Annual Report
2010/2011

energy
Department:
Energy
REPUBLIC OF SOUTH AFRICA

Annual Report

2010/2011

Ms Dipuo Peters, MP
Minister of Energy

I have the honour of submitting the Annual Report of the Department of Energy for the period 1 April 2010 to 31 March 2011.

Ms Nelisiwe Magubane
Director-General: Energy

Department of Energy
Building 2B
Trevenna Campus
Corner Meintjies and Schoeman Streets
Sunnyside
Pretoria 0002

Private Bag X19, Arcadia, Pretoria 0007

www.energy.gov.za

Pretoria: (012) 444 4190
Cape Town: (021) 427 1017

ISBN: 978-0-621-40414-2
RP: 255/2011

Design and Layout: Formeset Digital Tshwane (Pty) Ltd
Printing: Formeset Print (Pty) Ltd

Contents

Section 1:
General Information

Vision, Mission and Values

Vision 2014

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

Vision 2025

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

Mission

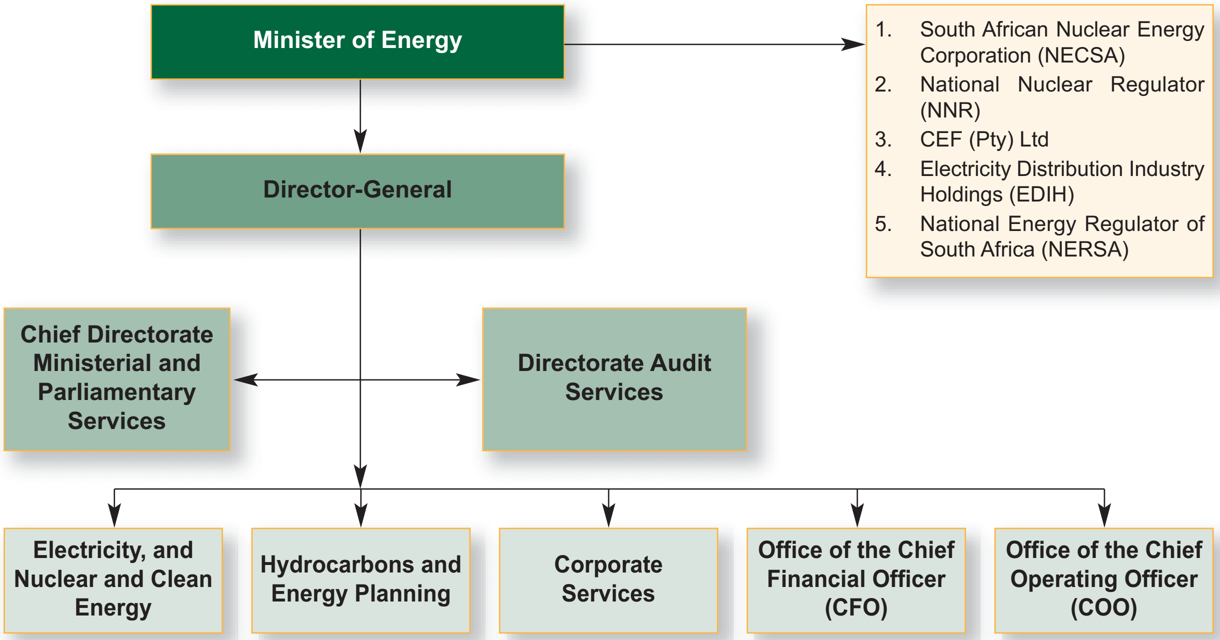
To regulate and transform the sector for the provision of secure, sustainable and affordable energy.

Values

Batho Pele
Ethics
Honesty
Integrity
Accountability
Professionalism
Ubuntu

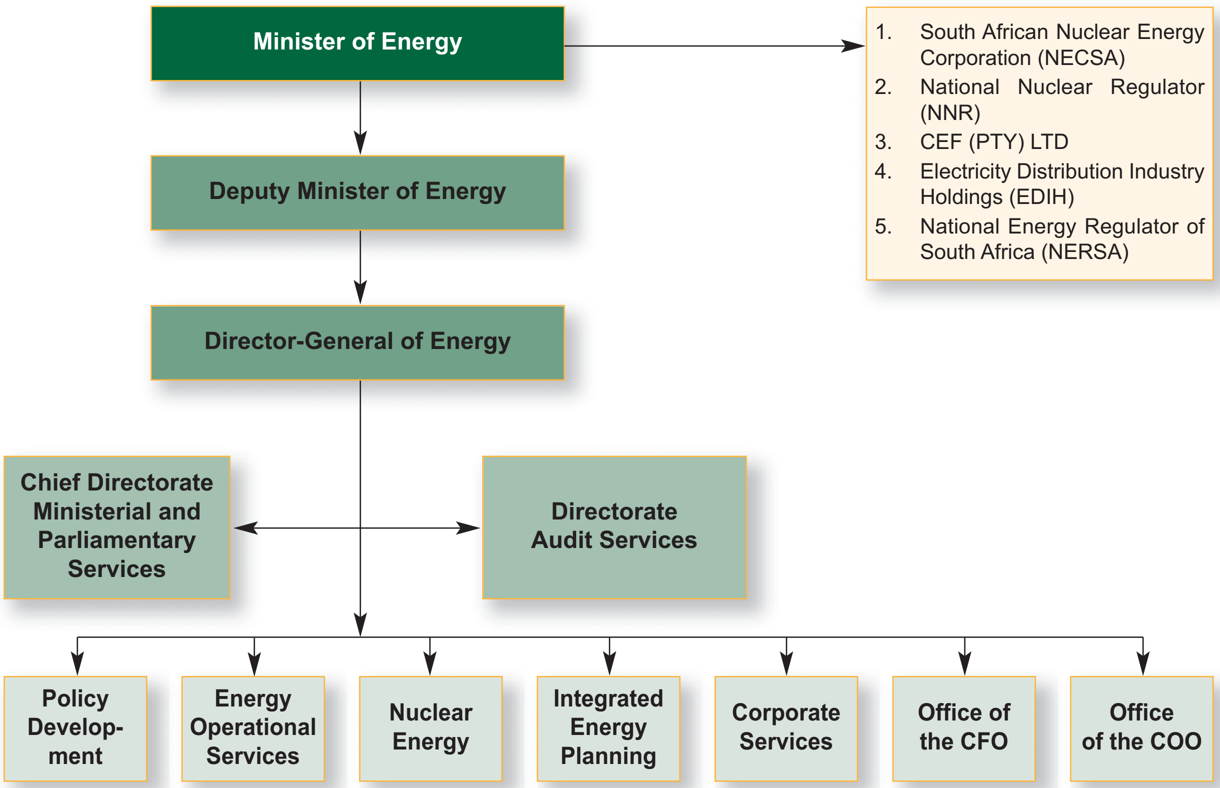
Organisational Structure(s)

Department of Energy – Interim Operational Structure implemented on 1 April 2010



(The Deputy Minister of Energy joined the Department in October 2010)

Department of Energy – Approved Organisational Structure



Legislative Mandate

- **The National Energy Act, 2008 (Act No. 34 of 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 taking into account environmental considerations. In addition, the Act provides for the increased use of renewable energies; contingency energy supplies; the holding of strategic energy feedstock and carriers; and adequate investment in energy infrastructure. Importantly, the Department of Energy (DoE) is mandated to provide energy planning and measures for the furnishing of certain data and information on energy demand, supply and generation.
- **The Electricity Regulation Act, 2006, (Act No. 4 of 2006)** as amended, establishes a national regulatory framework for the electricity supply industry to be enforced by the National Energy Regulator. In terms of Section 34 (1), the Minister of Energy is empowered to promulgate regulations for the establishment of Independent Power Producers (IPPs) for the purpose of greater competition in the electricity-generation sector to increase the supply of electricity.
- **The Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003),** as amended, provides for the licensing of persons involved in the manufacturing or sale of petroleum products; promotes the transformation of the South African petroleum and liquid fuels industry and authorises the Minister of Energy to make specific regulations.

Entities Reporting to the Minister of Energy

- **The National Energy Regulator of South Africa (NERSA)** derives its mandate from the National Energy Regulator Act, 2004 (Act No. 40 of 2004), which establishes NERSA as the competent authority for electricity regulation in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), gas regulation in terms of the Gas Act, 2001 (Act No. 48 of 2001) and petroleum pipelines regulation in terms of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003) in South Africa. NERSA raises its revenues by imposing prescribed levies on regulated industries. The following acts govern the imposition of such levies:
  - Gas Regulator Levies Act, 2002 (Act No. 75 of 2002)
  - Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004)
  - Section 5B of the Electricity Act, 1987 (Act No. 41 of 1987)
- **The National Nuclear Regulator (NNR)** was established in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999). The purpose of the Regulator is to provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.
- **CEF (Pty) Ltd (CEF)** is a private company incorporated in terms of the Companies Act and governed by the Central Energy Fund Act, 1977 (Act No. 38 of 1977). The group operates in the energy sector and manages defined energy interests with commercial, strategic, licensing and developmental roles on behalf of the South African Government and more recently, with a special focus on renewable and cleaner, alternative energy sources. CEF is made up of eleven operating entities/subsidiaries, namely PetroSA, the South African Gas Development Company (iGas), Petroleum Agency SA (PASA), Oil Pollution Control South Africa (OPCSA), the South African National Energy Research Institute (SANERI), the Strategic Fuel Fund (SFF), the African Exploration Mining and Finance Corporation (AEMFC), ETA Energy (formerly CEF Sustainability), CEF Carbon, CCE Solutions (Pty) Ltd and the South African Supplier Development Agency (SASDA).

Further to the subsidiaries, CEF includes two divisions, namely the Energy Development Corporation (EDC) and the National Energy Efficiency Agency (NEEA). Through the EDC, CEF has equity interests in Baniettor Mining (Pty) Ltd (49%), Darling Wind Power (Pty) Ltd (49%), Biotherm (Pty) Ltd (19%), Johanna Solar BV (3%), Phillips Lighting Maseru (30%) and Cradock Sugar Beet and Energ G Joburg (29%). Through the SFF, CEF manages the strategic crude oil stock for the country on an agency basis. PetroSA is involved in exploration for oil and gas onshore and offshore South Africa, as well as the rest of Africa; the production of environmentally friendly petroleum fuels and petrochemical products from gas and condensate at its synfuels refinery outside Mossel Bay; and the management of oil storage facilities. OPCSA provides oil prevention, control and clean-up services, mainly in South African ports and coastal areas, in terms of South Africa's National Environmental Management Act (NEMA). PASA manages the promotion and licensing of oil and gas exploration, development and production in South Africa and the coastal areas offshore South Africa as part of creating a viable upstream oil industry in the country. iGas acts as the official agent of the South African Government for the development of the hydrocarbon gas industry, comprising natural gas (LNG) and petroleum gas (LPG), in South Africa.

- The Nuclear Energy Act, 1999 (Act No. 46 of 1999), mandates the **South African Nuclear Energy Corporation (NECSA)** to undertake and promote research and development in the field of nuclear energy and radiation science. NECSA is also responsible for the following institutional obligations on behalf of the state: decommissioning and decontamination of past strategic nuclear facilities; management of nuclear waste disposal on a national basis; application of radiation technology for scientific and medical purposes; operation of the SAFARI-1 nuclear reactor; operation of the Pelindaba site and accompanying services; and execution of the safeguards function.
- **Electricity Distribution Industry Holdings (Pty) Ltd (EDIH)** was created for the sole purpose of executing the Department's strategic objective of restructuring the electricity distribution industry outlined in the White Paper on Energy Policy of 1998. The company was to restructure the existing electricity distribution industry into six financially viable, wall-to-wall, Regional Electricity Distributors (REDs). In December 2010, Cabinet took a decision to discontinue the operations of EDIH and the process of creating REDs. In pursuance of the Cabinet decision, the company is in the process of being wound up and this process is expected to be completed during the 2011/12 financial year.

All entities submit individual Annual Reports to the Minister, which are tabled with the DoE's Annual Report. A summary of the performance of the entities is listed under Programme 4: Associated Services later on in this Report.

Minister's Statement

Ms Dipuo Peters, MP
Minister of Energy

The Department's first strategic planning session in August 2009 came at a time when the world economy, including that of South Africa, was beginning to show signs of recovery from the 2008/9 economic meltdown. There were already indications of forthcoming economic activities that would increase the demand on the country's energy supply – we were turning the corner. During the session, we took cognisance of global concerns about energy shortages and sustained high energy prices. Within our own country, we have not made significant investments in the energy sector. The capacity that was created in the 1980s was sufficient to carry the country through to the early 2000s when it became clear that the growth in demand, fuelled by the commodity boom, outpaced power supply and that there was an urgent need to increase supply. The outcome of our planning highlighted, among other things, the need for South Africa to focus on the security of energy supply through an integrated energy planning approach while strengthening the regulatory framework within the energy sector.

Energy Planning

We have been able to mobilise stakeholders from labour, business and civil society to make various contributions to address this problem collaboratively. The National Stakeholder Advisory Council on Electricity has been able to find common ground around the country's energy mix. During the year, the Department finalised the ***Integrated Resource Plan (2010–2030) (IRP)*** for electricity, which Cabinet approved in March 2011. The Plan addresses the country's energy mix for the next 20 years. Through the IRP, we expect the following new generation capacity contribution by 2030: 42% renewable energies, 23% nuclear energy,15% coal energy, 5% Gas, 6% Hydro and 9% Open Cycle Gas Turbine (OCGT). The implementation of the IRP will form part of our contribution towards mitigating climate change by reducing greenhouse gas emissions; creating new industries and jobs; providing more cost-effective energy technologies; and helping to achieve the nation's goals.

Parallel to the IRP process, we have started the development of the ***Integrated Energy Plan (IEP)***. While the IRP focuses on electricity, the IEP will consider other viable options that could even displace electricity to some extent. It will test various long-term alternatives for the energy sector as a whole and also assess how the energy sector should contribute to broader government objectives such as the New Growth Path and aspirations to move towards a Green Economy.

At the beginning of the year, we committed to the finalisation of decisions on the ***Independent Systems and Market Operator (ISMO)***. Legislation related to the establishment of the ISMO as a public entity was tabled and approved by Cabinet in March 2011. That set the scene for the next phase in establishing the ISMO. The ISMO Bill is expected to provide the institutional structure that will level the playing field and resolve Eskom's conflict as both buyer and seller of electricity.

We have also started with the review of the regulatory environment to facilitate the introduction of power generation through the ***Independent Power Producers (IPPs)***. It is expected that the procurement of co-generation, the Renewable Energy IPPs, certain gas projects and some coal projects will begin in 2011. Accordingly, the Electricity Regulation Second Amendment Bill and the National Energy Regulation Amendment Bill are being introduced to facilitate the non-Eskom generators.

Electricity

Solar Power Generation: Despite global, positive developments in the clean energy space, fossil fuels continue to grow, with coal outpacing other forms of energy. South Africa is no exception. In October 2010, we hosted a successful Solar Park International Investors Conference in Upington in the Northern Cape. While the Northern Cape holds the most potential for the location of solar parks and has been chosen to host the pilot, preliminary indicators are that the solar irradiation levels at most locations in South Africa are better than in some of the countries in Europe where solar power is used. It is our intention to place South Africa in the top quartile of solar power generation. Next year, we will be finalising the comprehensive feasibility study on the solar park concept. South Africa can then begin to explore seriously the possibility of solar technologies being deployed as part of our broader energy mix in a way that will also de-carbonize our energy.

Nuclear Energy is enjoying growing acceptance in many countries (including ours) as a stable and clean source of energy that can help meet the growing need for electricity, while reducing global warming and mitigating the impact of climate change. Cabinet's approval of the IRP paves the way for exciting new growth prospects for the South African nuclear industry and will provide a platform for the country's technology future. During the year, we have taken advantage of various platforms to convey the importance of South African skills development and construction capacity in view of the localization requirements in the Industry Policy Action Plan (IPAP) and the New Growth Path.

Public education remains one of the most important topics surrounding nuclear energy. During the year under review, we continued with public outreach education programmes in this area. The Department held round-table discussions with interested parties, including the media, as well as public information-sharing sessions. Together with NECSA, we launched a Visitor Centre that provides educational information to the public about nuclear power, focusing on education institutions. Preparations for nuclear security measures during the 2010 Soccer World Cup were completed on time and implemented during the tournament. That was done in cooperation with relevant government departments and the International Atomic Energy Agency.

Hydrocarbons

In the recent past, the price of oil has reached and gone beyond the $100 per barrel mark, a fact that puts a serious financial strain on an economy that is slowly recovering from a recession. In view of this, there is an urgent need to review the country's ***strategic fuel stock*** to ensure that Government, together with the oil industry, maintains reserves that will enable us to face whatever future oil challenges that befall us. The draft Strategic Stock Policy was developed by year-end and the regulations drafted. We will be submitting a Cabinet Memorandum on the subject during the course of the next financial year.

South Africa faces significant supply infrastructure constraints. From the liquid fuel supply infrastructure perspective, the inland infrastructure can no longer meet the demand. More than 60% of our liquid-fuels demand lies within the Durban-to-Johannesburg corridor and the Durban-to-Johannesburg pipeline has become inadequate to transport the required volumes of petroleum products from the coast to the inland regions. The construction of a ***New Multi-product Pipeline (NMPP)*** from Durban to Johannesburg was started last year. A total amount of R4.5 billion was committed from the fiscus through the Department of Energy over a period of three years. An amount of R1.5 billion for the 2010/11 financial year was transferred to the Transnet Pipeline Project this year.

State-owned Entities (SOEs)

The Electricity Deistribution Industry Holding (EDIH) company ceased operations on 31 March 2011 in line with the December 2010 Cabinet decision and it is in the process of being wound up. An administrator has been appointed to execute the process, which is expected to be concluded by the end of June 2011. The process of de-registering the company will then begin. As part of the Department's mandate of ensuring security of energy supply, we have started the process of reviewing the whole electricity value chain with a view to develop a holistic approach to revitalising the electricity infrastructure.

Last year, we institutionalised the ***South African National Energy Development Institute (SANEDI)*** as an independent public entity, resulting from the merger of SANERI and the NEEA. That set the stage for coordinated research and energy-efficiency and demand-side management interventions. SANEDI will, among others, be the champion for energy efficiency in the country. SANEDI will also house South Africa's carbon capture and storage research and development, as well as other energy research programmes.

In December 2010, Cabinet approved the unbundling of the ***AEMFC*** from the CEF group of companies for it to form the nucleus of a state-owned mining company. In consultation with the CEF Board, the Department started the process of reviewing the structure of the CEF group of companies to consolidate the various operations, improve efficiencies and take advantage of synergies between the various subsidiaries. This process will also be looking at 'the future PetroSA' to ensure that it is best placed for its role as our national oil company.

Energy Efficiency

Energy efficiency is widely recognised as the most fundamental short-term imperative for rapid, ambitious and cost-effective climate change mitigation. It is the least-polluting and readily available energy resource. In March 2011, Deputy President Kgalema Motlanthe launched the electricity saving initiative, the ***49m Campaign***, supported by government departments and Eskom, to mobilise all South Africans to save our energy and make sure that, as a country, we take full advantage of this low-risk and low-cost option to responding to electricity supply challenges and climate change. Other energy efficiency initiatives will be launched for industrial and commercial customers, in partnership with stakeholders from business, labour and civil society.

International Relations

During the year, the Department engaged with several stakeholders to ensure that we access information, technology, funding, and contribute to the security of product supply in the country. Several Memoranda of Understanding (MoUs) with different countries and institutions were signed during this period. Some of the MoUs have enabled the national oil company, PetroSA, to pursue business initiatives in countries such as Egypt and Angola. The Department's bilateral relations within the continent have enabled the country to shift and diversify its sources of crude oil from countries in the Middle-East to Angola and Nigeria.

Conclusion

As I conclude, I would like to once again welcome the Deputy Minister of Energy, Ms Barbara Thompson, who joined the Department in October 2010. Her contribution to the Department over this short period has been invaluable. I would also like to congratulate the Director-General, Ms Nelisiwe Magubane, and her team for taking the Department of Energy through its first baby steps. It has been a challenging year, and TEAM ENERGY has triumphed.

Ms Dipuo Peters, MP
Minister of Energy

Deputy Minister's Remarks

Ms Barbara Thomson, MP
Deputy Minister of Energy

Access to Energy

As a growing economy, the demand on energy continues to grow, thus putting pressure on the increase in supply. Security of energy supply goes hand in hand with accessibility to all citizens of our country. South Africa is highly dependent on coal-based energy generation, we are facing the challenge of satisfying the demand side while reducing the negative impact on the environment.

To date, more than 70% of identified indigent households are receiving ***Free Basic Energy (FBE)***, while less than 5% receive free basic alternative energy that includes bio-fuels, paraffin, LPG and other alternative sources. There are still challenges relating to the coverage and leakage of FBE to non-qualifying households.

The quest for universal access to electricity continues. During the year under review, the Department continued with the implementation of the ***Integrated National Electrification Programme (INEP)*** that is aimed at achieving universal access to electricity. In the 2010/11 financial year, we managed to create around 5 000 jobs and connected 195 000 homes to the electricity grid and 10 000 to non-grid systems through the Programme. During the year, an amount of R2.8 billion was spent on the two programmes of grid and non-grid connections. To date, South Africa's energy penetration stands at over 75%. Of the ten substations planned for the year under review, (this includes five upgrades and five new substations), seven were completed (four new and three upgrades). The other three are still under construction.

The growing demand for electricity supply has put further pressure on the country's ailing distribution infrastructure. The ***electricity distribution industry*** is facing serious backlogs with regard to infrastructure maintenance and refurbishment. Following the Cabinet decision to terminate the REDs creation process, the Department started working on plans that will ensure the stabilisation of the distribution industry. A Cabinet Memorandum on the Approach to Distribution Asset Management (ADAM) project and the mapping of the electricity infrastructure that is in distress is at its final stage of preparation and will serve before Cabinet shortly. The funding model for the ADAM project is more detailed and discussions with National Treasury and the Development Bank of Southern Africa (DBSA) are ongoing.

On 24 February 2010, the Energy Regulator approved the implementation of ***Inclining Block Tariffs (IBTs)*** for domestic/residential customers in line with our pricing policy. The IBTs concept means that the more you use electricity, the more you pay. For the Department, it is an effective instrument for protecting the poor against increasing electricity tariffs, making electricity accessible to all and providing cross-subsidies for low-income domestic customers. IBTs apply to both Eskom and municipalities and the problem relating to prepaid metering systems and their inability to be configured to dispense IBTs required attention. A reconfiguration process has since been completed on Eskom prepaid meters. Prepaid meters in municipalities will be done next, as we extend coverage of IBTs to all qualifying households. Roughly 19% of the licensed municipalities (30) have implemented IBTs for residential customers to date.

Following the initial announcement in 2009 of the ***Solar Water Heaters (SWH)*** Programme aimed at ensuring the installation of one million systems by 2014, the Programme delivered around 115 000 systems across the various provinces under the fiscal and rebate funding schemes by March 2011. Challenges of funding have unfortunately delayed our 2010/11 target of 250 000 installed units. After working on various interventions to address the funding problem during the year under review, we are hopeful that the numbers will increase as we start the new year. The Standard Offer Programme will introduce a new approach to funding that involves the leveraging of private-sector investment.

