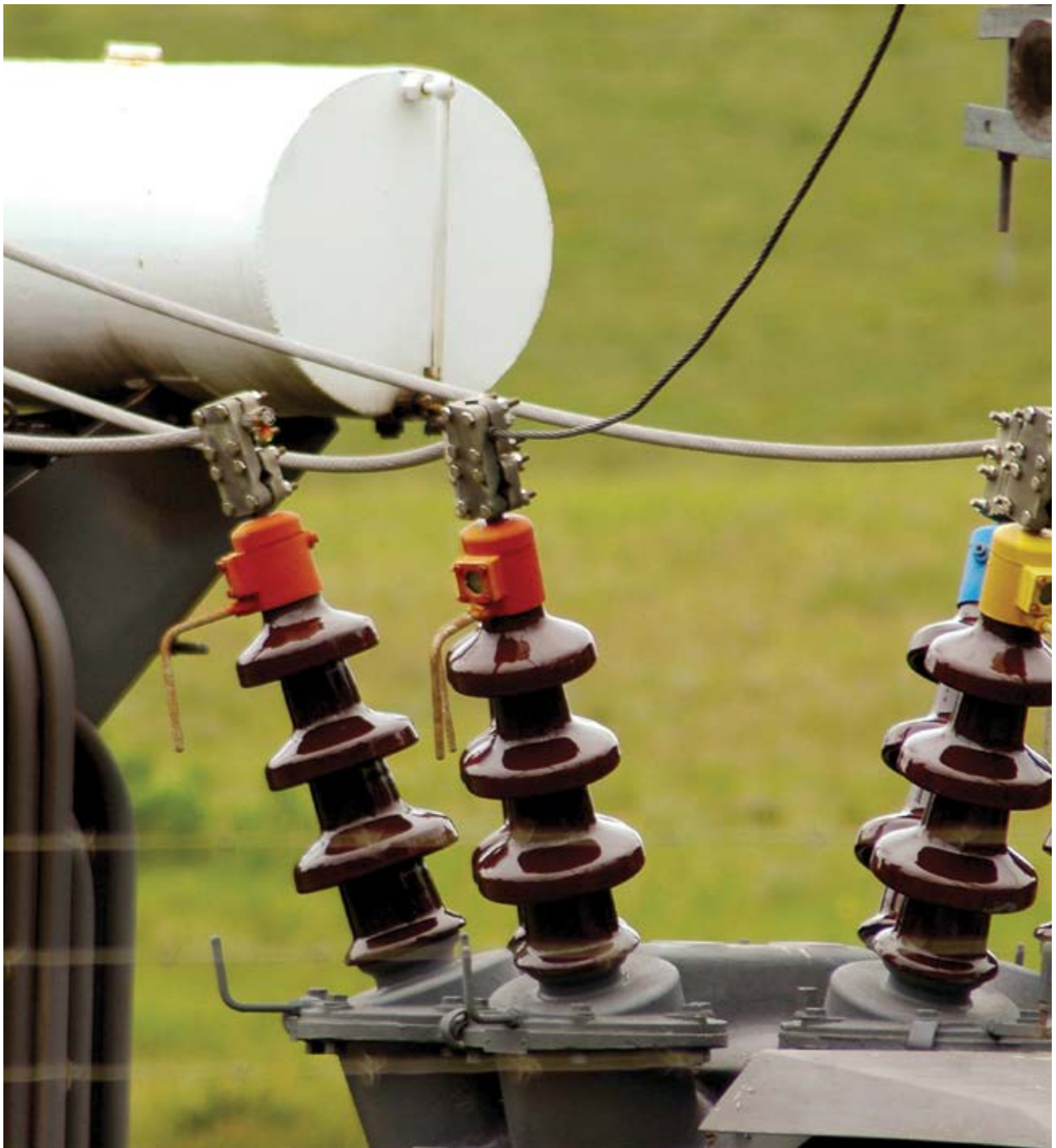
All officials performing remunerative work outside of the public service are required to obtain permission beforehand from the Executive Authority.

5. Code of Conduct

A Departmental Code of Conduct, together with other policies and prescripts, is in place to serve as a guideline to employees as to what is expected of them from an ethical point of view – both in their individual conduct and in their relationship with others. Education, training and awareness campaigns in relation to the Code of Conduct are conducted during the Induction and Orientation Programmes. The Office of the Public Service Commission is assisting the Department with the provisioning of education and training on the principles of the Code of Conduct. Pamphlets and booklets on the Code of Conduct were distributed to departmental officials during the year under review. The Director-General also holds quarterly meetings with all staff members, where issues relating to conduct are discussed.

6. Health Safety and Environmental Issues

In the year under review an Occupational Health and Safety Policy was developed and is awaiting adoption. After adoption the Policy will be implemented. The submission for the appointment of a Health and Safety Representative for Head Office was submitted to the Director-General's office for approval. Regional Offices have also been advised to appoint Health and Safety Representatives. After appointment the Representatives will form part of the Occupational Health and Safety (OHS) Committee. Emergency contingency plans and evacuation plans have been reviewed and updated. Emergency Response Team Members have been appointed to assist in emergencies. No cases of injury on duty were reported in the year under review. The majority of safety-related cases reported pertained to roof leaks at the Head Office building and these were repaired as and when reported.



7. Portfolio Committees

The schedule of briefing sessions held with the Portfolio Committee on Energy is as follows:

Date	Meeting
25 March 2014	Briefing on Infrastructure Development Bill (Provisional). <i>Select Committee on Economic Development</i>
06 March 2014	Media Networking Session.
04 March 2014	Briefing by the Department on the Refinery Audit Report. The National Budget 2014/15 and its implications for the energy sector as well as the Department's activities. Consideration of reports and minutes.
14 February 2014	Third Quarter Performance (2013/14).
25 February 2014	Briefing by PetroSA on the report on Project Mthombo. <i>Select Committee on Economic Development</i>
25 February 2014	Colloquium on appropriate pricing of energy to enhance transformation. Briefing by the Department on Public Participation Programmes. Consideration of reports and minutes. Joint session between Portfolio Committee on Energy, Portfolio Committee on Trade and Industry, Portfolio Committee on Economic Development, and Select Committee on Economic and Business Development: Update on the Green Economy Accord in the context of industrialisation.
20 February 2014	Assessment of the upstream sector in the oil and gas industry.
18 February 2014	Briefing by the Department on: <ul style="list-style-type: none"> The implications and impact of the State of the Nation Address on the energy sector as well as the Department's activities; and Progress review of Liquid Fuels Charter in respect of the B-BBEE Codes of Good Practice. Consideration of reports and minutes.
10 and 12 February 2014	Public Hearing: Liquid Fuels downstream sector.
07 February 2014	Briefing by the Department on Biofuels Strategy and Third Quarter Performance Report.
06 February 2014	Energy stakeholders meeting: Assessment of the upstream sector in the oil and gas industry.
05 February 2014	Briefing by the Department on power programmes in SADC and Africa. Reflection on the Pan-African Parliament – SA Parliament Energy Initiative consideration of reports and minutes.
04 February 2014	Briefing on National Energy Efficiency Strategy.
31 January 2014	Oversight Visit: INEP and SWH Projects.
30 January 2014	Public Hearings: Prospects of transforming the gas industry through partnership. Roundtable: Cogeneration and tri-generation power initiatives and partnerships as well as regulation.
29 January 2014	Oversight Visit: REIPPP.
27 and 28 January 2014	Oversight Visit: Non-grid Electrification System.
05 November 2013	Progress on the REIPPP.
18 September 2013	Presidential Infrastructure Co-ordinating Commission (PICC) and Energy Related SIPs.
17 September 2013	Quarterly Financial Performance Presentation: First Quarter ending 30 June 2013.
01 November 2013	Update on the pilot Approach to Distribution Asset Management (ADAM) Programme.
24 July 2013	Presentation to the Select Committee: Fuel Prices.
18 September 2013	Energy Efficiency Strategy, Regulations and Monitoring.
20 August 2013	Draft Integrated Energy Planning Report.
13 November 2013	Department of Energy's 2012/13 Annual Report.
07 May 2013	Presentation to the Select Committee on Economic Development on the Department Budget and Annual Performance Plan.
16 April 2013	PCE Presentation on the Department's Strategic Plan and Budget Vote.

All matters raised by the Portfolio Committee were addressed during relevant briefing sessions and in some instances follow-up written responses were provided.

8. Scopa Resolutions

The Department of Energy has never been the subject of review by the Standing Committee on Public Accounts (SCOPA) since its inception in 2009, therefore there are no resolutions by SCOPA to report.

9. Prior Modifications to Audit Reports

An unqualified audit report with an emphasis of matter was delivered by the Auditor-General in the 2012/13 financial period. The following matters were brought to the attention of the Accounting Officer for attention.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
1. Of the total number of 204 departmental targets planned for the year, 85 of the targets were not achieved in the 2012/13 financial year. This represented 42% of the total planned departmental targets. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.	2011/12	During 2013/14, Management undertook a process to review the annual performance targets and the quarter three and four (4) targets to ensure that they are in line with specific, measurable, attainable, realistic and timeous (SMART) principles.
2. Material adjustments in the Annual Performance Report presented for auditing were identified during the audit and corrected by Management. These adjustments related to the consistency of reported targets when compared to the approved Strategic Plan for 2012/13 and the revised Annual Performance Plan for 2012/13.	2012/13	The Annual Performance Reports were reviewed by Internal Audit prior to submission for audit by AGSA. The APP 2013/14 was reviewed to ensure that performance indicators and targets reflect are under the Department's control. This process has resulted in improved annual performance reporting.
3. Quarterly performance reports were not submitted timeously to National Treasury as required by section 10(7) of DoRA.	2011/12	The departmental year end and the municipal year end are not the same; a request was made to National Treasury for the revision and approval of dates that the Department needs to comply with.
4. Employees of the Department performed remunerative work outside their employment in the Department without written permission from the relevant authority as required by section 30 of the Public Service Act, 1994 (Act No. 103 of 1994) as amended.	2011/12	The implicated employees were requested to respond to the findings and their responses were accepted by the Accounting Officer. The Human Resources Unit continues to provide information and guidance to officials. The departmental newsletter and the Minister's departmental meeting were used as platforms to successfully address this matter and it did not recur in the 2013/14 financial year.

10. Internal Control Unit

Internal controls refer to the policies, practices and systems that the Department has put in place to provide reasonable assurance that it will achieve its objectives, prevent fraud and corruption from occurring; protect resources from waste, loss, theft or misuse; and ensure that resources are used efficiently and effectively.

Internal controls were implemented in specific operational areas within the Department, such as Human Resources, Supply Chain Management and Financial Management. The following were specific focus areas for internal controls during the year under review:

1. **Segregation of duties:** Duties and responsibilities in authorising, processing, recording and reviewing transactions were separated among employees and not left to one (1) person;
2. **Authorisation and execution of transactions:** Employees executed their assigned duties in accordance with directives (policies and procedures) and within the limitations set out in terms of the Department's Delegation of Authority;
3. **Management supervision and review:** The Department had functional and effective structures in place, such as the Executive Management Committee, Finance Committee, Risk Management Committee and Audit Committee to review, monitor and evaluate programme performance and recommend corrective measures where necessary; and
4. **Documentation:** Internal control policies and procedures are in place, requiring maintenance and upkeep of all significant records.

The Internal Control Sub-directorate of the Department is responsible for ensuring the design, implementation and monitoring of the system of internal controls.

Such controls include:

- Preventative controls to reduce the probability that something will go wrong and reduce its impact should the risk materialise;
- Corrective controls to correct errors when they occur; and
- Detection controls to find errors after they have occurred.

The effective functioning of the system of internal controls in the Department is determined by its architecture, which amongst others, includes:

- Management controls to ensure that the Department's structure and systems support its policies and plans, and that it operates within the statutory and regulatory environment;
- Administrative controls to ensure that policies and objectives are implemented in an efficient and effective manner;
- Analysis of the financial management environment to identify potential risk areas and deviations from financial controls;
- Accounting controls to ensure that resources are properly accounted for; and
- Review of samples of financial transactions processed for accuracy and completeness, and the accurate interpretation of policy directives.

In addition, the Internal Control Sub-directorate ensures the implementation of corrective measures and preventative controls in respect of all financial risks and audit findings, as per reports of the Auditor-General and Internal Audit Unit, and further ensures that all audit recommendations are implemented.

In 2013/14 the activities of the Internal Control Sub-directorate were as follows:

- Ensured the attainment of a sound internal control environment;
- Conducted ongoing financial management monitoring and evaluation;
- Monthly compliance certificates were compiled and submitted to National Treasury;
- Reviewed all payment batches for compliance and correctness of general ledger accounts;
- Co-ordinated the implementation of new Basic Accounting System and standard chart of accounts allocations; and
- Conducted user account activities reviews on the Financial Management System.

11. Internal Audit and Audit Committees

The Audit Committee plays an important role in ensuring that the Department functions according to good governance, accounting and audit standards. It also monitors the adoption of appropriate risk management arrangements.

11.1. Internal Audit

The Accounting Officer has, in terms of section 38 of the Public Finance Management Act, 1999 (Act No.1 of 1999), put in place an Internal Audit Unit under the control and direction of the Audit Committee. Internal Audit complies with and operates in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA.

The primary objective of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. It helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, and governance processes. A Risk-based Annual Audit Plan for 2013/14 was compiled and approved by the Audit Committee. A total of 23 audits was conducted in the 2013/14 financial year and these included regularity audits, compliance audits and ICT audits. Internal Audit continuously follows-up on audit findings to determine the extent to which Management resolves audit findings raised by both Internal Audit and the Auditor-General. Internal Audit has evaluated and contributed to the improvement of risk management, control and governance systems of the Department through the performance of adequate assurance and consulting activities in key areas identified in the risk assessment and by conducting audits in areas mandated by the PFMA and Treasury Regulations.

11.2. Audit Committee

The Audit Committee provides an oversight function on governance, control and risk management processes by reviewing financial statements, reports from the internal and external auditors, and the status of internal control and risk management.

The Audit Committee, amongst others, reviews:

- The effectiveness of the internal control system, including information technology security controls;
- The effectiveness of the Internal Audit function;
- The risk areas of the Department's operations to be covered in the scope of internal audits;
- The effectiveness of the monitoring systems pertaining to fraud-related risks and the results of Management's investigation and follow-up of alleged fraud and related matters;
- Compliance with legal and regulatory provisions;
- The adequacy and effectiveness of the risk management process;
- Quality of in-year financial reports;
- Completeness, accuracy and reliability of the Performance Information Reports; and
- Any accounting and auditing concerns identified as a result of internal or external audits.

11.3. Attendance of Audit Committee Meetings

The Audit Committee consists of the members listed below, all of whom are independent of the Department. The Committee should meet at least four (4) times per annum as per its approved terms of reference. During the financial year under review, six (6) meetings were held. The table below discloses relevant information on the Audit Committee members.

Name	Qualifications	Internal or external member	Date appointed	Date resigned	No. of meetings attended in 2013/14
Mr A Amod	BCom, MBA, CIA, CGAP, CRMA	External	01/11/2013	Current Chairperson	2 of 2
Mr G Lourens	CA(SA)	External	01/11/2013	Current member	2 of 2
Ms T Sihlaba	ACCA, CIA	External	01/11/2013	Current member	2 of 2
Mr N Swana	CA(SA)	External	01/10/2010	Re-appointed as a member from 01/11/2013	5 of 6
Prof. Y Gordhan	CA(SA), MSc (Business Administration)	External	01/10/2010	Re-appointed as a member from 01/11/2013	6 of 6
Mr T Mofokeng	CA(SA)	External	01/10/2010	30/09/2013	4 of 6

12. Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2014.

12.1. Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) (ii) of the Public Finance Management Act, No. 1 of 1999 (PFMA) and National Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter in accordance with the requirements of section 77 of the PFMA and Treasury Regulations 3.1.8; has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

12.2. The Effectiveness of Internal Control

The Department of Energy has a system of internal control to provide cost-effective assurance that its goals will be economically, effectively and efficiently achieved. In line with the PFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the King Code of Governance Principles and King Report on Governance (King III), Internal Audit provided the Audit Committee and Management with quarterly Internal Audit Reports in terms of its approved annual and three-year rolling Internal Audit Plan.

From our review of the various reports of Internal Audit, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA), it was noted that there were areas of weakness which require improvement. Corrective actions have been agreed upon by Management and are being monitored by the Audit Committee.

12.3. Internal Audit

In line with the PFMA and King III requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by a Risk-based Internal Audit Plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The Audit Committee reviewed the Internal Audit Quarterly Reports to ensure that internal audit activities were conducted in terms of the approved Annual Audit Plan. The Committee is satisfied of the achievement of the revised Annual Audit Plan by Internal Audit. The Audit Committee notes progress made towards ensuring that there is adequate capacity within the Internal Audit Unit.

12.4. Quality of Management Reports

During the period under review, Quarterly Management Reports were presented to the Audit Committee during its meetings. The Audit Committee is satisfied with the content and quality of quarterly In-year Management Reports issued during the year under review by the Accounting Officer of the Department in terms of the National Treasury Regulations and the annual Division of Revenue Act (DoRA).

12.5. Risk Management

The Department has established a process for the management and monitoring of risk. The Department has established a Risk Management Committee that meets on a quarterly basis. This committee reviewed the risk management process, the strategic risk register and the operational risk registers and recommended improvements to some of the processes. The Audit Committee is provided with the Quarterly Progress Reports by the Risk Management Committee and is satisfied with the effectiveness of risk management processes within the Department.

12.6. Predetermined Objectives

We have reviewed and discussed with the Accounting Officer and the AGSA the Audited Annual Performance Information as included in the Annual Report.

12.7. External Audit

We have, on a quarterly basis, reviewed the Department's implementation plan for audit issues raised in the prior year. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA will continue to be monitored by the Audit Committee on a quarterly basis.

12.8. Evaluation of Annual Financial Statements

We have fulfilled our mandate with regards to the Annual Financial Statements as mentioned below.

The Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements as included in the Annual Report, with the AGSA and the Accounting Officer;
- Reviewed the AGSA's Interim and Final Management Report and Management's response thereto;
- Reviewed changes to accounting policies and practices as reported in the audited Annual Financial Statements;
- Reviewed the Department's processes for compliance with legal and regulatory provisions;
- Reviewed the information on predetermined objectives as reported in the Annual Report;
- Reviewed the quality and timeliness of financial information availed to the Audit Committee for oversight purposes;
- Reviewed material adjustments resulting from the audit of the Department; and
- Reviewed and, where appropriate, recommended changes to year-end Financial Statements as presented by the Department as at 31 July 2014.

12.9. Appreciation

The Audit Committee wishes to express its appreciation to the Management of the Department, the AGSA and the Internal Audit Unit for the co-operation and information they have provided to enable us to compile this report.



Mr A Amod
Chairperson of the Audit Committee
31 July 2014

PART D: HUMAN RESOURCE MANAGEMENT



1. Legislature that Govern Human Resources Management

The information provided in this section is in line with the requirements of the Public Service Regulations (Chapter 1, Part III J.3 and J.4), prescribed for all departments within the public sector.

2. Introduction

The Department acknowledges that its human capital is one of the most important factors contributing to it successfully delivering on its mandate. During the period under review, the HR Unit redrafted the Integrated Human Resources Plan, and approved the 2013–2018 Integrated Human Resources Plan. The revised Plan aims to ensure that the Department has the right people with the right mix of skills in the right positions. It further seeks to ensure that employees display the right attitudes and behaviour, and that their skills are developed in line with departmental needs.

The HR Unit set out to implement the first phase of the Integrated Human Resource Plan during the period under review. The following priorities were identified for this implementation phase:

- Finalise the matching and placement of staff to the new line function structure;
- Review the support structure of the revised line function structure and streamline the line function structure;
- Implement the occupational framework and develop career paths as part of talent management initiatives;
- Implement culture survey recommendations relating to values, ethics and organisational culture;
- Reduce the vacancy rate to below 15%;
- Implement the Employee Health and Wellness Programme;
- Achieve representation of women in management and employing people with disabilities;
- Implement the HR Development Strategy and Plan;
- Review of the Performance Management and Development System (PMDS); and
- Develop, implement and maintain systems, delegations, policies and processes.

2.1. Overview

The HR Unit was established in 2010 and has evolved to be an effective support structure of the Department. Its responsibilities are positioned to effectively deliver on the Department's mandate and strategic objectives.

2.1.1. Organisational structure

The line functions, as set out in the organisational structure, were reviewed to strengthen the Department's ability to deliver on the country's energy needs. The revised line function structure was implemented during the period under review. In 2014/15, the Unit will review the support services and regional structures for realignment with the Department's objectives.

2.1.2. Competencies

The lack of an occupational framework for the classification and management of staff resulted in poor retention, career planning and progression initiatives. The HR Unit developed such a framework in 2013/14. The framework will be implemented in the next financial year, and revised once the review of the support services and regional structures has been completed.

2.1.3. Training and development

The HR Unit developed a Workplace Skills Plan (WSP) for the Department, following the skills audit conducted. As part of the implementation of the WSP, a number of training and development interventions were identified, and 282 officials were trained during 2013/14. The Department also offered 66 new bursaries to serving employees, with effect from the beginning of the 2014 academic year. This brings the total number of employees studying part-time at various institutions to 77. Due to financial constraints, the planned training and development initiatives could initially not be implemented as planned. The Department therefore sought alternatives such as free training offered by external service providers, involving the energy sector education and training authorities,

and secondments from SOEs, to supplement skills development. Projects were implemented as and when funds became available, resulting in training in excess of the planned target being provided.

The Department also collaborated with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) South African-German Energy Programme (SAGEN) in a drive to improve leadership capacity, among others. This project resulted in the successful implementation of enhanced leadership development. These and other interventions will still be explored going forward.

2.1.4. Employment equity

Given the technical nature of the Department's mandate, many of the core line functions require a very specific, highly technical skill set. This impacts on recruitment, especially the recruitment of female employees in the Level 13–15 salary band as well as people with disabilities in all salary bands. Despite missing its target for the employment of people with disabilities by 0.2%, the Department has made great strides in this regard. The Department has, however, exceeded its targets relating to race and female appointments.

2.1.5. Values and ethical behaviour

The HR Unit identified a general lack of understanding and incorporation of the *Batho Pele* principles into work plans, business plans and daily service delivery activities. This can be attributed to the fact that the Department's values and ethics are not sufficiently advocated and explained, and are thus not appropriately incorporated into day-to-day activities. In 2012/13 the Unit commenced with the development of a values and ethics project, which forms part of a three-year plan to implement the recommendations of the cultural survey conducted in 2012. Several recommendations were made on the initial project plan, and these were implemented during the current financial year.

2.1.6. MTEF funding

The HR Unit continued to face funding challenges, particularly with regard to newly-created posts, skills development and competency initiatives, promoting the Department's ethics and values (culture survey recommendations), as well as the required occupational framework.

2.1.7. Other areas

The HR Unit continued to maintain and review its systems, processes and policies in line with the departmental objectives, and performed well in reducing staff turnover, decreasing the vacancy rate, and implementing employee health and wellness initiatives.

2.2. Workforce Planning Framework

Since the establishment of the Department on 1 April 2010, the foundation was laid for effective human capital management, including the organisational structure, policies, procedures, delegations and training strategies. The Department used the planning framework for the public service to develop an Integrated Human Resource Plan for the 2011–2014 period, which was approved on September 2011 and reviewed in June 2012. This Plan streamlined most of the HR strategies, and focused on ensuring that the Department attracts and recruits a skilled and capable workforce.

In 2013, the Plan was completely redrafted, resulting in the 2013–2018 Integrated Human Resource Plan. The new Plan identifies a number of trends and gaps, which need to be addressed over the next few years, including the need to enhance the support services structure, implement an occupational framework and define and develop a Scarce Skills Policy.

2.3. Employee Performance Management Framework

The Department has a history of distorted performance management implementation which focused on rewarding performance, rather than effectively managing it. In order to address this legacy, the Department appointed a team dedicated to the implementation of the PMDS in 2011. This team had to redefine the PMDS policies and processes, and kicked off the Employee Performance Management and Development Programme with the submission of performance agreements (80% submission rate in 2012/13) The 2012/13 performance review was completed within the required timeframes and performance rewards were paid within budget. The Unit is currently completing the 2013/14 performance review, which will be finalised early in the next financial year.

During the period under review, the PMDS team commenced with PMDS workshops, which were well-attended by staff up to Senior Management Service (SMS) level.

2.4. Employee Wellness Programme

In 2013/14 the HR Unit successfully implemented the Employee Health and Wellness Programme in line with the approved wellness calendar. A service provider was contracted for a two-year period commencing in June 2012, and wellness clinics are held twice per month.

2.5. Policy Development

2.5.1. Achievements

All Departmental Bargaining Chamber (DBC) meetings were held as scheduled, and additional meetings were arranged to deal with specific issues. During the period under review, three (3) policies were tabled and adopted through the DBC, and pertinent issues were dealt with, ensuring effective employee engagement.

2.5.2. Challenges

The Department still faces challenges in the appointment of key line staff with the necessary skill set, and this is impacting on service delivery. The HR Unit believes that the revised organisational structure, as set out in the 2013–2018 Integrated Human Resource Plan, will address this issue.

2.5.3. Future plans/goals

The HR Unit will continue with the implementation of the Integrated Human Resources Plan in the next financial year.



3. Human Resources Oversight Statistics

3.1. Expenditure

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

- Amount spent on personnel; and
- Amount spent on salaries, overtime, homeowners' allowances and medical aid.

Table 3.1.1 Personnel Cost by Programme

Programme	Total voted expenditure (R'000)	Compensation of employees expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Compensation of employees as percent of total expenditure	Average compensation of employees cost per employee (R'000)	Employment
Administration	232 557	112 636	3 077	4 015	48.4	377	299
Clean Energy	1 489 887	12 369	0	8 584	0.8	562	22
Electrification and Energy Programme and Project Management	3 958 526	46 050	134	1	1.2	422	109
Energy Policy and Planning	47 756	28 348	151	9 643	59.4	525	54
Nuclear Energy	722 502	10 058	34	3 253	1.4	479	21
Petroleum and Petroleum Product Regulation	25 836	19 084	607	396	73.9	424	45
Total as on Financial Systems (BAS)	6 477 064	228 545	4 003	25 892	3.5	416	550

Table 3.1.2 Personnel Costs by Salary Band

Salary Bands	Compensation of employees cost including transfers (R'000)	Percentage of total personnel cost for department	Average compensation cost per employee (R)	Total personnel cost for department including goods and services (R'000)	Number of employees
Skilled (Level 3–5)	9 843	4.1	158 758	237 406	62
Highly skilled production (Level 6–8)	37 364	15.7	266 886	237 406	140
Highly skilled supervision (Level 9–12)	100 088	42.2	459 119	237 406	218
Senior Management (Level 13–16)	62 900	26.5	873 611	237 406	72
Contract (Level 1–2)	2 423	1	142 529	237 406	17
Contract (Level 3–5)	2 005	0.8	105 526	237 406	19
Contract (Level 6–8)	1 376	0.6	196 571	237 406	7
Contract (Level 9–12)	5 002	2.1	714 571	237 406	7
Contract (Level 13–16)	7 559	3.2	944 875	237 406	8
Periodic remuneration	353	0.1	58 833	237 406	6
Abnormal appointment	339	0.1	16 950	237 406	20
Total	229 252	96.6	398 007	237 406	576

Table 3.1.3 Salaries, Overtime, Home Owners Allowance (HOA) and Medical Aid by Programme for the Period 1 April 2013 to 31 March 2014

Programme	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of personnel cost	Medical ass. (R'000)	Medical ass. as % of personnel cost	Total personnel cost per programme (R'000)
Administration	73 750	65.5	2 355	2.09	2 980	2.65	3 894	3.46	112 636
Clean Energy	8 288	67	15	0.12	269	2.17	281	2.27	12 369
Electrification and Energy Programme and Project Management	32 845	71.3	49	0.11	1 333	2.89	1 475	3.2	46 050
Energy Policy and Planning	19 630	69.2	0	0	770	2.72	727	2.56	28 348
Nuclear Energy	6 777	67.4	0	0	397	3.95	231	2.3	10 058
Petroleum and Petroleum Product Regulation	13 230	69.3	168	0.88	541	2.83	758	3.97	19 084
Total as on Financial Systems (BAS)	154 520	67.6	2 587	1.13	6 290	2.75	7 366	3.22	228 545

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band for the Period 1 April 2013 to 31 March 2014

Salary bands	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of personnel cost	Medical ass. (R'000)	Medical ass. as % of personnel cost	Total personnel cost per salary band (R'000)
Skilled (Level 3–5)	5 790	58.1	1 147	11.5	500	5	828	8.3	9 958
Highly skilled production (Level 6–8)	26 203	69.1	818	2.2	1 389	3.7	2 191	5.8	37 939
Highly skilled supervision (Level 9–12)	75 453	71.9	596	0.6	2 662	2.5	3 254	3.1	104 869
Senior Management (Level 13–16)	52 553	80.6	0	0	1 566	2.4	888	1.4	65 177
Contract (Level 1–2)	2 409	98.9	10	0.4	1	0	3	0.1	2 436
Contract (Level 3–5)	1 461	72.4	13	0.6	116	5.7	134	6.6	2 019
Contract (Level 6–8)	1 066	76.1	0	0	41	2.9	30	2.1	1 401
Contract (Level 9–12)	4 284	83.9	2	0	26	0.5	32	0.6	5 104
Contract (Level 13–16)	6 987	89.8	0	0	0	0	0	0	7 783
Periodic remuneration	0	0	0	0	0	0	0	0	364
Abnormal appointment	323	90.7	0	0	0	0	0	0	356
Total	176 529	74.4	2 586	1.1	6 301	2.7	7 360	3.1	237 406

3.2. Employment and Vacancies

Table 3.2.1 Employment and Vacancies by Programme at End of Period

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Clean Energy, Permanent	25	22	12	1
Electrification and Energy Programme Management, Permanent	122	109	10.7	15
Energy Policy and Planning, Permanent	59	54	8.5	2
Energy Regulation, Permanent	52	45	13.5	1
Nuclear Energy, Permanent	25	21	16	0
Administration, Permanent	312	299	4.2	38
Total	595	550	7.6	57

Table 3.2.2 Employment and Vacancies by Salary Band at End of Period

Salary band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Level 1–2), Permanent	0	0	0	0
Skilled (Level 3–5), Permanent	65	62	4.6	0
Highly skilled production (Level 6–8), Permanent	156	140	10.3	5
Highly skilled supervision (Level 9–12), Permanent	239	218	8.8	5
Senior Management (Level 13–16), Permanent	77	72	6.5	0
Contract (Level 1–2)	17	17	0	17
Contract (Level 3–5)	19	19	0	17
Contract (Level 6–8)	7	7	0	4
Contract (Level 9–12)	7	7	0	3
Contract (Level 13–16)	8	8	0	6
Total	595	550	7.6	57

Table 3.2.3 Employment and Vacancies by Critical Occupations at End of Period

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administration-related, Permanent	115	108	6.1	15
Biologists botanists zoologists and related professionals, Permanent	10	10	0	0
Client information clerks (switchboard, reception and information clerks), Permanent	7	7	0	0
Communication and information-related, Permanent	12	11	8.3	0
Community development workers, Permanent	1	1	0	0
Economists, Permanent	1	1	0	0
Engineering sciences-related, Permanent	5	5	0	0
Finance and economics-related, Permanent	10	10	0	0
Financial and related professionals, Permanent	17	16	5.9	1
Financial clerks and credit controllers, Permanent	11	9	18.2	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources and organisational development and related professions, Permanent	22	22	0	0
Human resources clerks, Permanent	13	13	0	2

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Human resources-related, Permanent	10	10	0	0
Information technology-related, Permanent	7	7	0	0
Language practitioners, interpreters and other communication, Permanent	2	2	0	2
Legal-related, Permanent	4	4	0	0
Library, mail and related clerks, Permanent	22	21	4.5	13
Logistical support personnel, Permanent	8	6	25	0
Material recording and transport clerks, Permanent	15	14	6.7	2
Messengers porters and deliverers, Permanent	3	3	0	0
Meteorologists, Permanent	2	2	0	0
Natural sciences-related, Permanent	84	70	16.7	0
Other administration and related clerks and organisers, Permanent	11	9	18.2	0
Other administrative policy and related officers, Permanent	5	5	0	1
Other information technology personnel, Permanent	7	5	28.6	0
Other occupations, Permanent	2	2	0	0
Risk management and security services, Permanent	10	10	0	0
Interns	22	22	0	17
Secretaries and other keyboard operating clerks, Permanent	46	42	8.7	1
Security officers, Permanent	23	23	0	1
Senior managers, Permanent	68	63	7.4	2
Social sciences related, Permanent	2	1	50	0
Statisticians and related professionals, Permanent	12	11	8.3	0
Trade/industry advisers and other related professionals, Permanent	4	3	25	0
Youth workers, Permanent	1	1	0	0
Total	595	550	7.6	57

Table 3.2.4 Advertising and Filling of SMS Posts for the Period 1 April 2013 and 31 March 2014

SMS level	Advertising	Filling of posts				Posts not filled by 31 March 2014
		Number of vacancies per level advertised in six months of becoming vacant	Number of vacancies per level not filled in six months but filled in 12 months	In process, but vacant at 31/03/2014		
				Number of vacancies filled in six months of becoming vacant	Number of vacancies not filled within six months but filled in 12 months of becoming vacant	
Director-General/Head of Department	N/A	N/A	N/A	N/A	N/A	N/A
Salary Level 16	N/A	N/A	N/A	N/A	N/A	N/A
Salary Level 15	N/A	N/A	N/A	N/A	N/A	N/A
Salary Level 14	7	0	3	1	0	3
Salary Level 13	15	4	2	2	2	5
Total	22	4	5	3	2	8

Table 3.2.5 Reasons for Vacancies not Filled

Reasons for vacancies not filled within 12 months
The Director: Designated National Authorities (Level 13) post was put on hold because it was unfunded due to other priority posts on the structure. This position can therefore be regarded as unfunded even though it was advertised before its funding was shifted. The position can no longer be filled until it is funded again.
The other post which was filled after 12 months was the post of Chief Directorate: Electricity, Energy Efficiency and Environmental Policy (Level 14). The delay was caused by a lack of people who met the requirements. The post was ultimately filled through head hunting.
The post of Director: Community Upliftment Programmes and Projects was re-advertised after the previous nomination was disapproved by the decision-maker.

3.3. Job Evaluation

Table 3.3.1 Job Evaluation

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated	Number of posts upgraded	% of upgraded posts evaluated	Number of posts downgraded	% of downgraded posts evaluated
Lower skilled (Level 1–2)	0	0	0	0	0	0	0
Contract (Level 1–2)	17	0	0	0	0	0	0
Contract (Level (3–5)	19	0	0	0	0	0	0
Contract (Level (6–8)	7	0	0	0	0	0	0
Contract (Level 9–12)	7	1	14.3	0	0	0	0
Contract (SMS Band A)	5	0	0	0	0	0	0
Contract (SMS Band D)	3	0	0	0	0	0	0
Skilled (Level 3–5)	65	31	47.7	17	54.8	10	32.3
Highly skilled production (Level 6–8)	156	6	3.8	5	83.3	0	0
Highly skilled supervision (Level 9–12)	239	84	35.1	48	57.1	0	0
Senior Management (Service Band A)	51	13	25.5	0	0	0	0
Senior Management (Service Band B)	16	5	31.3	0	0	0	0
Senior Management (Service Band C)	7	0	0	0	0	0	0
Senior Management (Service Band D)	3	0	0	0	0	0	0
Total	595	140	23.5	70	50	10	7.1

Table 3.3.2 Profile of Employees whose Positions were Upgraded due to their Posts being Upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	21	0	0	1	22
Male	31	0	0	0	31
Total	52	0	0	1	53
Employees with a disability	1	0	0	1	2

Table 3.3.3 Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation (i.t.o PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No. of employees in department
Human Resources	1	6	7	Retention	
Total	1				
Percentage of total employment	0.2				595

Table 3.3.4 Profile of Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation (i.t.o. PSR 1.V.C.3)

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

3.4. Employment Changes

Table 3.4.1 Annual Turnover Rates by Salary Band

Salary band	Employment at beginning of period (April 2013)	Appointments	Terminations	Turnover rate
Skilled (Level 3–5), Permanent	53	12	0	0
Highly skilled production (Level 6–8), Permanent	140	6	5	3.6
Highly skilled supervision (Level 9–12), Permanent	206	5	6	2.9
Senior Management (Service Band A), Permanent	45	2	2	4.4
Senior Management (Service Band B), Permanent	11	0	0	0
Senior Management (Service Band C), Permanent	7	0	0	0
Senior Management (Service Band D), Permanent	3	0	0	0
Contract (Level 1–2)	58	3	48	82.8
Contract (Level 3–5)	10	8	6	60
Contract (Level 6–8)	5	3	1	20
Contract (Level 9–12)	11	1	1	9.1
Contract (SMS Band A)	4	0	2	50
Contract (SMS Band B)	1	0	0	0
Contract (SMS Band D)	1	2	0	0
Total	555	42	71	12.8

Table 3.4.2 Annual Turnover Rates by Critical Occupation

Occupation	Employment at beginning of period (April 2013)	Appointments	Terminations	Turnover rate
Administrative-related, Permanent	56	7	5	8.9
Client information clerks (switchboard, reception and information clerks), Permanent	6	1	0	0
Communication and information-related, Permanent	11	0	0	0
Economists, Permanent	2	0	0	0
Finance and economics-related, Permanent	9	2	0	0
Financial and related professionals, Permanent	13	0	0	0
Financial clerks and credit controllers, Permanent	11	1	0	0
Food services aids and waiters, Permanent	1	0	0	0
Head of department/chief executive officer, Permanent	1	0	0	0
Human resources and organisational development and related professions, Permanent	18	1	1	5.6
Human resources clerks, Permanent	10	1	0	0
Human resources-related, Permanent	12	0	0	0
Information technology-related, Permanent	7	0	0	0
Language practitioners, interpreters and other communication, Permanent	2	0	0	0
Legal-related, Permanent	1	1	0	0
Library, mail and related clerks, Permanent	21	6	4	19
Logistical support personnel, Permanent	6	0	1	16.7
Material recording and transport clerks, Permanent	9	4	0	0
Messengers porters and deliverers, Permanent	5	0	0	0
Natural sciences-related, Permanent	157	5	3	1.9
Other administration and related clerks and organisers, Permanent	7	2	0	0
Other information technology personnel, Permanent	6	0	0	0
Other occupations, Permanent	2	0	0	0
Risk management and security services, Permanent	9	0	0	0
Interns	54	3	48	88.9
Secretaries and other keyboard operating clerks, Permanent	44	2	3	6.8
Security officers, Permanent	20	6	1	5
Senior managers, Permanent	54	0	4	7.4
Trade/industry advisers and other related professionals, Permanent	1	0	1	100
Total	555	42	71	12.8