During the year under review, the ***Working for Energy Programme*** was put in operation. This Programme has three major focus areas, namely the provision of renewable energy, energy management and the cross-cutting human capital development. Through this Programme we intend to diversify our energy mix and increase access to energy. The Programme also focuses on labour-intensive options, targeting employment opportunities for rural communities, the enhancement of stimulated local economic activity and community development through energy provision. A budget of R20 million was allocated to selected projects during the 2010/11 financial year. These include: the Bela-Bela Biogas Reticulation and Distribution, Greening of Robben Island, Bio-Energy Cluster and the Carbon Fuel Tablet. These projects are expected to be completed and commissioned during the 2011/12 financial year.

Wind energy in South Africa is considered to be one of the renewable energy sources that hold the greatest potential of contributing towards renewable energy targets at a significantly lower cost. For this reason, its allocation within the IRP is at 8 400 MW.

In 2008, the Department launched a two-year technical assistance programme known as the South African Wind Energy Programme (SAWEP) with funding from the Global Environmental Facility. SAWEP has been prominent in activities aimed at removing potential barriers and creating an enabling environment for this sector to thrive. Through SAWEP the Department has also implemented the wind atlas project. The impact of the project is two-fold:

- Institutional capacity in South Africa has been developed through the collaborative partnerships established with RISO University of Technology in Denmark, the South African Weather Services, the Centre for Scientific and Industrial Research (CSIR) and the University of Cape Town. This means that in the next phase, during which the atlas will be extended to other provinces in South Africa, these institutions will be able to undertake the work, even without technical support from abroad.

- Through the results of the atlas, investors will be able to identify and target the hot spots for wind energy development. That will reduce pre-investment costs. Since its launch in September 2010, downloads on the wind atlas website climbed to 6 246 from about 237 local and international users. The website address is http://wasadata.csir.co.za/wasa1/WASAData

Since 2009, the Department has been hosting annual wind energy seminars with the support of the Government of Denmark. The 2010 Annual Wind Energy Seminar took place at Gallagher Estate in Midrand in September 2010. That Seminar enabled the Department to raise the profile of the wind energy sector in a manner that addresses some of the concerns of key stakeholders about wind farms. Furthermore, prospective investors were enabled to identify potential partners in South Africa and Government's commitment to the deployment of this technology was reaffirmed.

To date, the Department has established seven ***Integrated Energy Centres (IeCs)*** across the country in its fight against energy poverty. These are one-stop energy shops owned and operated by community cooperatives and organised as community projects. They act as community information hubs and 'energy shops' that sell illuminated paraffin (IP), LPG, candles, petrol and diesel from oil companies and sell these products to the community at more affordable prices. During the year under review, we completed one IeC in Qunu in the Eastern Cape. It was officially handed over to the cooperative on 14 January 2011. The IeC will not only reduce energy poverty in the area, but will also contribute to rural development and job creation. The Department, together with other stakeholders, is currently reviewing the IeC sustainability strategy developed in 2005 to ensure that it deals with all the challenges and obstacles that it faces in rolling out these centres. During the year, the Department also started the process of resuscitating the first two pilot IeCs that closed down because of poor management and lack of proper governance structures.

Conclusion

The past six months have been exciting and challenging for me as the Deputy Minister of Energy. I would like to thank Minister Dipuo Peters, Director-General Nelisiwe Magubane and Team Energy for their warm welcome and the partnerships we have forged during the past six months.

As we move forward, I am confident that *"Working together, we will do more".*

Ms Barbara Thomson, MP
Deputy Minister of Energy

Accounting Officer's Overview

Security of Energy Supply

Ms Nelisiwe Magubane
Director-General: Department of Energy

Security of energy supply is becoming a key focus area globally, mainly because of decreasing natural resources, global warming, climate change, pollution and rapid global growth. We, as Africans, are not alone in this race to have a secure energy future. However, although we are blessed with sufficient resources to cover our needs, most of our resources are exported to develop and grow other economies, countries and continents and we risk not having these resources or more advanced technologies when we need them most.

The promulgated ***IRP*** lays the foundation for the country's energy mix up to 2030 and seeks to find an appropriate balance between the expectations of different stakeholders. On the other hand, the ***IEP***, which is currently being developed in the Department, tests different policy objectives not considered in the IRP process and submits proposals for going forward, where relevant. The IEP will also consider other viable options that could be considered for even displacing electricity to some extent.

Key to the development of the IEP is the availability of relevant, comprehensive and up-to-date data relating to energy resources, production, consumption, and so on. The draft regulations that make the provision of data required for energy planning mandatory for certain stakeholders were gazetted. However, an intervention by the state legal advisors meant that the comment period had to be extended. Comments were received from various stakeholders and the final regulations will be published in the second quarter of the next financial year. During the year, the Department published a number of data-related documents. These included an energy synopsis document, which is a compendium of key energy policies and strategies in the country. The Energy Price Report was also published during the reporting period.

Hydrocarbons

All completed applications with the required information were processed within the prescribed 90-day period. The processing of the applications within the set time frames will provide certainty to would-be investors and accelerate investments. The focus in the next reporting period will be on the reduction of the time taken to process licence applications for retail service stations to below the prescribed period in an effort to enable accelerated job creation.

The Department hosted an Oil and Gas Indaba focusing on the Liquid Fuels Charter in Bloemfontein from 9−11 August. The conference was opened by the Minister of Energy and Deputy President Kgalema Motlanthe delivered the keynote address. The then Chairperson of the Portfolio Committee on Energy, Ms Elizabeth Thabethe, led the participation by members of the Committee. Over 300 people at the conference discussed challenges faced by historically disadvantaged South Africans (HDSAs) in terms of participation in the liquid fuels industry. The major oil companies presented progress reports and faced tough concerns from stakeholders. The conference laid an appropriate foundation for the comprehensive audit on the compliance of the oil companies with the Liquid Fuels Charter.

The Indaba was followed by a two-day parliamentary briefing session on the same matter convened by the Portfolio Committee on Energy. It became clear that the major oil companies would not be in a position to comply with all the elements of the Liquid Fuels Charter.

The Regulations on the Maximum Retail Gate Price for ***LPG*** supplied to residential customers were promulgated in July 2010. The aim of these Regulations is to make LPG affordable so as to increase consumption and ultimately switch consumers from electricity for thermal applications. Through this price regulation, money was saved for consumers. In the coming period, the focus will be on looking further into the pricing structure for opportunities to reduce the price even more.

In addition, the Department started work on an LPG strategy, the aim of which is to provide other enablers for fuel switching by consumers. These will include local manufacturing of cylinders, which will also contribute to the creation of jobs in the country.

Clean Fuels

During the course of the year, a framework towards the modernisation of our ***liquid fuels*** was developed with the aim of making them cleaner and less harmful to the health of people. To this end, a discussion document and a position paper on fuel specifications and standards were published for the public to provide input.

The approach we have taken in developing these specifications was underpinned by three imperatives: First and foremost, the specifications were informed by the need to contribute to public health. The second and third imperatives are interlinked and these are environmental concerns and the need to put more advanced combustion engines on our roads.

The roadmap proposed an early introduction of cleaner fuels, taking advantage of the need to import petroleum products. The discussion document on cleaner fuels specifications and standards was published during the year. It sets out Government's stance on the fuel specifications and standards that South Africa should adopt in the future and includes the roadmap that spells out the time frames for implementation. Adopting cleaner fuels standards and specifications will assist efforts to reduce the emission of greenhouse gases.

In May 2010, the Minister of Energy, in her budget vote speech, committed the Department to conduct an audit into the compliance of industry with the provisions of the Liquid Fuels Charter. This is the first-ever empowerment charter and it reached its 10th anniversary in 2010. The audit was completed by the end of the year and the results will be provided early next year.

During the year, we also dealt with regulatory uncertainty in the Liquid Fuels Sector and initiated a programme to develop regulatory accounts that will be used to reward investment in the value chain. We completed the preparatory work and will now move towards early implementation of some of the aspects on which decisions were taken.

Electricity

During the year under review, the interdepartmental task team established to ensure a comprehensive and coordinated approach to the provision of ***nuclear energy*** continued with the development of the nuclear energy policy implementation strategy. The strategy will address a legislative framework review; communication; procurement; funding and financing; localisation and industrialisation, and so on.

The establishment of strategic relationships in the area of cooperation in the peaceful use of nuclear energy continues. To strengthen our research and development capacity and capability, cooperation agreements on peaceful uses of nuclear energy were signed with South Korea and Algeria during the year under review.

With regard to ***solar power***, the Government of South Africa, through the Ministry of Energy, signed an MoU with the Clinton Climate Initiative in October 2009 to execute a pre-feasibility study exploring the potential of establishing a solar park in the country.

The pre-feasibility study was completed and approved in May 2010. The work was carried out through the review of public data and data supplied by the DoE and Eskom. Potential sites were identified in the Northern Cape. The results indicated that the conditions in the Northern Cape, particularly in Upington, were ideal for solar parks with a potential of 5 000 MW, which is a figure estimated to be reasonable for the attraction of significant investment. In view of the positive results of the pre-feasibility study, Cabinet took a decision in September 2010 that the Department should continue with a detailed feasibility study and host a Solar Investors Conference. The Department hosted the Conference successfully in Upington from 28−29 October 2010. Approximately 400 delegates, including financiers, IPPs and power utilities attended, demonstrating their interest in the solar park initiative. In January 2011, the Minister requested CEF to lead the Solar Park Programme feasibility study and to engage all stakeholders in the Programme.

An Indicative Master Plan (IMP) was also completed at the end of March 2011. The purpose of the IMP was to assist the Department in making an informed decision about whether the land identified would be feasible for the project. The scope of services for the IMP study included investigating the technical and economical feasibility of establishing one or more industrial park/s dedicated to the deployment of solar technology, including photovoltaic (PV), concentrated photovoltaic (CPV) and concentrated solar power (CSP). FLUOR Engineers started with this work in August 2010, prior to the solar investor conference. A high-level presentation was done at the investor conference to provide potential investors with information about the status of the identified sites. During 2011/12, the Department will focus on completing a comprehensive feasibility study for the solar park.

In collaboration with other, relevant government departments, the Department developed minimum energy performance standards and ***energy efficiency*** regulations and incentives.

The Standard Offer (SO) Policy, an incentive scheme to support electricity efficiency and demand-side management (DSM), which will enable developers to claim a rebate for the amount of energy they save, was also finalised and approved. These standards and regulations will provide a clear regulatory framework and serve as an incentive concerning proven efforts and results in the energy efficiency sector.

The Energy Efficiency Monitoring project is a collaborative effort between the Department and the Swiss Agency for Development and Cooperation and is aimed at ensuring that energy efficiency policies are supported by adequate end-use information systems by substantially increasing the effort to collect energy efficiency data and information across all sectors. The monitoring system will enable the Department to compile annual energy efficiency data and compare energy savings with the sector targets of the National Energy Efficiency Strategy.

The project activities include the establishment of an energy efficiency target monitoring system and the development of energy efficiency policies and plans at local government level, starting with five pilot municipalities, namely Sol Plaatjie, Polokwane, Rustenburg, King Sabatha Dalindyebo and Mbombela.

The establishment of the institutional structure for the project started in the third quarter of 2010. An MoU was concluded between the South African and Swiss governments in July 2010.

Designated National Authority (DNA) for Clean Development Mechanism (CDM)

The Department is mandated to regulate and promote the implementation of a CDM in South Africa. This is done to make sure that South Africa complies with its obligations under the Kyoto Protocol and the United Nations Framework Convention on Climate Change. As the custodian of CDM, the DNA is responsible for ensuring that CDM investments are in line with sustainable development objectives and that South Africa benefits from the CDM.

For the year under review, the DNA received and reviewed 58 clean development project proposals (52 project identification notes and six project design documents). Two projects were registered with the CDM Executive Board. These are the Ekurhuleni Land-fill Gas Recovery Project, which has the potential of ensuring a reduction of 243 629 ton carbon dioxide equivalent (CO2e) per annum, and the Fuel Switch Project on the Gluten 20 dryer of the Germiston Mill of Tongaat Hulett Starch Pty (Ltd), which has the potential of reducing 8 360 ton CO2e per annum.

By the end of the financial year, South Africa had 19 registered projects, six of which had been issued with certified emission reductions amounting to 1.7 million ton CO2e. The CDM uptake was slow, mainly because of the complexities associated with the CDM project cycle. The DNA conducted programmes to raise awareness and to build capacity in this area.

Internal Environment

Developments in the area of the organisational environment are detailed under section 2.1.6 of this Annual Report.

Conclusion

Let me use this opportunity to express my appreciation of the leadership and support given to me and the Department by both Minister Peters and Deputy Minister Thompson during the DoE's first year as an independent department.

Team Energy, we have come so far in just one year! We have also done fairly well in our first year. I have noted with humble appreciation the individual and group contributions and sacrifices made during the year, all in the name of making our Department a success as we deliver to the people of South Africa and beyond. Much still needs to be done as we forge ahead.

Ms Nelisiwe Magubane
Director-General: Department of Energy

Section 2:
Information on Predetermined Objectives

2. Information on Predetermined Objectives

As a new Department, the strategic objectives that follow in the tables from pages 3 to 5, were identified during the August 2009 strategic planning session that was based on the four pillars/perspectives of the balanced scorecard method of planning, namely: a shareholder/customer perspective; internal systems and processes; learning and growth; and a financial perspective. These strategic objectives take into account decisions from various political and government platforms, the mandate of the Department and the environment within which the Department operates. Highlights of the Department's achievements against the predetermined objectives and the Department's response to the 12 government outcomes are tabled in section 2.1.4 of this Report. Because the Government's 12 outcomes were introduced after the completion of the Department's Strategic Plan, there could be minor challenges in aligning the two processes.

2.1 Overall Performance

2.1.1 Voted funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/ Underexpenditure R'000
5 535 390	5 648 664	5 505 386	158 138
Responsible Minister:	Minister of Energy		
Administering Dept:	Department of Energy		
Accounting Officer:	Director-General of the Department of Energy		

2.1.2 Aim of vote

The aim of the DoE is to formulate and exercise oversight on the implementation of overall energy policies to ensure access to affordable and reliable energy by all South Africans and to promote environmentally friendly energy carriers.

2.1.3 Summary of programmes

Programme 1: Administration

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

Programme 2: Hydrocarbons and Energy Planning

Purpose: To provide integrated energy planning to promote the sustainable use of energy resources by developing appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas and renewable energy sources.

Programme 3: Electricity, and Nuclear and Clean Energy

Purpose:

- To monitor developments in the electricity, nuclear and clean energy sectors.

- To improve and implement appropriate policies governing these sectors.
- To oversee relevant public entities.
- To promote universal access to electricity by the broader South African population.

Programme 4: Associated Services

Purpose: To transfer, manage and monitor funds in support of the Department's mandates to funded and non-funded statutory bodies and organisations.

2.1.4 Key strategic objective achievements

The table below *summarises* the key deliverables and achievements of the Department during the year under review. Detailed programme performance is indicated later on in the Report under 2.2, Programme Performance.

Strategic Objective	Key Achievements
1. **To ensure energy security** – create and maintain a balance between energy supply and energy demand, develop strategic partnerships, improve coordination in the sector and ensure reliable delivery and logistics.	1. During the year under review, the Department developed the IRP2010-2030, which Cabinet approved in March 2011. The promulgated IRP lays the foundation for the country's energy mix up to 2030 and seeks to find an appropriate balance between the expectations of different stakeholders. 2. The Department also started the process of developing the IEP. While the IRP focuses on addressing our electricity challenges, the IEP will consider other viable options that could be considered for even displacing electricity to some extent. The IEP will test different policy objectives that were not considered during the IRP process and will make proposals on the way forward. 3. As part of the expansion of the petroleum products distribution infrastructure from the coast to the inland provinces, the construction of a New Multi-product Pipeline (NMPP) from Durban to Johannesburg was started last year. A total amount of R4.5 billion was committed from the fiscus through the DoE over a period of three years. An amount of R1.5 billion was transferred to the Transnet Pipeline for the 2010/11 financial year.
2. **To achieve universal access and transform the energy sector** – diversify the energy mix, improve access and connectivity, provide quality and affordable energy, promote the safe use of energy and transform the energy sector.	1. The Department continued with the implementation of the Integrated National Electrification Programme (INEP) that is aimed at achieving universal access to electricity. In the 2010/11 financial year, we managed to create over 5 000 jobs and connected 195 000 homes to the electricity grid and 10 000 to the non-grid system through the INEP. An amount of R2.9 billion was spent on the two programmes during the year. To date, South Africa's electricity penetration stands at over 75%. Of the ten substations planned for 2010/11, only seven were achieved (four new and three upgrades). 2. During the year, the Department initiated and completed the Compliance Audit on the Liquid

Strategic Objective	Key Achievements
	Fuels Charter. Outcomes of the Audit will be reported next year. 3. IBTs for domestic/residential customers were approved and implemented this year. We launched the 7th IeC in Qunu in the Eastern Cape in February 2011, continued with the implementation of the solar water heaters programme, etc.
3. **To regulate the energy sector** – develop effective legislation, policies and guidelines; encourage investment in the energy sector; and ensure compliance with legislation.	1. Regulations on the maximum retail grate price for LPG supplied to residential customers were promulgated in July 2010. Going forward, this will set the pace for the development of the necessary infrastructure for further savings. 2. The DoE published the roadmap for clean fuels or CF2. A discussion paper for public comment was published in the Government Gazette on 8 March 2011. 3. In response to the injunction of the President in the State of the Nation Address, the ISMO Bill was approved by Cabinet in March 2011.
4. **To ensure effective and efficient service delivery** – understand stakeholder needs and improve turn-around times.	1. The turn-around time for petroleum licensing was improved. The backlog concerning the processing of applications was cleared. All completed licence applications were processed within the prescribed 90 days. 2. The Department conducted the following stakeholder events: round-table discussions, information sessions and ten public participation events. 3. On average, job applications were finalised within four months.
5. **To ensure optimal utilisation of energy resources** – develop enabling policies and encourage energy efficient technologies.	1. Key policy decisions: Cabinet approved the IRP and the Independent Systems and Market Operator Bill in March 2011, and the New Generation/IPP Regulations were promulgated in September 2010. The development of the IEP kicked off this year.
6. **To ensure sustainable development** – promote clean energy alternatives, encourage economic development and promote job creation.	1. In October 2010, we hosted a successful Solar Park International Investors Conference in Upington, Northern Cape. It is our intention to place South Africa in the top quartile of solar power generation with the simultaneous creation of green jobs by localising manufacturing, installation, operations and maintenance. 2. SANEDI was institutionalised, which set the stage for coordinated research and energy-efficiency and demand-side management interventions. 3. About 5 000 jobs were created through INEP.
7. **To enhance the DoE culture, system and people** – develop a sound organisational culture; attract and retain appropriate staff; and make the Department an employer of choice.	1. The Department's capacity increased from 41% at the beginning of the year to 52% by year-end. The average vacancy rate for the year was 10.6% (influenced by lack of funding) and the employment equity figures reflected 93% black and 54% women employees. 2. Twenty six employees were awarded bursaries. 3. Internships – Total of 55 graduates participated in this programme.

Strategic Objective	Key Achievements
8. **To promote corporate governance** – use resources optimally, manage the budget effectively, implement fraud and risk management and ensure compliance with relevant prescripts.	1. 97% of the 2010 budget was utilised. Details on the deployment of HR follow in section four of the Report. 2. Because of funding challenges, we could not implement the risk management and fraud prevention function in the Department during the year. However, through the internal audit function we were able to establish the Risk Management Committee that assisted Internal Audit in ensuring that risk management received attention.

The response of the DoE to the 12 government outcomes and the Millenium Development Goals (MDGs)

The mandate of the DoE cuts across all 12 government outcomes. The Department is not a lead department in any of the outcomes. However, the Minister of Energy signed five Service Delivery Agreements in 2010. These are listed below:

1. **Outcome 2:** A long and healthy life for all South Africans – electrification of clinics and health centres through the national electrification programme; introduction of a more affordable and cleaner source of energy (LPG) for household heating and cooking.

2. **Outcome 4:** Decent employment through inclusive economic growth – security of energy supply to sustain economic growth and job creation.

3. **Outcome 6:** An efficient, competitive and responsive economic infrastructure network – to ensure reliable generation, distribution and transmission of electricity; address the backlog challenges concerning the maintenance of electricity distribution infrastructure; and to build the NMPP between Durban and Johannesburg to ensure a reliable and sustainable supply of liquid fuels inland.

4. **Outcome 8:** Sustainable human settlement and improved quality of household life – to contribute to support households and business via the INEP and the job opportunities presented by the electrification programme.

5. **Outcome 10:** Environmental assets and natutal resources that are well-protected and continously enhanced – reduce greenhouse gas emissions and climate change impacts, and improve air/atmospheric quality.

The Department's contribution to the MDGs

Energy is central to sustainable development and poverty reduction efforts. None of the MDGs can be met without improvement in the quality and quantity of energy services in developing countries.

- **MDG 1:** Eradicate extreme poverty and hunger – the Department's focus is on the eradication of energy poverty through the implementation of the national electrification programme, energy diversification and affordability.

- **MDG 3:** Promote gender and equality and empower women – gender mainstreaming in departmental policies, support of women empowerment initiatives, introduction of clean energy initiatives and enhancement of women participation in the energy sector.

- **MDG 7**: Ensure environmental sustainability – introduction and support of sustainable clean and renewable energy initiatives.

- **MDG 8:** Develop global partnerships for development − international cooperation and collaboration at multilateral, bilateral and trilateral levels on energy issues.

2.1.5 Overview of the service delivery environment for 2010/11

The mission of the DoE is to regulate and transform the energy sector for the provision of secure, sustainable and affordable energy. To achieve the above, the Department is currently split into the following three programmes that are, respectively, responsible for:

Programme 1: Administration – providing a support service to the Ministry and the Department.

Programme 2: Hydrocarbons and Energy Planning

Hydrocarbons: developing policy and regulations to manage the petroleum, coal and natural gas industry. The Petroleum Controller is responsible for the implementation of the Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003).

Energy Planning: a focus on promoting the sustainable use of energy resources through integrated energy planning.

Programme 3: Electricity, and Nuclear and Clean Energy

Electricity: developing, implementing and monitoring electricity policy and programmes. The INEP business unit manages electrification planning, funding and implementation.

Nuclear energy: improving the governance of the nuclear sector, specifically in relation to nuclear safety, non-proliferation and nuclear technology.

Clean energy: facilitating the implementation of renewable energy and energy efficiency technologies, and promoting and regulating CDM activities.

Introduction

In its statement of 8 January 2010, the ruling party said: '... South Africa has ongoing problems in the energy sector that require comprehensive solutions. The problems concerning energy are broader than the huge tariff increase we have to bear. There are issues regarding our country's energy mix, environmental sustainability, distribution mechanisms, surcharges by local municipalities and the role of private producers to address. We would be failing our people if we do not address these urgently...'

The country's strategic economic policy identifies energy as one of the drivers of economic growth, a sustainable environment and the supply of clean energy. One of the key lessons of the 2008 power crisis and the 2005 fuel shortages was the need to coordinate the planning and implementation of new investments in the electricity and liquid fuels sectors. When the new DoE was established in 2009, one of its key objectives was to ensure that the country has an effective planning mechanism in the energy sector. In response, Government implemented a planning framework for the energy sector through the Department. The framework is anchored in the IEP and the IRP as the instruments to drive Government's set objectives over and above supply adequacy. Issues like job creation, reducing greenhouse gas emissions and alignment with the New Growth Path and Government's programme of action form an integral part of the Department's plans for the future.