Table 3.4.3 Reasons why Staff are Leaving the Department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Death, Permanent	2	2.8	0.4	71	555
Resignation, Permanent	10	14.1	1.8	71	555
Expiry of contract, Permanent	56	78.9	10.1	71	555
Transfers, Permanent	1	1.4	0.2	71	555
Dismissal – misconduct, Permanent	2	2.8	0.4	71	555
Total	71	100	12.8	71	555

Resignations as % of employment	
	12.8

Table 3.4.4 Granting of Employee-initiated Severance Packages

Category	No of applications received	No of applications referred to the MPSA	No of applications supported by MPSA	No of packages approved by Department
Lower skilled (Salary Level 1–2)	0	0	0	0
Skilled (Salary Level 3–5)	0	0	0	0
Highly skilled production (Salary Level 6–8)	0	0	0	0
Highly skilled production (Salary Level 9–12)	0	0	0	0
Senior Management (Salary Level 13 and higher)	0	0	0	0
Total	0	0	0	0

Table 3.4.5 Promotions by Critical Occupation

Occupation	Employment at beginning of period (April 2013)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Administrative-related	56	6	10.7	77	137.5
Biologists botanists zoologists and related professionals	0	0	0	10	0
Client information clerks (switchboard, reception and information clerks)	6	0	0	5	83.3
Communication and information-related	11	1	9.1	8	72.7
Economists	2	1	50	4	200
Engineering sciences-related	0	0	0	6	0
Finance and economics-related	9	0	0	3	33.3
Financial and related professionals	13	3	23.1	13	100
Financial clerks and credit controllers	11	0	0	9	81.8
Food services aids and waiters	1	0	0	1	100
Head of department/chief executive officer	1	0	0	0	0
Human resources and organisational development and related professions	18	2	11.1	14	77.8
Human resources clerks	10	1	10	4	40
Human resources-related	12	1	8.3	9	75
Information technology-related	7	0	0	2	28.6
Language practitioners, interpreters and other communication	2	0	0	2	100
Legal-related	1	0	0	1	100
Library, mail and related clerks	21	0	0	7	33.3
Logistical support personnel	6	1	16.7	4	66.7
Material recording and transport clerks	9	0	0	6	66.7
Messengers porters and deliverers	5	0	0	3	60
Meteorologists	0	0	0	2	0
Natural sciences related	157	9	5.7	35	22.3
Other administration and related clerks and organisers	7	1	14.3	2	28.6
Other administrative policy and related officers	0	0	0	5	0
Other information technology personnel	6	0	0	5	83.3
Other occupations	2	0	0	0	0
Risk management and security services	9	1	11.1	8	88.9
Interns	54	0	0	5	9.3
Secretaries and other keyboard operating clerks	44	3	6.8	33	75

Occupation	Employment at beginning of period (April 2013)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Security officers	20	1	5	15	75
Senior managers	54	6	11.1	50	92.6
Statisticians and related professionals	0	0	0	9	0
Trade/industry advisers and other related profession	1	0	0	1	100
Total	555	37	6.7	358	64.5

Table 3.4.6 Promotions by Salary Band

Salary Band	Employment at beginning of period (April 2013)	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progressions as a % of employment
Skilled (Level 3–5)	53	2	3.8	37	69.8
Highly skilled production (Level 6–8)	140	14	10	105	75
Highly skilled supervision (Level 9–12)	206	12	5.8	148	71.8
Senior Management (Level 13–16)	66	9	13.6	59	89.4
Contract (Level 1–2)	58	0	0	0	0
Contract (Level 3–5)	10	0	0	0	0
Contract (Level 6–8)	5	0	0	2	40
Contract (Level 9–12)	11	0	0	5	45.5
Contract (Level 13–16)	6	0	0	2	33.3
Total	555	37	6.7	358	64.5

3.5. Employment Equity

Table 3.5.1 Total Number of Employees (incl. Employees with Disabilities) per Occupational Category (South African Standard Classification of Occupations (SASCO))

Occupational categories	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Legislators, senior officials and managers, Permanent	26	4	3	33	4	23	0	2	25	4	66
Professionals, Permanent	60	0	0	60	5	50	1	2	53	4	122
Technicians and associated professionals, Permanent	96	0	0	96	3	112	0	0	112	0	211
Clerks, Permanent	28	1	0	29	0	81	1	0	82	4	115
Service and sales workers, Permanent	25	0	0	25	0	7	0	0	7	0	32
Elementary occupations, Permanent	3	0	0	3	0	0	0	0	0	0	3
Other, Permanent	1	0	0	1	0	0	0	0	0	0	1
Total	239	5	3	247	12	273	2	4	279	12	550

Occupational categories	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Employees with disabilities	0	0	0	0	2	6	0	0	6	1	9

Table 3.5.2 Total Number of Employees (incl. Employees with Disabilities) per Occupational Band

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Top Management	5	0	0	5	1	3	0	1	4	0	10
Senior Management	28	3	3	34	3	21	0	1	22	3	62
Professionally qualified and experienced specialists and Middle Management	110	0	0	110	3	102	1	0	103	2	218
Skilled technical and academically qualified workers, Junior Management, supervisors, foremen	40	1	0	41	1	90	1	2	93	5	140
Semi-skilled and discretionary decision-making	39	0	0	39	0	21	0	0	21	1	61
Unskilled and defined decision-making	1	0	0	1	0	0	0	0	0	0	1
Contract (Top Management)	3	0	0	3	0	0	0	0	0	0	3
Contract (Senior Management)	0	1	0	1	1	2	0	0	2	1	5
Contract (Professionally qualified)	2	0	0	2	3	2	0	0	2	0	7
Contract (Skilled technical)	3	0	0	3	0	4	0	0	4	0	7
Contract (Semi-skilled)	5	0	0	5	0	14	0	0	14	0	19
Contract (Unskilled)	3	0	0	3	0	14	0	0	14	0	17
Total	239	5	3	247	12	273	2	4	279	12	550

Table 3.5.3 Recruitment

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Senior Management, Permanent	2	0	0	2	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and Middle Management, Permanent	4	0	0	4	0	1	0	0	1	0	5
Skilled technical and academically qualified workers, Junior Management, supervisors, foremen, Permanent	1	0	0	1	0	4	0	1	5	0	6
Semi-skilled and discretionary decision-making, Permanent	10	0	0	10	0	2	0	0	2	0	12
Contract (Top Management)	2	0	0	2	0	0	0	0	0	0	2
Contract (Professionally qualified)	1	0	0	1	0	0	0	0	0	0	1
Contract (Skilled technical)	0	0	0	0	0	3	0	0	3	0	3
Contract (Semi-skilled)	4	0	0	4	0	4	0	0	4	0	8
Contract (Unskilled)	0	0	0	0	0	3	0	0	3	0	3
Total	24	0	0	24	0	17	0	1	18	0	42

	Male, African	Male, Coloured	Male, Indian	Male, total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Blacks	Female, White	Total
Employees with disabilities	0	0	0	0	0	3	0	0	3	0	3

Table 3.5.4 Promotions

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Top Management, Permanent	2	0	0	2	0	0	0	1	1	0	3
Senior Management, Permanent	26	3	7	36	3	19	0	2	21	5	65
Professionally qualified and experienced specialists and Middle Management, Permanent	84	0	0	84	3	71	0	0	71	2	160
Skilled technical and academically qualified workers, Junior Management, supervisors, foremen, Permanent	30	1	0	31	0	82	0	1	83	5	119
Semi-skilled and discretionary decision-making, Permanent	23	0	0	23	0	15	0	0	15	1	39
Contract (Senior Management)	0	0	0	0	1	1	0	0	1	0	2
Contract (Professionally qualified)	2	0	0	2	1	2	0	0	2	0	5
Contract (Skilled technical)	2	0	0	2	0	0	0	0	0	0	2
Total	169	4	7	180	8	190	0	4	194	13	395

	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Employees with disabilities	0	0	0	0	1	3	0	0	3	1	5

Table 3.5.5 Terminations

Occupational bands	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Senior Management, Permanent	2	0	0	2	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and Middle Management, Permanent	4	0	0	4	0	2	0	0	2	0	6
Skilled technical and academically qualified workers, Junior Management, supervisors, foremen, Permanent	3	0	0	3	0	2	0	0	2	0	5
Contract (Senior Management)	0	0	0	0	1	0	0	0	0	1	2
Contract (Professionally qualified)	1	0	0	1	0	0	0	0	0	0	1
Contract (Skilled technical)	0	0	0	0	0	1	0	0	1	0	1
Contract (Semi-skilled)	2	0	0	2	0	4	0	0	4	0	6
Contract (Unskilled)	22	0	0	22	0	26	0	0	26	0	48
Total	34	0	0	34	1	35	0	0	35	1	71

Table 3.5.6 Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Total	15	0	0	15	0	6	0	0	6	0	21

Table 3.5.7 Skills Development

Occupational categories	Male, African	Male, Coloured	Male, Indian	Male, total Black	Male, White	Female, African	Female, Coloured	Female, Indian	Female, total Black	Female, White	Total
Legislators, senior officials and managers	21	3	1	25	2	15	0	2	17	2	46
Professionals	65	0	0	65	4	49	1	1	51	1	121
Technicians and associated professionals	42	1	0	43	0	44	0	0	44	0	87
Clerks	15	1	0	15	1	61	0	0	61	3	80
Service and sales workers	2	0	0	2	0	2	0	0	2	0	4
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	1	0	0	1	0	0	0	0	0	0	1
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0	0	0
Interns/learnerships	10	0	0	10	0	24	0	0	24	0	34
Total	156	5	1	161	7	195	1	3	199	6	373
Employees with disabilities	1	0	0	0	0	2	0	0	0	0	3

3.6. Performance

Table 3.6.1 Performance Rewards by Race, Gender and Disability

Demographics	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, Female	89	267	33.3	1 512	16 983
African, Male	74	239	31	1 500	20 268
Asian, Female	1	4	25	18	17 908
Asian, Male	0	3	0	0	0
Coloured, Female	0	2	0	0	0
Coloured, Male	1	5	20	13	12 818
Total African, Female	90	273	33	1 529	16 994
Total African, Male	75	247	30.4	1 513	20 168
White, Female	8	11	72.7	178	22 242
White, Male	3	10	30	116	38 517
Employees with a disability	2	9	22.2	14	7 232
Total	178	550	32.4	3 350	18 820

Table 3.6.2 Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Skilled (Level 3–5)	30	62	48.4	253	8 433
Highly skilled production (Level 6–8)	69	140	49.3	909	13 174
Highly skilled supervision (Level 9–12)	74	218	33.9	1 948	26 324
Contract (Levels 1–2)	0	17	0	0	0
Contract (Levels 3–5)	0	19	0	0	0
Contract (Levels 6–8)	0	7	0	0	0
Contract (Levels 9–12)	0	7	0	0	0
Periodical remuneration	0	6	0	0	0
Abnormal appointment	0	20	0	0	0
Total	173	496	34.9	3 110	17 977

Table 3.6.3 Performance Rewards by Critical Occupation

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Administrative related	31	108	28.7	746	24 065
Biologists botanists zoologists and related professional	3	10	30	89	29 667
Client information clerks (switchboard, reception and information clerks)	4	7	57.1	29	7 250
Communication and information-related	6	11	54.5	135	22 500
Community development workers	0	1	0	0	0
Economists	0	1	0	0	0
Engineering sciences-related	2	5	40	38	19 000
Finance and economics-related	2	10	20	50	25 000
Financial and related professionals	8	16	50	147	18 375
Financial clerks and credit controllers	9	9	100	93	10 333
Head of department/chief executive officer	0	1	0	0	0
Human resources and organisational development and related professions	14	22	63.6	326	23 286
Human resources clerks	4	13	30.8	50	12 500
Human resources-related	10	10	100	185	18 500
Information technology-related	5	7	71.4	70	14 000
Language practitioners, interpreters and other communication	2	2	100	29	14 500
Legal-related	1	4	25	34	34 000
Library, mail and related clerks	4	21	19	42	10 500
Logistical support personnel	3	6	50	45	15 000
Material recording and transport clerks	6	14	42.9	64	10 667
Messengers porters and deliverers	1	3	33.3	6	6 000
Meteorologists	1	2	50	27	27 000
Natural sciences-related	8	70	11.4	252	31 500
Other administration and related clerks and organisers	0	9	0	0	0
Other administrative policy and related officers	0	5	0	0	0
Other information technology personnel	4	5	80	85	21 250
Other occupations	0	2	0	0	0

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Rank: Unknown	0	1	0	0	0
Risk management and security services	8	10	80	133	16 625
Interns	0	22	0	0	0
Secretaries and other keyboard operating clerks	20	42	47.6	258	12 900
Security officers	13	22	59.1	118	9 077
Senior Managers	4	63	6.3	194	48 500
Social sciences related	0	1	0	0	0
Statisticians and related professionals	5	11	45.5	108	21 600
Trade/industry advisers and other related professionals	0	3	0	0	0
Youth workers	0	1	0	0	0
Total	178	550	32.4	3 353	18 837

Table 3.6.4 Performance-related Rewards (Cash Bonus), by Salary Band for Senior Management Service

SMS band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)	% of SMS wage bill	Personnel cost SMS (R'000)
Band A	3	52	5.8	133	44 333	0.3	42 094
Band B	2	15	13.3	106	53 000	0.8	13 525
Band C	0	7	0	0	0	0	0
Band D	0	6	0	0	0	0	0
Total	5	80	6.3	239	47 800	0.4	55 619

Table 3.6.5 Submission of Performance Agreements for 2012–2013

Post category		Performance agreements for SMS		
Senior managers		Total number of employees	Number submitted	Number outstanding
Level 16		1	1	0
Level 15		7	7	0
Level 14		15	15	0
Level 13		47	41	6
Total		70	64	6

3.7. Foreign Workers

Table 3.7.1 Foreign Workers by Salary Band

Salary band	Employment at beginning period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Senior Management (Levels 13–16)	2	50	3	60	1	100	4	5	1
Contract (Levels 9–12)	2	50	2	40	0	0	4	5	1
Total	4	100	5	100	1	100	4	5	1

Table 3.7.2 Foreign Workers by Major Occupation

Major occupation	Employment at beginning period	Percentage of total	Employment at end of period	Percentage of total	Change in employment	Percentage of total	Total employment at beginning of period	Total employment at end of period	Total change in employment
Professionals and managers	4	100	5	100	1	100	4	5	1
Total	4	100	5	100	1	100	4	5	1

3.8. Leave Utilisation

Table 3.8.1 Sick Leave for the period January 2013 to December 2013

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Skilled (Level 3–5)	349	90.3	53	11.9	7	135	444	315
Highly skilled production (Level 6–8)	1 089	82.6	129	29.1	8	733	444	900
Highly skilled supervision (Level 9–12)	1 229	81.2	176	39.6	7	1 784	444	998
Top and Senior Management (Level 13–16)	279	78.1	50	11.3	6	947	444	218
Contract (Level 1–2)	53	62.3	14	3.2	4	14	444	33
Contract (Level 3–5)	123	92.7	15	3.4	8	39	444	114
Contract (Level 6–8)	21	76.2	4	0.9	5	14	444	16
Contract (Level 9–12)	2	100	1	0.2	2	2	444	2
Contract (Level 13–16)	9	100	2	0.5	5	29	444	9
Total	3 154	82.6	444	100	7	3 697	444	2 605

Table 3.8.2 Disability Leave (Temporary and Permanent) for the Period 1 January 2013 to 31 December 2013

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification	Total number of employees using disability leave
Skilled (Level 3–5)	98	100	2	28.6	49	34	98	7
Highly skilled production (Level 6–8)	47	100	1	14.3	47	26	47	7
Highly skilled supervision (Level 9–12)	91	100	2	28.6	46	193	91	7
Contract (Level 3–5)	86	100	2	28.6	43	27	86	7
Total	322	100	7	100	46	280	322	7

Table 3.8.3 Annual Leave for the Period 1 January 2013 to 31 December 2013

Salary band	Total days taken	Average days per employee	Number of employees who took leave
Skilled (Level 3–5)	1 118	17	64
Highly skilled production (Level 6–8)	3 122	19	161
Highly skilled supervision (Level 9–12)	4 768	21	227
Senior Management (Level 13–16)	1 636.36	22	74
Contract (Level 1–2)	327	10	33
Contract (Level 3–5)	236	12	19
Contract (Level 6–8)	81	10	8
Contract (Level 9–12)	103	13	8
Contract (Level 13–16)	105	12	9
Total	11 496.36	19	603

Table 3.8.4 Capped Leave for the Period 1 January 2013 to 31 December 2013

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2013	Number of employees who took capped leave	Total number of capped leave available at 31 December 2013	Number of employees as at 31 December 2013
Highly skilled production (Level 6–8)	3	3	18	1	276	15
Senior Management (Level 13–16)	9	9	47	1	797	17
Total	12	6	34	2	1 073	32

Table 3.8.5 Leave Pay-outs

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave pay-out for 2013/14 due to non-utilisation of leave for the previous cycle	190	11	17 273
Capped leave pay-outs on termination of service for 2013/14	437	26	16 808
Current leave pay-out on termination of service for 2013/14	233	16	14 563
Total	860	53	16 226

3.9. HIV/AIDS and Health Promotion Programmes

Table 3.9.1 Steps Taken to Reduce the Risk of Occupational Exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
Currently has no single group of employees that is more at risk than another group in the workplace.	

Table 3.9.2 Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ansie Botha, Chief Director: Human Resource Management and Development and Auxiliary Support Services
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of its employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The unit consists of three members, namely Employee Health and Wellness Programme (EHWP) Co-ordinator, OHS Practitioner, and an Administration Clerk. The budget provided is R624 540.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for its employees? If so, indicate the key elements/services of this Programme.	X		There is an existing EHWP/EAP programme in place with the following services: HIV/AIDS, Safety, Health, Environment, Risk and Quality Management, Wellness Management and Health and Productivity Management.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		The EHWP Committee comprises the following members: Bernet Makhura; Boitumelo Muyengwa; Dikeledi Maepa; Doris Moyake; Elias Moleme; Jeffrey Maluleke; Lerato Mashamaite; Lydia Modiba; Mamello Ratikane; Mamokoti Malapane; Margaret Ramagoma; Matshediso Mahlaku; Mfumaneko Mkela; Nkokoto Moleko; Nomfanelo Majambe; Refilwe Petja; Reginald Shembe; Sibongile Rapopo; Thilivhali Mabusha; Tshidi Petele; and Wisani Maluleke.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Resolution No. 03. of 2004: HIV/AIDS in the Workplace Policy
6. Has the Department introduced measures to protect HIV positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.	X		There is an existing policy in place which clearly indicates that employees living with HIV/AIDS shall be afforded the same rights and obligations as other employees. The policy also states that HIV testing is not a pre-employment requisite. The EHWP offers awareness/workshops on non-discrimination, rights and obligations and processes to follow when discrimination occurs.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	X		Departmental employees are encouraged to go for voluntary counselling and testing. During the majority of the health initiatives i.e. Wellness Day, Sports Day, Condom Week etc., HIV testing services are provided for employees. Currently 93 employees have been voluntarily tested.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its Health Promotion Programme? If so, list these measures/indicators.	X		For every health initiative a report and attendance register are submitted. These are compared with those of previous health initiatives to assess improvement in attendance and testing trends in the Department. Results of these assessments determine whether existing strategies are successful or whether new strategies are needed. Quarterly reports are also utilised.

3.10. Labour Relations

Table 3.10.1 Collective Agreements

Subject matter	Date
Performance Management and Development System	13 May 2013
Corporate and Protective Clothing Policy for Selected Personnel	13 May 2013
Security Vetting Policy	30 Aug 2013
Information and Communication Technology (ICT) Server Room Access Policy	31 May 2013
ICT Antimalware Policy	31 May 2013
Bursary Policy	27 Sep 2013
Policy Guidelines on Management of Leave in the Department of Energy	30 Aug 2013
Education, Training and Development Policy	27 Sep 2013
Supply Chain Management Policy	30 Aug 2013
Subsistence and Travel Allowance Policy	27 Sep 2013
Environmental Policy for the Department of Energy and its Entities and Companies	28 Mar 2014
Department of Energy Performance Rewards for the 2012/13 Performance Cycle	03 Sep 2013

Table 3.10.2 Misconduct and Disciplinary Hearings Finalised

Outcomes of disciplinary hearings	Number	Percentage of total	Total
Dismissal	2	67	2
One (1) month suspension without pay and final written warning	1	33	1
Total	3	100	3

Table 3.10.3 Types of Misconduct Addressed at Disciplinary Hearings

Type of misconduct	Number	Percentage of total	Total
Non-compliance: Transport Policy	2	10	2
Irregular Expenditure	7	33	7
Non-Compliance: Procurement Policy	1	5	1
Negligence	1	5	1
Insubordination	5	24	5
Disclosure	2	10	2
Abscondment	1	5	1
Improper conduct	2	10	2
Total	21	100	21

Table 3.10.4 Grievances Lodged

Number of grievances addressed	Number	Percentage of total	Total
Resolved	21	100	21
Total	21	100	21

Table 3.10.5 Disputes Lodged

Disputes	Number	Percentage of total
Upheld	0	0
Dismissed	1	100
Total number of disputes lodged	1	

Table 3.10.6 Strike Actions

	Strike actions
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 3.10.7 Precautionary Suspensions

	Precautionary suspensions
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension (R'000)	0

3.11. Skills Development

Table 3.11.1 Training Needs Identified

Occupational categories	Gender	Employment (as per employment summary)	Learnerships	Skills programmes and other short courses	Other forms of training (Bursaries, AET and internships)	Total
Legislators, senior officials and managers	Female	20	0	2	1	3
	Male	33	0	7	1	8
Professionals	Female	35	0	26	6	32
	Male	47	0	57	7	64
Technicians and associated professionals	Female	137	0	65	11	76
	Male	139	0	46	10	56
Clerks	Female	84	0	19	14	33
	Male	25	0	11	2	13
Service and sales workers	Female	7	0	0	0	0
	Male	22	0	0	1	1
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational categories	Gender	Employment (as per employment summary)	Learnerships	Skills programmes and other short courses	Other forms of training (Bursaries, AET and internships)	Total
Craft and related trades workers	Female	1	0	4	0	4
	Male	5	0	3	1	4
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	3	0	3
Elementary occupations	Female	0	0	0	2	2
	Male	0	0	0	1	1
Interns*	Female	0	0	0	0	0
	Male	0	0	0	0	0
Gender sub-totals	Female	284	0	116	0	116
	Male	271	0	127	0	150
Total		555	0	243	57	300

* Note: Additional interns appointed on 1 April 2013.

Table 3.11.2 Training Provided

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training (Bursaries, AET and internships)	Total
Legislators, senior officials and managers	Female	20	0	18	1	19
	Male	33	0	26	1	27
Professionals	Female	35	0	46	6	52
	Male	47	0	61	7	68
Technicians and associated professionals	Female	137	0	33	11	44
	Male	139	0	33	10	43
Clerks	Female	84	0	50	14	64
	Male	25	0	15	2	17
Service and sales workers	Female	7	0	0	2	2
	Male	22	0	0	2	2
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational categories	Gender	Employment	Learnerships	Skills programmes and other short courses	Other forms of training (Bursaries, AET and internships)	Total
Craft and related trades workers	Female	1	0	0	0	0
	Male	5	0	0	1	1
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Interns*/learnerships	Female	0	24	0	0	24
	Male	0	10	0	0	10
Gender sub-totals	Female	284	24	0	0	205
	Male	271	10	0	0	168
Total		555	34	282	57	373

* Note: Additional interns appointed on 1 April 2013.

3.12. Injury on Duty

Table 3.12.1 Injury on Duty

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

3.13. Utilisation of Consultants

Table 3.13.1 Report on Consultant Appointments Using Appropriated Funds

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Appointment of a service provider to conduct a study on the cost of nuclear power for the Department for a period of four (4) weeks	4	4 weeks	1 005 460.00
Appointment of a service provider for consultancy services to analyse the impact of energy on the performance of the economic sector for a period of four (4) months	2	4 months	1 342 464.00
Appointment of a service provider for the Review of Electricity Distribution Industries Asset Status Report and the development of a business case for implementation of an Asset Rehabilitation Programme for a period of three (3) months (Phase 1)	4	3 months	6 031 763.71
Appointment of a service provider to investigate and make recommendations on the application of all the elements applied in the Weighted Average Cost of Capital (WACC) calculations to set margins for (a) A Benchmark Service Station (BSS); (b) secondary storage; (c) secondary distribution; and (d) wholesale activities for a period of three (3) months	3	3 months	548 648.26
Appointment of a service provider for sampling and testing of petroleum products in the South African petroleum industry in terms of regulations regarding petroleum products specifications and standards No. 627 for the Department for a period of 12 months	3	12 months	5 059 910.00
Appointment of a service provider for services on financing options, models and solutions for the Department for ten (10) weeks	9	10 weeks	4 250 000.00
Appointment of a service provider to conduct an energy footprint and energy savings potential study for heavy industry for a period of 12 months	6	12 months	4 970 465.00
Appointment of a service provider to conduct an impact analysis for introduction of minimum energy performance standards for electric geysers as part of the standards and labelling projects for a period of 22 weeks	5	22 weeks	658 089.00
Appointment of a service provider for the supply of skilled information technology resources (system engineer) for the Department for a period of 12 months	3	12 months	1 203 840.00
Appointment of a service provider for an effective media monitoring technology communication service for the Department for a period of 12 months	4	12 months	496 065.52
Appointment of a service provider for the production, layout, design and printing of the HR Plan	5	N/A	167 175.30
Appointment of a service provider for professional services for the development of a graphic and animation presentation	4	2 weeks	184 100.00
Appointment of a service provider to provide organisational culture survey	8	6 months	808 940.00
Appointment of a service provider to assist with the development of A Service Delivery Improvement Plan	7	3 months	498 000.00
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
	74	3 760 days	27 225 920.79

Table 3.13.2 Analysis of Consultant Appointments using Appropriated Funds, in terms of Historically Disadvantaged Individuals (HDI)s

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	No. of consultants from HDI groups that worked on the project
Appointment of a service provider to conduct a study on the cost of nuclear power for the Department for a period of four (4) weeks	0%	0%	6
Appointment of a service provider for consultancy services to analyse the impact of energy on the performance of the economic sector for a period of four (4) months	2%	2%	4
Appointment of a service provider for the Review of Electricity Distribution Industries Asset Status Report and the development of a business case for implementation of an Asset Rehabilitation Programme for a period of three (3) months (Phase 1)	0%	0%	6
Appointment of a service provider to investigate and make recommendations on the application of all the elements applied in the Weighted Average Cost of Capital (WACC) Calculations to set margins for (a) A Benchmark Service Station (BSS); (b) secondary storage; (c) secondary distribution; and (d) wholesale activities for a period of three (3) months	0%	0%	5
Appointment of a service provider for sampling and testing of petroleum products in the South African petroleum industry in terms of regulations regarding petroleum products specifications and standards No. 627 for the Department for a period of 12 months	0%	0%	6
Appointment of a service provider for services on financing options, models and solutions for the Department for ten (10) weeks	0%	0%	6
Appointment of a service provider to conduct an energy footprint and energy savings potential study for heavy industry for a period of 12 months	0%	0%	6
Appointment of a service provider to conduct an impact analysis for introduction of minimum energy performance standards for electric geysers as part of the standards and labelling projects for a period of 22 weeks	3.28%	3.28%	5
Appointment of a service provider for the supply of skilled information technology resources (system engineer) for the Department for a period of 12 months	0%	0%	3
Appointment of a service provider for an effective media monitoring technology communication service for the Department for a period of 12 months	4%	36%	4
Appointment of a service provider for the production, layout, design and printing of the HR Plan for the Department	6%	20%	5
Appointment of a service provider for professional services for the development of a graphic and animation presentation	0%	0%	4
Appointment of a service provider to provide organisational culture survey	0%	0%	8
Appointment of a service provider to assist with the development of a Service Delivery Improvement Plan for the Department	5%	8%	2

Table 3.13.3 Report on Consultant Appointments using Donor Funds

Project title	Total number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
Support for Energy Efficiency Monitoring and Implementation Programme	None	None	None
Renewable Energy Development Project	None	None	None
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
Support for Energy Efficiency Monitoring and Implementation Programme	None	None	None
Renewable Energy Development Project	None	None	None

Table 3.13.4 Analysis of Consultant Appointments using Donor Funds, in terms of HDIs

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	No. of consultants from HDI groups that work on the project
Support for Energy Efficiency Monitoring and Implementation Programme	None	None	None
Renewable Energy Development Project	None	None	None



PART E: FINANCIAL INFORMATION

Contents

Report of the Auditor-General	167
Appropriation Statement.....	170
Notes to the Appropriation Statement.....	184
Statement of Financial Performance	188
Statement of Financial Position	189
Statement of Changes In Net Assets.....	190
Cash Flow Statement	191
Accounting Policies	192
Notes to the Annual Financial Statements.....	197
Disclosure Notes to the Annual Financial Statements.....	208
Annexures to the Annual Financial Statements.....	222

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 29: DEPARTMENT OF ENERGY

Report on the Financial Statements

Introduction

1. I have audited the Financial Statements of the Department of Energy set out on pages 170 to 221, which comprise the Appropriation Statement, the Statement of Financial Position as at 31 March 2014, the Statement of Financial Performance, Statement of Changes in Net Assets and Cash Flow Statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The Accounting Officer is responsible for the preparation and fair presentation of these Financial Statements in accordance with the *Modified Cash Standard* (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and the annual Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the Accounting Officer determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the Financial Statements present fairly, in all material respects, the financial position of the Department of Energy as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with applicable financial reporting framework and the requirements of the PFMA and DoRA.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of these matters.

Significant uncertainties

8. As disclosed in note 29 to the Financial Statements, there is a contingent liability relating to the operational past strategic facilities (Stage 2), the outcome of which is yet to be determined. As a result no provision for any liability that may result has been made in the Financial Statements.

1. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE No. 29: DEPARTMENT OF ENERGY (continued)

Reclassification of corresponding figures

9. As disclosed in note 32 to the Financial Statements, the corresponding figures for 31 March 2013 have been reclassified as a result of an amendment to the standard chart of accounts during the year ended 31 March 2014 in the Financial Statements of the Department of Energy, and for the year ended 31 March 2013. The re-classification was not processed as a result of a material error.

Additional matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 222 to 233 does not form part of the Financial Statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Report on Other Legal and Regulatory Requirements

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the Annual Performance Report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the Annual Performance Report of the Department for the year ended 31 March 2014:
- Programme 4: Electrification and Energy Programme Management on pages 87 to 94
 - Programme 6: Clean Energy on pages 101 to 109
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with National Treasury's Annual Reporting Principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matter

18. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matter:

Achievement of planned targets

19. Refer to the Annual Performance Report on pages 48 to 109 for information on the achievement of the planned targets for the year.

Compliance with legislation

20. I performed procedures to obtain evidence that the Department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial Statements

21. The Financial Statements submitted for auditing were not prepared in accordance with the prescribed Financial Reporting Framework as required by section 40(1) (b) of the Public Finance Management Act. A material misstatement of the commitments disclosure note identified by the auditors in the submitted Financial Statement was subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Transfer of funds

22. Business plans for utilisation of the INEP conditional grants made to 13 municipalities were not approved prior to the start of the financial year, as required by sections 10(1)(a) of the Division of Revenue Act.

Internal control

23. I considered internal control relevant to my audit of the Financial Statements, the Annual Performance Report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the Annual Performance Report and the findings on non-compliance with legislation included in this report.

Financial and performance management

24. The Department did not ensure that sufficient controls were developed to ensure the accuracy of reported commitments disclosure note.
25. The Department did not ensure that sufficient actions were implemented to confirm compliance with relevant laws and regulations as they pertain to transfers made to municipalities.

Auditor General

Pretoria
31 July 2014



Auditing to build public confidence

APPROPRIATION STATEMENT

for the year ended 31 March 2014

	APPROPRIATION PER PROGRAMME									
	2013/14					2012/13				
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
Programme 1: Administration										
Current payment	210,879	(2,080)	12,673	221,472	221,076	396	99.8	217,377	205,087	
Transfers and subsidies	356	-	-	356	170	186	47.8	400	123	
Payment for capital assets	8,393	2,080	840	11,313	11,312	1	100.0	14,848	10,548	
Payment for financial assets	-	-	1	1	-	1		-	66	
	219,628	-	13,514	233,142	232,558	584		232,625	215,824	
Programme 2: Energy Policy and Planning										
Current payment	47,201	(700)	1,488	47,989	47,748	241	99.5	61,101	44,190	
Transfers and subsidies	-	-	-	-	8	(8)		1,500,000	1,500,031	
Payment for capital assets	-	700	(700)	-	-	-		232	7	
Payment for financial assets	-	-	-	-	-	-		-	1	
	47,201	-	788	47,989	47,756	233		1,561,333	1,544,229	
Programme 3: Energy Regulation										
Current payment	43,315	-	(3,503)	39,812	25,783	14,029	64.8	29,213	28,255	
Transfers and subsidies	-	-	53	53	53	-	100.0	-	8	
	43,315	-	(3,450)	39,865	25,836	14,029		29,213	28,263	
Programme 4: Electrification and Energy Programme Management										
Current payment	82,755	(410)	(10,188)	72,157	72,011	146	99.8	53,485	47,092	
Transfers and subsidies	3,895,023	-	-	3,895,023	3,886,157	8,866	99.8	3,117,211	3,089,263	
Payment for capital assets	250	410	(140)	520	357	163	68.7	10	-	
	3,978,028	-	(10,328)	3,967,700	3,958,525	9,175		3,170,706	3,136,355	
Programme 5: Nuclear Energy										
Current payment	34,879	-	(11,300)	23,579	23,249	330	98.65	38,425	32,921	
Transfers and subsidies	673,919	-	26,500	700,419	699,252	1,167	99.8	610,491	610,496	
Payment for capital assets	-	-	-	-	-	-		37	-	
	708,798	-	15,200	723,998	722,501	1,497		648,953	643,417	

APPROPRIATION PER PROGRAMME

	2013/14					2012/13			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Programme 6: Clean Energy									
Current payment	41,278	(340)	(15,724)	25,214	24,918	296	98.8	14,909	14,150
Transfers and subsidies	1,464,966	-	-	1,464,966	1,464,955	11	100.0	1,076,739	1,076,746
Payment for capital assets	30	340	-	370	14	356	3.8	-	-
	1,506,274	-	(15,724)	1,490,550	1,489,887	663		1,091,648	1,090,896
Total	6,503,244	-	-	6,503,244	6,477,063	26,181	99.6	6,734,478	6,658,984

	2013/14		2012/13	
	Final appropriation R'000	Actual expenditure R'000	Final appropriation R'000	Actual expenditure R'000
TOTAL (brought forward)	6,503,244	6,477,063	6,734,478	6,658,984
Reconciliation with Statement of Financial Performance				
ADD				
Departmental receipts		43,472	390,134	
NRF receipts		-	-	
Aid assistance		72,810	75,174	
Actual amounts per Statement of Financial Performance (total revenue)	6,619,526		7,199,786	
ADD				
Aid assistance		-		76,184
Actual amounts per Statement of Financial Performance (total expenditure)		6,477,063		6,735,168

APPROPRIATION STATEMENT (continued)

	APPROPRIATION PER ECONOMIC CLASSIFICATION									
	2013/14					2012/13				
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000	
Current payments										
Compensation of employees	242,562	(50)	(12,200)	230,312	228,545	1,767	99.2	206,763	201,484	
Goods and services	217,745	(3,450)	(14,363)	199,932	186,240	13,692	93.2	207,747	170,209	
Transfers and subsidies										
Provinces and municipalities	1,815,494	-	-	1,815,494	1,815,490	4	100.0	1,351,443	1,351,443	
Departmental agencies and accounts	202,504	-	-	202,504	202,504	-	100.0	99,022	99,022	
Foreign governments and international organisations	13,577	-	26,500	40,077	38,903	1,174	97.1	-	-	
Public corporations and private enterprises	4,002,333	-	-	4,002,333	3,993,429	8,904	99.8	4,853,976	4,825,904	
Households	356	-	62	418	269	149	64.4	400	331	
Payments for capital assets										
Machinery and equipment	8,673	2,320	700	11,693	11,335	358	96.9	13,116	9,940	
Intangible assets	-	1,180	(700)	480	348	132	72.5	2,011	615	
Payments for financial assets										
	-	-	1	1	-	1		-	36	
Total	6,503,244	-	-	6,503,244	6,477,063	26,181	99.6	6,734,478	6,658,984	

Detail per Programme 1: Administration	2013/14							2012/13	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1.1 Ministry									
Current payment	24,770	(77)	8,185	32,878	35,536	(2,658)	108.1	23,216	23,550
Transfers and subsidies	-	-	-	-	-	-	-	-	2
Payment for capital assets	-	-	-	-	-	-	-	60	-
1.2 Departmental Management									
Current payment	45,583	(145)	1,200	46,638	43,264	3,374	92.8	44,016	32,459
Transfers and subsidies	-	-	-	-	-	-	-	-	8
Payment for capital assets	-	-	-	-	7	(7)	-	-	355
1.3 Finance Administration									
Current payment	30,395	(14)	-	30,381	26,170	4,211	86.1	30,090	29,537
Payment for capital assets	4,901	(3,088)	-	1,813	1,034	779	57.0	1,314	547
Payment for financial assets	-	-	-	-	-	-	-	-	32
1.4 Audit Services									
Current payment	5,293	-	-	5,293	4,564	729	86.2	5,432	5,235
Transfers and subsidies	-	-	-	-	-	-	-	-	13
Payment for capital assets	-	-	-	-	-	-	-	1,342	615
1.5 Corporate Services									
Current payment	73,390	(1,844)	3,288	74,834	111,542	(36,708)	149.1	82,386	88,689
Transfers and subsidies	356	-	-	356	170	186	47.8	400	100
Payment for capital assets	3,492	5,168	840	9,500	10,271	(771)	108.1	12,132	9,031
Payment for financial assets	-	-	1	1	-	1	-	-	34
1.6 Office Accommodation									
Current payment	31,448	-	-	31,448	-	31,448	-	32,237	25,617
Total	219,628	-	13,514	233,142	232,558	584	99.7	232,625	215,824

APPROPRIATION STATEMENT (continued)

Economic classification: Programme 1	2013/14						2012/13		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	112,947	-	-	112,947	112,636	311	99.7	97,255	91,419
Goods and services	97,932	(2,080)	12,673	108,525	108,440	85	99.9	120,122	113,667
Transfers and subsidies to:									
Households	356	-	-	356	170	186	47.8	400	155
Payment for capital assets									
Machinery and equipment	8,393	2,000	840	11,233	11,312	(79)	100.7	12,837	9,933
Intangible assets	-	80	-	80	-	80		2,011	615
Payments for financial assets									
	-	-	1	1	-	1		-	35
Total	219,628	-	13,514	233,142	232,558	584	99.7	232,625	215,824