Electrification

For Government to achieve the 2014 distribution penetration of the electricity grid objective, the Department needs to ensure that the existing electricity distribution infrastructure is stable and sustainable. The maintenance and refurbishment of the electricity distribution network has a large financial impact, since these received minimal attention from both Eskom and municipalities for a number of years. Some of the infrastructure is more than 30 years old. With the Cabinet decision to discontinue the electricity distribution industry restructuring process to be undertaken by EDIH until 31 March 2010 and that were to culminate in the establishment of six wall-to-wall, financially viable REDs, the focus is now on the implementation of interventions to ensure the stabilisation and sustainability of the distribution infrastructure.

The distribution of electricity by municipalities is driven by political and social responsibility that ensures that tariff increases do not affect the poorest of the poor. This is achieved through the implementation of indigent policy and block tariffs to ensure the electrification of every household and the supply of energy for that purpose. To this end, NERSA approved the implementation of IBTs for domestic/residential customers in October 2010. This is an effective way of protecting the poor against increasing electricity tariffs, making electricity accessible to all and providing cross-subsidies for low-income domestic customers.

Concerning the INEP, every effort was made to ensure that Eskom and municipalities utilise the funding available for the programme effectively. As more areas get electrified, challenges of sparsely populated rural areas and the capacity of existing distribution infrastructure slow down the electrification programme. There is a growing need for new and refurbished substations to carry the distribution load. At the same time, the cost-per-connection is also increasing.

Clean Energy

South Africa generates most of its electricity from coal. Coal is abundant and cheap compared with other sources of energy for the production of electricity. Given the climate change imperatives and the need to reduce greenhouse gas emissions, the Department has been exploring the possibility of reducing carbon emissions from our local coal power stations. Carbon capture use and storage (CCUS) are potential technologies that could be deployed on a commercial scale to reduce carbon dioxide emissions. The Department has neither the financial nor the technical capabilities to engage in research in this field and has to rely on inventions from developed countries. To this end, the Department engaged with the international Clean Energy Ministerial to collaborate on CCUS, and to learn and exchange information on CCUS technologies. The Department received financial support to develop the local capacity at research institutes and universities and to initiate training at postgraduate level to enhance the country's state of readiness to deploy CCUS technology once commercialised. As a result of financial support secured through bilateral and multilateral relations, SANEDI is able to operate the CCUS Centre and conduct research. Through SANEDI, South Africa developed a CCUS Atlas of South Africa and donor funds secured through bilateral relations are used to conduct definitive studies on the storage capacity of identified sites in the country.

The geopolitical dynamics that influence the climate change discourse also presented an opportunity for South Africa to exploit its vast solar and other renewable energy resources, given the interest of investors to participate in our nascent market. The successful hosting of the Solar Park International Investors Conference in the Northern Cape in October 2010 was an indication of South Africa's seriousness to explore the possibility of deploying solar technology as part of our broader energy mix in a way that would also de-carbonise our energy. Localisation in this programme will be a key priority for Government, and meaningful participation across the value chain for the benefit of our people will be pursued.

Over and above this, the Department will be participating in hosting the Conference of Parties (COP17) in December 2011. The Conference is aimed at brainstorming climate change, the use of green energy as a mechanism for job creation, the reduction of carbon emissions and taking advantage of technological developments in the industry. The outcome of the Conference will contribute to the mechanisms that are already in place to create opportunities for alternative energy supply through solar heating and renewable energy sources. This forms part of the initiative to improve the supply-and-demand side of energy and create job opportunities.

The DoE is currently working on the energy infrastructure expansion programme, which requires substantial capital investment that cannot be met by an internal mobilisation of domestic capital. Through bilateral relations, the Department has enabled business to secure joint venture projects with foreign countries that are now investing in the energy sector, particularly in the clean energy sector such as renewables.

Nuclear Energy

The approval of the IRP by Cabinet within days of the Fukushima Nuclear Plant disaster in Japan, shows the country's commitment to moving forward with clean energy solutions. As a responsible country, we will review the nuclear safety standards continuously as we move forward with the implementation of our nuclear plans. Lessons learnt from the Fukushima disaster will form part of our plans going forward.

Hydrocarbons

The hydrocarbons environment in the country was characterised by significant changes with the increasing number of new entrants, both local and international, in the market. In addition, the Southern African region witnessed a number of downstream ownership changes. Although these did not include South Africa, they can, potentially, impact on local manufacturing and wholesale businesses.

The Department also had to contend with a number of unplanned shutdowns at the

manufacturing (refining) centres in the country, which resulted in sporadic supply disruptions. The initiation of the 20-year infrastructure plan was in part to respond to these ever-growing challenges. The need to invest in new refining infrastructure is clearly there. Consumers had to contend with the increasing prices of petroleum products as a result of the increase in crude oil prices as the global economy started on a path towards recovery. The interventions the Department intends making in this regard is the fuel-efficiency programmes.
Challenges on the transformation front continued. In this regard, the Department commissioned an audit into compliance with the Liquid Fuels Charter. Among the areas that were investigated was the equitable distribution of retail businesses within the sector of our society. An intervention will be required in this regard during the coming years.

Report on virement between the main appropriation allocations

A total of R7.36 m was shifted between programmes as approved by the Accounting Officer and National Treasury in February 2011. (Details of the virement are listed in the financials section of this Report.)

Rollover funds

At the end of the year, the Department had an unspent budget amounting to R143.283 million. The Department requested approval to roll over funds of R100.41 million, which included transfers and subsidies that were not paid to non-grid service providers and the renewable energy subsidy scheme before 31 March 2011. (Details are provided in the financials section of the Report.)

2.1.6 Overview of the organisational environment for 2010/11

Following the President's announcement of the split of the former Department of Minerals and Energy (DME) into two separate departments, namely the Department of Mineral Resources (DMR) and the DoE in May 2009, transitional arrangements were embarked on to ensure continuous and uninterrupted service delivery to the South African public. During an interim phase commencing in October 2009 and ending on 31 March 2010, support services components provided a shared service to both departments under the leadership of the hosting DMR. The main purpose of the aforementioned arrangement was to allow sufficient time for restructuring and the establishment of two separate departments, both with sufficient capacity to deliver on their mandates.

During this period, the Department presented its organisational structure for approval by the Minister and the concurrence of the Minister of the Public Service and Administration. The new establishment for the DoE resulted in the introduction of the following four new line-function branches: Policy Development, Energy Operations, Nuclear Energy and Integrated Energy Planning. The review of the structure was mainly informed by, among others, the desire to address shortcomings in identified service delivery gaps and to enhance effective performance across the Department. At a strategic level, an additional component, the Office of the COO, was introduced to focus on the strategic alignment of government priorities and the work of the Department and its state-owned entities (SOEs); to conduct performance monitoring and evaluation; and to oversee the reporting of SOEs to the Minister of Energy.

With the finalisation and approval of the Department's budget for the 2010/11 MTEF period two months before the start of the financial year, the Department had to establish an interim structure that would ensure the provision of critical positions for the establishment of a new department, taking into account the limited funds (i.e. only 30% of the budget of the DME).

The Department started operating with 41% of its capacity in April 2010. Later on in the year, that gradually increased to 52% of the capacity required. The Department nevertheless managed to fill some of the critical positions required to establish a fully functional support services function. The posts of COO and CFO were filled on 1 May 2010 and 1 December 2010, respectively. Critical resignations during this period included that of the Acting CFO (01/04/2010–30/11/2010), leaving a weak management support in the Office of the CFO.

On average, the vacancy rate for the past year (based on the approved interim structure) was 10.6%, which is well within the prescribed norm of 10% to 12%. All processes and procedures were streamlined to ensure that vacancies are filled within a period not exceeding four months.

Concerning the employment equity figures of the Department, black people constituted 93%, while women constituted 54%. The Department attracted a young workforce. At the end of the financial year, 65% of the employees were younger than 35 years. This implied the need for investing in the training and development of staff. However, because of a lack of sufficient funding, not all the training gaps could be addressed.

Capacitating the Department for service delivery remains a key focus area and this will be informed by an Integrated Human Resource Plan aligned to the strategic outcomes of the Department as agreed to by the Minister and the President from time to time. The Department will also ensure that the National Skills Development Strategy is implemented and participate in the governance structures of the relevant Sector Education and Training Authorities (SETAs) in the energy sector.

The following governance structures were established during the year: the Internal Audit function; the Audit Committee; Strategy and Risk Management; Monitoring and Evaluation; the Procurement Committee; and committees related to HR.

The Department is currently sharing office accommodation with the DMR at the Trevenna Campus in Pretoria. Although the accommodation is of a good quality, it does not meet the needs of the new DoE. The accommodation space does not allow for any increase in the structure, which currently poses a risk because the Department has already out-grown the available capacity. The Department is also sharing office accommodation with the DMR at regional-office level. This is limiting the Department's ability to establish a department with its own identity.

2.1.7 Key policy developments and legislative changes

1. New Generation/IPP Capacity Regulations were promulgated in September 2010.
2. The Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003) – amendment postponed pending the finalisation of the Liquid Fuels Charter compliance audit.
3. Cabinet approval of the ISMO in March 2011.

2.1.8 Departmental revenue, expenditure and other specific topics

Collection of departmental revenue

Departmental revenue is derived from the receipt of administration fees for licence applications processed in terms of the Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003). Revenue has grown at an average annual rate of 71% from R1.2 million in 2007/08 to R3.5 million in 2009/10, following the full implementation of the Act and the licensing of retailers, wholesalers and manufactures. Revenue is expected to increase marginally over the Medium Term Expenditure Framework (MTEF) in line with new applications received.

The Department's aim was to collect R3.6 million in revenue in the 2010/2011 financial year. The Department is proud to report that it exceeded that target. The total revenue collected amounted to R3.9 million, which is 6.4% more than the target. That can be ascribed mainly to the higher amount in application fees collected as a result of the improved level of compliance by applicants.

2.1.9 Departmental expenditure

The original appropriation received for the Department on 1 April 2010 amounted to R5.54 billion. In the adjusted budget, the appropriation was increased by R113.27 million to a total budget allocation of R5.65 billion for the 2010/11 financial year. The increase was appropriated to cover approved rollover funds of R61 million relating to the Working for Energy Project (R5 million) and non-grid electrification projects (R56 million) under INEP. An additional R3.8 million was allocated for higher personnel remuneration increases than provided for in the original 2010/11 budget. An amount of R48.474 million was also appropriated additionally following the receipt of these funds from the DMR and the shift of energy functions to the Department. An amount of R14.94 million was allocated for the compensation of employees to cater for unfunded positions and R37.09 million was allocated for the procurement of goods and services to cater for additional expenditure associated with the establishment of the Department. The remainder was allocated to transfer payments (R61 million) and R250 000.00 for the procurement of capital assets.

Of the total budget of R5.65 billion appropriated, the major portion of the budget (95.68%) was utilised for transfers to municipalities, SOEs and other organisations. Compensation of employees amounted to 2.6% and operational funding for goods and services to 1.66%. Of the total budget appropriated to the DoE, approximately 4.3% was utilised for operational costs. The total spending for the year amounted to 97.5% and the unspent budget amounted to R143.278 million.

2.1.10 Transfer payments

As at 31 March 2011, the Department had disbursed transfer payments of R5.26 billion to public entities, municipalities and implementing agencies. That represented 97.38% of the budget for the year.

Transfer Payments	Original Budget 2010/11	Year-to-date Transfer Payments – up to 31 March 2011	Balance as at 31 March 2011	Actual Spending for the Year as % of Total Budget Allocation
	R'000	R'000	R'000	%
Working for Energy Project	20 000	20 000	0	100.00
REFSO	20 678	487	20 191	2.36
Transnet Pipelines	1 500 000	1 500 000	0	100.00
EDSM – Eskom	108 900	108 900	0	100.00
EDSM – Municipalities	220 000	220 000	0	100.00
NECSA	574 110	574 110	0	100.00
NNR	19 954	19 954	0	100.00
EDIH	66 582	61 582	5 000	92.49
INEP – Eskom	1 719 810	1 719 810	0	100.00
INEP – Municipalities	1 020 104	1 018 522	1 582	99.84
INEP – Non-grid	124 200	9 902	114 298	7.97
Totat Transfer Payments**	**5 394 338**	**5 253 267**	**141 071**	**97.38**

The underspending can be attributed to:

- Conditional grants totalling R1.58 million in respect of the INEP grid programme that were not disbursed because of delays in late funding requests from municipalities and time frames attached to bank verification processes.
- A transfer payment of R5 million for the National Electricity Response Team (NERT – PMO) that was not disbursed before 31 March 2011. (Details are provided in the financials section of the Report.)
- Transfer payments of R114.29 million for the INEP earmarked for transfer to non-grid electrification projects were not made because of delays concerning service agreements, late fund requests from municipalities and the time frames attached to bank verification processes. During the 2010/11 financial year, an amount of R124.2 million (including R56 million allocated additionally through the 2009/10 rollover process) was allocated for the non-grid electrification of household projects under the INEP. Actual transfer payments made to non-grid concessionaires on 31 March 2011 amounted to R9.9 million. The Department submitted a request for rollover funds of R60 million to cover expenditure during the 2011/12 financial year for SWH projects and schools connections.

2.1.11 Conditional grants and earmarked funds

The table below provides a summary of the type of grant(s), total allocations and the transfer trends for 2010/11:

Schedule 6A: National Electrification Programme

Province	Total Allocation	Total Transfers
	R'000	R'000
Western Cape	78 324	78 324
Northern Cape	28 675	28 675
Eastern Cape	234 300	234 300
Mpumalanga	98 436	98 436
Limpopo	139 761	134 681
North West	59 122	52 967
KwaZulu-Natal	123 303	123 303
Free State	88 456	87 988
Gauteng	82 580	75 740
Total	**923 957**	**914 413**

Schedule 7: National Electrification Programme

Province	Total Allocation	Total Transfers
	R'000	R'000
Western Cape	125 689	125 689
Northern Cape	31 540	31 540
Eastern Cape	397 753	397 753
Mpumalanga	99 843	99 843
Limpopo	183 416	183 416
North West	99 209	99 209
KwaZulu Natal	385 057	385 057
Free State	50 708	50 708
Gauteng	94 150	94 150
Total	**1 467 365**	**1 467 365**

Conditional grants transferred in terms of ***Division of Revenue Act (DORA)*** are disclosed in Annexure 1A. The Department transferred 99.87% of all DORA transfers. Refer to Annexure 1A for detailed transfers to municipalities.

2.1.12 Capital investment, maintenance and asset management plan

Capital investment

The Department did not implement a capital investment and asset management plan because of resource challenges. However, the Department will be implementing processes and procedures to ensure that resources are available to implement and monitor the above plan.

The Department spent R3.3 million on capital assets in the 2010/2011 financial year. The majority of assets purchased were computers and other equipment to allow the Department to perform optimally.

The Department will develop and implement the capital investment, maintenance and assets management plan in the 2011/12 financial year. As a temporary measure, the Department is utilising the former DME-approved policies as agreed on by the two Directors-General.

Asset management

The DoE purchased new assets to the value of R3.3 million and received assets to the value of R18.993 million from the DMR. The transfers provided a number of challenges. However, the Department was able to overcome all such challenges and successfully compiled an asset register.

The Department does not have immovable assets and our significant assets are motor vehicles and computer equipment. The Department implemented a number of processes and procedures to ensure that the asset register is up to date. These initiatives include, among others:

- Increasing the resources of the Assets Management Division.
- Changes to the reporting lines for assets management to enhance internal controls.
- Monthly assets verification and reconciliations.

Maintenance

Currently, the assets of the Department consist mainly of new assets and assets transferred from the DMR. They are, therefore in good, working condition. As a result, there was no major maintenance of assets.

The Department will take over the assets of EDIH in the new financial year. EDIH is a company that is 100% owned by the state via the Department. It is in the process of de-registering and ceasing operations.

The Department's Head Office and regional offices are all located in leased, private properties. The Head Office is housed at the Trevenna Campus in Pretoria, which is a newly constructed building that does not require major maintenance services. At regional-office level, offices are shared with the DMR that is the custodian of all operating lease agreements and that is responsible for the payment of leases. Payments on behalf of the DoE are claimed back from the Department. During the financial year under review, there was no major maintenance work and, as such, no costs were claimed back from the DoE.

Expenditure relating to maintenance is limited to the maintenance of office equipment, departmental vehicles, and IT equipment and infrastructure. During the 2010/11 financial year, the Department spent R283 388.61 on the maintenance of machinery and equipment and R142 240.99 on the maintenance of other assets.

In view of the above, the Department did not incur expenditure that was not planned and budgeted for in accordance with industry norms. The Department did not have any backlogs during the period under review.

2.2 Programme Performance

The activities of the DoE are organised in the following programmes:

- **Programme 1:** Administration
- **Programme 2:** Hydrocarbons and Energy Planning
- **Programme 3:** Electricity, and Nuclear and Clean Energy
- **Programme 4:** Associated Services

Programme 1: Administration (Ministry, Office of the Director-General and Support Services)

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

- **Subprogramme:** Directorate – Internal Audit
- **Subprogramme**: Branch – Office of the COO
- **Subprogramme:** Branch – Corporate Services
- **Subprogramme:** Branch – Office of the CFO

With only 30% of both the financial and HR of Support Services (Programme 1) being allocated to the DoE, the budget provided for the compensation of employees could only cater for existing/transferred employees. Additional resources could not be sourced. Later in the year, the misallocated funds were received from the DMR, which presented an opportunity to start with the filling of identified, critical posts. The poor state of affairs required most employees in the support function to perform the duties of two or more people.

At the beginning of the year, the Corporate Services Branch of the Department consisted of the following components: Chief Directorate: Human Resources; Chief Directorate: Communication and International Coordination; Chief Directorate: Strategy, Risk and Monitoring; and the Directorate: Legal Services. In May 2010, the Branch was split and the Office of the COO was established comprising the following Chief Directorates: Strategy and Risk Management; Monitoring and Evaluation; International Coordination; and State-owned Entities Oversight.

Subprogramme: Internal Audit

A summary of the performance of Internal Audit is included in the Report of the Accounting Officer in the Annual Financial Statements.

Subprogramme: Office of the COO

This Branch started operating in May 2010 with a capacity below 1%. This resulted in the Office of the COO being unable to fully establish its various components, since the majority of the personnel in this function remained with the DMR. Personnel in the Branch, as in most areas in Support Services, had to perform extra duties to ensure that the prioritised functions were performed. The unit was able to ensure that (1) jointly with the DMR, the last DME's Annual Report was produced and tabled on time; and (2) the Department's annual strategic planning session was held in November 2010. The new outcomes-based planning approach of Government was introduced and implemented at the session. The Department's 2011/12 MTEF (five-year plan) was tabled in February 2011 and later presented to the Parliamentary Portfolio Committee on Energy and the Select Committee on Economic Development. Together with the Internal Audit function, governance structures were established and relevant departmental policies were developed.

The Branch also continued to provide oversight of SOEs reporting to the Minister by ensuring that their strategic plans and budgets were aligned to the Department's priorities and that they were submitted on time. It also continued to monitor performance against approved plans and ensured that all SOE Boards were fully capacitated by appointing board members for the CEF, PetroSA and NERSA. Following the Cabinet decision to halt the operations of EDIH, the Branch has been leading the winding-up process in collaboration with the appointed Administrator and EDIH Board.

The DoE conducted several international engagements and signed bilateral agreements with a number of countries, including China, South Korea, Egypt, Algeria, Angola, Switzerland and Zambia. The agreements will enable South Africa to work with these countries in the energy space. One of the outstanding achievements is the agreement in terms of which the Peoples' Republic of China committed itself to provide a loan of US$20 billion for energy infrastructure development. Such a loan will go a long way towards assisting the country in meeting the country objective of doubling our current generation capacity, as stipulated in the IRP. Besides funding opportunities, some of the agreements provided for capacity building in the energy sector, especially concerning clean energy technologies. For instance, some governments are assisting South Africa in developing a state of readiness that will enable the country to deploy clean coal technologies, such as CCUS. Partly a result of such assistance, the Department now has a CCUS Atlas and has established a CCUS Centre that provides capacity building at universities and government institutions.

The vacant posts in this Branch have been listed among the critical posts in the Department and will be prioritised as and when funds become available.

Subprogramme: Corporate Services

Through the HR function, the Department's average vacancy rate for the year was 10.6%, which was well within the prescribed norm of 10% to 12%. That was based on the approved interim organisational structure. What makes this a remarkable achievement is the fact that the Department managed to fill the first 95 critical posts within a short space of time. All processes and procedures were streamlined to ensure that vacancies were filled within a period not exceeding four months.

With regard to the employment equity figures of the Department for the year under review, black people represented 93% of the total staff compliment, while women comprised 54% of the total staff complement. The majority of employees were younger than 35 years of age and, therefore, fell in the youth category. They constituted 65% of the staff complement at the end of the financial year. That made it necessary for the Department to spend more on the training and development of staff. However, not all the training gaps identified could be addressed because of financial constraints. The Department, nonetheless, managed to train 262 employees in the following identified areas:

- Advanced Management Development Programme
- Financial Management for Non-financial Managers
- Excellent Customer Service for Frontline Staff
- Job Evaluation, Core and Job Description
- Anti-fraud and Corruption
- Leadership and Management
- Human Resource Management
- PERSAL training
- Computer Training (Microsoft, Excel, Word and PowerPoint)
- Basic Accounting System (BAS)
- SCOA
- Data Protector
- Fire-arm Target Practice
- Departmental Induction Programme and Public Service Induction Programme

Thirty nine employees were awarded internal bursaries, but only 26 accepted the offer. In addition, 55 unemployed graduates and 12 students (in the civil, chemical and mechanical engineering fields) were engaged in an internship programme.

The Chief Directorate: Human Resources, together with the Government Communication and Information System (GCIS), developed and implemented the Energy Efficiency Awareness Campaign. A number of radio dramas, a TV series on E-TV and other SABC channels, as well as billboards and newspaper adverts were utilised for the Campaign that was led by the GCIS. It has subsequently been handed over to the Department. The Chief Directorate is currently revisiting the strategy to allow partnerships with other stakeholders, such as business, local government, organised labour and other energy players. Marketing material such as stickers, flyers, paper bags and desktop stickers were produced and distributed to communities and public servants during internal and external information sessions.

A total of ten Public Participation Programmes (PPPs) were conducted during the fiscal period under review in accordance with a Cabinet pronouncement. PPPs provide platforms for the Minister, Deputy Minister, Director-General and other senior officials to interact with communities, civil societies and other organised structures in an unmediated manner. It also presents community members with an opportunity to address their concerns on service delivery issues and get immediate responses and commitments. The Department partnered with SOEs such Eskom, NERSA, the NNR, PetroSA, EDIH and NECSA, which were also given the opportunity to educate communities about their services and how communities could benefit from the different opportunities offered by the government entities. The PPPs have proved to be a successful platform to engage civil societies across all government spheres.