Detail per Programme 2: Energy Policy and Planning	2013/14						2012/13		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
2.1 Policy Analysis and Research	3,827	(700)	-	3,127	2,337	790	74.7	24,153	11,595
	-	700	(700)	-	-	-	-	-	-
2.2 Energy Planning	21,740	-	(391)	21,349	18,372	2,977	86.1	14,408	14,337
	-	-	-	-	8	(8)	-	-	31
	-	-	-	-	-	-	-	132	7
	-	-	-	-	-	-	-	-	1
2.3 Hydrocarbon Policy	13,378	-	2,326	15,704	15,402	302	98.1	13,832	13,077
	-	-	-	-	-	-	-	1,500,000	1,500,000
2.4 Electricity and Alternative Energy Policy	8,256	-	(447)	7,809	11,637	(3,828)	149.0	8,708	5,181
	-	-	-	-	-	-	-	100	-
Total	47,201	-	788	47,989	47,756	233	99.5	1,561,333	1,544,229

APPROPRIATION STATEMENT (continued)

Economic classification: Programme 2	2013/14						2012/13		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	30,629	-	(2,100)	28,529	28,348	181	99.4	30,783	32,309
Goods and services	16,572	(700)	3,579	19,451	19,400	51	99.7	30,318	11,881
Transfers and subsidies to:									
Public corporations and private enterprises	-	-	-	-	-	-		1,500,000	1,500,000
Households	-	-	9	9	8	1	88.9	-	31
Payment for capital assets									
Machinery and equipment	-	-	-	-	-	-		232	7
Intangible assets	-	700	(700)	-	-	-		-	-
Payments for financial assets									
	-	-	-	-	-	-		-	1
Total	47,201	-	788	47,989	47,756	233	99.5	1,561,333	1,544,229

Detail per Programme 3: Energy Regulation	2013/14						2012/13		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
3.1 Petroleum Compliance									
Current payment	13,662	-	(1,465)	12,197	6,773	5,424	55.5	4,058	4,215
Transfers and subsidies	-	-	24	24	24	-	100.0	-	-
3.2 Petroleum Licensing and Permitting									
Current payment	15,280	-	262	15,542	15,444	98	99.4	11,645	11,617
Transfers and subsidies	-	-	29	29	29	-	100.0	-	8
3.3 Petroleum Pricing									
Current payment	14,373	-	(2,300)	12,073	3,566	8,507	29.5	13,510	12,423
Total	43,315	-	(3,450)	39,865	25,836	14,029	64.8	29,213	28,263
Economic classification: Programme 3									
Current payments									
Compensation of employees	20,072	(50)	-	20,022	19,084	938	95.3	22,440	22,752
Goods and services	23,243	50	(3,503)	19,790	6,699	13,091	33.9	6,773	5,503
Transfers and subsidies to:									
Households	-	-	53	53	53	-	100.0	-	8
total	43,315	-	(3,450)	39,865	25,836	14,029	64.8	29,213	28,263

APPROPRIATION STATEMENT (continued)

Detail per Programme 4: Electrification and Energy Programme Management	2013/14						2012/13		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
4.1 Integrated National Electrification Programme									
Current payment	19,210	4,180	(400)	22,990	21,776	1,214	94.7	27,868	21,672
Transfers and subsidies	3,895,023	-	-	3,895,023	3,886,119	8,904	99.8	3,117,211	3,089,206
4.2 Energy Regional Office									
Current payment	37,372	(2,000)	(1,800)	33,572	33,159	413	98.8	18,816	19,470
Transfers and subsidies	-	-	-	-	36	(36)		-	2
Payment for capital assets	-	-	-	-	9	(9)		10	-
4.3 Programme and Projects Management Office									
Current payment	13,023	(3,937)	(4,288)	4,798	5,578	(780)	116.3	2,743	1,498
Payment for capital assets	250	410	(140)	520	348	172	66.9	-	-
4.4 Electricity Infrastructure/Industry Transformation									
Current payment	7,676	(560)	(4,200)	2,916	4,262	(1,346)	146.2	100	814
Transfers and subsidies	-	-	-	-	-	-		-	31
4.5 Community Upliftment Programmes and Projects									
Current payment	5,474	1,907	500	7,881	7,236	645	91.8	3,958	3,638
Transfers and subsidies	-	-	-	-	2	(2)		-	24
Total	3,978,028	-	(10,328)	3,967,700	3,958,525	9,175	99.8	3,170,706	3,136,355

Economic classification: Programme 4	2013/14						2012/13		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	53,660	-	(7,500)	46,160	46,050	110	99.8	35,060	35,078
Goods and services	29,095	(410)	(2,688)	25,997	25,961	36	99.9	18,425	12,014
Transfers and subsidies to:									
Provinces and municipalities	1,634,772	-	-	1,634,772	1,634,772	-	100.0	1,151,443	1,151,443
Public corporations and private enterprises	2,260,251	-	-	2,260,251	2,251,347	8,904	99.6	1,965,768	1,937,696
Households	-	-	-	-	38	(38)		-	124
Payment for capital assets									
Machinery and equipment	250	10	(140)	120	9	111	7.5	10	-
Intangible assets	-	400	-	400	348	52	87.0	-	-
Total	3,978,028	-	(10,328)	3,967,700	3,958,525	9,175	99.8	3,170,706	3,136,355

APPROPRIATION STATEMENT (continued)

	2013/14					2012/13			
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Detail per Programme 5: Nuclear Energy									
5.1 Nuclear Safety and Technology									
Current payment	20,537	(1,000)	(5,481)	14,056	13,134	922	93.4	33,096	28,396
Transfers and subsidies	673,919	-	26,500	700,419	699,252	1,167	99.8	610,491	610,491
Payment for capital assets	-	-	-	-	-	-	-	12	-
5.2 Nuclear Non-proliferation and Radiation Security									
Current payment	5,504	1,000	(632)	5,872	5,461	411	93.0	3,259	3,841
Transfers and subsidies	-	-	-	-	-	-	-	-	5
Payment for capital assets	-	-	-	-	-	-	-	25	-
5.3 Nuclear Policy									
Current payment	8,838	-	(5,187)	3,651	4,654	(1,003)	127.5	2,070	684
Total	708,798	-	15,200	723,998	722,501	1,497	99.8	648,953	643,417

Economic classification: Programme 5	2013/14						2012/13		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	11,772	-	(1,600)	10,172	10,058	114	98.9	9,494	8,875
Goods and services	23,107	-	(9,700)	13,407	13,191	216	98.4	28,931	24,046
Transfers and subsidies to:									
Departmental agencies and accounts	68,160	-	-	68,160	68,160	-	100.0	42,912	42,912
Foreign governments and international organisations	13,577	-	26,500	40,077	38,910	1,167	97.1	-	-
Public corporations and private enterprises	592,182	-	-	592,182	592,182	-	100.0	567,579	567,579
Households	-	-	-	-	-	-	-	-	5
Payment for capital assets									
Machinery and equipment	-	-	-	-	-	-	-	37	-
Total	708,798	-	15,200	723,998	722,501	1,497	99.8	648,953	643,417

APPROPRIATION STATEMENT (continued)

Detail per Programme 6: Clean Energy	2013/14						2012/13		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final appropriation R'000	Actual expenditure R'000
							%		
6.1 Energy Efficiency									
Current payment	27,979	(330)	(12,761)	14,888	16,922	(2,034)	113.7	6,449	6,240
Transfers and subsidies	1,464,966	-	-	1,464,966	1,464,955	11	100.0	1,076,739	1,076,739
Payment for capital assets	30	330	-	360	14	346	3.9	-	-
6.2 Renewable Energy									
Current payment	6,020	(10)	(1,400)	4,610	3,194	1,416	69.3	5,107	4,508
Transfers and subsidies	-	-	-	-	-	-	-	-	7
Payment for capital assets	-	10	-	10	-	10	-	-	-
6.3 Climate Change and Designated National Authority									
Current payment	7,279	-	(1,563)	5,716	4,802	914	84.0	3,353	3,402
Total	1,506,274	-	(15,724)	1,490,550	1,489,887	663	100.0	1,091,648	1,090,896

Economic classification: Programme 6	2013/14						2012/13		
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	13,482	-	(1,000)	12,482	12,369	113	99.1	11,731	11,051
Goods and services	27,796	(310)	(14,724)	12,762	12,549	213	98.3	3,178	3,098
Transfers and subsidies to:									
Provinces and municipalities	180,722	-	-	180,722	180,718	4	100.0	200,000	200,000
Departmental agencies and accounts	134,344	-	-	134,344	134,344	-	100.0	56,110	56,110
Foreign governments and international organisations	-	-	-	-	(7)	7		-	-
Public corporations and private enterprises	1,149,900	-	-	1,149,900	1,149,900	-	100.0	820,629	820,629
Households	-	-	-	-	-	-		-	8
Payment for capital assets									
Machinery and equipment	30	310	-	340	14	326	4.1	-	-
Total	1,506,274	-	(15,724)	1,490,550	1,489,887	663	100.0	1,091,648	1,090,896

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2014

1. Detail of transfers and subsidies as per Appropriation Act, 2013 (Act No. 9 of 2013) (after virement):

Detail of these transactions can be viewed in the Note (Transfers and Subsidies), disclosure notes and Annexure 1 (A-E) to the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

Detail of these transactions per Programme can be viewed in the Note (Payments for Financial Assets) to the Annual Financial Statements.

4. Explanations of material variances from amounts voted (after virement):

4.1 Per Programme

Programme 1	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %
Administration	233,142	232,558	584	0.25

The under-spending of R584,000 or 0.25% under the Administration Programme is mainly attributable to vacancies during the financial year; payments in respect of employee social benefits payable to employees in cases of retirement which were lower than anticipated; as well as pending expenditure for goods and services, the orders for which were placed during the financial year. Thus the under-spending reflected under the item compensation of employees is R311,000 of which R186,000 remained under the leave pay-outs item while goods and services reflects an under-spending of R85,000.

Programme 2	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %
Energy Policy and Planning	47,989	47,756	233	0.49

The under-spending of R233,000 or 0.49% under Programme 2 is mainly attributable to vacancies during the financial year, as a result of which the compensation of employees item reflects a budget under-spending of R181,000. The balance of the under-spending, R51,000, is reflected in the goods and services item. R1,000 relates to underspending in transfers and subsidies.

Programme 3	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %
Energy Regulation	39,865	25,836	14,029	35.19

The under-spending of R14.03 million or 35.19% is mainly as a result of delays in procurement processes; delays in the delivery of goods and services; late receipt of invoices; and the consequent late processing of related payments. The under-spending relates to the delayed appointment of service providers for the Fuel Specification Testing Project, the replacement cost of the Four (4) Secondary Depots Project and the Weighted Average Cost Project.

The Regulations for Petroleum Products Specifications and Standards, R627 of 23 June 2006 (published in terms of Section 12C (1) (e) of the Petroleum Products Act, 1977 (Act No. 120 of 1977) as amended) provide for monitoring and testing of the quality of petroleum products to ensure compliance with defined specifications and standards for petroleum products sold in the Republic of South Africa. The Commercial and Charter Compliance Directorate is mandated with the responsibility of carrying out the sampling and testing of petroleum product specifications and standards at manufacturing, wholesale and retail levels in the Republic of South Africa, in order to assess compliance with the legislation.

In this regard, the Department appointed a service provider to conduct fuel sampling and testing. This study will ultimately provide an overview of challenges with compliance and areas of concern around the production of fuel, quality, quantity and the entry and exit of fuel products into the South African market. An amount of R7.8 million was allocated during the financial year 2013/2014 for the above-mentioned project.

The Service Level Agreement (SLA) between the Department and service provider was signed after several delays in the procurement process and the project commenced during March 2014. Due to the late start of the project, the Department was not able to effect any payments before year-end. An application to roll these funds over to the 2014/15 financial year was submitted to National Treasury for consideration.

Programme 4	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %
Electrification and Energy Programme Management	3,967,700	3,958,525	9,175	0.23

The under-spending of R9.18 million or 0.23% mainly relates to vacancies of R110,000 and transfer payments of R8.9 million within the Programme during the financial year. Transfer payments to non-grid service providers did not occur as projected due to delays in the delivery of goods and services, late receipt of invoices and hence the need for payment in the new financial year.

During the 2013/14 financial year, the Department was allocated a total of R119.22 million for the implementation of the Non-Grid Electrification Project. As at 31 March 2014, payments totalling R110.32 million had been disbursed to non-grid service providers leaving an unspent budget of R8.90 million. The spending on this project was affected by many challenges, amongst others the finalisation of service provider contracts. The payment of additional service providers and the finalisation of project verification for work performed increased the spending on the project during the last quarter of the financial year. A motivation was submitted for the roll-over of the balance of R8.90 million (7.47%), in order to finalise outstanding payments carried over to the 2014/15 financial year.

NOTES TO THE APPROPRIATION STATEMENT (continued)

Programme 5	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %
Nuclear Energy	723,998	722,501	1,497	0.21

The under-spending of R1.50 million or 0.21% mainly relates to vacancies within this Programme during the financial year; the procurement of goods and services as a result of orders placed but for which payment is pending due to delays in the delivery of goods and services; and the delay in payments to international organisations relating to international membership fees. Thus, the item compensation of employees reflects an under-spending of R114,000, the item goods and services reflects an under-spending of R216,000 while the item transfers and subsidies reflects a budget under-spending of R1.17 million.

Programme 6	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %
Clean Energy	1,490,550	1,489,887	663	0.04

The under-spending of R663,000 or 0.04% mainly relates to the procurement of capital assets and the acquisition of goods and services. This is as a result of orders placed but for which payment is pending at the end of the financial year due to non-delivery of services and or goods. Compensation of employees reflects an underspending of R113,000.

4.2 Per economic classification

Economic classification	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %
Current payments				
Compensation of employees	230,312	228,545	1,767	0.77
Goods and services	199,932	186,240	13,692	6.85
Transfers and subsidies				
Provinces and municipalities	1,815,494	1,815,490	4	0.00
Departmental agencies and accounts	202,504	202,504	-	0.00
Public corporations and private enterprises	4,002,333	3,993,429	8,904	0.22
Foreign governments and international organisations	40,077	38,903	1,174	2.93
Households	418	269	149	35.65
Payments for capital assets				
Machinery and equipment	11,693	11,335	358	3.06
Intangible assets	480	348	132	27.50
Payments for financial assets	1	-	1	100.00

Compensation of employees

The under-spending on compensation of employees of R1.77 million or 0.77% is mainly due to the rate of attrition as well as delays experienced in filling the vacant technical positions in line function programmes.

Goods and services

The budget under-spending of R13.69 million or 6.85% in goods and services is attributable to delayed administrative processes for projects which were planned to commence during the year under review, and for which orders were placed but for which expenditure is pending as a result of delays in delivery, late receipt of invoices and the consequent delay in the processing of payments. A significant portion of the unspent budget, R13.09 million, is reflected in Programme 3: Energy Regulation. Due to the delayed commencement of procurement processes for a number of projects in this programme, planned expenditure did not occur as projected.

Although the following projects were awarded before 31 March 2014, spending was delayed due to the delayed commencement of the projects:

- Investigation and application of all the elements applied in the Weighted Average Cost of Capital (WACC) calculations to set margins for a bench mark service station, secondary storage, secondary distribution and wholesale activities; and
- The sampling and testing of petroleum products in the South African petroleum industry in terms of regulations pertaining to petroleum products specifications and standards.

In addition, the Energy Regulation Programme had to re-advertise its planned project to determine the replacement cost of four (4) Secondary Depot Sizes and a Bench-mark Service Station, because the initial bidders did not fully meet the bid criteria.

A proposal has been forwarded to National Treasury for the roll-over of a total of R11.97 million of the unspent funding of R13.69 million to the 2014/15 financial in order to finalise projects initiated in the 2013/14 financial year.

Transfers and subsidies

The budget balance of R10.23 million or 0.17% under the transfer payments economic classification is mainly due to under-spending of R8.9 million in the Non-grid or Solar Home Systems Project. The Department was allocated a total of R119.22 million for the implementation of non-grid electrification projects by service providers during the 2013/14 financial year. As at 31 March 2014, the Department had disbursed payments totalling R110.32 million to non-grid service providers, leaving an unspent total of R8.9 million. Challenges in finalising service provider contracts during the financial year delayed the spending in this project. Additional service providers were brought on board to accelerate implementation. During the last quarter of the financial year, a number of audits or verifications of work performed were finalised, increasing the spending on this project. The remaining balance of R8.9 million (7.47%) is expected to be rolled over to the next financial year to finalise outstanding payments in the 2014/15 financial year.

Payments for capital assets

The under-spending of R490,000 or 4.03% on capital assets is mainly attributable to orders placed but for which payment is pending as a result of delays in delivery. Payment of these invoices will be effected in the 2014/15 financial year.

4.3 Per conditional grant

Conditional grant	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Variance as a % of final appropriation %
Energy				
Integrated National Electrification Programme	1,634,772	1,634,772	-	0.00
Energy Efficiency and Demand Side Management	180,722	180,718	4	0.00

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
REVENUE			
Annual appropriation	1	6,503,244	6,734,478
Departmental revenue	2	43,472	390,134
Aid assistance	3	72,810	75,174
Total revenue		6,619,526	7,199,786
EXPENDITURE			
Current expenditure			
Compensation of employees	4	228,545	201,485
Goods and services	5	186,240	170,208
Aid assistance	3	-	1,984
Total current expenditure		414,785	373,677
Transfers and subsidies			
Transfers and subsidies	7	6,050,595	6,276,700
Aid assistance	3	-	74,200
Total transfers and subsidies		6,050,595	6,350,900
Expenditure for capital assets			
Tangible assets	8	11,335	9,940
Intangible assets	8	348	615
Total expenditure for capital assets		11,683	10,555
Payments for financial assets	6	-	36
Total expenditure		6,477,063	6,735,168
SURPLUS FOR THE YEAR		142,463	464,618
Reconciliation of net surplus for the year			
Voted funds		26,181	75,494
Annual appropriation		26,181	75,494
Departmental revenue and NRF Receipts	16	43,472	390,134
Aid assistance	3	72,810	(1,010)
SURPLUS FOR THE YEAR		142,463	464,618

STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
ASSETS			
Current assets		27,159	75,726
Unauthorised expenditure	9	14,860	14,860
Cash and cash equivalents	10	6,677	59,660
Prepayments and advances	11	1,699	71
Receivables	12	3,923	125
Aid assistance receivable	3	-	1,010
Non-current assets		2,205	2,205
Investments	13	2,205	2,205
Loans	14	-	-
Total assets		29,364	77,931
LIABILITIES			
Current liabilities		27,013	75,726
Voted funds to be surrendered to the Revenue Fund	15	26,180	75,494
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	16	648	62
Payables	17	185	170
Total liabilities		27,013	75,726
NET ASSETS		2,351	2,205
Represented by:			
Capitalisation reserve		2,205	2,205
Recoverable revenue		146	-
Total		2,351	2,205

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
NET ASSETS			
Capitalisation reserves			
Opening balance		2,205	2,205
Transfers		-	-
Closing balance		2,205	2,205
Recoverable revenue			
Opening balance		-	-
Transfers:		146	-
Debts revised		34	-
Debts recovered (included in departmental receipts)		(353)	-
Debts raised		465	-
Closing balance		146	-
Retained funds		-	-
Revaluation reserves		-	-
Total		2,351	2,205

CASH FLOW STATEMENT

for the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		6,619,526	7,199,786
Annual appropriated funds received	1.1	6,503,244	6,734,478
Departmental revenue received	2	43,448	390,049
Interest received	2.2	24	85
Aid assistance received	3	72,810	75,174
Net (increase)/decrease in working capital		(5,411)	126
Surrendered to Revenue Fund	15,16	(118,381)	(416,937)
Surrendered to Reconstruction and Development Programme (RDP) Fund/Donor	3	(71,800)	-
Current payments		(414,785)	(373,677)
Payments for financial assets		-	(36)
Transfers and subsidies paid		(6,050,595)	(6,350,900)
Net cash flow available from operating activities	18	(41,446)	58,362
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(11,683)	(10,555)
Net cash flows from investing activities		(11,683)	(10,555)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		146	-
Net cash flows from financing activities		146	-
Net increase/(decrease) in cash and cash equivalents		(52,983)	47,807
Cash and cash equivalents at beginning of period		59,660	11,853
Cash and cash equivalents at end of period	19	6,677	59,660

ACCOUNTING POLICIES

for the year ended 31 March 2014

Summary of significant accounting policies

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the Annual Financial Statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act (DoRA).

1. Basis of preparation

The Financial Statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The Financial Statements have been prepared on a going concern basis.

3. Presentation currency

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

4. Rounding

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

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment/receipt.

6. Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. Revenue

7.1 Appropriated funds

Appropriated funds consist of departmental allocations as well as direct charges against the Revenue Fund (i.e. statutory appropriation).

Appropriated funds are recognised in the Statement of Financial Performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the Statement of Financial Performance on the date the adjustments become effective.

The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the Statement of Financial Position.

7.2 Departmental revenue

Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the Statement of Financial Position.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the Notes to the Financial Statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and or penalties) is measured at amounts receivable from collecting agents.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the Statement of Financial Performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the Department in respect of current employees are recognised in the Statement of Financial Performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the Statement of Financial Performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the Statement of Financial Performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the Notes to the Financial Statements when the goods are received or, in the case of services, when they are rendered to the Department.

Accrued expenditure payable is measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the Statement of Financial Performance on the date of payment.

The operating lease commitments are recorded in the Notes to the Financial Statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the Statement of Financial Performance on the date of payment.

The finance lease commitments are recorded in the Notes to the Financial Statements and are not apportioned between the capital and interest portions.

ACCOUNTING POLICIES (continued)

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. Aid assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the Statement of Financial Performance when received. In-kind aid assistance is recorded in the Notes to the Financial Statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the Statement of Financial Position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the Statement of Financial Performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the Statement of Financial Position.

10. Cash and cash equivalents

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

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. Prepayments and advances

Prepayments and advances are recognised in the Statement of Financial Position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12. Loans and receivables

Loans and receivables are recognised in the Statement of Financial Position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13. Investments

Investments are recognised in the Statement of Financial Position at cost.

14. Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the Notes to the Financial Statements.

15. Payables

Loans and receivables are recognised in the Statement of Financial Position at cost.

16. Capital assets

16.1 Immovable capital assets

Immovable capital assets are initially recorded in the Notes to the Financial Statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Accountant-General) are recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

16.2 Movable capital assets

Movable capital assets are initially recorded in the Notes to the Financial Statements at cost. Movable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined, the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Accountant-General) are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

16.3 Intangible assets

Intangible assets are initially recorded in the Notes to the Financial Statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the Notes to the Financial Statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined, the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Accountant-General) are recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

17. Provisions and contingents

17.1 Provisions

Provisions are recorded in the Notes to the Financial Statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

ACCOUNTING POLICIES (continued)

17.2 Contingent liabilities

Contingent liabilities are recorded in the Notes to the Financial Statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent assets

Contingent assets are recorded in the Notes to the Financial Statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

17.4 Commitments

Commitments are recorded at cost in the Notes to the Financial Statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. Unauthorised expenditure

Unauthorised expenditure is recognised in the Statement of Financial Position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the Statement of Financial Performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the Notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the Notes to the Financial Statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written off as irrecoverable.

20. Irregular expenditure

Irregular expenditure is recorded in the Notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written off as irrecoverable.

21. Comparative figures

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

1. Annual appropriation

1.1 Annual appropriation

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

	2013/14			2012/13
	Final appropriation	Actual funds received	Funds not requested/not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	233,142	219,628	13,514	232,625
Energy Policy and Planning	47,989	47,201	788	1,561,333
Energy Regulation	39,865	43,315	(3,450)	29,213
Electrification and Energy Programme Management	3,967,700	3,978,028	(10,328)	3,170,706
Nuclear Energy	723,998	708,798	15,200	648,953
Clean Energy	1,490,550	1,506,274	(15,724)	1,091,648
Total	6,503,244	6,503,244	-	6,734,478

The appropriation for 2012/13 has been restated as a result of the Department's programme restructuring from five (5) programmes in 2012/13 to six (6) programmes in 2013/14.

2. Departmental revenue

	Note	2013/14 R'000	2012/13 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	2,760	2,297
Interest, dividends and rent on land	2.2	24	85
Transactions in financial assets and liabilities	2.3	418	134
Transfer received	2.4	40,270	387,618
Total departmental revenue collected		43,472	390,134

An amount of R387,618,000 for transfers received was included in the departmental revenue of 2012/13. This was disclosed under the Direct Exchequer Receipts Note in 2012/13. With effect from 1 April 2013, National Treasury implemented changes to the Standard Chart of Accounts and Reporting Framework which included the removal of the Direct Exchequer Receipts item. The departmental revenue in the 2012/13 financial year, excluding Direct Exchequer Receipts was R2,516,000.

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the Department	2	2,758	2,296
Sales by market establishment		132	233
Administrative fees		2,536	2,056
Other sales		90	7
Sales of scrap, waste and other used current goods		2	1
Total		2,760	2,297

Revenue under sales of goods and services includes fees for parking. Administrative fees consist of money for petroleum licences.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	Note	2013/14 R'000	2012/13 R'000
2.2 Interest, dividends and rent on land	2		
Interest		24	85
Total		24	85
2.3 Transactions in financial assets and liabilities	2		
Receivables		353	40
Other receipts including recoverable revenue		65	94
Total		418	134
2.4 Transfers received	2		
Other government entities		37,000	387,618
International organisations		16	-
Public corporations and private enterprises		3,254	-
Total		40,270	387,618

Other governmental entities:

The amount of R387,618,000 was disclosed under Direct Exchequer Receipts in 2012/13 and is disclosed under departmental revenue in 2013/14 (Refer to Note 2).

Public corporations and private enterprises:

Included in public corporations and private enterprises is an amount of R3,254,000 received from SETAs (Refer to Annexure 1G).

3. Aid assistance

	Note	2013/14 R'000	2012/13 R'000
3.1 Aid assistance received in cash from RDP Fund			
Foreign			
Opening balance		-	-
Revenue		71,800	74,200
Expenditure		-	(74,200)
Transfers		-	74,200
Surrendered to the RDP		(71,800)	-
Closing balance		-	-
3.2 Aid assistance received in cash from local sources			
Local			
Opening balance		(1,010)	-
Revenue		1,010	974
Expenditure		-	(1,984)
Current		-	(1,984)
Prepayments		-	-
Closing balance		-	(1,010)

	Note	2013/14 R'000	2012/13 R'000
3.3 Total assistance			
Opening balance		(1,010)	-
Revenue		72,810	75,174
Expenditure		-	(76,184)
Current		-	(1,984)
Transfers		-	(74,200)
Surrendered to RDP/Donor		(71,800)	-
Closing balance		-	(1,010)
3.4 Analysis of balance			
Aid assistance receivable		-	(1,010)
Other sources – EWSETA		-	(1,010)
Closing balance		-	(1,010)

The amount of R71,800,000 was transferred to SANEDI in 2012/13 for the Smart Metering Project and the unspent funds were returned in terms of the RDP Act in the 2013/14 financial year. This amount was surrendered to the National Treasury RDP account.

4. Compensation of employees

	Note	2013/14 R'000	2012/13 R'000
4.1 Salaries and wages			
Basic salary		154,519	135,675
Performance award		3,387	2,603
Service-based		239	209
Compensative/circumstantial		4,649	3,921
Periodic payments		16	-
Other non-pensionable allowances		38,982	34,808
Total		201,792	177,216
4.2 Social contributions			
Employer contributions			
Pension		19,356	17,240
Medical		7,366	7,003
Bargaining council		31	26
Total		26,753	24,269
Total compensation of employees		228,545	201,485
Average number of employees		552	572

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	Note	2013/14 R'000	2012/13 R'000
Compensative and circumstantial includes:			
Overtime paid to employees		2,587	
Compensative and circumstantial payments		2,062	
Circumstantial payments are payments to employees based on certain conditions or circumstances as provided for by the Department of Public Service and Administration.			
Other non-pensionable allowances includes:			
Capital remuneration		283	
Housing allowance		6,291	
Service bonus		21,967	
Other non-pensionable allowance		10,441	

5. Goods and services

	Note	2013/14 R'000	2012/13 R'000
Administrative fees		4,022	2,267
Advertising		15,969	3,481
Capital assets less than R5,000	5.1	389	125
Bursaries (employees)		696	740
Catering		2,642	1,477
Communication		6,849	6,539
Computer services	5.2	7,973	7,428
Consultants, contractors and agency/outsourced services	5.3	28,927	20,639
Entertainment		68	57
Audit cost – external	5.4	4,460	4,491
Fleet services		304	162
Inventory		-	-
Consumables	5.5	4,710	3,922
Operating leases		26,709	28,575
Property payments	5.6	6,181	23,664
Rental and hiring		28	10
Transport provided as part of departmental activities		345	-
Travel and subsistence	5.7	58,033	37,009
Venues and facilities		11,114	4,237
Training and development		4,003	2,095
Other operating expenditure	5.8	2,818	23,290
Total		186,240	170,208

Inventory

The new Financial Reporting Framework provides for re-classification between inventory and consumables. The types of items procured by the Department are classified as consumables and not inventory. The comparative figures for inventory are therefore restated as nil. An amount of R699 was disclosed under other operating expenditure as 'gifts'. This amount was also re-classified as consumable and not other operating expenditure.

	Note	2013/14 R'000	2012/13 R'000
5.1 Capital assets less than R5,000	5		
Tangible assets			
Machinery and equipment		389	125
Total		389	125
5.2 Computer services			
SITA computer services		5,530	5,105
External computer service providers		2,443	2,323
Total		7,973	7,428
5.3 Consultants, contractors and agency/outsourced services	5		
Business and advisory services		25,387	15,358
Legal costs		504	1,204
Contractors		2,041	3,720
Agency and support/outsourced services		995	357
Total		28,927	20,639
5.4 Audit cost – External	5		
Regularity audits		4,460	4,491
Total		4,460	4,491
5.5 Consumables	5		
Consumable supplies		798	747
Uniform and clothing		66	-
Household supplies		216	22
Building material and supplies		159	232
Communication accessories		2	2
IT consumables		114	-
Other consumables		241	1,190
Stationery, printing and office supplies		3,912	2,476
Total		4,710	3,922
5.6 Property payments	5		
Property management fees		3,666	2,224
Property maintenance and repairs		-	20,151
Other		2,515	1,289
Total		6,181	23,664
Included under other are the following:			
Cleaning services		1,180	
Fumigation services		3	
Safeguard and security		1,332	
5.7 Travel and subsistence	5		
Local		37,750	26,059
Foreign		20,283	10,950
Total		58,033	37,009

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

	Note	2013/14 R'000	2012/13 R'000
5.8 Other operating expenditure	5		
Professional bodies, membership and subscription fees*		446	21,025
Resettlement costs		272	86
Other		2,100	2,179
Total		2,818	23,290

* International membership fees were paid within goods and services in 2012/13. However these fees are expensed within transfers and subsidies from 2013/14 (Refer Note 7).

Included under other are the following:

Laundry services	1
Courier and delivery services	355
Competency certificates and licences	20
Non-life insurance premium	344
Printing and publication services	1,340
Roadworthy tests	2
Storage of files	14
Take-over of contractual obligation	24

6. Payments for financial assets

	Note	2013/14 R'000	2012/13 R'000
Laptop lost and stolen	6.1	-	34
Debts written off	6.2	-	2
Total		-	36
6.1 Other material losses written off	6		
Nature of losses			
Laptop lost and stolen		-	34
Total		-	34
6.2 Debts written off	6		
Debts written off		-	2
Total debt written off		-	2

7. Transfers and subsidies

	Note	2013/14 R'000	2012/13 R'000
Provinces and municipalities	Note 33, Annex 1A	1,815,490	1,351,443
Departmental agencies and accounts	Annex 1B	202,504	99,022
Foreign governments and international organisations *	Annex 1D	38,903	-
Public corporations and private enterprises	Annex 1C	3,993,429	4,825,904
Households	Annex 1E	269	323
Gifts, donations and sponsorships made	Annex 1H	-	8
Total		6,050,595	6,276,700

* International membership fees were paid within goods and services in 2012/13. However these fees are expensed within transfers and subsidies from 2013/14 (Refer to Note 5.8).

8. Expenditure for capital assets

	Note	2013/14 R'000	2012/13 R'000
Tangible assets		11,335	9,940
Buildings and other fixed structures	8.1	11,335	9,940
Intangible assets		348	615
Software	8.1	348	615
Total		11,683	10,555

	Voted funds R'000	Aid assistance R'000	Total R'000
8.1 Analysis of funds utilised to acquire capital assets – 2013/14			
Tangible assets	11,335	-	11,335
Machinery and equipment	11,335	-	11,335
Intangible assets	348	-	348
Software	348	-	348
Total	11,683	-	11,683

8.2 Analysis of funds utilised to acquire capital assets – 2012/13

Tangible assets	9,940	-	9,940
Machinery and equipment	9,940	-	-
Intangible assets	615	-	615
Software	615	-	615
Total	10,555	-	10,555

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

9. Unauthorised expenditure

	Note	2013/14 R'000	2012/13 R'000
9.1 Reconciliation of unauthorised expenditure			
Opening balance		14,860	14,860
Unauthorised expenditure awaiting authorisation/written off		14,860	14,860
9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification			
Transfers and subsidies		14,860	14,860
Total		14,860	14,860
9.3 Analysis of unauthorised expenditure awaiting authorisation per type			
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		14,860	14,860
Total		14,860	14,860

During the 2010/11 financial year R14.8 million was disbursed from the incorrect vote. A request for condonation was submitted to National Treasury for consideration and the Department received a letter of condonation from National Treasury on 9 November 2012. However, it was not clear from the letter received whether the condonation was granted with or without funding. The Department sought clarity in this regard and was informed that the matter has to be presented to SCOPA and that National Treasury is in the process of preparing a letter of recommendation to SCOPA. No unauthorised expenditure was incurred in the 2013/14 financial year.

10. Cash and cash equivalents

	Note	2013/14 R'000	2012/13 R'000
Consolidated Paymaster General Account		6,618	59,597
Cash on hand		46	46
Cash with commercial banks (Local)		13	17
Total		6,677	59,660

11. Prepayments and advances

	Note	2013/14 R'000	2012/13 R'000
Travel and subsistence		97	71
Advances paid (to national departments)		1,602	-
Total	11.1	1,699	71
Advances paid to National departments:			
GCIS		R60,000	
DIRCO *		R1,542,000	
* R812,000 of R1,542,000 was refunded to the Department by DIRCO subsequent to the year end.			
11.1 Advances paid			
National departments	Note 11, Annex 7	1,602	-
Total		1,602	-

12. Receivables

	Note	2013/14				2012/13
		Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	Total R'000
Claims recoverable	12.1 Annex 4	3,660	-	-	3,660	10
Recoverable expenditure	12.2	97	-	-	97	66
Staff debt		166	-	-	166	49
Total	12.3	3,923	-	-	3,923	125

	Note	2013/14 R'000	2012/13 R'000
12.1 Claims recoverable			
National departments	12, Annex 4	3,660	10
Total		3,660	10
12.2 Recoverable expenditure (disallowance accounts)			
Disallowed damages and losses	12	63	47
Disallowance miscellaneous (Travelling recoverable)		34	18
Salary Income Tax		-	1
Total		97	66
12.3 Staff debt			
Staff debtors	12	166	49
Total		166	49

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

13. Investments

	Note	2013/14 R'000	2012/13 R'000
Non-current			
Shares and other equity			
Nuclear Energy Corporation of South Africa		2,205	2,205
Total		2,205	2,205
Analysis of non-current investments			
Opening balance		2,205	2,205
Closing balance		2,205	2,205

The Department holds 2,205 shares of R1 each in its entity, the South African Nuclear Corporation Limited (Necsa). Investments are recorded at cost in terms of the accounting policy. Refer to Annexure 2A for the net asset value as at 31 March 2014.

14. Loans

The amount is one Rand (R1) only. The loan to the Portuguese Government towards the Hydro Electrica de Cahora Bassa Scheme was written down from R347 million to one Rand (R1) during the 2003/04 financial year. This amount includes capitalised interest of R308 million, while the capital amount in respect of the loan was R39 million.

15. Voted funds to be surrendered to the Revenue Fund

	Note	2013/14 R'000	2012/13 R'000
Opening balance		75,494	26,647
Transfer from Statement of Financial Performance		26,181	75,494
Paid during the year		(75,495)	(26,647)
Closing balance		26,180	75,494

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

	Note	2013/14 R'000	2012/13 R'000
Opening balance		62	218
Transfer from Statement of Financial Performance		43,472	390,134
Paid during the year		(42,886)	(390,290)
Closing balance		648	62

17. Payables – current

	Note	2013/14 R'000	2012/13 R'000
Clearing accounts	17.1	94	166
Other payables	17.2	91	4
Total		185	170
<i>17.1 Clearing accounts</i>	17		
Salary: Pension Fund (GEPP)		1	28
Salary: Income Tax (SARS)		93	138
Total		94	166
<i>17.2 Other payables</i>	17		
Licence fee received		91	4
Total		91	4

18. Net cash flow available from operating activities

	Note	2013/14 R'000	2012/13 R'000
Net surplus/(deficit) as per Statement of Financial Performance		142,463	464,618
Add back non-cash/cash movements not deemed operating activities		(183,909)	(406,256)
(Increase)/decrease in receivables – current		(3,798)	(1)
(Increase)/decrease in prepayments and advances		(1,628)	27
Increase/(decrease) in payables – current		15	100
Expenditure on capital assets		11,683	10,555
Surrenders to Revenue Fund		(118,381)	(416,937)
Surrenders to RDP Fund/Donor		(71,800)	-
Net cash flow generated by operating activities		(41,446)	58,362

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

	Note	2013/14 R'000	2012/13 R'000
Consolidated Paymaster general account		6,618	59,597
Cash on hand		46	46
Cash with commercial banks (Local)		13	17
Total		6,677	59,660

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

20. Contingent liabilities and contingent assets

	Note	2013/14 R'000	2012/13 R'000
20.1 Contingent liabilities			
Liable to			
Other guarantees (Necsa)	Annex 3A	20,000	20,000
Claims against the Department	Annex 3B	18,200	20,192
Other departments(Intergovernmental payables unconfirmed balances)	Annex 5	1,663	676
Other (Travel – corporate card)	Annex 3B	215	-
Total		40,078	40,868
20.2 Contingent assets			
Nature of contingent asset			
Feasibility studies*		-	5,900
Total		-	5,900

* The feasibility studies amount of R5,900,000 has been written down to zero as financial closure on the Peaker Project was reached in the 2013/14 financial year.