Programme 1: Administration – Subprogramme Corporate Services

Stakeholder/Customer Perspective

Objective	Outcome	Measures	Actual Performance against Target		Reason for Variance
			Target 2010/11	Actual 2010/2011	
To ensure energy security.	Strategic partnerships developed.	Implementation of a number of bilateral and multilateral agreements.	Three agreements reviewed.	**Achieved.** Four agreements were reviewed and signed.	**China** – renewable energy, nuclear and hydrocarbons, **Algeria** – oil and gas, **Switzerland** – renewable energy and **Egypt** – oil and gas
		Evaluation and review of existing MoUs and agreements (including SOEs).	40% MoUs evaluated and reviewed.	**Achieved.** 60% reviewed.	
		Annual submission of energy priorities to Dept of International Affairs and Co-operation.	November 2010	**Not achieved.**	DoE International Relations Strategy, which forms a basis for identifying priorities, not yet completed.
To achieve universal access and transform the energy sector.	Safe use of energy.	Conduct various public safety campaigns.	One per quarter	**Achieved.** Ten PPPs were held during the year and the issue of safe energy use formed part of each programme.	
				Partnerships were created with other government departments, particularly when conducting joint projects (i.e. GCIS, COGTA and local municipalities).	
	Greater public appreciation in ensuring universal access to energy.	Conduct various public events to profile the INEP.	As per INEP programme	**Achieved.** Ten PPPs (electricity switch-ons and launches) were held where INEP was profiled.	

Objective	Outcome	Measures	Actual Performance against Target		Reason for Variance
			Target 2010/11	Actual 2010/2011	
To achieve universal access and transform the energy sector.	Gender and youth programmes mainstreamed within the operations of the Department.	Reduction of unequal treatment of employees/public on the basis of gender and age.	Approval of Gender and Youth empowerment Strategy.	**Not achieved.** Draft Strategy completed by year-end.	Project could not be finalised on time because of capacity constraints.
			Three workshops.	**Not achieved.** Only two workshops were convened: International Youth Nuclear Congress was convened in July 2010. Youth participation in Oil and Gas Indaba held in August 2010.	Financial constraints prevented the convening of the third workshop.
			Three road shows.	**Achieved.** Three road shows with WOESA were conducted in the Western Cape, Eastern Cape and Northern Cape by March 2011.	
			Participation in intergovernmental structures as per government programmes.	**Achieved.** The Department participated in major government events – June16, Women's Day, 16 Days of Activism Against Women and Children Abuse, etc.	
			Annually report on vulnerable groups.	**Achieved.** Employment Equity Report submitted to Department of Labour in October 2010.	

Internal Systems and Processes Perspective

Objective	Outcome	Measures	Actual Performance against Target		Reason for Variance
			Target 2010/11	Actual 2010/2011	
To ensure effective and efficient service delivery.	Understanding of stakeholder needs.	Dealing with various Presidential Hotline queries.	90% resolved.	100% achieved.	Fewer queries received than anticipated.
	Enhanced awareness of DoE programmes ensured.	Presentation of a number of stakeholder engagements.	Four per annum.	**Not achieved.** Three workshops were conducted in partnership with our SOEs.	Insufficient funding resulted in one workshop not being conducted. Steps have been taken to allocate adequate funding to enable the Directorate to function to its full potential.
				Conducted a number of radio and TV interviews on energy matters.	
			Quarterly civil society engagements.	**Not achieved.** Civil society was represented at the IRPworkshop held from 7–8 June 2010.	Capacity constraints.
		Publication of a bi-monthly newsletter.	Six	**Not achieved.**	Financial constraints.
		Number of published articles/broadcasts and website hits.	100 monthly.	**Not achieved.** More than 80 articles on energy matters.	Lack of a professional media monitoring service provider/ company because of insufficient budget.
		% customer service satisfaction.	One survey.	**Not achieved.**	Budgetary constraints.
To ensure the optimal utilisation of energy resources.	Enhanced awareness of energy efficiency and demand-side management ensured.	Development and implementation of a number of campaigns.	Two marketing campaigns per annum.	**Not achieved.**	Budgetary constraints.

Learning and Growth Perspective

Objective	Outcome	Measures	Actual Performance against Target		Reason for Variance
			Target 2010/11	Actual 2010/2011	
To implement culture systems and appoint and retain people.	Staff attracted and retained.	% reduction in staff turnover rate. % reduction in vacancy rate.	N/a 1%	**Achieved.** From 1 April 2010 to end September 2010 the vacancy rate dropped dramatically with 10.55% from 21.90% to 11.35%. However, from October 2010 to March 2011 the vacancy rate increased again to 19.46% because of the additional 52 newly funded posts added to the structure.	The Department does not have a baseline because of it being new. Will only report on this from 2011/12.
		% implementation of HRD Strategy.	50%	**Achieved.** 262 of the planned 525 officials were trained.	
		Implementation of a number of career/ development initiatives (career opportunities, skills initiatives, etc.).	Six	**Not achieved.** Only three initiatives were implemented: Malaysian Scholarship programme, DoE Internship programme and International Youth Nuclear Congress.	Lack of funding to convene the planned two learner focus weeks. The “Bring a Girl Child To Work” initiative could not materialise because of the public sector strike.
		% implementation of Talent Management Strategy.	Approval of Strategy.	**Not achieved.**	A delay in the approval of the DoE HR Plan. This will be implemented as part of the approved HR Plan.
	Core values promoted.	Development of a number of Service Delivery Improvement Plans (SDIPs).	One	**Achieved.** SDIP developed, approved and published in the DoE strategic plan document.	
		Conduct a number of Core Values Workshops.	Two	None conducted.	Financial and HR constraints.

Objective	Outcome	Measures	Actual Performance against Target		Reason for Variance
			Target 2010/11	Actual 2010/2011	
		Conduct of a number of climate surveys/ client satisfaction surveys (focusing on core values) – internally and externally.	0		First year of operation as a stand-alone department. Included as target for the 2011/12 financial year.
	Improved leadership and management capability.	% management completed the leadership/ management courses.	50%	**Not achieved.** 31% completed. Only 40 Middle Management Service (SMS) members attended the Advanced Management Development Programme.	SMS could not be catered for because of financial constraints.
		% return on investment on training and development.	0%		No baseline. Reporting to start next year.

Objective	Outcome	Measures	Actual Performance against Target		Reason for Variance
			Target 2010/11	Actual 2010/2011	
To promote corporate governance.	Compliance ensured.	Comply with PFMA and Treasury Regulations – Establishment of Internal Audit function and Audit Committee. – Establishment of the Risk Management and Fraud Prevention function.	100%	**Achieved.** Internal Audit function and Audit Committee were established.	
				Not achieved. Risk Management and Fraud Prevention function was not established.	Capacity constraints.
		% execution of Fraud Prevention and ERM Implementation Plans.	60%	**Not achieved.**	Lack of financial and HR to capacitate the strategy and risk management component. However, through the Internal Audit function governance structures such as the Strategy and Risk Management Committee and Risk Champions Committee were appointed. The ERM Strategy and Fraud Prevention Policy were developed and approved.
	Budget aligned to Strategy.	% budget alignment to Strategy.	95%	**Achieved.**	
	Costs managed effectively.	% variance on Allocated Budget for goods and services.	5%	**Achieved.** Variance was less than 5%.	
		Reduction in wasteful, fruitless and irregular expenditure.	0%	Pending outcome of 2010/11 external audit.	

Subprogramme: Office of the CFO

Purpose: To ensure alignment of the budget to the Department's strategic objectives and related key priorities, including the monitoring of and reporting on donor funding, cash flow management, financial management and the monitoring of compliance with the PFMA; and to provide accurate, timely and relevant financial information.

Background information

The CFO's Branch comprises the following components: Financial Planning and Management Accounting; Supply Chain Management; Information Technology; and Expenditure Management.

Following the split of the DME and the subsequent establishment of the DoE, all relevant DME policies and procedures were adopted as an interim arrangement during the first year of operation. These are, however, subject to review and implementation of revised policies during the 2011/12 financial year. The Branch started operating with the critical posts of CFO, Chief Director and Director of Finance vacant. The newly promoted Finance Director acted as the CFO until the appointment of the Deputy Director-General in December 2010.

Progress and achievements

Progress made

The actual target to be spent on Black Economic Empowerment (BEE) procurement is 40% and the Department managed to reach 48.7% in the 2010/11 financial year. The procurement of goods and services was done in accordance with the Preferential Procurement Policy Framework Act and the Public Financial Management Act (PFMA) to ensure fairness, value for money, competitive bidding processes and transparency and to ensure that BEE spending was in accordance with the departmental target. The database, checklists and requisition forms were reviewed and implemented. 95% of creditors was paid within 30 days.

The resolution of Information and Technology (ICT) calls logged through the Helpdesk improved significantly – the monthly average of 98.6% call resolution exceeded the monthly target set at 95%. Furthermore, the call resolution turn-around time decreased with 90% of calls being resolved within eight hours.

Server availability is critical to maintaining the availability of systems and all but one server achieved 99% availability. The server with 85% availability, which is housed at Parliament in Cape Town, is a replication of the user authentication server in the Data Centre and the 85% availability figure does, therefore, not impact on the general availability of systems. Corrective efforts were, however, implemented to improve the availability of the Parliament server.

Improvements on network availability and optimal bandwidth utilisation were achieved through the implementation of internet access restriction technologies. For instance, access to sites that contributed to reduced network response times was blocked, resulting in network availability of 99%. That exceeded the network availability target of 95%.

Furthermore, ICT infrastructure security was enhanced proactively. It is worth mentioning that the Department did not experience any major ICT security incidents during the period under review

Progress partially achieved

A workshop on mainframe application systems and the procurement of Attachmate terminal emulation software licences formed part of the implementation of the Virtual Private Network (VPN). Supply Chain Management is in the process of finalising the software licensing order. The VPN service level agreement (SLA) will be concluded once implementation of the VPN has been finalised.

A SWH map was published (www.energy.gov.za/swh/default.html) as part of phase 1 of the project. However SWH installation data remained outstanding. The remainder of requirements will be implemented as phase 2 of the project.

Progress concerning the development of a Parliamentary Questions System (PQS) and the DoE Intranet was minimal because priority was given to the development of the SWH map. Depending on the availability of stakeholders, the implementation of a PQS and the Intranet should be completed by 31 August 2011.

Eight policies were identified, five of which were adopted as approved. Three remained subject to review and approval.

During the 2010/11 financial year, the Subdirectorate: Internal Control and Reporting, conducted a review of the payment process. As part of internal processes, an internal cellular phone application form was developed and implemented to align forms with existing processes.

No SLAs were signed because of a lack of resources to deal effectively with the development and signing of SLAs. The development and signing of three SLAs were postponed to the 2011/12 financial year. These included SLAs for cellular phone, telephone and banking services. The Risk Management function is in the process of vetting senior management service members to indentify critical positions for security clearance.

Progress not achieved

The Branch invited the registration of service providers and 700 were vetted. However, because of technical issues (the Information Technology function found the Intenda system to be corrupt) their information could not be captured on the system. New Terms of Reference (ToR) were developed to acquire a new database system in the next financial year.

Challenges and remedies

The Branch continued to implement control and reporting processes to ensure compliance. The review of internal policies and procedures and their implementation, and the strengthening of internal controls to ensure PFMA compliance will be a priority area to be addressed during the new reporting cycle.

The alignment of budgets with strategic plans remained a challenge, taking into consideration the fact that strategic planning sessions and events only took place after the approval of the MTEF budget and 2010 Estimates of National Expenditure (ENE). Budget adjustments and additions were, however, included in the 2010 Adjusted Estimates of National Expenditure (AENE) process to re-align allocated budgets with actual expenditure and high spending areas.

During the 2010/2011 MTEF and ENE process, the Directorate: Financial Planning and Management Accounting obtained approval for the adjustment of the 2010/2011 budget structure to align budget allocations with the organisational and establishment structures. The training of staff and the implementation of development plans were very limited and subject to business continuity and the availability of resources in the absence of staff. Both senior and junior vacant positions contributed to time constraints and consequent limitations placed on training.

Customer/Stakeholder Perspective

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
To promote and transform the energy sector/ Historically Disadvantaged South Africans (HDSAs) and equity.	% procurement spent on targeted groups.	40%	**Achieved.**	48.7% spent on BEE.
	% compliance with employment equity targets.	90%	45% male 55% female 8% white 91% African	Non-compliance in the specific target groups to be addressed by August 2011.
	% increase in HDSA participation in departmental procurement.	10%	**Achieved.**	Deferred sessions were held as and when the need arose.

Internal Systems and Processes Perspective

Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
Regulate the energy sector.	Development of a number of policies.	Four	All policies adopted.	All DME policies adopted as interim DoE policies and subject to review in the 2010/11 financial year. Fixed Telephone Line Policy reviewed.
	Development of a number of guidelines/ procedures.	Four	**Not achieved.**	Procedure manuals to be published in the new financial year on approval of policies.
	Review of a number of policies.	Ten	**Partially achieved.**	Two policies submitted to DBC for pre-approval (ICT Usage Policy and Laptop Allocation Policy). One policy under review (Travel and Accommodation). Policies to be reviewed in 2011/12 financial year (Supply Chain Policy, Asset Management Policy, Petty Cash Policy,

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
				S&T Policy, Business Continuity Policy, Treatment of Irregular, Fruitless and Wasteful Expenditure Policy and Payroll and Allowances Policy).
	Review of a number of internal processes.	Five	**Not achieved.**	Internal processes under review. Implementation in the new financial year.
	Implementation of a number of internal processes.	Five	**Partially achieved.**	Database, checklists and requisition forms reviewed and implemented.
To ensure effective and efficient service delivery.	% adherence to prescribed time frames.	100%	**Partially achieved.**	95% of creditors paid within 30 days.
	Implementation of a number of SLAs.	12	**Partially achieved.**	Four ICT, one energy planning and one hydrocarbons and energy SLAs implemented.
	% adherence to SLAs.	100%	**Achieved.**	Process to be monitored after implementation of SLAs.

Learning and Growth Perspective

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
To implement culture systems and appoint and retain people.	% management completed management courses.	80%	**Partially achieved.**	Candidate assessments to be finalised in 2011/12 financial year.
	Number of 360-degree Assessments completed.	One	PDPs approved.	N\a
	% of Performance Development Plans (PDPs) aligned to management requirements.	80%	**Not achieved.**	PDP's not aligned to management requirements.
	% staff turnover from level 7.	20%	10% of staff vacancies from level 7 downwards fully filled. SCM – no vacancies filled. FPMA – vacancy for Director post advertised and interviews conducted. No other vacancies. ICT – secretary/project administrator position filled.	
	Improvement of turn-around times to fill vacant posts.	Three months.	**Not achieved.**	Vacant posts not filled because of a lack of funding.
	% of staff with PDPs.	80%	**Achieved.**	N/a
	Improvement of average time to fill vacancies.	Refer to above.	Ten weeks.	N\a
	Increase in the availability of systems.	90%	**Achieved.**	N\a
	Introduction of a number of awareness initiatives.	Three	**Not achieved.**	Capacity constraints.
	% reduction in the number of ICT-related calls.	30%	**Achieved.**	ICT call logging e-mail address created and effective since 1 October 2010. Users were informed and are using the service.

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	% implementation of service delivery improvement initiatives.	50%	**Not achieved.**	Capacity constraints.
	% of identified critical positions security cleared.	100%	**Partially achieved.**	Risk Management in process of vetting SMS members.
	Conduct of a number of core values workshops.	Two	**Achieved.**	N/a
	Improved cost savings.	5%	No new initiatives yet.	Capacity constraints.

Financial Perspective

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
To promote corporate governance.	% budget alignment to strategy.	80%		Departmental strategic planning session took place after the annual budget process.
	% reduction in the number of assets disposed prior to end of lifespan.	Establish baseline.	Process to begin after the audit and transfer of assets.	N/a
	% execution of fraud prevention and Enterprise Risk Management (ERM) implementation plans.	60%	Internal control measures are in place, i.e. checklist, continuous monitoring, weekly and monthly reports.	N/a
	Achievement of % variance on allocated budget for goods and services.	5%	During the third quarter, the Department achieved 2.8% underspending.	N/a
	Reduction in wasteful, fruitless and irregular expenditure	60%	On target.	N/a

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	Reduction in number of repeat findings on internal audit follow-up report.	0	No subsequent internal audits were conducted to determine any repeat findings.	N/a
	Compliance with PFMA.	100%	On target.	N/a
	Compliance with PSA.	100%	On target.	N/a
	Achievement of unqualified Audit Report.	Annually	Audit in progress.	N/a

Programme 2: Hydrocarbons and Energy Planning

Purpose: To undertake integrated energy planning to promote the sustainable use of energy resources. To develop appropriate policies, implement regulations and monitor compliance within the hydrocarbons sector.

Hydrocarbons develops policy and regulations to manage petroleum, coal and LNG. The Petroleum Controller is included under this subprogramme and is responsible for the implementation of the Petroleum Product Amendments Act (2003).

Energy Planning promotes the sustainable use of energy resources through integrated energy planning.

Objectives and measures

- Ensure sustainable supply and demand of energy by developing the integrated energy planning strategy by September 2010 to guide the development of a national integrated energy plan.
- Improve the security of energy supply through fostering investments in storage for liquid fuels by developing the national strategic fuel stocks policy by March 2011.
- Provide oversight over the construction of the NMPP and capital transfers specifically allocated for the pipeline over the MTEF period, as sourced from levies, by regularly publishing progress reports. Encourage research into and the development of energy-related technologies with a key focus on energy efficiency, and mitigate greenhouse gases by establishing SANEDI by March 2011.
- Strengthen the regulatory framework in the petroleum products industry by implementing the regulatory accounting system before March 2011.
- Improve the countrywide availability of petroleum products by licensing retail, manufacturing and wholesale operators within 90 days of receiving confirmation of the publication of licence holder applications.
- Facilitate the participation of historically disadvantaged individuals in the petroleum sector by licensing 25% of all licence applications by historically disadvantaged individuals in each year of the MTEF period.

Progress achieved

One of the measures adopted by HEP to gauge a “diversified energy mix” was the “% increase in the use of LPG for thermal purposes”. A “20% increase of LPG usage in households” was deemed to be achievable by the target date of 2010/11. A draft LPG Strategy was developed by way of extensive consultations. As reported in the mass media, the Department will soon publish an LPG strategy in a bid to encourage greater use of LPG in the place of electricity. That could assist in delaying the need for new electricity generation capacity. Currently, 5% of South Africans use LPG and the intention is to target at least one million additional users over the next five years.

The measure concerning “revised fuel specifications and standards” and its associated target of “stakeholder consultation workshops and a draft roadmap” was met in the form of a Clean Fuels 2 discussion document, which was presented to the interdepartmental task team. The document was to be published for public comment after internal approval. Subsequently, it was published on 8 March 2011 for comment by 6 May 2011. This forms part of preparations for South Africa's importation of Euro V-type fuels in 2013 and the local production of these fuels from 2017.

The measure of "establishment of SANEDI" was achieved. The business plan for the creation of SANEDI was approved. SANEDI will be formally established on 1 April 2011 through an already-published Presidential Proclamation. The purpose of SANEDI is to assist the state in achieving its strategic objectives as set out in the National Energy Act, 2008 (Act No. 34 of 2008), namely to promote the diversification of energy supply and to ensure that emerging energy technologies are incubated and commercialised, and to ensure that appropriate human capital is developed to support new energy-related industries. In sum, SANEDI constitutes a nationally focused energy research, development and innovation institution mandated to explore and undertake energy efficiency measures with a strong relevance for South Africa.

Other progress included an infrastructure database report containing maps and further improvements to the energy statistics database.

Progress partially achieved

Concerning the IEP under the measure of having "balanced energy supply and demand", it was expected that the IEP would be published for comment by 31 March 2011. Further revisions were made to the Plausible Futures and the IEP methodology within the IEP Strategy. Significant work was done in developing the IEP with the IEP methodology, the Plausible Futures and the IEP Strategy documents finalised. However, the IEP Strategy was not approved by Cabinet for publication as was originally envisaged. The Centre for Scientific and Industrial Research (CSIR) was contracted to develop the modelling system for the IEP and work on that commenced. The scope of developing the IEP was found to be far more challenging than was originally expected, particularly the amount of work required to analyse and evaluate different policies. Availability of relevant data at the required level of detail for energy modelling purposes remains a key concern, which is difficult to address in the short term.

For the measure, "implementation of a fuel strategic stocks policy", a Draft Strategic Stocks Policy was developed and associated regulations drafted. A Cabinet Memorandum was also prepared to seek approval for publication and public comment. The consultation process, particularly with National Treasury, took longer than expected. However, that was necessary because of the concurrence required for the use of public funds for the construction of storage tanks by Government.

Against the annual target of establishing two IeCs, one was established in Qunu in the financial year, while another at Mbizana was scheduled for completion by May 2011. The extension across fiscal years was approved by the Minister because of factors beyond the Department's control.

Regarding the measure of the establishment of an "empowerment framework" to achieve the outcome of "effective legislation, policies and guidelines", the stated target of undertaking stakeholder consultations was on track. However, a comprehensive review of the Liquid Fuels Charter also meant the postponement of the Petroleum Products Amendment Act into the next financial year, since the Charter is currently appended to the Act.

What is more, the measure of undertaking a "number of licence inspections" was set at a target of 3 660, but only 2 460 were conducted during the year under report. The budget and a lack of vehicles for inspectors in the Northern Cape and Free State for the month of December were cited as constraints. However, apparently this did not account for the total shortfall, necessitating the Branch to recommend a reduction of more than 100% in the target set from 3 660 to 1 500 inspections per annum. Perhaps a more reasonable target would be 2 148 (537 per quarter).

Similarly, only 360 petroleum licensing applications out of 600 were processed within 90 days (60%).

Other partial progress achieved concerned the development of data collection regulations that three Cabinet Ministers provided comments on. Their comments were incorporated into the regulations for final gazetting. Original time frames were extended as a result of the requirements of state law advisors for concurrence by other Cabinet Ministers before gazetting the regulations.

In addition, the final report on the regulatory accounting system was submitted internally, but execution awaited a departmental implementation plan and audited 2009 data from the industry.

Progress not achieved

Although the DoE transferred the entire R1.5 billion for the construction of the MPP from Durban to Gauteng to Transnet in terms of the Grant Funding Agreement, installation of the 24-inch trunk-line was delayed pending a workable funding mechanism.

In aiming to achieve the outcome of "balanced energy supply and demand", an important measure was incorporated into the Strategic Plan, namely the identification and filling of regulatory gaps. The target for this measure was set at 50%. However, this was done in the absence of a baseline. In reporting progress, HEP provided examples of gaps (CNG and coal bed methane) but neither a comprehensive assessment of existing regulatory gaps, nor the necessary activities to close those gaps. It is only in identifying the scope of the problem (establishing a baseline) that a percentage reduction of any size can be assessed.

Programme 2: Hydrocarbons and Energy Planning

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
To ensure energy security.	Development of an IEP for the country.	Phases 1 & 2	Significant work was done in developing the IEP, with the IEP methodology, the *plausible futures* and the IEP Strategy documents finalised. However, the IEP Strategy was not approved for publishing by Cabinet as was envisaged. The CSIR was contracted to develop the modelling system for the IEP and work on this commenced.	The scope of developing the IEP was found to be far more than was originally planned, particularly the amount of work required to analyse or evaluate different policies. Availability of relevant data at the required level of detail for energy modelling purposes remained a key challenge and appeared difficult to address in the immediate term.
	Implementation of analytical capability to guide the planning process.	Phases 1& 2	**Not achieved.** Model development in progress.	Original model development was envisaged to take place over a period of three years with a budget of R90m. However, budgetary constraints made that impossible.
	Compilation of centralised, well-maintained and high-quality energy data.	Development of Data Collection Regulations.	**Achieved.** Energy database created to capture and modify data for energy balances, JODI Data and Price report.	
	Publication of data collection regulations in the Government Gazette	Development of Data Collection Regulations.	**In progress.** The Data Collections Regulations were developed though not gazetted.	Time frames were extended as a result of a state law advisors requirement for concurrence by other Cabinet Ministers before gazetting the regulations.
	Development of a stakeholder database.	90% of stakeholders captured.	**Achieved.** A database is in existence for all Energy Planning Chief Directorate stakeholders.	
	Participation in a number of international engagements.	Five per annum	Interactions on energy security and environmental (carbon sequestration, etc) matters exceeded target.	