21. Commitments

	Note	2013/14 R'000	2012/13 R'000
Current expenditure			
Approved and contracted		70,882	101,449
		70,882	101,449
Capital expenditure			
Approved and contracted		10	-
		10	-
Total commitments		70,892	101,449

22. Accruals

			2013/14 R'000	2012/13 R'000
	30 Days	30+ Days	Total	Total
Listed by economic classification				
Goods and services	10,838	-	10,838	9,457
Capital assets	-	-	-	235
Total	10,838	-	10,838	9,692

	Note	2013/14 R'000	2012/13 R'000
Listed by programme level			
Programme 1: Administration		7,741	2,469
Programme 2: Energy Policy and Planning		409	241
Programme 3: Energy Regulation		392	216
Programme 4: Electrification and Energy Programme Management		522	481
Programme 5: Nuclear Energy		247	21
Programme 6: Clean Energy		1,527	55
Travelling – All Programmes*		-	6,209
Total		10,838	9,692
* Travelling is disclosed under each Programme in 2013/14			
Confirmed balances with other departments	Annex 5	731	4,099
Total		731	4,099

23. Employee benefits

	Note	2013/14 R'000	2012/13 R'000
Leave entitlement		6,749	4,505
Service bonus (Thirteenth cheque)		5,757	5,022
Performance awards		3,528	3,101
Capped leave commitments		2,493	2,624
Other		174	-
Total		18,701	15,252

The leave entitlement does not include leave credits with credit balances. The leave with credit balances amounts to R638,652. The amount allocated to performance awards is based on the allowed percentage of 1.5% of the total compensation of employees' budget.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

24. Lease commitments

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
24.1 Operating lease expenditure			
2013/14			
Not later than one (1) year	21,948	3,335	25,283
Later than one (1) year and not later than five (5) years	145,685	2,707	148,392
Later than five (5) years	87,915	-	87,915
Total lease commitments	255,548	6,042	261,590
2012/13			
Not later than (1) year	20,814	1,351	22,165
Later than (1) year and not later than five (5) years	132,696	1,845	134,541
Later than five (5) years	122,853	-	122,853
Total lease commitments	276,363	3,196	279,559

Included in buildings and other fixed structures is a building lease that was entered into in the 2010/11 financial year by the Department of Public Works on behalf of the Department for head office accommodation totalling 12,738 square metres. The lease agreement commenced from July 2012 for a period of 10 years. The balance of the lease is R255.3 million and the remaining period is 98 months.

25. Accrued departmental revenue

	Note	2013/14 R'000	2012/13 R'000
Sales of goods and services other than capital assets	25.1	1,966	1,247
Total		1,966	1,247
25.1 Analysis of accrued departmental revenue			
	25		
Opening balance		1,247	257
Less: amounts received		(1,551)	(1,151)
Add: amounts recognised		2,270	2,141
Closing balance		1,966	1,247

26. Irregular expenditure

	Note	2013/14 R'000	2012/13 R'000
26.1 Reconciliation of irregular expenditure			
Opening balance		-	39,748
Add: Irregular expenditure – relating to current year		379	8,238
Less: Prior year amounts condoned		-	(39,748)
Less: Current year amounts condoned		-	(8,238)
Irregular expenditure awaiting condonation		379	-
Analysis of amounts awaiting condonation per age classification			
Current year		379	-
Prior years		-	-
Total		379	-

26.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2013/14 R'000
Procurement process not followed	Disciplinary steps will be taken pending the outcome of the investigation	379
Total		379

27. Related party transactions

	Note	2013/14 R'000	2012/13 R'000
Year-end balances arising from revenue/payments			
Receivables from related parties	Annex 4	10	10
Payables to related parties	Annex 5	(731)	(4,099)
Total		(721)	(4,089)
Guarantees issued/received			
Guarantees issued – Necsa	Annex 3A	20,000	20,000
Guarantees – Ministry of Finance*		-	(7,288)
Total		20,000	12,712

* Guarantees received from the Ministry of Finance amounting to R7,288,000 were written down to zero because financial closure of the Peaker Project was reached in the 2013/14 financial year.

In-kind goods and services provided/received

The Department of Energy received free accommodation from a related party (Department of Mineral Resources) for the financial year 2013/14. The accommodation service was rendered in order to house the Limpopo, Mpumalanga and Northern Cape regional offices. The Department of Mineral Resources has a contract in place with the Department of Public Works in this regard, however it is not practical to quantify the rental in Rand value.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Related party relationships

Department/Entity	Relationship
Department of Mineral Resources*	National Department
CEF	State-Owned Entity of Department of Energy
Necsa	State-Owned Entity of Department of Energy
NERSA	State-Owned Entity of Department of Energy
NNR	State-Owned Entity of Department of Energy
NRWDI	State-Owned Entity of Department of Energy
SANEDI	State-Owned Entity of Department of Energy

* The erstwhile Department of Minerals and Energy (DME) was separated in April 2010 into the Department of Mineral Resources and the Department of Energy, resulting in a division of resources.

28. Key management personnel

	No. of individuals	2013/14 R'000	2012/13 R'000
Political office bearers (provide detail below)	3	3,808	3,659
Officials:			
Level 15 to 16	11	13,318	9,125
Level 14 (incl. CFO if at a lower level)	17	14,280	11,836
Total		31,406	24,620

29. Provisions

	Note	2013/14 R'000	2012/13 R'000
Provision for disused past strategic nuclear facilities		3,527,216	3,832,867
Total		3,527,216	3,832,867

29.1 Reconciliation of movement in provisions – 2013/14

	Environmental rehabilitation liability R'000	Total provisions R'000
Opening balance	3,832,867	3,832,867
Change in provision due to change in estimation inputs	(305,651)	(305,651)
Closing balance	3,527,216	3,527,216

The Department has a potential liability arising from the decontamination and decommissioning of past strategic nuclear facilities as per section 1 (xii) (a) of the Nuclear Energy Act, 1999 (Act No.46 of 1999).

Disused past strategic nuclear facilities (Stage 1)

In terms of the Nuclear Liabilities Management Plan that was approved by Cabinet, the liability was estimated at R1,796,000,000 in 2004, while the 2011/12 re-assessment estimate amounted to R3,703,373,000, which increased to R3,832,867,000 in 2012/13. The current potential liability arising from decontamination and decommissioning of past strategic nuclear facilities is estimated at R3,527,216,000. The current estimate of the liability decreased by approximately R305,651,000 (including VAT) when compared with the 2012/13 liability estimate.

A comprehensive liability re-assessment was conducted in the 2013/14 financial year by an independent expert in this field. The total cost of carrying out the proposed liability discharge amounts to R3,527,216,000 over the remaining 20 year period. The main aspects of the process are decommissioning, decontamination and waste management (which includes the eventual disposal of the waste).

Operational past strategic facilities (Stage 2)

The liability for the operational past strategic facilities is reflected as a contingent liability in the financial statements of Necsa. This liability is yet to be assessed in order to establish a reasonable estimate. The ultimate outcome of this assessment cannot presently be determined and therefore no provision for any liability that may result has been made in the Financial Statements of the Department.

30. Movable tangible capital assets

Movement in movable tangible capital assets per Asset Register for the year ended 31 March 2014

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Heritage assets	222	-	-	222
Heritage assets	222	-	-	222
Machinery and equipment	34,301	11,409	8,020	37,690
Transport assets	3,135	45	1,550	1,630
Computer equipment	17,331	7,616	4,357	20,590
Furniture and office equipment	9,074	2,809	616	11,267
Other machinery and equipment	4,761	939	1,497	4,203
Total movable tangible capital assets	34,523	11,409	8,020	37,912

30.1 Additions

Additions to movable tangible capital assets per Asset Register for the year ended 31 March 2014

	Cash R'000	Non-cash R'000	Total R'000
Machinery and equipment	11,335	74	11,409
Transport assets	-	45	45
Computer equipment	7,616	-	7,616
Furniture and office equipment	2,780	29	2,809
Other machinery and equipment	939	-	939
Total additions to movable tangible capital assets	11,335	74	11,409

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

30.2 Disposals

Disposals of movable tangible capital assets per Asset Register for the year ended 31 March 2014

	Transfer out or destroyed or scrapped R'000	Total disposals R'000
Machinery and equipment	8,020	8,020
Transport assets	1,550	1,550
Computer equipment	4,357	4,357
Furniture and office equipment	616	616
Other machinery and equipment	1,497	1,497
Total disposal	8,020	8,020

30.3 Movement for 2012/13

	Opening balance R'000	Prior year balance adjust- ments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Heritage assets	228	(6)	-	-	222
Heritage assets	228	(6)	-	-	222
Machinery and equipment	25,339	11	9,940	989	34,301
Transport assets	2,785	-	350	-	3,135
Computer equipment	11,283	22	6,821	795	17,331
Furniture and office equipment	8,662	8	590	186	9,074
Other machinery and equipment	2,609	(19)	2,179	8	4,761
Total movable tangible capital assets	25,567	5	9,940	989	34,523

30.4 Minor assets

Movement in minor assets per the Asset Register for the year ended as at 31 March 2014

	Heritage assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	185	5,778	5,963
Current year adjustments to prior year balances	-	139	139
Additions	-	389	389
Disposals	-	(308)	(308)
Total minor assets	185	5,998	6,183
Number of R1 minor assets	-	106	106
Number of minor assets at cost	83	4,210	4,293
Total number of minor assets	83	4,316	4,399

Movement in minor assets per the Asset Register for the year ended as at 31 March 2013

	Heritage assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	-	6,125	6,125
Current year adjustments to prior year balances	185	(185)	-
Additions	-	125	125
Disposals	-	(287)	(287)
Total minor assets	185	5,778	5,963
Number of R1 minor assets	-	109	109
Number of minor assets at cost	83	4,158	4,241
Total number of minor assets	83	4,267	4,350

30.5 Movable assets written off

Movable assets written off for the year ended as at 31 March 2014

	Machinery and equipment R'000	Total R'000
Assets written off	214	214
Total movable assets written off	214	214

Movable assets written off for the year ended as at 31 March 2013

	Machinery and equipment R'000	Total R'000
Assets written off	33	33
Total movable assets written off	33	33

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

31. Intangible capital assets

Movement in intangible capital assets per Asset Register for the year ended 31 March 2014

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	3,237	348	-	3,585
Services and operating rights	228	-	228	-
Total intangible capital assets	3,465	348	228	3,585

31.1 Additions

Additions to intangible capital assets per Asset Register for the year ended 31 March 2014

	Cash R'000	Total R'000
Software	348	348
Total additions to intangible capital assets	348	348

31.2 Disposals

Disposals of intangible capital assets per Asset Register for the year ended 31 March 2014

	Transfer out or destroyed or scrapped R'000	Total disposals R'000
Services and operating rights	228	228
Total disposals of intangible capital assets	228	228

Services and operating rights amounting to R228,000 were written down to zero as financial closure of the Peaker Project was reached in the 2013/14 financial year.

Movement for 2012/13

Movement in intangible capital assets per Asset Register for the year ended 31 March 2013

	Opening balance R'000	Prior year balances adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	2,622	-	615	-	3,237
Services and operating rights	228	-	-	-	228
Total intangible capital assets	2,850	-	615	-	3,465

32. Reclassification

32.1 Reclassification according to the Standard Chart of Accounts

Note	2013/14 R'000	2012/13 R'000
The comparative amounts in Note 2 were restated as follows:		
Department revenue transfer received	-	387,618
Direct Exchequer Receipts	-	(387,618)
Net effect on the Note	-	-
The comparative amounts in Note 5.5 and 5.6 were restated as follows:		
Inventory	-	(3,223)
Other operating expenditure	-	(699)
Consumables	-	3,922
Net effect on the Note	-	-

The Direct Exchequer Receipts Note was removed as it is no longer required in terms of the revised Financial Reporting Framework. This type of receipt is included in Departmental Revenue from 2013/14 onward.

The new Financial Reporting Framework provides for the re-classification of Inventory and Consumables. The types of items procured by the Department of Energy are therefore classified as Consumables and not Inventory. (Refer Annexure 6).

33. Statement of conditional grants paid to municipalities

Name of municipality	Grant allocation				Transfer		
	Division of Revenue Act	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or national department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Energy Efficiency and Demand Side Management (EEDSM)							
BUF Buffalo City Municipality	4,579	-	-	4,579	4,572	-	-
NMA Nelson Mandela Bay Municipality	12,000	-	-	12,000	12,000	-	-
EC127 Nkonkobe Municipality	5,000	-	-	5,000	5,000	-	-
MAN Mangaung Municipality	8,000	-	-	8,000	8,000	-	-
FS173 Mantsopa Municipality	3,000	-	-	3,000	-	-	-
FS184 Matjabeng Municipality	6,158	-	-	6,158	6,158	-	-
FS196 Mantsopa Municipality	5,000	-	-	5,000	8,000	-	-
FS201 Moqhaka Municipality	3,000	-	-	3,000	3,000	-	-
FS205 Mafube Municipality	5,000	-	-	5,000	5,000	-	-
EKU Ekurhuleni Municipality	16,000	-	-	16,000	16,000	-	-
GT422 Midvaal Municipality	9,000	-	-	9,000	9,000	-	-
GT482 Randfontein Municipality	5,000	-	-	5,000	5,000	-	-
ETH Ethekwini Municipality	15,000	-	-	15,000	15,000	-	-
KZN216 Hibiscus Coast Municipality	421	-	-	421	422	-	-
DC43 Sisonke District Municipality	5,000	-	-	5,000	5,000	-	-

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Name of municipality	Grant allocation				Transfer		Re-allocations by National Treasury or national department
	Division of Revenue Act	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	
	R'000	R'000	R'000	R'000	R'000	R'000	%
LIM471 Epraim Mogale Municipality	5,000	-	-	5,000	5,000	-	-
LIM333 Greater Tzaneen Municipality	7,000	-	-	7,000	7,000	-	-
LIM354 Polokwane Municipality	10,000	-	-	10,000	10,000	-	-
DC35 Capricorn District Municipality	421	-	-	421	422	-	-
MP313 Steve Tshwete Municipality	5,000	-	-	5,000	5,000	-	-
DC32 Ehlanzeni District Municipality	5,000	-	-	5,000	5,000	-	-
NC067 Khai-Ma Municipality	3,000	-	-	3,000	3,000	-	-
NW372 Madibeng Municipality	3,000	-	-	3,000	3,000	-	-
NW373 Rustenburg Municipality	5,722	-	-	5,722	5,722	-	-
NW392 Naledi Municipality	421	-	-	421	422	-	-
CPT City of Cape Town Municipality	16,000	-	-	16,000	16,000	-	-
WC015 Swartland Municipality	5,000	-	-	5,000	5,000	-	-
WC023 Drakenstein Municipality	5,000	-	-	5,000	5,000	-	-
WC044 George Municipality	5,000	-	-	5,000	5,000	-	-
WC053 Beaufort West Municipality	3,000	-	-	3,000	3,000	-	-
Subtotal	180,722	-	-	180,722	180,718	-	-
Integrated National Electrification Programme (INEP)							
Emadlangeni Municipality	-	-	-	-	4,500	-	-
BUF Buffalo City Municipality	25,000	-	-	25,000	25,000	-	-
NMA Nelson Mandela Bay Municipality	53,585	-	-	53,585	53,585	-	-
EC101 Camdeboo Municipality	4,760	-	-	4,760	4,760	-	-
EC102 Blue Crane Route Municipality	600	-	-	600	600	-	-
EC105 Ndlambe Municipality	4,500	-	-	4,500	4,500	-	-
EC106 Sundays River Valley Municipality	500	-	-	500	500	-	-
EC108 Kouga Municipality	6,940	-	-	6,940	6,940	-	-
EC121 Mbhashe Municipality	18,000	-	-	18,000	18,000	-	-
EC122 Mquma Municipality	4,000	-	-	4,000	4,000	-	-
EC127 Nkonkobe Municipality	3,600	-	-	3,600	3,600	-	-
EC128 Nxuba Municipality	1,600	-	-	1,600	1,600	-	-
EC132 Tsolwana Municipality	1,600	-	-	1,600	2,000	-	-
EC133 Inkwanca Municipality	4,000	-	-	4,000	4,000	-	-
EC135 Intsika Yethu Municipality	11,000	-	-	11,000	11,000	-	-
EC136 Emalahleni Municipality	10,000	-	-	10,000	10,000	-	-
EC137 Engcobo Municipality	4,000	-	-	4,000	4,000	-	-
EC141 Elundini Municipality	-	-	-	-	2,000	-	-
EC143 Maletswai Municipality	-	-	-	-	2,000	-	-
EC153 Ngquza Hill Municipality	20,000	-	-	20,000	20,000	-	-
EC155 Nyandeni Municipality	19,000	-	-	19,000	19,000	-	-
EC156 Mhlontlo Municipality	11,000	-	-	11,000	11,000	-	-
EC157 King Sabata Dalindyebo*P Municipality	105,000	-	-	105,000	98,678	-	-

Name of municipality	Grant allocation			Transfer			
	Division of Revenue Act	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or national department
	R'000	R'000	R'000	R'000	R'000	R'000	%
EC442 Umzimvubu Municipality	20,000	-	-	20,000	20,000	-	-
EC441 Matatiele Municipality	10,000	-	-	10,000	10,000	-	-
EC443 Mbizana Municipality	20,000	-	-	20,000	20,000	-	-
EC152 Ntbankulu Municipality	20,000	-	-	20,000	20,000	-	-
MAN Mangaung Municipality	42,000	-	-	42,000	42,000	-	-
FS162 Kopanong Municipality	1,000	-	-	1,000	1,000	-	-
FS184 Matjhabeng Municipality	1,600	-	-	1,600	1,600	-	-
FS185 Nala Municipality	20,000	-	-	20,000	20,000	-	-
FS193 Nketoana Municipality	5,000	-	-	5,000	5,000	-	-
FS194 Maluti-A-Phofung Municipality	20,000	-	-	20,000	20,000	-	-
FS201 Moghaka Municipality	36,000	-	-	36,000	36,000	-	-
FS203 Ngwathe Municipality	20,000	-	-	20,000	20,000	-	-
FS0204 Metsimaholo Municipality	34,500	-	-	34,500	34,500	-	-
EKU Ekurhuleni Municipality	10,000	-	-	10,000	10,000	-	-
JHB City of Johannesburg Municipality	38,000	-	-	38,000	38,000	-	-
TSH City of Tshwane Municipality	65,000	-	-	65,000	65,000	-	-
GT421 Emfuleni Municipality	13,000	-	-	13,000	13,000	-	-
GT423 Lesedi Municipality	6,000	-	-	6,000	6,000	-	-
GT482 Randfontein Municipality	6,000	-	-	6,000	6,000	-	-
GT483 Westonaria Municipality	13,000	-	-	13,000	13,000	-	-
GT484 Merafong City Municipality	22,000	-	-	22,000	22,000	-	-
ETH Ethekewini Municipality	20,000	-	-	20,000	20,000	-	-
KZN211 Vulamehlo Municipality	5,000	-	-	5,000	5,000	-	-
KZN213 Umzumbe Municipality	5,000	-	-	5,000	5,000	-	-
KZN214 Umuziwabantu Municipality	9,000	-	-	9,000	9,000	-	-
KZN216 Hibiscus Coast Municipality	7,000	-	-	7,000	7,000	-	-
KZN221 Umshwathi Municipality	5,000	-	-	5,000	5,000	-	-
KZN222 Umngeni Municipality	1,000	-	-	1,000	1,000	-	-
KZN225 Msunduzi Municipality	123,000	-	-	123,000	123,000	-	-
KZN233 Indaka Municipality	7,000	-	-	7,000	7,000	-	-
KZN234 Umtshezi Municipality	12,200	-	-	12,200	12,200	-	-
KZN241 Endumeni Municipality	5,000	-	-	5,000	5,000	-	-
KZN242 Nquthu Municipality	10,322	-	-	10,322	10,322	-	-
KZN244 Msinga Municipality	7,900	-	-	7,900	7,900	-	-
KZN245 Umvoti Municipality	10,000	-	-	10,000	10,000	-	-
KZN252 Newcastle Municipality	5,000	-	-	5,000	5,000	-	-
KZN253 Emadlangeni Municipality	4,500	-	-	4,500	-	-	-
KZN261 Edumbe Municipality	8,800	-	-	8,800	8,800	-	-
KZN262 Uphongolo Municipality	14,000	-	-	14,000	14,000	-	-
KZN263 Abaqulusi Municipality	9,000	-	-	9,000	9,000	-	-
KZN266 Ulundi Municipality	3,000	-	-	3,000	3,000	-	-
KZN271 Umhlabyalingana Municipality	7,000	-	-	7,000	7,000	-	-
KZN272 Jozini Municipality	3,000	-	-	3,000	3,000	-	-

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

Name of municipality	Grant allocation				Transfer		Re-allocations by National Treasury or national department
	Division of Revenue Act	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	
	R'000	R'000	R'000	R'000	R'000	R'000	%
KZN274 Hlabisa Municipality	9,000	-	-	9,000	9,000	-	-
KZN275 Mtubatuba Municipality	8,000	-	-	8,000	8,000	-	-
KZN281 Mfolozi Municipality	5,000	-	-	5,000	5,000	-	-
KZN283 Ntambanana Municipality	11,000	-	-	11,000	11,000	-	-
KZN284 Umlalazi Municipality	8,000	-	-	8,000	8,000	-	-
KZN292 Kwadukuza Municipality	5,000	-	-	5,000	5,000	-	-
KZN293 Ndwendwe Municipality	11,000	-	-	11,000	11,000	-	-
KZN294 Maphumulo Municipality	7,000	-	-	7,000	7,000	-	-
KZN435 Umzimkhulu Municipality	15,000	-	-	15,000	15,000	-	-
LIM472 Elias Motsoaledi Municipality	10,000	-	-	10,000	10,000	-	-
LIM475 Tubatse Municipality	14,215	-	-	14,215	14,215	-	-
LIM331 Greater Giyani Municipality	8,000	-	-	8,000	8,000	-	-
LIM333 Greater Tzaneen Municipality	10,000	-	-	10,000	10,000	-	-
LIM343 Thulamela Municipality	50,000	-	-	50,000	50,000	-	-
LIM344 Makhado Municipality	15,000	-	-	15,000	15,000	-	-
LIM351 Blouberg Municipality	7,000	-	-	7,000	7,000	-	-
LIM354 Polokwane Municipality	35,000	-	-	35,000	35,000	-	-
LIM355 Lepelle-Nkumpi Municipality	5,000	-	-	5,000	5,000	-	-
LIM365 Modimole Municipality	7,300	-	-	7,300	7,300	-	-
LIM367 Mogalakwena Municipality	12,000	-	-	12,000	12,000	-	-
MP301 Albert Luthuli Municipality	10,500	-	-	10,500	10,500	-	-
MP302 Msukaligwa Municipality	21,500	-	-	21,500	21,500	-	-
MP303 Mkhondo Municipality	9,900	-	-	9,900	9,900	-	-
MP305 Lekwa Municipality	2,200	-	-	2,200	2,200	-	-
MP311 Victor Khanye Municipality	1,200	-	-	1,200	1,200	-	-
MP313 Steve Tshwete Municipality	6,000	-	-	6,000	6,000	-	-
MP316 Dr JS Moroka Municipality	3,900	-	-	3,900	3,900	-	-
MP321 Thaba Chweu Municipality	1,900	-	-	1,900	1,900	-	-
MP322 Mbombela Municipality	8,000	-	-	8,000	8,000	-	-
MP323 Umjindi Municipality	18,000	-	-	18,000	18,000	-	-
MP324 Nkomazi Municipality	20,000	-	-	20,000	20,000	-	-
MP325 Bushbuckridge Municipality	1,500	-	-	1,500	1,500	-	-
NC452 Ga-Segonyana Municipality	2,000	-	-	2,000	2,000	-	-
NC453 Gamagara Municipality	6,400	-	-	6,400	6,400	-	-
NC062 Nama Khoi Municipality	12,000	-	-	12,000	12,000	-	-
NC064 Kamiesberg Municipality	200	-	-	200	200	-	-
NC065 Hantam Municipality	761	-	-	761	761	-	-
NC067 Khai-Ma Municipality	1,200	-	-	1,200	1,200	-	-
NC071 Ubuntu Municipality	2,600	-	-	2,600	2,600	-	-
NC072 Umsobomvu Municipality	2,600	-	-	2,600	2,600	-	-
NC073 Emthanjeni Municipality	800	-	-	800	800	-	-
NC075 Renosterberg Municipality	1,100	-	-	1,100	1,100	-	-
NC077 Siyathemba Municipality	2,400	-	-	2,400	2,400	-	-

Name of municipality	Grant allocation				Transfer		
	Division of Revenue Act	Roll-overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or national department
	R'000	R'000	R'000	R'000	R'000	R'000	%
NC078 Siyancuma Municipality	3,200	-	-	3,200	3,200	-	-
NC083 //Khara Hais Municipality	9,700	-	-	9,700	9,700	-	-
NC091 Sol Plaatje Municipality	20,000	-	-	20,000	20,000	-	-
NC092 Dikgatlong Municipality	4,339	-	-	4,339	4,339	-	-
NC093 Magareng Municipality	7,800	-	-	7,800	7,800	-	-
NW372 Madibeng Municipality	3,000	-	-	3,000	3,000	-	-
NW382 Tswaing Municipality	17,000	-	-	17,000	17,000	-	-
NW384 Ditsobotla Municipality	500	-	-	500	500	-	-
NW392 Naledi Municipality	18,450	-	-	18,450	18,450	-	-
NW401 Ventersdorp Municipality	13,500	-	-	13,500	13,500	-	-
NW402 Tlokwe Municipality	20,000	-	-	20,000	20,000	-	-
CPT City Of Cape Town Municipality	24,500	-	-	24,500	24,500	-	-
WC011 Matzikama Municipality	2,000	-	-	2,000	2,000	-	-
WC012 Cederberg Municipality	8,500	-	-	8,500	8,500	-	-
WC022 Witzenberg Municipality	3,000	-	-	3,000	3,000	-	-
WC023 Drakenstein Municipality	14,500	-	-	14,500	14,500	-	-
WC025 Breede Valley Municipality	7,540	-	-	7,540	7,540	-	-
WC026 Langeberg Municipality	500	-	-	500	500	-	-
WC032 Overstrand Municipality	3,000	-	-	3,000	3,000	-	-
WC033 Cape Agulhas Municipality	3,200	-	-	3,200	3,200	-	-
WC041 Kannaland Municipality	16,700	-	-	16,700	16,700	-	-
WC042 Hessequa Municipality	2,000	-	-	2,000	2,000	-	-
WC043 Mossel Bay Municipality	5,082	-	-	5,082	5,082	-	-
WC044 George Municipality	3,078	-	-	3,078	5,000	-	-
WC045 Oudtshoorn Municipality	3,000	-	-	3,000	3,000	-	-
WC048 Knysna Municipality	6,000	-	-	6,000	6,000	-	-
WC053 Beaufort West Municipality	12,000	-	-	12,000	12,000	-	-
Subtotal	1,634,772	-	-	1,634,772	1,634,772	-	-
Total	1,815,494	-	-	1,815,494	1,815,490	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2014

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

GRANT ALLOCATION				TRANSFER			SPENT		2012/13
Name of municipality	Division of Revenue Act R'000	Roll-overs R'000	Adjustments R'000	Total available	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or national department		% of available funds spent by municipality
							%	Amount received by municipality R'000	
Energy Efficiency and Demand Side Management (EEDSM)	180,722	-	-	180,722	180,718	-	-	180,718	200,000
Integrated National Electrification Programme (INEP)	1,634,772	-	-	1,634,772	1,634,772	-	-	1,634,772	1,151,443
Total	1,815,494	-	-	1,815,494	1,815,490	-	-	1,815,490	1,351,443

ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Department/Agency/Account	TRANSFER ALLOCATION				TRANSFER		2012/13
	Adjusted appropriation R'000	Roll-overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred	
						%	
National Nuclear Regulator	48,360	-	-	48,360	48,360	100	42,912
South African National Energy Development Institute	134,344	-	-	134,344	134,344	100	56,110
National Radioactive Waste Disposal Institution	19,800	-	-	19,800	19,800	100	-
Total	202,504	-	-	202,504	202,504		99,022

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of public corporation/private enterprise	TRANSFER ALLOCATION				EXPENDITURE			2012/13
	Adjusted Appropriation	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Capital	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Public corporations								
Eskom	3,290,927	-	-	3,290,927	3,290,927	100	2,141,027	1,149,900
South African Nuclear Energy Corporation	592,182	-	-	592,182	592,182	100	131,809	460,373
Subtotal	3,883,109	-	-	3,883,109	3,883,109		2,272,836	1,610,273
Private enterprises								
Transnet Pipeline (Petronet)	-	-	-	-	-		-	-
Non-grid households	119,224	-	-	119,224	110,320	93	110,320	-
Subtotal	119,224	-	-	119,224	110,320		110,320	-
Total	4,002,333	-	-	4,002,333	3,993,429		2,383,156	1,610,273
								4,853,976

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

ANNEXURE 1D
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANISATIONS

Foreign government/international organisation	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	
	R'000	R'000	R'000	R'000	R'000	R'000	
Transfers							
International Atomic Energy Agency	27,800	-	-	27,800	27,800	100	-
Generation IV International Forum	2,158	-	-	2,158	2,158	100	-
African Regional Cooperation Agreement for Research Development and Training related to Nuclear Science and Technology	6,422	-	-	6,422	6,422	100	-
International Partnership for Energy Efficiency Cooperation	1,661	-	-	1,661	1,661	100	-
International Energy Forum	1,174	-	-	1,174	-	100	-
International Renewable Energy Agency	862	-	-	862	862	100	-
Total	40,077	-	-	40,077	38,903		-

ANNEXURE 1E **STATEMENT OF TRANSFERS TO HOUSEHOLDS**

Households	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	Adjusted Appropriation R'000	Roll-overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred R'000	Appropriation Act R'000
Transfers							
Leave gratuity paid to employees	356	-	12	368	267	73	370
Bursary non-employees	-	-	50	50	-	-	-
Donations made for Mandela Day	-	-	-	-	2	-	-
Total	356	-	62	418	269		370

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

ANNEXURE 1F
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2013/14 R'000	2012/13 R'000
Received in kind			
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	-	29
United Nations Environment Programme	Accommodation, travel cost and 70% of daily allowance	-	1
Business Unity of South Africa (BUSA)	Socio-economic impact study funding	-	1,000
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	-	12
United Nations Framework Convention on Climate Change	Air ticket and accommodation	-	11
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	-	36
International Energy Agency (IEA)	Air ticket and accommodation	-	24
Energy Sector Management Assistance Programme (ESMAP)	Air ticket and accommodation	-	2
Energy and Environment Partnership Programme (EEP) Regional Coordination	Air ticket and accommodation	-	25
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	-	69
United Nations Development Programme (UNDP)	Air ticket and accommodation	-	4
BP South Africa	Accommodation and daily allowance	-	25
South African National Energy Institution (Transfer: Department Agencies)	South African National Energy Institution	-	2,400
International Atomic Energy Agency (IAEA)	Lump sum to cover travel costs to and from Zagreb, including incidentals and training	-	19
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	-	152
Chemical Industries Sector Education & Training Authority (CHIETA)	Sponsorship of five (5) students studying chemical engineering through CHIETA bursaries	150	-
International Atomic Energy Agency (IAEA)	IAEA expert assignment 'Review of latest status of Sudan's nuclear power and safety infrastructure development'	44	-
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	Study Tour on municipal energy efficiency programmes in Germany 30 November 2013 to 8 December 2013	63	-
Total		257	3,809

ANNEXURE 1G

STATEMENT OF AID ASSISTANCE RECEIVED

Name of donor	Purpose	Opening balance R'000	Revenue R'000	Expenditure R'000	Closing balance R'000
Received in cash					
EWSETA	Placement of electrical engineering students*	(1,010)	1,803	793	-
Chieta	Placement of electrical engineering students**	-	2,461	2,461	-
European Union (SANEDI)	Unutilised donor funds***	-	71,800	71,800	-
Total		(1,010)	76,064	75,054	-

* From an amount of R1,803,656 that was received from EWSETA, R1,010,248 was used to defray prior year over-expenditure and R793,407 was surrendered to the National Revenue Fund.

** From an amount of R2,460,666 that was received from CHIETA, R2,460,666 was surrendered to the National Revenue Fund.

*** The amount of R71,800,000 was returned by SANEDI as unspent and was surrendered to the National Treasury RDP Account.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**ANNEXURE 1H
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS
MADE AS AN ACT OF GRACE**

Nature of gift, donation or sponsorship	2013/14 R'000	2012/13 R'000
Paid in cash		
Donations made to deceased employee's family	-	8
Subtotal	-	8
Made in kind		
Donations made towards the deceased employee's funeral	40	-
Medals for departmental sports day event that was held on 5 October 2013	2	-
Trophies/awards	11	-
Wheelchairs for Deputy Minister switch-on event	16	-
Electrical appliances for switch-on – Mathombi Zuma's house	1	-
Commemoration of Nelson Mandela Day in Vosloorus, Gugulethu and Kwa-Mashu – Emseni Community Project (100 x blankets) and Mthutuzeli Crèche (100 x mattresses)	50	-
Sympathy Card – ARC Chairperson	-	-
Gifts to crèche during official switch-on in Ulundi	2	-
Gifts for Director-Generals counterpart, official visit to Russia	1	-
Get-well flowers for Deputy Minister	1	-
Purchase of gifts for Prime Minister and Minister of Energy in the DRC (Ministerial visit)	2	-
Consol solar jar (solar panel, led lights) for PPP event	30	-
Electrical appliances for switch-on at Ndwendwe Municipality, 8 November 2013	1	-
Trophies and engraving of trophies/awards	1	-
Trophies and engraving of trophies/awards	6	-
Flowers and fruit hamper for Director-General	3	-
Sympathy Card – Deputy Minister	-	-
Corporate gifts for Minister of the DRC	-	-
Gift for official (long sick leave)	2	-
Gifts for International Women's Day Celebration	-	-
Purchase of food parcels for members of community at switch-on in KwaZulu-Natal	2	-
Purchase of gifts for Minister, Deputy Minister and Director-General – Official visit abroad	4	-
Purchase of food parcels for members of community at switch-on in Port Elizabeth area	2	-
Purchase of food parcels for members of community at switch-on at Mutubatuba Local Municipality on 28 February 2014	2	-
Purchase of food parcels for members of community at switch-on event	2	-
Purchase of food parcels for members of community at switch-on	1	-
Purchase of gifts for Minister, Deputy Minister and Director-General – Official visit abroad	2	-
Purchase of food parcels for members of community at switch-on in Port Elizabeth on 28 February 2014	2	-
Purchase of children's toys for Mandela Day in Vosloorus	2	-
Subtotal	188	-
Total	188	8

Gifts, donations and sponsorships paid in cash are reflected in Note 7, Transfers and Subsidies.

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of public entity	State entity's PFMA schedule type (state year end if not 31 March)	% held 13/14	% held 12/13	Number of shares held		Cost of investment R'000		Net asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	Yes/No
National/Provincial public entity												
South African Nuclear Energy Corporation Limited group	Schedule 2	100	100	2,205	2,205	2,205	2,205	911,113	858,568	2,116	171,254	Yes
Central Energy Fund (Pty) Ltd group	Schedule 2	100	100	1	1	-	-	27,520,543	28,811,592	(1,439,723)	1,071,484	Yes
Total				2,206	2,206	2,205	2,205	28,431,656	29,670,160	(1,437,607)	1,242,738	

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of public entity	Nature of business	Cost of investment R'000		Net asset value of investment R'000		Amounts owing to entities R'000		Amounts owing by entities R'000	
		2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Controlled entities									
	Financing and promoting of the acquisition of, research into and exploitation of energy related products and technology	-	-	27,520,543	28,811,592	-	-	-	-
Total		-	-	27,520,543	28,811,592	-	-	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

ANNEXURE 3A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2013	Guarantee draw downs during the year	Guarantee repayments/ cancelled/reduced/ released during the year	Revaluations	Closing balance 31 March 2014	Guaranteed interest for year ended 31 March 2014	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Absa	Necsa	20,000	20,000	-	-	-	20,000	-	-
Total		20,000	20,000	-	-	-	20,000	-	-

ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014

Nature of liability	Opening balance 1 April 2013	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2014
	R'000	R'000	R'000	R'000	R'000
Claims against the Department	20,192	-	1,992	-	18,200
Travel – corporate card	-	215	-	-	215
Total	20,192	215	1,992	-	18,415

ANNEXURE 4 CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000
Department						
Department of Rural Development and Land Reform	-	10	-	-	-	10
Department of Social Development	10	-	-	-	10	-
Department of National Treasury	-	-	685	-	685	-
Department of National Treasury (PDF)*	-	-	2,965	-	2,965	-
Subtotal	10	10	3,650	-	3,660	10
Other						
Claims recoverable from third parties*	-	4,037	-	-	-	4,037
Subtotal	-	4,037	-	-	-	4,037
Total	10	4,047	3,650	-	3,660	4,047

* As at March 2013, R4.037 million was recoverable from the developers of the Peaker Project. The project reached financial closure in the 2013/14 financial year, and the developers are to pay all recoverable development costs to the National Treasury Project Development Fund. As at 31 March 2014 the final amount owing to the Department from the National Treasury Project Development Fund is R2,965 million.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000
DEPARTMENTS						
Current						
Department of Mineral Resources	16	4,075	1,457	676	1,473	4,751
Department of Public Works	-	20	-	-	-	20
Limpopo Department of Economic Development and Tourism	-	4	-	-	-	4
Department of Justice and Constitutional Development	-	-	1	-	1	-
Department of International Relations and Cooperation	715	-	205	-	920	-
Total	731	4,099	1,663	676	2,394	4,775

ANNEXURE 6 INVENTORY

Inventory	Note	Quantity	2013/14 R'000	Quantity	2012/13 R'000
Opening balance					
Add/(Less): Adjustments to prior year balance		83,443	1,062	82,471	793
Add: Additions/Purchases – cash		(720)	(21)	-	-
Add: Additions – non-cash		255,856	4,710	74,505	3,223
(Less): Disposals		-	-	24,043	340
(Less): Issues		(925)	(143)	(183)	(6)
Add/(Less): Adjustments		(284,773)	(5,507)	(95,551)	(3,283)
		10,622	1,282	(1,842)	(5)
Closing balance		63,503	1,383	83,443	1,062

The new Financial Reporting Framework provides for the re-classification of Inventory and Consumables. The types of items procured by the Department are classified as Consumables and not Inventory. The above balances are therefore reflective of the Consumables balances (refer Note 5.5).

ANNEXURE 7 INTER-ENTITY ADVANCES PAID

Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000	31/03/2014 R'000	31/03/2013 R'000
National departments						
Department of International Relations and Coordination *	1,542	-	-	-	1,542	-
Department of Communication and Information Systems	60	-	-	-	60	-
Total	1,602	-	-	-	1,602	-

* R812,000 of R1,542,000 was refunded to the Department by DIRCO subsequent to year-end.



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

192 Visagie Street
(Corner Visagie and Paul Kruger Streets)
Pretoria
0007