Strategic/ Objective	Measure / Indicator	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	Conduct a number of regular and ad hoc meetings with stakeholders.	Six	Regular and ad hoc meetings were held with almost all industry associations and key players. Target was exceeded because of (work) demand.	
	Conduct one major workshop/summit.	One per annum.	The Oil and Gas Indaba was held from 12 to 13 Aug 2010 with the focus on industry transformation/ empowerment.	
	Participation in a number of energy SOE engagements.	Four per annum.	Quarterly meetings with Transnet (pipelines); project-specific meetings with companies in the CEF stable; alignment workshop with CEF, etc.	
	Finalisation of the IEP.	Integrated Energy Strategy and Intergovernmental Energy Planning Committee established.	**Achieved.** Inception of intergovernmental IEP Steering Committee took place in September 2010. Meetings continued on a monthly basis, as did meetings of various IEP Working Groups.	
	Implementation of Fuel Strategic Stocks Policy.	Approval of the Strategic Stocks Policy and development of relevant regulations.	Draft Strategic Stocks Policy developed and regulations drafted. A Cabinet Memorandum was prepared to seek approval for publication for comment.	The consultation process, particularly with National Treasury, took longer than expected. However, that was necessary because of the concurrence required for the use of public funds for the construction of storage tanks by Government.
	Submission of monthly shutdown schedule reports (refineries).	12 reports per annum.	The refinery shutdown schedule was distributed monthly and a report on industry stock levels (including jet fuel stocks at main airports) was submitted weekly.	

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	Distribution of infrastructure database.	90%	**Achieved.** A record of petroleum infrastructure and maps was completed. A submission to close the project was drafted.	
	Compilation of a Stakeholder Database.	90% of stakeholders captured.	**Achieved** but consolidation into proper IT database package outstanding. Excel and MS Word format.	Database IT skills.
	Finalisation of amended regulations on licensing conditions as prescribed in the Petroleum Products Amendment Act (PPAA).	Drafting of the regulations and stakeholders consultation.	The amendment was postponed to next financial year.	Approval to postpone the review of the PPAA to the next financial year, pending the review of the Charter.
	Management and funding of security of supply component of NMPP.	Zero underspending for installation of 24-inch trunkline funding mechanism and acquisition of line-fill.	The whole R1.5 billion was transferred to Transnet as part funding for the construction of the NMPP in terms of the Grant Funding Agreement between the DoE and Transnet. Line-fill could not be acquired, since the completion of the construction of the NMPP was delayed.	Zero underspending for installation of 24-inch trunk-line funding mechanism and acquisition of line-fill. Concurrence for the exclusion of fuel taxes and levies on the line-fill from National Treasury was outstanding.
	% regulatory gaps filled.	50%	Gaps identified necessitated the amendment of the Gas Act, in particular.	
	Conclusion of a number of multilateral and bilateral agreements.	Two	Part of the International Energy Forum (IEF) agreements, Agreements with the International Energy Agency (IEA) to host a CCS Legal and Regulatory Framework Workshop in Johannesburg.	

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	Formalisation of cooperative arrangements.	Three	A cooperative agreement between PetroSA and Sonatrach was signed in May 2010. Engagements took place with China, Angola and Egypt in support of PetroSA objectives.	
To ensure universal access and trans-formation of the energy sector.	Testing of a number of fuel samples for specification.	16 tests per annum.	No sample testing was conducted.	No budget to carry out fuel specifications and standards activities. The DoE partnered with SARS and conducted joint *testing. Ten tests were conducted in Komatipoort, Mpumalanga.*
	Drafting of a Bio-fuels Pricing Framework.	CEF/IDC pilot project oversight Cabinet Update Report compiled.	The project's inception meetings took place in February 2011. The consultants submitted the first progress reports in March 2011. Cabinet memo by Clean Energy Chief Directorate was returned for corrections.	The unavailability of voted funds caused delays.
	% increase in LPG for thermal purposes.	20% increase in the use of LPG in households.	A Draft LPG Strategy was developed.	The consultation process took longer than expected.
	Establishment of a number of proposed new IeCs with new partners.	Two IeCs	One, namely the Qunu IeC.	Construction of the Mbizana IeC was scheduled for May 2011. The Minister approved the extension of the project completion date to the next financial year because of reasons beyond the Department's control.
	Increase in percentage of functional IeCs.	One cooperative	One cooperative (Qwa-Qwa) was registered with CIPRO.	

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	Revision of fuel specifications and standards (regulation roadmap).	Stakeholder consultation workshops and draft roadmap.	The Discussion Document on Cleaner fuels 2 (CF2) was published on 8 March 2011 for comment with the closing date for comments set at 6 May 2011. Bilaterals with individual companies were ongoing even before the closing date.	Focus on fuel supply security during the World Cup warranted deferment. Protracted discussions in a broad interdepartmental task team and other internal refinements caused delays.
	Review of LPG prices at household level.	Regulations promulgated.	LPG Regulations were promulgated on 14 July 2010.	
	One campaign per region.	Nine campaigns per annum.	Transferred to the Office of the Controller.	Budget constraints.
	Implementation of IP Safe Appliances Programme.	Pilot project launched.	The Minister approved the project close-out report and commented on the further implementation of the programme.	
	Compilation of monitoring and evaluation report.	One report per annum.	**Achieved.** However, a few but very significant challenges delayed the finalisation of the Audit Report. Verification source: Draft Audit Report.	An additional request was submitted to also solicit comments from audited parties. That required special collation and coordination, which were not planned for. The Department increased the audit scope to include a public-sector audit. Delays in the submission of certain documentary evidence by all parties audited, except Engen (only one shareholder-related document outstanding), necessitated a postponement of the deadline and a review of the costing. The functional heads of most of the oil companies, except Engen, did not validate information prior to submitting it to consultants.

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	Implementation of Regulatory Accounting System.	Completion of Regulatory Accounting System.	Regulatory accounting system models were completed. SAPIA proposed a rapid implementation plan, which was to be considered by the DoE technical team.	Achieved according to plan. Now working on implementation.
	Drafting of PPAA.	Stakeholder consultation.	Pending the completion of the Charter Review. Concept document identifying gaps and rationale for amendments was drafted.	To commence once the Charter Audit/Review was completed as part of the implementation of the audit recommendations.
To ensure a regulated energy sector.	Establishment of empowerment framework.	Stakeholder consultation and drafting.	On hold to allow finalisation of the Petroleum and Liquid Fuels Charter (the Charter) Audit.	*The Charter Audit Report constituted a critical baseline to inform the new industry empowerment framework.*
	Conduct a number of inspections.	3 660 per annum.	2 460 (this number excludes inspections by two provinces: Northern Cape and Free State).	*Budget constraints, a lack of resources, e.g. cars for inspectors.*
	Facilitation of the legal process.	Turn-around time of 21 working days per arbitration request.	Three arbitration requests were received but not processed within 21 days.	*No implementation framework and the lengthy process of arbitration requests.*
	Amendment of the PPAA to accommodate spot fines.	Inputs submitted to the Policy Directorate.	Inputs to the PPAA were submitted to the Policy Directorate.	*Amendment of the PPAA was put on hold pending the Liquid Fuels Charter Audit 2000.*
	Drafting of a strategy for enhanced operational activity.	Develop and implement the strategy.	The strategy in place and awaiting implementation.	*Implementation to be developed.*
	Drafting of an upstream oil and gas strategy.	Formulation of a strategy.	Transferred to PetroSA.	*Internal resource optimisation.*
	Drafting of the Gas Amendment Act.	Review of Gas Act.	Gaps identified and concept document developed. Internal approval of stakeholder engagement awaited.	*Included in 2011/12 Legislation Programme.*

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	**Actual 2010/2011**	
To ensure effective and efficient service delivery.	*Increase in stakeholder engagements to include compliance issues.*	*One per province (total of nine workshops per annum).*	*Ten stakeholder workshops were conducted.*	*Target exceeded despite some provinces not hosting any workshops, i.e. Western Cape.*
	% decrease in applications that go beyond the 90-day period.	30% decrease.	95% of applications processed within 90 days.	The percentage applications not processed within 90 days ascribable to failure on the part of clients to submit required information on time.
	Decrease in inaccuracies contrasted to the previous financial year.	Implement system checks to improve human error.	The system checks were implemented. These related specifically to incorrect capturing and duplication of information on Petroleum Products Licensing System (PPALS).	The variance was due to an obsolete PPALS system in the process of being upgraded.
To ensure sustainable development.	Establishment of SANEDI.	Institutionalise SANEDI.	**Achieved.** A business case for the establishment of SANEDI was approved. SANEDI was to be established with effect from 1 April 2011 by a Presidential Proclamation published in the Gazette.	
	All data and statistics provided to stakeholders on time.	Training of all data providers (oil companies). Training of internal staff in the Directorate on data collection and completion of data request forms. Drafting of regulations for the provision of energy data.	**Partially achieved**. Two workshops held. IEA Data Training Workshop held for DoE officials, other government departments and key data providers. JODI and APPA Workshop also held for all data providers.	Although all data and statistics were provided to stakeholders, it was not always in time because of delays in the provision of the data by data providers. However, all planned training workshops were conducted.

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	Annual publication of energy demand and supply.	None – dependent on the development of the energy model.		Absence of an energy model.
	Provision of credible and accessible energy information.	Two pulblications produced.	**Achieved**. The SA energy synopsis and the Energy Price Report were published.	

Programme 3: Electricity, and Nuclear and Clean Energy

Purpose: To provide a policy and regulatory framework for the electricity, nuclear and clean energy sectors in a manner that ensures energy security, universal access to electricity, diversification of primary energy sources and the promotion of clean and efficient technologies.

Electricity and Nuclear Management provides overall management of the programme.

The **Electricity Chief Directorate** develops, implements and monitors electricity policy and programmes.

The **Integrated National Electrification Programme Business Planning Unit** manages the electrification planning, funding and implementation process, including addressing electrification backlogs in the quest to achieve universal access to electricity.

The **Nuclear Chief Directorate** aims to improve governance of the nuclear sector, specifically in relation to nuclear safety, nuclear non-proliferation and nuclear technology.

The **Clean Energy Chief Directorate** facilitates the implementation of renewable energy and energy efficiency technologies and also regulates and promotes CDM activities.

Objectives and measures

- ***Ensure well-managed, efficient and safe electricity, and nuclear and clean energy industries by:***
  - implementing the nuclear energy policy through the development of an implementation strategy by June 2010;
  - implementing energy efficiency policies and issuing regulations and strategies to achieve electricity savings of 12% by 2015, based on energy demand forecasts; and
  - regulating the security of nuclear material and facilities through the development of appropriate regulations for the physical protection of nuclear material by March 2011.

- ***Promote the sustainable use of electricity to achieve a 100MW saving over the MTEF period by:***
  - publishing the SWH framework by June 2010;
  - ensuring the use of compact fluorescent light bulbs in public buildings and reducing the power used for domestic and street lighting;
  - facilitating the development and implementation of energy efficiency technologies and programmes through the development of energy efficiency standards for appliances and publishing them by 2010/11;
  - increasing access to electricity by monitoring the implementation of the INEP, which aims to connect 3.2 million households by 2012; and
  - facilitating the implementation and adoption of new and renewable energy technologies to meet the 2013 target of 10 000GWh generation from clean energy sources by providing increased support through the renewable energy finance and subsidy scheme and other support programmes.

Progress achieved

- ***Restructuring the electricity distribution industry***

  The decision to discontinue the REDs process was an important milestone, since it provided certainty about a matter that was clouding municipal investment decisions for the past decade. The completion of the winding up of EDIH will provide the DoE with an opportunity to review the entire electricity distribution value chain with the aim of developing a focused strategy on energy security and determining the implications of the capital investment required for the entire value chain. EDIH ceased operating on 31 March 2011 in accordance with a Cabinet decision of 8 December 2010.

- ***IRP***

  The IRP was promulgated in March 2011 after a process of extensive stakeholder engagement covering more than 18 months. The IRP provides the blueprint of the power generation options that the country has adopted for the next 20 years, including a portfolio of renewable energy technologies, coal, nuclear, gas and the energy efficiency option.

  The Plan addresses concerns about greenhouse gas emissions, water usage, financing costs and employment potential in the power-generation space. Regulations for new generation capacity were revised to facilitate the procurement of the projects indicated under the IRP.

Progress partially achieved

- ***REFIT and fossil-fired power generation***

  Under the measure 200MW renewable and fossil-fired power introduced, partial progress was achieved. Negotiations on the 1000MW Open Cycle Gas Turbine Project were concluded and commercial close was reached in January 2011. While that represented an important milestone, the target was to conclude the negotiations on renewable power plants under REFIT by March 2011. The process of procurement under REFIT is the next step, which will be launched in June 2011. It is expected that construction will commence before December 2011.

- ***Energy Efficiency Demand-side Management (EEDSM) and SWHs***

  Under the measure promulgation of “EEDSM Incentive Scheme Standard Offer (SO)”, the policy was promulgated and NERSA concluded the stakeholder engagement process in line with requirements. However, the Minister of Finance indicated that it was necessary to ensure that the institutionalisation of SANEDI was fast-tracked to avoid double dipping between that scheme and the Energy Efficiency Tax Incentive Scheme (EETIS) so that NERSA could manage both schemes before the SO became operational. Public consultations on regulations for the EETIS will only commence after June 2011. Nonetheless, the SO promulgation will facilitate the accelerated uptake of SWHs.

- ***Ensuring reliable transmission and distribution networks***

  The outcome to ensure the reliability of transmission and distribution networks was achieved through the identification of critical infrastructure that required rehabilitation/maintenance. That was undertaken with a specific focus on metropolitan municipalities and host cities. The mapping report provided a high-level assessment of the situation in metropolitan municipalities and host cities. That report is available.

  The outcome of the report further detailed municipal allocations towards maintenance and shortfalls for metros and a sample of municipalities. That resulted in the development of an implementation plan to manage electricity distribution asset management.

Progress not achieved

- ***Renewable Energy Finance and Subsidy Office (REFSO)***

  When REFSO was conceived, there was no REFIT (or any other incentive scheme) for supporting renewable energy project developers. With the inception of REFIT, it was not appropriate to use REFSO to fund the five renewable energy projects by December 2010, as originally planned. The introduction of REFIT necessitated a review of the allocation of subsidies to support renewable energy projects to avoid misallocation of scarce resources.

- ***Nuclear transaction***

  The plan was to obtain Cabinet approval for the consideration of a nuclear power programme by June 2010. That was not achieved because of the delay in adopting the IRP, of which nuclear is a constituent part. The resolution of the nuclear question under the IRP happened in March 2011, thus postponing the decision on the nuclear transaction to the 2011 financial year.

- ***Electricity Regulation (ER) Second Amendment Bill***

  Certain limitations were identified under ER legislation, including the facilitation of IPPs. The intention was to amend the law by April 2010. However, that was not achieved. Additional issues were uncovered under the REFIT programme, which necessitated a delay rather than processing the amendment of the ER Act piece-meal. The new plan is to process the amendments in the 2011 financial year so that all the issues that relate to IPPs can be incorporated holistically.

Challenges and remedies

- ***SWHs***

  Since the Minister announced the programme in May 2009, 115 000 SWHs were installed against a target of 200 000. The majority of the systems installed are low-pressure SWHs funded though the tariff-based rebate system. Penetration into the high-pressure market segment was low because of the high capital cost associated with such systems.

The Department introduced the SO Incentive Scheme, in terms of which project developers are incentivised to install SWHs in exchange for a rebate (R/installation/month).The intention is to augment the funding made available under the rebate scheme by leveraging additional private-sector funding.

Programme 3: Electricity, Nuclear and Clean Energy

Strategic/ Objective	Measure / Indicator	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
To ensure energy security.	Promulgation of the IRP.	June 2010	March 2011	*Cabinet approved IRP1 on condition that further public consultation was undertaken. That resulted in the revision of timelines to March 2011. The IRP was promulgated in March 2011.*
	Promulgation of EEDSM Incentive Scheme (SO).	September 2010	The EEDSM SO policy was completed and signed off by the Minister on 20 May 2010. NERSA then published the rules for public comment in August 2010.	*NERSA indicated that the DoE had to confirm the rebate level (R/heater/month) after finalising the financial model indicating the justification. The Minister of Finance also indicated that double dipping from the SO and the EETIS should be avoided and that SANEDI had to be institutionalised to ensure that it took up its role in the SO and the EETIS.*
	Installation of a number of SWHs (EEDSM intervention).	200 000 units by March 2011.	Installation from the fiscus programme was as follows: • Tshwane: 6 568 • Sol Plaatjie: 2 251 • Naledi: 399 The rebate programme resulted in **115 000** installations.	*The capital cost of the SWH system remained high and economies of scale is required to reduce it.* *The funds under the rebate scheme were depleted and alternative funding (SO) is being arranged to increase the uptake.*
	ISMO ring-fenced into legal entity as interim measure.	June 2010	Eskom completed the ring-fencing of the ISMO function relating to buying. In March 2011, Cabinet approved the ISMO Bill for deliberation in Parliament, setting the scene for the next phase of establishing ISMO.	*The promulgation of the ISMO Act in 2011 will facilitate the establishment of ISMO as a separate, legal entity.*

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
	Promulgation of ISMO establishment legislation.	March 2011	Cabinet approved the ISMO Bill for public comments in March 2011.	*None.*
	Submission of nuclear transaction proposal to Cabinet.	June 2010	The nuclear transaction was confirmed with the adoption of the IRP in March 2011.	*The IRP was promulgated in March 2011.*
	Mapping of electricity distribution networks under stress.	March 2011 for all metros.	Deliverable achieved. Mapping report is available.	
	Conclusion of maintenance funding plan.	March 2011	The funding proposal was tabled before all stakeholders, based on a tariff adjustment/fiscal allocations or a combination of the two.	*The tariff adjustment will take place in 2013. In the meantime, the utilisation of funding that was provided under the REDs process is being considered.*
	Introduction of MW of renewable energy through the feed-in tariff.	200MW by March 2011.	Co-generation (based on waste heat) is contributing 400MW into the grid. The REFIT procurement process will be launched in June 2011 in line with the requirements under the IRP.	*The IRP was promulgated in March 2011 and this will facilitate the procurement of the first 1 025MW of Renewable Energy IPPs.*
To achieve universal access.	Electrification of a number of households.	150 000 (households).	194 941 total connections achieved, which included 47 255 outstanding from the 2009/10 financial year.	*The Department additionally electrified 1 680 schools and the non-grid programme achieved 4 655 connections.*
	Building of a number of substations.	Ten substations by March 2011.	Target not achieved. Out of the ten substations planned (five upgrades and five new), seven were completed (four new and three upgrades). The other three are still under construction.	*Delays were encountered because of land acquisition.*
	Finalisation of Electrification Strategy for Informal Settlements.	June 2010	The Strategy was completed.	
	Documentation of Regional Universal Access Plan.	June 2010	The Plan was completed.	

Objective	Measures	Actual Performance against Target		Reason for Variance
		Target 2010/11	**Actual 2010/2011**	
	Documentation of Metro Universal Access Plan.	IEP for informal settlements by June 2010	Completed.	
To regulate the energy sector.	Adoption of the Electricity Regulation Second Amendment Bill by Cabinet.	April 2010	New Generation Capacity Regulations under the Electricity Regulation Act were revised and promulgated in September 2010 and again in March 2011.	*The introduction of the Amendment Bill was postponed to align with:* • *The ISMO Bill.* • *New Generation Capacity Regulations (for clarifying the IPP Framework).* *The Amendment Bill will be tabled in 2011.*
	Approval of regulations under the NNR Act.	March 2011	• Authorisation Regulation Fees were published on 19 November 2010 (No. R1082). • Control of Developments Regulations (Draft Regulation No. 962) were published for public comment. The comments were reviewed and final regulations are due for publication by end of April 2011.	
	Approval of regulations under the Nuclear Energy Act (NEA).	March 2011	The first draft of the regulations was completed and due for publication by the end of March 2011 on receipt of concurrence from the Department of Defence.	*Instruction was received for additional consultation with the Department of Defence before publication.*

Objective	Measures	TActual Performance against Target		Reason for Variance
		Target 2010/11	Actual 2010/2011	
To ensure optimal utilisation of energy resources.	Introduction of regulations for the EETIS for the industry and the setting of a savings target.	September 2010	• Concurrence to proceed received from the Minister of Trade and Industry. • Conditional concurrence received from the Minister of Finance, requiring the institutionalisation of SANEDI and the SO.	The SO promulgated. The financial model to justify the rebate level under the SO completed. The SANEDI Board of Directors will be appointed in 2011.
To ensure sustainable development.	Socio-economic impact trends on INEP.	March 2011	Target reached. 5 000 jobs created through the INEP.	

Public entities and other agencies

Purpose: To provide related services in support of the Department's mandate through funded and non-funded statutory bodies and organisations.

Measurable objective: To enhance the Department's objectives through policies and directives promoting its legislative mandate and leading to the creation of an environment conducive to investment and the improvement of the quality of life of South Africans.

(Detailed annual reports for each of the following entities are tabled with the Department's Annual Report.)

- ***The South African Nuclear Energy Corporation (NECSA)***

  NECSA was established in terms of the NEA (1999). Its functions are to undertake and promote research on nuclear energy, radiation sciences and technology; to process source, special and restricted nuclear material, including uranium enrichment; and to collaborate with other entities. The Act also delegates specific responsibilities to the Corporation, including the operation of the SAFARI-1 reactor; applying radiation technology for medical and scientific purposes; managing nuclear waste disposal nationally; and implementing and executing national safeguards.

  The adoption of the 2008 nuclear energy policy re-confirmed NECSA's mandate and designated the organisation as the lead agency in nuclear research and development. The policy also highlighted the need for the Corporation to develop viable nuclear fuel cycle options to support the new-build nuclear power programme.

  The NECSA Group, through NTP Radio-isotopes and with the SAFARI-1 research reactor playing a key role, continued to be a reliable, leading supplier of radio chemicals to the global healthcare market, thereby contributing to the stabilisation of the industry after serious supply disruptions in recent years. NTP remained the only supplier in the world with the ability to produce Molybdenum-99 (Mo-99) on industrial scale using a process entirely based on low enriched uranium (LEU). In this regard, the US Department of Energy awarded NECSA a special contract to support the South African programme to fully convert the Mo-99 production process from highly enriched uranium to LEU-based operations and technology.

  During the 2010/11 financial year, the NTP Group achieved sales of R869 million, some 13% more than budgeted. The SAFARI-1 reactor achieved its best-ever operational availability (306 days against a scheduled availability of 304 days), at an average reactor power of 19.44MW. The world average for research reactors with a high utilisation rate is only 235 days per annum. This was the result of an effective maintenance programme, the implementation of a reactor ageing management programme and specially trained reactor operations personnel.

  In its capacity as anchor for nuclear energy research and development in South Africa and at the request of the Department of Science and Technology (DST), NECSA developed a comprehensive proposal and implementation plan for a South African Nuclear Energy Research, Development and Innovation Strategy (NERDIS). The study included an extensive analysis of the entire national nuclear programme and identified fields of research, development, innovation and skills development to be addressed during the expansion of the nuclear fleet as foreseen in the recently promulgated IRP.

A collaborative initiative was launched with various universities and iThemba LABS for the establishment of an integrated nuclear energy research support structure for reactor physics, mathematical modelling and nuclear materials, as well as to integrate research initiatives and higher educational training in reactor physics. Good progress was made with the Nuclear Technologies in Medicine and the Biosciences Initiative (NTeMBI) by establishing project teams with members from various universities and research institutions. NECSA continued with its participation in the development of advanced science and engineering skills through various in-house and collaborative activities.

In line with NECSA's core research and development mandate, its innovation outputs have grown well, with 31 innovation disclosures recorded during the 2010/11 financial year.

The Minister of Energy launched NECSA's state-of-the-art Visitors Centre on 3 February 2011. The Centre aims to improve understanding of the true value and benefits of nuclear technologies among the youth and the general public. NECSA's Nuclear Skills Development (NSD) Centre programme deserves special mention, since it continued to grow and fulfil its mandate to respond to the call made by Government through the National Skills Development Strategy. The NSD Centre partnered with various organisations, such as the Department of Public Works, the DBSA, Alstom, DB Thermal and others on job creation projects. A total of 487 apprentices benefited from the semester training programmes offered by the Centre.

Excellent progress was made with preparations to achieve ASME III certification, which will enable NECSA to manufacture according to nuclear quality standards as a platform for participation in the nuclear new-build localisation programme.

The main challenge to NECSA for the foreseeable future remained finding sufficient resources − in terms of finances, a suitable skills mix and upgraded infrastructure − to meet the Corporation's expanding mandate and demands on its contribution to the growing South Arican nuclear industry; all of this particularly in light of the recently approved IRP that indicates our nuclear energy expansion until 2030, as well as the IPAP 2011−13 that signals Government's renewed focus on localisation benefits, particularly from high-technology infrastructure fleet procurement programmes.

- ***CEF***

CEF is a state-owned holding company governed by the CEF Act (1977). It researches, finances, develops and exploits appropriate energy solutions across the spectrum of energy sources to meet South Africa's future energy needs. In terms of its governing legislation, CEF is also mandated to manage the Equalisation Fund, which collects levies from retail sales of petroleum products, to help eliminate unnecessary fluctuations in the retail price of liquid fuel and to provide tariff protection to the synthetic fuel industry.

PetroSA was able to operate without major incident during the year, but feedstock flow constraints meant operating below full design capacity. The SFF continued to operate without environmental incidents, which is encouraging given the poor publicity that BP received after the Deepwater Horizon incident in April 2010. The SFF performed exceptionally well in the year and realised a profit of R200 million.

The challenges faced by the renewable energy and carbon subsidiaries were primarily related to uncertain national electricity and international post-Kyoto carbon regulatory environments associated with internal project concerns putting a number of renewable energy projects on hold or requiring termination. The entities that were impacted on by these challenges are the EDC Division of CEF, CCE, ETA and CEF Carbon.

Despite these challenges, ETA continued to refine the SWH financial and installation model, and a test phase began early in January 2011. This project will continue into the 2011/2011financial year to validate the business model. ETA signed an MoU with a Chinese company to investigate the possibility of local manufacture of SWHs.

CEF is the main funder of a feasibility study into the solar park concept which could see up to 5GW of electricity generated from solar energy in the Northern Cape.

- ***National Energy Regulator for South Africa (NERSA)***

NERSA's mandate is anchored on four primary acts, namely the National Energy Regulator Act, 2004 (Act No. 40 of 2004); 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).

In terms of the National Energy Regulator Act, NERSA is funded through money appropriated by Parliament and levies imposed by or under separate legislation, e.g. the Gas Regulator Levies Act, 2002 (Act No. 75 of 2002); the Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004); and Section 5B of the Electricity Act, 1987 (Act No. 41 of 1987). It imposes such levies on the regulated industries following a prescribed and transparent procedure.

In the area of electricity industry regulation, NERSA completed the rules for the selection of REFIT projects; approved the connection requirements for wind energy facilities; conducted 22 workshops with municipalities on the implementation of IBTs; published the consultation paper on Cogeneration Feed-In Tariffs (COFIT); published the consultation paper on the revised REFITs and qualifying criteria; approved the service incentive scheme for Eskom Transmission and Eskom Distribution; approved the EEDSM regulatory rules; and approved the first Governance Code for the Distribution Code.

Concerning the regulation of the piped-gas industry, NERSA calculated and published the aggregate prices for 2008 and 2009; approved the minimum and maximum prices for 2008/09; approved the Transnet Pipelines transmission tariff for the gas pipeline from Secunda to Durban South (Lilly Pipeline); approved the ROMPCO pipeline tariff for August to October 2010; approved the preliminary reference prices, minimum prices and the maximum prices for the year 2008/09; approved a consultation document on a methodology to approve maximum prices for gas; issued a licence to operate a gas storage facility;

inspected nine construction sites; and received eight applications for the registration of gas activities.

NERSA approved the revised tariff methodologies for the petroleum pipelines industry, as well as the reasons for the decision; approved a 59.9% increase in the allowable revenue for the Transnet Pipeline System for 2011/12; and approved the Guidelines for Annual Assessment of Storage and Loading Facilities Tariff Applications.

NERSA also approved the Minimum Information Requirements for Tariff Applications (MIRTA) guidelines for electricity tariff applications and petroleum pipelines tariff applications.

- ***National Nuclear Regulator (NNR)***

The NNR was established in terms of the NNR Act, 1999 (Act No. 47 of 1999), which came into effect in February 2000. The Act mandates the regulator to regulate diverse activities in the nuclear sector, including the operation of nuclear power plants, power reactors, research reactors, nuclear fuel fabrication, nuclear technology applications, and the mining and processing of uranium and other radioactive ores.

The mandate of the Regulator encompasses the provision of protection to persons, property and the environment against nuclear damage by establishing safety standards and regulatory practices, and exercising regulatory oversight and control over any action that may cause nuclear damage, as well as over nuclear installations, including vessels propelled by nuclear power or that contain radioactive material. The Regulator issues nuclear authorisations and enforces compliance. It has to ensure that provisions for nuclear emergency planning are in place, and ensures compliance with the International Atomic Energy Agency's (IAEA's) regulations for safe transport. The Regulator is also mandated to advise the Minister of Energy on all nuclear-related matters.

Its total revenue is made up of authorisation fees, a state grant and other income, which include application fees for new operators. During the year under review, its total revenue increased by 1% (R1.5m), as compared with the previous year. The minor increase is a combination of a significant decline of 16% in the state grant and an increase in authorisation fees of 7%.

The NNR continued to fulfil its mandate of protecting the public, property and environment from radiation hazards. The majority of the 507 compliance inspections that were conducted at all nuclear installations showed no significant safety concerns or findings.

Koeberg Power Plant continued to operate within safety standards, although there was a minor incident of exposure of workers above natural levels but below the regulatory limit. The NNR is satisfied that the exposure was well within acceptable limits. NECSA also operated within the acceptable limits of the NNR regulatory standards during the financial year.

The NNR submitted its fifth Convention on Nuclear Safety (CNS) report to the IAEA in compliance with South Africa's obligations under the binding international CNS.

The NNR is monitoring the accident at the Fukushima Daiichi plant in Japan, caused by the recent earthquake and tsunami off the east coast of Japan, as well as proposals to reassess nuclear plants in other countries in the light of that event.

One of the most critical challenges for the NNR remained competition for scarce nuclear skills among regulated entities and the international nuclear industry, which causes the NNR to “loose” core technical skills to the industry. The process of knowledge and skills transfer from experienced technical staff members is challenged by the significant demand on the time of individuals who already have heavy workloads.

- ***Electricity Distribution Industry Holdings (EDIH)***

  EDIH will be publishing its last Annual Report (for the 2010/11 financial year) following the Cabinet decision to close down the company on 8 December 2010.

Section 3:
Annual Financial Statements of the National Department of Energy – Vote 28
for the year ended 31 March 2011

Contents

Report of the Audit Committee of the DoE for the financial year ended 31 March 2011.

Overview and Introduction

We are pleased to present our Report for the financial year ended 31 March 2011. The mandate of the Audit Committee requires it to adhere to high-quality standards in accountability, to ensure the quality of the financial reporting process, control systems and risk management and to help maintain a high degree of integrity in both the external and internal audit processes.

Audit Committee Members and Attendance

The Audit Committee of the DoE was appointed in September 2010 and its first meeting was held on 12 November 2010. Prior to that, the DoE and the DMR utilised a joint Audit Committee, which was formerly the Audit Committee of the DME. The membership of that Committee consisted of the members listed below and members were required to meet four times per annum in accordance with its approved charter. The attendance of the meetings of the DME Audit Committee was as follows:

1 April 2010–30 September 2010

Name of Member	Number of Meetings Held	Number of Meetings Attended
Mr S Sithole CA (SA) (Chairperson)	3	3
Dr DP van der Nest	3	3
Ms E Heyn CA (SA)*	3	0

* The DMR had an arrangement for Ms E Heyn not to be present at meetings because of ill health. She continued to make contributions by reviewing matters presented to the Committee and provided her comments to the Chairperson before each meeting.

The Audit Committee of the newly established DoE consists of the three external members listed below. During the year under review, three meetings were held. The meetings were attended as follows:

1 October 2010–31 March 2011

Name of Member	Number of Meetings Held	Number of Meetings Attended
Mr Y Gordhan CA (SA) (Chairperson)	3	3
Mr N Swana CA (SA)	3	2
Mr T Mofokeng CA (SA)	3	3

Audit Committee Responsibility

In terms of the Audit Committee Report, the Committee complied with its responsibilities arising from Sections 38 (1)(a) and 77 of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it approved the ToR in accordance with its Audit Committee Charter, conducted its affairs in compliance with this Charter and, other than as set out below, discharged all its responsibilities thereto.

The Effectiveness of Internal Control

The Department has a system of internal control to provide cost-effective assurance that the Department's 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 III Report on Corporate Governance requirements, 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. That was achieved by means of the risk management process review, the governance review and the identification of corrective actions and proposed enhancements. From the various reports of Internal Audit and of the Auditor-General, it was noted that there were deficiencies in the internal control system. Management undertook to address the deficiencies and to improve the internal control environment.

Quality of Management Reports

During the tenure of the new Audit Committee, management reports for the third quarter ended 31 December 2010 were presented. The Audit Committee was satisfied with the content and the quality of the reports.

Evaluation of Annual Financial Statements

The Audit Committee:

- reviewed and discussed the Annual Financial Statements, Accounting Officer's Report and the Performance Information for submission to the Auditor-General on 31 May 2011 with Management;
- reviewed the adjustments that resulted from the audit; and
- reviewed the audit report of the Auditor-General and concurred with the opinion.

Internal Audit

The Audit Committee reviewed the internal audit quarterly reports to ensure that internal audit activities were conducted in terms of the approved annual and three-year rolling plan. The Audit Committee registered its concerns with Management regarding the adequacy of resources within the Internal Audit function. As a result, a private audit firm was co-sourced to assist in completing the annual internal audit plan. Assurance was given that the capacity and resources of Internal Audit would be improved for the ensuing financial year beginning 1 April 2011.

Appreciation

The Audit Committee expresses its sincere appreciation to the Accounting Officer, senior management team and the Auditor-General of South Africa for their contributions.

YN Gordhan (CA) (SA)
Chairman of the Audit Committee
23 September 2011

Report of the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1. General Review of the State of Financial Affairs

The decision to split the mining and energy portfolios in the (DME) in 2009, effective on 1 April 2010, was intended to give more focus to the energy portfolio. The split was 70/30 in favour of the (DMR) in respect of support services. That effectively meant that the (DoE) received 30% of the assets and financial and HR services from the DME.

On 31 March 2010, the DMR and DoE Director-Generals signed a Memorandum of Agreement (MoA) detailing the transitional arrangements for the migration from the DME to the DMR and DoE.

The MoA dealt specifically with the following key aspects:

- Transfer of funds
- The 2009/10 audit processes
- Sharing of audit fees for the 2009/10 audit
- Payment of invoices for acquisition of goods and services
- Settlement of commitments and outstanding debts as at year-end
- Treatment of balance sheet accounts (assets and liabilities, storage of files, sharing of inventory)
- Governance matters
- Office accommodation
- Contingent liabilities

The second MoA between the DMR and the DoE was signed on 27 May 2011. The aim was to ensure that there was agreement between the two Accounting Officers on the opening balances, assets and liabilities, and other commitments that might not have been confirmed in the 2009/10 financial year.

Because of the limited budget to fund its approved establishment, the Department started operating with 41% of its required overall capacity. That gradually increased to 52% by year-end. We will undertake further work to refine the approved organisational structure to enhance the Department's ability to deliver on its stated government-wide priorities, including access to energy, poverty alleviation, rural development and job creation.

Access to energy and poverty alleviation

Over and above providing access to modern energy carriers through electrification and liquefied petroleum gas, among others, we are mindful of the adverse impact that increasing tariffs will have on the poor, and various instruments were put in place to minimise the impact. These include IBTs for electricity, free basic (alternative) energy and SWH. The concept of IBTs is premised on the principle that the more you use electricity, the more you pay. That decision was taken to provide for cross-subsidies for low-income, domestic customers and is applicable to both Eskom and municipalities. Concerning IBTs, we flagged the problem relating to prepaid metering systems and their inability to be configured to dispense IBT. The reconfiguration process was subsequently completed on Eskom prepaid meters.

More than 70% of identified indigent households are receiving free basic electricity, while less than 5% receives free basic alternative energy, including bio-fuels, paraffin, LPG and other alternative sources.

Regulations were promulgated to address the high costs associated with LPG and since our intervention we have seen a saving of at least R200m running concurrently with increased penetration in poor areas. The introduction of IeCs in rural areas continued in collaboration with the private sector, and in the year under review, one was commissioned in Qunu in the Eastern Cape. Apart from being an energy-delivery initiative, the IeC also serves as an Internet communication hub for the community.

Job creation

The electrification programme created over 5 000 permanent jobs with the introduction of the renewable energy and energy efficiency programmes.

Important policy decisions and strategic issues facing the Department

- ***Integrated Resource Plan (IRP***)

  The IRP was promulgated in March 2011 after a process of extensive stakeholder engagement covering more than 18 months. The IRP provides the blueprint of the power generation options that the country has adopted for the next 20 years, including a portfolio of renewable energy technologies, coal, nuclear energy, gas and the energy efficiency option.

  During the public consultation process, over 5 000 comments from interested and affected parties were received and processed. That culminated in a plan that addresses greenhouse gas emissions, water usage, financing cost and employment potential in the power-generation space.

- ***Integrated Energy Plan (IEP)***

  This year, we also started the process of developing the IEP. We put in place a planning methodology that defines both the processes we will undertake and the intergovernmental structures to ensure constructive debate and effective delivery on the IEP. At this stage, discussions and debates are still taking place under the auspices of Government. However, we aim to open engagements to the broader public before the end of the first half of the 2011/12 financial year.

1.1 Significant events that have taken place during the year

In October 2010, the President of the Republic of South Africa appointed Ms Barbara Thompson, MP, as the Deputy Minister in the energy portfolio. That increased the pressure on the administration budget of the Department as far as the compensation of employees and other logistical requirements were concerned.

With the appointment of additional employees in the support services components, the procurement of additional office space became imperative, since the available office space was no longer adequate to cater for the office accommodation needs of the Department. The procurement of both alternative and additional office space is administered by the Department of Public Works. The split of the DME also coincided with the relocation of both departments to new office premises and that implied that the additional expenditure incurred for the DoEs accommodation was unforeseen and unavoidable. The aforementioned situation resulted in over-expenditure on the allocated administrative budget of the DoE.

The success of our efforts to ensure energy adequacy, and working together with the liquid fuels industry and municipalities during the FIFA Soccer World Cup in 2010, laid a firm foundation for future coordinated planning. The Department incurred R281 million on the procurement of the diesel power generators used at all hosting stadia during the World Cup.

1.2 Major projects undertaken or completed during the year

- The regulation of the maximum price of LPG sold to residential customers protecting consumers from unbridled price increases, was promulgated.

- The Cleaner Fuels Two: Discussion Paper was initiated and published in the Government Gazette for public comment on 8 March 2011. It set a sound base for improved fuel specifications and standards and is one of our contributions towards emission reduction.

- The models for the determination of fuel price margins for various segments of the liquid fuels value chain under the regulatory accounting system project, which seeks to ring-fence regulated from non-regulated activities in the liquid fuels chain, were completed. The implementation of the models in 2011/12 will help to determine optimal fuel price margins in the various segments of the value chain to promote investments and improve governance of the downstream liquid fuels industry.

- An IeC was launched at Qunu in the Eastern Cape on 18 February 2011. This IeC is operational and benefits the community in respect of energy provision. It also provides a platform for local economic development initiatives. A partnership with a local school to run the library and computer centre at the IeC is being explored.

- A pre-feasibility study of the solar park concept, in terms of which renewable energy would be harnessed at utility scale as an alternative to fossil-fired power generation, was completed. We presented the Solar Park Investors Conference in 2010 to share information with potential investors and to alert them to the opportunity of utilising the solar resource in the Northern Cape for power generation. It is expected that up to 5 000 MW of power could be generated though the solar park concept.

- The quest for universal access to electricity continues. To date, South Africa's energy penetration stands at more than 75%, and during the past financial year, over 195 000 households were connected to the national grid. In addition, another 4 600 households were supplied with non-grid technologies (solar PV).

- Since the Minister announced the programme in May 2009, 115 000 solar water heaters have been installed. The majority of the systems installed are low-pressure solar water heaters funded though the tariff-based rebate system. There has not been much penetration in the high-pressure segment because of the high capital cost associated with such systems. This constraint is receiving attention.

- The Department introduced the standard offer incentive scheme in terms of which project developers are incentivised to install solar water heaters in exchange for a rebate (R/installation/month). In this manner, we intend to augment the funding made available under the rebate scheme by leveraging additional private-sector funding.

1.3 Spending trends

The original appropriation received for the Department on 1 April 2010 amounted to R5.54 billion. In the adjusted budget the appropriation was increased by R113.27 million to a total budget allocation of R5.65 billion for the 2010/11 financial year. The increase was appropriated to cover approved rollover funds of R61 million relating to the Working for Energy Project (R5 million) and non-grid electrification projects (R56 million) under the INEP. An additional R3.8 million was allocated for higher personnel remuneration increases than provided for in the original 2010/11 budget. An amount of R48.474 million was also appropriated additionally following the receipt of the funds from the DMR and the shift of energy functions to the Department. An amount of R14.94 million was allocated towards compensation of employees to cater for unfunded positions and R37.09 million was allocated for the procurement of goods and services to cater for additional expenditure associated with the establishment of the Department. The remainder was allocated to transfer payments (R61 million) and R250 000 was allocated for the procurement of capital assets.

Of the total budget of R5.65 billion appropriated, the major portion was utilised for transfers to municipalities, SOEs and other organisations (95.68%). Compensation of employees contributed to 2.6% and operational funding for Goods & Services amounted to 1.66%. Of the total budget appropriated to the DoE, approximately 4.3% was utilised for operational costs. The balance of the funding was earmarked funding. The total spending for the year amounted to 97.2% and unspent budget amounted to R143.283 million.

The spending trend from April to June was somewhat staggered. However, the spending patterns increased from August 2010 onwards, with two major increases in expenditure during August 2010 and November 2010. The average spending per month was R457.5 million (inclusive of transfers to public entities).

The following table shows the budget overview per programme for the financial year ended 31 March 2011:

Budget Overview 2010/11				
Details	**Budget**	**Actual Spending 31/03/2011**	**Actual Percentage of Budget Spent**	**Available**
Rand (millions)	**R'000**	**R'000**	**%**	**R'000**
Administration	127.5	121.6	95.4	5.9
Hydrocarbons and Energy Planning	1 564.7	1 556.4	99.5	8.2
Electricity, Nuclear and Clean Energy	431.7	408.6	94.7	23.1
Associated Services	3 524.8	3 418.7	97.0	106.1
Total Budget – 2010/11	**5 648.7**	**5 505.3**	**97.5**	**143.2**

- ***Programme 1: Administration***

  The underspending and outstanding payments relate to delayed computer, communication, contractors and professional services.

- ***Programme 2: Hydrocarbons and Energy Planning***

  The underspending of R8.2 million under the Hydrocarbons and Energy Planning Branch represents an underspending of 0.5% and is attributable to vacancies in the Branch during the reporting period (R2.29 million) and outstanding order payments at financial year-end associated with the procurement of goods and services (R5.94 million).

- ***Programme 3: Electricity and Nuclear***

  The Electricity and Nuclear Branch recorded an underspending of R23.1 million, which represents an underspending of 5.3% and that can be ascribed mainly to outstanding transfer payments of R20.19 million relating to the REFSO.

  The REFSO was allocated an amount of R20.1 million for the period 2010/11, which could not be spent because of the review process. It was, however, committed to fund the feasibility studies of two RE projects, i.e. R18.1 million for the proposed 5 000 MW Solar Park in Upington and R2 million for the Vaal Dam Hydro, which is a Public Private Partnership (PPP) Project in collaboration with the Department of Water Affairs. The CEF was appointed as the implementing agency. The Department submitted a request for rollover funds of R20.1 million to cover expenditure during the 2011/12 financial year.

  Other contributing factors were vacancies in the Branch (R1.58 million) during the reporting period and outstanding order payments at financial year-end (R1.15 million).

- ***Programme 4: Associated Services***

  The underspending of 3% under Programme 4: Associated Services can be attributed to:
  - Conditional grants totalling R58 million in respect of the INEP that were not disbursed because of delays in fund requests from municipalities and timeframes attached to the bank verification process.
  - A transfer payment of R5 million in respect of the NERT – PMO that was not disbursed before 31 March 2011. With the closure of EDIH with effect from 1 April 2011, the outstanding commitments in respect of the NERT − PMO were transferred to the DoE. This means that outstanding payments to the service provider of R13.38 million will be paid from the goods and services item. An amount of R5 million was reclassified as a transfer payment to EDIH during the 2010/11 financial year for this purpose. However, it was not disbursed to EDIH because of its closure and late approval for reclassification.
  - Transfer payments of R114.29 million concerning the INEP, earmarked for transfer, non-grid electrification projects, were not made as a result of delays in the service

agreements, late fund requests from municipalities and timeframes attached to the bank verification process. During the 2010/11 financial year, an amount of R124.2 million (including R56 million allocated additionally through the 2009/10 rollover process) was allocated to non-grid electrification of household projects under the INEP. Actual transfer payments made to non-grid concessionaires was R9.9 million on 31 March 2011, which left the Department with an underspending of R102.8 million. The Department submitted a request for rollover funds of R60 million to cover expenditure during the 2011/12 financial year for solar water heater projects and schools connections.

2010/11 Performance of Major Spending Areas				
Details	**Budget**	**Actual Spending 31/03/2011**	**Actual Percentage of Budget Spent**	**Available**
Rand (millions)	**R'000**	**R'000**	**%**	**R'000**
Major spending areas				
Transfers and subsidies	5 394.7	5 268,2	97.4	126.5
Compensation of employees	143.3	142.8	99.7	0.5
Transactions in financial assets	–	0.3	0.0	-0.3
Goods and services	105.3	90.5	85.8	14.8
Payments for capital assets	5.4	3.6	66.7	1.8
Totals Major Spending Areas	**5 648.7**	**5 505.4**	**97.5**	**143.3**

The following were the major cost drivers for the financial year under review:

Expense Category	R '000
Travel and subsistence	30 357
Operating leases	22 205
Consultants, contractors and agency/outsourced services	10 535
Venues and facilities	4 338
Communication	4 261
Other operating expenditure	3 443
Computer services	2 834
Advertising	2 571
Inventory	2 013

1.4 Virements

A virement was approved on 3 February 2011 to shift funds between main divisions of the vote (programmes) as follows:

From Programme, Standard Item and Amount		To Programme, Standard Item and Amount	
	R'000		R'000
Programme 1: Administration Item: Compensation of employees	(R1.96 million)	Programme 1: Administration Item: Compensation of employees	R2.45 million
		Programme 3: Electricity, Nuclear and Clean Energy Item: Compensation of employees	R2.11 million
Programme 2: Hydrocarbons and Energy Planning Item: Compensation of employees	(R5.40 million)	Programme 3: Electricity, Nuclear and Clean Energy Item: Goods and services	R2.80 million
Subtotal	**(R7.36 million)**	**Subtotal**	**R7.36 million**

Although the Department was allocated additional funding through the Adjusted Estimates of National Expenditure process for operational activities, which includes both compensation of employees and the use of goods and services, several directorates or cost centres reflected an overspending on the item compensation of employees as a result of the appointment of interns and contract positions that were carried additionally to the approved establishment. These appointments required funding additional to the approved establishment budget and are normally funded through savings generated by vacant positions.

To ensure that all directorates remained within their allocated budgets and that allocations appropriated for main divisions in the vote were not exceeded, corrective measures were taken after quarterly expenditure reviews. That included the shifting of funds within and between main divisions of the vote. The exercise allows for reprioritisation of activities from time to time when changes become necessary. The fact that the revised organisational structure was not implemented at the beginning of the year also contributed to the allocation of funding to revised responsibility codes, where necessary.

All virements were approved by the Accounting Officer and National Treasury.

The unspent budget of the DoE amounted to R143.283 million. The rollovers requested from National Treasury were the following:

Request for Rollovers	R'000
REFSO	20 191
Installation of non-grid technologies	60 000
Goods & services	20 202
Capital assets	21
Total	**100 414**

1.5 Other material financial matters

- ***Irregular Expenditure***

During the year under review, the Department identified irregular expenditure to the amount of R112.363 million, which mainly resulted from non-compliance with procurement procedures in the Department. The Department implemented additional internal controls to prevent a repeat of such occurrences (refer to the Annual Financial Statements, note 25).

- ***Contingent Liability***

Potential liabilities of R1.9 million exist that relates to disputed hours and costs between the DoE and the service provider regarding a forensic audit into suspected irregularities within the Non-Grid Electrical Services Environment, which started in the previous financial year when the Department was still a part of the DME.

- ***World Cup Expenditure***

Payment to the Local Organising Committee for Soccer World Cup infrastructure costs to the value of R281 million will be made during the 2011/12 financial year because the budget for the specific payment was only made available by National Treasury on 1 April 2011. This expenditure is included in goods and services under accruals (refer to the Annual Financial Statements, note 32).

- ***EDIH – NERT Project***

This project was handled operationally by EDIH. National Treasury approved a transfer of R5 million to Gobodo Systems Consulting for the payment of the project. However, the payment could not be effected until an agreement was signed between the DoE and Gobodo Systems Consulting, which would create an obligation to pay. The contract was signed on 12 April 2011 and payment will be effected in the next year financial year.

2. Service rendered by the Department

2.1 The mission of the DoE is to regulate and transform the energy sector for the provision of secure, sustainable and affordable energy. To achieve the above mission, the Department is split into three key programmes that are responsible for, among other things:

- The promotion of sustainable use of energy resources through integrated energy planning. This includes the development of policy and regulations concerning petroleum products, coal, gas, renewable energy and energy efficiency, and oversight over SOEs – Hydrocarbons and Energy Planning.

- The development, monitoring of enhancement and the implementation of policies governing the electricity, nuclear, renewable energy and energy efficiency sectors, and supporting the achievement of universal access to electricity, including oversight over SOEs – Electricity, Nuclear and Clean Energy.

- The provision of support services to the Department.

In addition to electrification and energy-efficiency services, the Department also hosts the DNA where a repository of CDM initiatives is managed. Project developers register their projects with the DNA for consideration in terms of the United Nations Framework Convention on Climate Change (UNFCCC).

2.2 Tariff policy

- ***Petroleum products licensing fees***

The following fees are charged in terms of the Petroleum Products Amendment Act No. 58 of 2003:

Site licence fee	R1 000
Wholesale licence fee	R1 000
Retail licence fee	R500
Annual retail licence fee	R500
Temporary retail licence fee	R500
Duplicate licence fee	R500
Site licence transfer fee	R500
Amendment licence fee	R500
Manufacturing license fee	R10 000
Manufacturing annual fee	R5 000

2.3 Free services

2010 Free Basic Energy (FBE) Snapshot Analysis

Provinces March '10 FBE	Total Indigent Households (Census 2001)	Total Indigent Households (Municipal Data)	Eskom	Municipality	Non-grid	Total	%
Eastern Cape	939 776	717 759	141 340	218 684	10 096	370 120	39
KwaZulu-Natal	1 162 490	220 269	130 498	143 129	34 202	307 829	26
Gauteng	967 539	233 776	389 358	428 344	0	817 702	85
Mpumalanga	444 112	197 305	84 948	114 273	4 100	203 321	46
Limpopo	744 676	525 959	190 674	104 123	21 928	316 725	43
North West	440 733	143 210	73 949	22 467	126	96 542	22
Free State	425 049	229 435	106 923	373 968	920	481 811	113
Northern Cape	118 194	95 736	43 587	47 186	300	91 073	77
Western Cape	290 213	204 821	182 508	441 718	301	624 527	215
Total	**5 532 782**	**2 568 270**	**1 343 785**	**1 893 892**	**71 973**	**3 309 650**	**60**

The table above shows the progress made by municipalities with the provision of free basic energy, aggregated into provincial figures. It must be noted that while KwaZulu-Natal is home to 21% of indigent households in the country, only 26% of these households benefitted from free basic energy. In contrast, the Northern Cape, which is home to only 2.1% of indigent households, provided free basic energy to 77% of indigent households within it local municipalities. These two cases show disparities that exist in the implementation and roll-out of the free basic energy programme in local municipalities. Four provinces served more than 70% of their indigent households, namely the Northern Cape, Gauteng, the Western Cape and the Free State.

3. Capacity Constraints

With the establishment of the DoE from 1 April 2010, approval was obtained for the organisation and establishment structure of the Department with a total number of 927 posts/vacancies. The concurrence of the Minister for the Public Service and Administration was also obtained, but as a result of lacking funding, the approved structure could not be implemented.

A need was identified to fill critical posts, which led to the compilation of an interim structure for the Department consisting of only 526 funded posts. That number includes the 55 interns in the system as on 31 March 2011. This led to a situation where the majority of employees were required to assume more responsibilities to ensure delivery of the required services in line with the mandate of the Department.

The major impact of these constraints on planned programmes was that both the quality of the work and service delivery were compromised. In some instances, delivery on other key performance areas had to be deferred because of a lack of capacity. Furthermore, the labour turn-over rate continued because of the high workloads.

4. Utilisation of Donor Funds

The total project cost for ME686 (the regulatory Accounting System project) was R5.7 million from NORAD and Swiss government donor funds and R2,7 million from voted funds. NORAD funding was actually paid for activities that occurred in 2009/10, the year in which the donor funding ceased. Funds were already transferred into the DoE account from the donor in 2010/11. The main contributing factors to ineffective utilisation of funds were project delays and administrative inadequacies. Concerning ME686, delays and administrative inadequacies were, respectively, the result of delays on the part of industry to provide the requisite data to develop models and the unavailability of a programme manager, together with internal challenges within some of the organs of state involved.

5. Trading Entities and Public Entities

SANEDI was established during the year. It was listed as a public entity (schedule 3) by the Minister of Finance.

The Department continued to monitor the performance of the entities under its control, with specific reference to governance and financial management. The table below illustrates the performance of the entities reporting to the Minister of Minerals and Energy in relation to the Auditor-General's report for the 2009/10 financial year. From this report, it is clear that the financial controls and monitoring systems put in place are beginning to bear fruit. During 2010/11, the Department continued with its oversight over these entities. However, it is expected that the entities will continue improving.

Entity	Funding Source	Audit Opinion for 2008/9	Audit Opinion for 2009/10
NERSA	Own (levies)	Unqualified	Unqualified
EDIH	Own and government grant	Unqualified	Unqualified
NNR	Own (fees) and government grant	Unqualified	Unqualified
NECSA	Own and government grant	Unqualified	Unqualified
CEF	Own	Unqualified	Unqualified

EDIH ceased operations on 31 March 2011 in line with a Cabinet decision of December 2010, and it is in the process of winding up. An administrator has been appointed to execute the winding up and the process is expected to be completed by the end of June 2011.

Details on entities reporting to the Minister of Energy are listed under General Information in the Annual Report.

6. Organisations that received Transfer Payments

6.1 The transfer of payments to municipalities was carried out in accordance with the approved transfers DORA requirements (refer to note 11.1 to the Annual Financial Statements). However, there were overpayments to the following Municipalities:

Municipalities	R'000
Lephalale Municipality	1
Blue Crane Route Municipality	15
Bela Bela Municipality	1 300
Emalahleni Municipality	2 495
Nelson Mandela Bay Municipality	5 500
Total	**9 311**

All overpayments to the municipalities were fully recovered by year-end.

6.2 Transfers and subsidies

As at 31 March 2011, the Department disbursed transfer payments of R5.26 billion, which represented 97.38% of the budget for the year to public entities, municipalities and implementing agencies. Major transfer payments are reflected in the following table:

Transfer Payments	Original Budget 2010/11	Transfer Payments March 2011	Year-to-date Transfer Payments up to March 2011	Available Balance March 2011	Actual Spending for the Month as Percentage of Total Budget Allocation	Actual Spending for the Year as percentage of Total Budget Allocation
	R'000	R'000	R'000	R'000	%	%
Working for Energy Project	20 000	12 000	20,000	0	60.00	100.00
REFSO	20 678	487	487	20 190	2.36	2.36
Transnet Pipelines	1 500 000	375 000	1 500 000	0	25.00	100.00

Transfer Payments	Original Budget 2010/11	Transfer Payments March 2011	Year-to-date Transfer Payments up to March 2011	Available Balance March 2011	Actual Spending for the Month as Percentage of Total Budget Allocation	Actual Spending for the Year as percentage of Total Budget Allocation
	R'000	R'000	R'000	R'000	%	%
EDSM – Eskom	108 900	0	108 900	0	0.00	100.00
EDSM – Municipalities	220 000	65 400	220 000	0	29.73	100.00
NECSA	574 110	0	574 110	0	0.00	100.00
NNR	19 954	5 161	19 954	0	25.86	100.00
EDIH	66 582	15 763	61 582	5 000	23.67	92.49
INEP – Eskom	1 719 ,810	30 325	1 719 810	0	1.76	100.00
INEP – Municipalities	1 020 104	4 684	1 033 382	(13 278)	0.46	101
INEP – Non-grid	124 200	9 902	9 902	114 298	7.97	7.97
Total Transfer Payments	**5 394 338**	**518 722**	**5 268 127**	**126 210**	**9.62**	**97.38**

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

7. PPPs

There were no PPPs for the financial year ended 31 March 2011.

8. Corporate Governance Arrangements

The Department continued to strengthen its checks-and-balances mechanisms to ensure compliance with relevant legislative prescripts and corporate governance principles and practices.

- The Department has an Internal Audit activity that is under the guidance, direction and supervision of the Chief Audit Executive. The function is responsible for providing independent, objective assurance and consulting services that are aimed at adding value and increasing the Department's opportunities towards accomplishing its objectives. The function carries out its activities with proficiency and due professional care. To ensure its effectiveness and efficiency, the function makes use of a systematic, disciplined approach to evaluate the adequacy, effectiveness and efficiency of the Department's governance, risk management and control processes.

To maintain its independence, the Internal Audit activity appropriately reports administratively to the Accounting Officer and functionally to the Audit Committee. Its authority includes unlimited access to all staff, information and property of the Department. The function obtains its mandate from the Internal Audit Charter, which was prepared and approved in the reporting period. The unit developed and obtained approval for its plans, i.e. the annual plan and the rolling, three-year strategic plan. The plans were based on key risks facing the Department and also took into consideration other factors such as Auditor-General reports on prior years, requests from management and the Audit Committee', and so on. The status of the progress concerning performance of the audits on the annual plan was presented to the Audit Committee on a quarterly basis. The audits conducted during the year mainly covered compliance; information technology; performance and performance information; and financial reviews.

The unit's operations are guided by the requirements set out in the legislative prescripts (e.g. the PFMA and the Treasury Regulations) and the standards set by relevant professional bodies (e.g. the Institute of Internal Auditors, Information Systems Audit and Control Association, Association of Certified Fraud Examiners, etc.).

- The Department established an Audit Committee in terms of Section 77 of the PFMA. Three members were appointed to the Department's Audit Committee. The members of the Audit Committee have the requisite knowledge and competence to deal with financial, risk management, governance, ethical and other matters that pertain to its responsibility. The Committee operated in line with its Charter, which was prepared by Internal Audit and recommended by the Audit Committee and approved by the Accounting Officer in the reporting period. During the financial period under review, the Committee met three times. The matters tabled for consideration by the Committee included the review of financial statements; the Auditor-General's management letters; reports and activities of the Internal Audit activity and the Risk Management Office; and matters relating to compliance with laws, regulations and policies.

9. Discontinued Activities/Activities to be discontinued

Cabinet took a decision to wind-up EDIH as at 31 March 2011. The wind-up process is anticipated to be concluded on 30 June 2011.

10. New/Proposed Activities

As directed by Cabinet, the Department will take over the functions relating to the restructuring of the electricity distribution industry, including the rehabilitation of the electricity distribution infrastructure, and will launch projects emanating from the ADAM report.

The Department intends to develop, maintain and implement a Project Management Framework to assist in applying project management principles and monitoring, as well as reporting on strategic outcomes, outputs and performance targets.

Approval has been obtained for the review of the organisational structure at a macro-organisational level, which will focus on delivery of the strategic imperatives within new line-function components, namely Energy Policy and Planning; Energy Projects and Programmes; and Nuclear and Clean Energy.

11. Asset management

The assest register complied with the National Treasury's minimum requirements for asset registers.

12. Inventories

Inventories purchased during the year amounted to:

Details	R'000
Learning and teaching support material	48
Fuel, oil and gas	10
Other consumable materials	106
Maintenance material	150
Stationery and printing	1,699
Total	**2,013**

Refer to Annual Financial Statements, note 5.

13. Events after the Reporting Date

A sublease for furniture was entered into between the DMR and DoE. This lease agreement, with the accompanying financial implications, are fully accounted for in the Financial Statements.

14. Information on Predetermined Objectives

At its strategic planning session in August 2009, the Department adopted the following strategic objectives. These objectives were based on the environmental scan within which the newly formed DoE was to perform and risks identified during the planning session:

- Ensure energy security
- Regulate the energy sector
- Achieve universal access and transform the energy sector

- Effective and efficient service delivery
- Optimal utilisation of energy resources.
- Ensure sustainable development
- Good corporate governance

Each of the above objectives was cascaded down to the responsible branch/component, giving details of the planned activities to be undertaken to achieve the said objectives. These activities are further cascaded down to individual projects (under the Project Management unit) on a monthly basis and monthly reports on progress are submitted to Manco. In terms of section 30 of the PFMA and Chapter 5 of the Treasury Regulations, a quarterly performance report is compiled and submitted to the Minister via the Director-General in which the Department's performance against the predetermined objectives is reviewed.

15. SCOPA Resolution

There were no SCOPA resolutions to be implemented by the Department in the year under review.

16. Financial Position

The financial position of the DoE as at 31 March 2011 and the results of its operations are set out in the attached Annual Financial Statements:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Changes in Net Assets
- Cash Flow Statement
- Notes to the Annual Financial Statements (including Accounting Policies)
- Disclosure Notes to the Annual Financial Statements and Annexures.

17. Approval

The Annual Financial Statements set out on pages 102 to 173 have been approved by the Accounting Officer(s).

Ms N Magubane
Director-General
Department of Energy
31 May 2011

Report of the Auditor-General to Parliament on Vote No 28: Department of Energy Report on the Financial Statements

Introduction

1. I have audited the accompanying financial statements of the Department of Energy, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 102 to 155.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the Departmental Reporting Framework prescribed by National Treasury and the requirements of the PFMA and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DORA), and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice *1111 of 2010* issued in Government Gazette *33872 of 15 December 2010*. 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.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

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

Opinion

7. In my opinion, the financial statements present fairly, in all material aspects, the financial position of the Department of Energy at 31 March 2011, an its financial performance and cash flows for the year then ended in accordance with The Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999 (PFMA) and Division of Revenue Act of South Africa 2010 (Act No. 1 of 2010) DORA.

Emphasis of matter

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

Unauthorised and irregular expenditure

9. The department incurred unauthorised expenditure of R14 860 000 due to funds that were expended for purposes which were not in accordance with the vote.

10. The department incurred irregular expenditure of R110 992 000 as the expenditure incurred was in contravention of the Treasury Regulations 8.2.2, expenditure not approved in accordance with the department's financial delegations.

11. The department incurred irregular expenditure of R1 371 000 as the expenditure incurred was in contravention of the Treasury Regulation 16.A.3 relating to supply chain management.

Additional matters

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

Unaudited supplementary schedules

13. The supplementary information set out on pages 156 to 173 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express and opinion thereon.

Financial reporting framework

14. The financial reporting framework prescribed by the National Treasury applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section

20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

Report on Other Legal and Regulatory Requirements

15. In accordance with the PAA and in terms of General Notice *1111 of 2010* issued in Government Gazette *33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 20 to 73 and material non-compliance with laws and regulations applicable to the department.

Predetermined objectives

Presentation of information

16. There were no material findings on the annual performance report concerning the presentation, of the information

Usefulness of information

17. The reported performance information was deficient in respect of the following criteria;

- Consistency: The reported indicators and targets are not complete when compared with the planned indicators and targets.
- Relevance: A clear and logical link exists between the objectives, outcomes, outputs, indicators and performance targets.
- Measurability: The targets are not measurable.

18. **Changes to planned objectives, measures and targets are not disclosed in the report of predetermined objectives**

Changes to the indicators and targets of the approved strategic plan for the year under review, were not disclosed and explained as required in terms of the relevant National Treasury preparation guide.

19. **Reported objectives, measures and targets are not complete when compared with the planned objectives, indicators and targets**

Reported performance against predetermined indicators and targets is not consistent with the approved strategic plan.

The actual achievements with regard to 27% of all planned objectives, indicators and targets specified in the strategic plan for the year under review were not included in the report on predetermined objectives submitted for audit purposes.

20. **Changes to planned objectives, indicators and targets are not approved**

Different objectives, indicators and targets were reported on as opposed to the approved strategic plan. These additional and different objectives, indicators and targets were not approved subsequent to the strategic planning process.

21. **Planned and reported targets are not measurable**

For the selected programmes, 38% of the planned and reported targets were not:

- measurable in identifying the required performance;

Reliability of information

22. There were no material findings on the annual performance report concerning the reliability of the information.

Compliance with laws and regulations

Transfer of funds

23. The transferring national officer transferred funds without ensuring that information required in terms of this DORA have been secured and all relevant information have been provided to the National Treasury, as per the requirements of section 10(1)(b) of the DORA.

24. The transferring national officer did not always comply with the approved payment schedule as per the requirements of section 10(1)(c) of the DORA.

25. The transferring national officer did not submit a quarterly performance report within 45 days after the end of each quarter to the National Treasury, as per the requirements of section 10(6) of the DORA.

Annual financial statements, performance and annual report

26. The accounting officer submit financial statements for auditing that were not prepared in all material aspects in accordance with generally recognised accounting practice as required by section 40(1) (a) and (b) of the PFMA. The material misstatements identified by the AGSA with regards' to various account balances and disclosures were subsequently corrected.

27. The accounting officer did not submit the financial statements for auditing within two months after the end of the financial year as required by section 40(1)(c) of the PFMA.

28. The annual report was not prepared with the strategic plan as its basis as per the requirements of TR 5.2.3. Not all indicators and targets were included in the annual report.

Expenditure Management

29. The accounting officer did not immediately upon the discovery of unauthorised and irregular expenditure report it to the relevant treasury as per the requirements of section 38(1)(g) of the PFMA.

Internal Control

30. In accordance with the PAA and in terms of General Notice *1111 of 2010* issued in Government Gazette *33872 of 15 December 2010,* I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

Ongoing monitoring and supervision undertaken to enable management to determine whether internal controls over financial reporting is present and functioning were not adequate which led to material adjustments to the financial statements and non compliance to laws and regulations.

Financial and performance management

The reviewing and monitoring of compliance with applicable laws and regulations were ineffective when dealing with transfers and subsidies.

Auditor General

Pretoria

19 September 2011

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

National Department of Energy – Vote 28

Appropriation Statement

for the year ended 31 March 2011

Appropriation per Programme									
	2010/11							2009/10	
Appropriation Statement	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of a Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Programme 1: Administration									
Current payment	121 864	(22)	303	122 145	118 209	3 936	96.8	–	–
Transfers and subsidies	329	22	55	406	87	319	21.4	–	–
Payment for capital assets	4 823	–	132	4 955	3 306	1 649	66.4	–	–
2. Programme 2: Hydrocarbons and Energy Planning									
Current payment	70 058	(27)	(5 400)	64 631	56 396	8 235	87.3	–	–
Transfers and subsidies	1 500 000	–	–	1 500 000	1 500 000	–	100.0	–	–
Payment for capital assets	–	27	–	27	6	21	22.2	–	–
3. Programme 3: Electricity, Nuclear & Clean Energy									
Current payment	62 225	(150)	(90)	61 985	59 255	2 730	95.6	–	–
Transfers and subsidies	369 578	–	–	369 578	349 387	20 191	94.5	–	–
Payment for capital assets	27	150	–	177	–	177	0.0	–	–
4. Programme 4: Associated Service									
Transfers and subsidies	3 519 760	–	5 000	3 524 760	3 418 740	106 020	97.0	–	–
Total	**5 648 664**	**–**	**–**	**5 648 664**	**5 505 386**	**143 278**	**97.5**	**–**	**–**

National Department of Energy – Vote 28
Appropriation Statement
for the year ended 31 March 2011

	2010/11		2009/10		
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
TOTAL (brought forward)	**5 648 664**	**5 505 386**		–	
Reconciliation with statement of financial performance					
ADD					
Departmental receipts	3 920				
Aid assistance	5 541				
Actual amounts per statement of financial performance (total revenue)	**5 658 125**			–	
ADD					
Aid assistance		870			
Actual amounts per statement of financial performance (total expenditure)		**5 506 256**			–

Appropriation Statement

for the year ended 31 March 2011

Appropriation per Economic Classification									
	2010/11							2009/10	
Detail	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of a 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	147 928	–	(4 672)	143 256	142 826	430	99.7	–	–
Goods and services	106 219	(49)	(665)	105 505	91 034	14 471	86.3	–	–
Transfers and subsidies									
Provinces and								–	–
municipalities	1 240 104	–	–	1 240 104	1 253 382	(13 278)	101.1	–	–
Departmental agencies and accounts	81 536	–	5 000	86 536	81 536	5 000	94.2	–	–
Public corporations and private enterprises	4 067 698	–	–	4 067 698	3 933 209	134 489	96.7		
Households	329	22	–	351	79	272	22.5		
Payments for capital assets									
Machinery and equipment	4 831	27	337	5 195	3 320	1 875	64.1	–	–
Software and other intangible assets	19	–	–	19	–	19	0.0	–	–
Total	**5 648 664**	**–**	**–**	**5 648 664**	**5 505 386**	**143 278**	**97.5**	**–**	**–**

Appropriation Statement

for the year ended 31 March 2011

	2010/11							2009/10	
Detail per Programme 1: Administration	**Adjusted Appropriation**	**Shifting of Funds**	**Virement**	**Final Appropriation**	**Actual Expenditure**	**Variance**	**Expenditure as % of a Final Appropriation**	**Final Appropriation**	**Actual Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
1.1 Corporate Services									
Current payment	96 204	(22)	2 774	98 956	97 446	1 510	98.5	–	–
Transfers and subsidies	329	22	–	351	79	272	23.0	–	–
Payment for capital assets	4 823	–	132	4 955	3 306	1 649	66.7	–	–
1.2 Management									
Current payment	16 774	–	(3 081)	13 693	11 267	2 426	82.3	–	–
Payment for capital assets	–	–	55	55	8	47	14.5	–	–
1.3 Ministry									
Current payment	1 816	–	610	2 426	2 426	–	100.0	–	–
1.4 Property Management									
Current payment	7 070	–	–	7 070	7 070	–	100.0	–	–
Total	**127 016**	**–**	**490**	**127 506**	**121 602**	**5 904**	**95.4**	**–**	**–**

National Department of Energy – Vote 28

Appropriation Statement

for the year ended 31 March 2011

	2010/11							2009/10	
Economic Classification Programme 1	**Adjusted Appropriation**	**Shifting of Funds**	**Virement**	**Final Appropriation**	**Actual Expenditure**	**Variance**	**Expenditure as % of a 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	53 127	–	(1 982)	51 145	54 588	(3 443)	106.7	–	–
Goods and services	68 737	(22)	2 285	71 000	63 621	7 379	89.6	–	–
Transfers and subsidies to:									
Households	329	22	–	351	79	272	22.2	–	–
Payment for capital assets									
Machinery and equipment	4 804	–	187	4 991	3 314	1 677	66.4	–	–
Software and other intangible assets	19	–	–	19	–	19	0.0	–	–
Total	**127 016**	**–**	**490**	**127 506**	**121 602**	**5 904**	**95.4**	**–**	**–**

Appropriation Statement

for the year ended 31 March 2011

	2010/11							2009/10	
Detail per Programme 2: Hydrocarbons and Energy Planning	**Adjusted Appropriation**	**Shifting of Funds**	**Virement**	**Final Appropriation**	**Actual Expenditure**	**Variance**	**Expenditure as % of a Final Appropriation**	**Final Appropriation**	**Actual Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
2.1 Energy Planning									
Current payment	15 304	(6)	(7 011)	8 287	3 367	4 920	40.6	–	–
Payment for capital assets	–	6	–	6	6	–	100.0	–	–
2.2 Hydrocarbons									
Current payment	51 483	(21)	(655)	50 807	47 518	3 289	93.5	–	–
Transfers and subsidies	1 500 000	–	–	1 500 000	1 500 000	–	100.0	–	–
Payment for capital assets	–	21	–	21	–	21	0.0	–	–
2.3 Hydrocarbons and Energy Planning Management									
Current payment	3 271	–	2 266	5 537	5 511	26	99.5	–	–
Total	**1 570 058**	**–**	**(5 400)**	**1 564 658**	**1 556 402**	**8,256**	**99.5**	**–**	**–**

Appropriation Statement

for the year ended 31 March 2011

	2010/11							2009/10	
Economic Classification Programme 2	**Adjusted Appropriation**	**Shifting of Funds**	**Virement**	**Final Appropriation**	**Actual Expenditure**	**Variance**	**Expenditure as % of a 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	51 054	–	(4 800)	46 254	43 961	2 293	95.0	–	–
Goods and services	19 004	(27)	(600)	18 377	12 435	5 942	67.7	–	–
Transfers and subsidies to:									
Public corporations and private enterprises	1 500 000	–	–	1 500 000	1 500 000	–	100	–	–
Payment for capital assets								–	–
Machinery and equipment	–	27	–	27	6	21	22.2		
Total	**1 570 058**	**–**	**(5 400)**	**1 564 658**	**1 556 402**	**8 256**	**99.5**	**–**	**–**

Appropriation Statement

for the year ended 31 March 2011

	2010/11							2009/10	
Detail per Programme 3: Electricity, Nuclear & Clean Energy	**Adjusted Appropriation**	**Shifting of Funds**	**Virement**	**Final Appropriation**	**Actual Expenditure**	**Variance**	**Expenditure as % of a Final Appropriation**	**Final Appropriation**	**Actual Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
3.1 Clean Energy									
Current payment	14 211	–	2 473	16 684	16 035	649	96.1	–	–
Transfers and subsidies	369 578	–	–	369 578	349 387	20 191	94.5	–	–
3.2 Electricity									
Current payment	35 139	(150)	(3 773)	31 216	30 485	731	97.7	–	–
Payment for capital assets	27	150	–	177	–	177	0.0	–	–
3.3 Electricity and Nuclear Management									
Current payment	3 114	–	2 442	5 556	4 623	933	83.2	–	–
3.4 Nuclear									
Current payment	9 761	–	(1 232)	8 529	8 112	417	95.1	–	–
Total	**431 830**	**–**	**(90)**	**431 740**	**408 642**	**23 098**	**94.7**	**–**	**–**

National Department of Energy – Vote 28

Appropriation Statement

for the year ended 31 March 2011

	2010/11							2009/10	
Economic Classification Programme 3	**Adjusted Appropriation**	**Shifting of Funds**	**Virement**	**Final Appropriation**	**Actual Expenditure**	**Variance**	**Expenditure as % of a 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	43 747	–	2 110	45 857	44 277	1 580	96.6	–	–
Goods and services	18 478	(150)	(2 200)	16 128	14 978	1 150	92.9	–	–
Transfers and subsidies to:									
Provinces and								–	–
municipalities	220 000	–	–	220 000	220 000	–	100.0	–	–
Public corporations and private enterprises	149 578	–	–	149 578	129 387	20 191	86.5		
Payment for capital assets									
Machinery and equipment	27	150	–	177	–	177	0.0	–	–
Total	**431 830**	**–**	**(90)**	**431 740**	**408 642**	**23 098**	**94.7**	**–**	**–**

Appropriation Statement

for the year ended 31 March 2011

	2010/11							2009/10	
Detail per Programme 4: Associated Services	**Adjusted Appropriation**	**Shifting of Funds**	**Virement**	**Final Appropriation**	**Actual Expenditure**	**Variance**	**Expenditure as % of a Final Appropriation**	**Final Appropriation**	**Actual Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
4.1 South African Nuclear Energy Corporation									
Transfers and subsidies	574 110	–	–	574 110	574 110	–	100.0	–	–
4.2 National Nuclear Regulator									
Transfers and subsidies	19 954	–	–	19 954	19 954	–	100.0	–	–
4.3 Electricity Distribution Industry Holdings Company									
Transfers and subsidies	61 582	–	5 000	66 582	61 582	5 000	92.5	–	–
4.4 National Electrification Programme									
Transfers and subsidies	2 864 114	–	–	2 864 114	2 763 094	101 020	96.5	–	–
Total	**3 519 760**	**–**	**5 000**	**3 524 760**	**3 418 740**	**106 020**	**97.0**	**–**	**–**

	2010/11							2009/10	
Economic Classification Programme 4	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of a Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies to:									
Provinces and municipalities	1 020 104	–	–	1 020 104	1 033 382	(13 278)	101.3	–	–
Departmental agencies and accounts	81 536	–	5 000	86 536	81 536	5 000	94.2	–	–
Public corporations and private enterprises	2 418 120	–	–	2 418 120	2 303 822	114 298	95.3	–	–
Total	**3 519 760**	**–**	**5 000**	**3 524 760**	**3 418 740**	**106 020**	**97.0**	**–**	**–**

1. Details of Transfers and Subsidies as per Appropriation Act (after virement)

Details of these transactions can be viewed in note 6 (Transfers and Subsidies) and Annexure 1 (A–D) to the Annual Financial Statements.

2. Details of Specifically and Exclusively Appropriated Amounts Voted (after Virement)

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

3. Explanations of Material Variances from Amounts Voted (after Virement)

Per programme

Programme 1	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	127 506	121 602	5 904	4.6

The underspending of R5.9 million under Programme 1: Administration mainly relates to the procurement of goods and services. In instances where orders were placed but for which expenditure is pending because of delays in delivery of goods and services, late receipt of invoices and consequent delay in the processing of payments. The item goods and services consequently reflects an underspending.

Programme 2	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Hydrocarbons & Energy Planning	1 564 658	1 556 402	8 256	0.5

The underspending of R8.2 million under the Hydrocarbons and Energy Planning Branch represents an underspending of 0.5% and is attributable to vacancies in the Branch during the reporting period (R2.29 million) and outstanding order payments at financial year-end associated with the procurement of goods and services (R5.94 million).

Programme 3	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Electricity & Nuclear	431 740	408 642	23 098	5.3

The Electricity and Nuclear Branch recorded an underspending of R23.1 million, which represents an underspending of 5.3%. This is mainly the result of outstanding transfer payments of R20.19 million relating to the REFSO.

Other contributing factors are vacancies in the Branch (R1.58 million) during the reporting period and outstanding order payments at financial year-end (R1.15 million).

Programme 4	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Associated Services	3 524 760	3 418 740	106 020	3

The underspending of R106 million, which is 3% under Programme 4: Associated Services can be attributed to:

- Transfer payments in respect of the INEP earmarked for transfer to non-grid electrification projects, were not made because delays in service agreements, late fund requests by municipalities and time frames attached to the bank verification process.
- EDIH – NERT Project. This project was handled operationally by EDIH. National Treasury approved a transfer of R5 million for the payment of this project to Gobodo Systems Consulting. However, this payment could not be affected until an agreement was signed between the DoE and Gobodo Systems Consulting, thereby creating an obligation to pay.

Per Economic Classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	143 256	142 826	430	0.3
Goods and services	105 505	91 034	14 471	13.7
Transfers and subsidies				
Provinces and municipalities	1 240 104	1 253 382	(13 278)	(1.1)
Departmental agencies and accounts	86 536	81 536	5 000	5.8
Public corporations and private enterprises	4 067 698	3 933 209	134 489	3.3
Households	351	79	272	77.5
Payments for capital assets				
Machinery and equipment	5 195	3 320	1 875	35.9
Software and other intangible assets	19	–	19	100
Total	**5 648 664**	**5 505 386**	**143 278**	**2.5**

Statement of Financial Performance

for the year ended 31 March 2011

Performance	Note	2010/11 R'000	2009/10 R'000
Revenue			
Annual appropriation	1	5 648 664	–
Departmental revenue	2	3 920	–
Aid assistance	3	5 541	–
Total Revenue		**5 658 125**	**–**
Expenditure			
Current expenditure			
Compensation of employees	4	142 826	–
Goods and services	5	91 034	–
Aid assistance	3	870	–
Total current expenditure		**234 730**	**–**
Transfers and subsidies			
Transfers and subsidies	6	5 268 206	–
Total transfers and subsidies		**5 268 206**	**–**
Expenditure for capital assets			
Tangible capital assets	7	3 320	–
Total expenditure for capital assets		**3 320**	**–**
Total Expenditure		**5 506 256**	**–**
Surplus for the year		**151 869**	**–**
Reconciliation of Net Surplus for the year			
Voted funds		143 278	–
Annual appropriation		143 278	–
Departmental revenue and NRF Receipts	15	3 920	–
Aid assistance	3	4 671	–
Surplus for the year		**151 869**	**–**

National Department of Energy – Vote 28

Statement of Financial Position

for the year ended 31 March 2011

Position	Note	2010/11 R'000	2009/10 R'000
Assets			
Current assets		**165 847**	**–**
Unauthorised expenditure	*8*	14 860	
Cash and cash equivalents	*9*	136 283	–
Prepayments and advances	*10*	60	–
Receivables	*11*	14 644	–
Non-current assets		**2 205**	–
Investments	*12*	2 205	–
Loans	*13*	–	–
Total Assets		**168 052**	–
Liabilities			
Current liabilities		**165 847**	**–**
Voted funds to be surrendered to the Revenue Fund	*14*	158 138	–
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	*15*	53	–
Payables	*16*	4 079	–
Aid assistance repayable	*3*	3 577	–
Total Liabilities		**165 847**	**–**
Net Assets		**2 205**	**–**
Represented by:			–
Capitalisation reserve		2 205	–
Total		**2 205**	**–**

Statement of Changes in Net Assets

for the year ended 31 March 2011

Net Assets

	2010/11 R'000	2009/10 R'000
Capitalisation Reserves		
Opening balance	2 205	–
Closing balance	**2 205**	**–**
Total	**2 205**	**–**

National Department of Energy – Vote 28

Cash Flow Statement

for the year ended 31 March 2011

Cash Flow	Note	2010/11 R'000	2009/10 R'000
Cash Flows from Operating Activities			
Receipts		5 658 125	–
Annual appropriated funds received	1.1	5 648 664	–
Departmental revenue received	2	3 920	–
Aid assistance received	3	5 541	–
Net (increase) in working capital		(25 485)	–
Surrendered to Revenue Fund		(3 867)	–
Surrendered to RDP Fund/Donor		(1 094)	–
Current payments		(219 870)	–
Transfers and subsidies paid		(5 268 206)	–
Net cash flow available from operating activities	17	**139 603**	**–**
Cash Flows from Investing Activities			
Payments for capital assets	7	(3 320)	–
(Increase) in investments	12	(2 205)	
Net cash flows from investing activities		**(5 525)**	**–**
Cash Flows from Financing Activities			
Increase in net assets		2 205	–
Net cash flows from financing activities		2 205	–
Net increase in cash and cash equivalents		136 283	–
Cash and cash equivalents at beginning of period		–	–
Cash and cash equivalents at end of period	18	**136 283**	**–**

The Financial Statements have prepared in accordance with the following policies that have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the PFMA (Act No.1 of 1999), as amended by Act No. 29 of 1999, and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act No.1 of 2010.

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

Unless otherwise stated, all financial figures have been rounded to the nearest one thousand rand (R’000).

1.4 Comparative figures

Prior period comparative information has not been presented in the current year’s financial statements as per Treasury Regulation 5.7, which states: “Prior period figures shall be presented in the financial statements of the transferor department only and not in the financial statements of the recipient department. Comparative figures must be what the department reported previously. For new departments there will be no comparative figures.” The DoE was formed on 1 April 2010.

1.5 Comparative figures − Appropriation Statement

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

2. Revenue

2.1 Appropriated funds

Appropriated funds comprise departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

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

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

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

2.2 Departmental revenue

All departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the Statement of Financial Position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are, however, disclosed in the Disclosure Notes to the Annual Financial Statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the Statement of Financial Position.

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Aid assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the Statement of Financial Position.

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

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA-earmarked projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the Statement of Financial Position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the Disclosure Notes to the Financial Statements at face value and are not recognised in the Statements of Financial Performance or Position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the Statement of Financial Performance.

3.1.2 Social contributions

Employer contributions to post-employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the Financial Statements of the Department. Any potential liabilities are disclosed in the Financial Statements of the National Revenue Fund and not in the Financial Statements of the employer department.

Employer contributions made by the Department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.

3.2 Goods and services

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

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

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

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts, but an estimate is included in the Disclosure Notes to the Financial Statements amounts.

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

3.5 Transfers and subsidies

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

3.6 Unauthorised expenditure

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

Unauthorised expenditure approved with funding is derecognised from the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the Statement. If the expenditure is recoverable, it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.8 Irregular expenditure

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

4. Assets

4.1 Cash and cash equivalents

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

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.

4.2 Other financial assets

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

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

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

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the Disclosure Notes.

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position.

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

4.6 Loans

Loans are recognised in the Statement of Financial Position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the Disclosure Notes.

4.7 Inventory

Inventories that qualify for recognition must initially be reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

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

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital assets” and is capitalised in the asset register of the Department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1, unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

5. Liabilities

5.1 Payables

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

5.2 Contingent liabilities

Contingent liabilities are included in the Disclosure Notes to the Financial Statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the Disclosure Notes to the Financial Statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

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

5.5 Accruals

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

5.6 Employee benefits

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

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the Disclosure Notes to the Financial Statements.

Operating lease

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the Disclosure Notes to the Financial Statement.

5.8 Impairment and other provisions

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows/service potential flowing from the instrument.

Provisions are disclosed 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 will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for Departmental Revenue

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

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlining asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written-off.

8. Related Party Transactions

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

9. Key Management Personnel

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

10. Public Private Partnerships (PPPs)

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

1. Annual Appropriation

1.1 Annual appropriation

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

Programmes	Final Appropriation	Actual Funds Received	Funds not Requested/ not Received	Appropriation Received
	R'000	R'000	R'000	R'000
Administration	127 506	127 016	490	–
Hydrocarbons & Energy Planning	1 564 658	1 570 058	(5 400)	–
Electricity, Nuclear & Clean Energy	431 740	431 830	(90)	–
Associated Services	3 524 760	3 519 760	5 000	–
Total	**5 648 664**	**5 648 664**	**–**	**–**

	Note	2010/11	2009/10
		R'000	R'000

2. Departmental Revenue

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets	*2.1*	3 708	–
Interest, dividends and rent on land	*2.2*	14	–
Transactions in financial assets and liabilities	*2.3*	198	–
Departmental revenue collected		**3 920**	**–**

2.1 Sales of goods and services other than capital assets

	Note	2010/11 R'000	2009/10 R'000
	2		
Sales of goods and services produced by the department		3 708	–
Sales by market establishment		169	–
Administrative fees		3 539	–
Total		**3 708**	**–**

Revenue under sales of goods and services produced by the Department include rental from undercover parking, petroleum licence fees, replacement of security cards and commissions from insurance and garnishees.

		Note	2010/11 R'000	2009/10 R'000
2.2	**Interest, dividends and rent on land**	*2*		
	Interest		14	–
	Total		**14**	**–**
2.3	**Transactions in financial assets and liabilities**	*2*		
	Receivables		198	–
	Total		**198**	**–**

Revenue under transactions in financial assets and liabilities include recovery of prior year expenses.

3. Aid Assistance

3.1 Aid assistance received in cash from RDP

	2010/11 R'000	2009/10 R'000
Foreign		
Revenue	5 541	–
Expenditure	(870)	–
Current	(870)	–
	4 671	–
Surrendered to the RDP	(1 094)	–
Closing balance	**3 577**	**–**

3.2 Analysis of balance

	2010/11 R'000	2009/10 R'000
Aid assistance repayable to the Reconstruction & Development Programme (RDP)	3 577	–
Closing balance	**3 577**	**–**

4. Compensation of Employees

4.1 Salaries and wages

	2010/11 R'000	2009/10 R'000
Basic salary	94 333	–
Performance award	2 531	–
Service Based	640	–
Compensative/circumstantial	3 596	–
Periodic payments	84	–
Other non-pensionable allowances	25 019	–
Total	**126 203**	**–**

		Note	2010/11 R'000	2009/10 R'000
4.2	**Social contributions**			
	Employer contributions			
	Pension		11 975	–
	Medical		4 625	–
	Bargaining council		23	–
	Total		**16 623**	**–**
	Total compensation of employees		**142 826**	**–**
	Average number of employees		**526**	**–**

5. Goods and Services

	Note	2010/11 R'000	2009/10 R'000
Administrative fees		1 990	–
Advertising		2 571	–
Assets less then R5 000	*5.1*	727	–
Bursaries (employees)		416	–
Catering		1 453	–
Communication		4 261	–
Computer services	*5.2*	2 834	–
Consultants, contractors and agency/ outsourced services	*5.3*	10 535	–
Entertainment		83	–
Audit cost – external	*5.4*	1 879	–
Inventory	*5.5*	2 013	–
Operating leases		22 205	–
Owned and leasehold property expenditure	*5.6*	607	–
Travel and subsistence	*5.7*	30 357	–
Venues and facilities		4 338	–
Training and staff development		1 322	–
Other operating expenditure	*5.8*	3 443	–
Total		**91 034**	**–**

5.1 Assets less than R5 000

			5
Tangible assets			
Machinery and equipment		727	–
Total		**727**	**–**

		Note	2010/11 R'000	2009/10 R'000
5.2	Computer services		5	
	SITA computer services		1 718	–
	External computer service providers		1 116	–
	Total		**2 834**	**–**
5.3	Consultants, contractors and agency/outsourced			
	Services	5		
	Business and advisory services		6 659	–
	Legal costs		46	–
	Contractors		3 119	–
	Agency and support/outsourced services		711	–
	Total		**10 535**	**–**
5.4	Audit cost – external	5		
	Regularity audits		1 879	–
	Total		**1 879**	**–**
5.5	Inventory	5		
	Learning and teaching support material		48	–
	Fuel, oil and gas		10	–
	Other consumable materials		105	–
	Maintenance material		151	–
	Stationery and printing		1 699	–
	Total		**2 013**	**–**
5.6	Property payments		5	
	Other		607	–
	Total		**607**	**–**

Expenditure under other property payments include cleaning services.

		Note	2010/11 R'000	2009/10 R'000
5.7	Travel and subsistence	*5*		
	Local		18 445	–
	Foreign		11 912	–
	Total		**30 357**	**–**
5.8	Other operating expenditure		5	
	Professional bodies, membership and subscription fees		2 562	–
	Resettlement costs		350	–
	Other		531	–
	Total		**3 443**	**–**

Expenditure under other operating expenditure include courier and delivery services, licences, permits, vehicle tracking, freight services, taking over study loan obligations, and printing and publication services.

6. Transfers and Subsidies

	Note	2010/11 R'000	2009/10 R'000
Provinces and municipalities	*Annex 1A*	1 253 382	–
Departmental agencies and accounts	*Annex 1B*	81 536	–
Public corporations and private enterprises	*Annex 1C*	3 933 209	–
Households	*Annex 1D*	79	–
Total		**5 268 206**	**–**

7. Expenditure for Capital Assets

	2010/11 R'000	2009/10 R'000
Tangible assets	3 320	–
Machinery and equipment	3 320	–
Total	**3 320**	–

7.1 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted Funds R'000	Aid Assistance R'000	Total R'000
Tangible assets	**3 320**	**–**	**3 320**
Machinery and equipment	3 320	–	3 320
Total	**3 320**	**–**	**3 320**

	Note	2010/11 R'000	2009/10 R'000

8. Unauthorised Expenditure

8.1 Reconciliation of unauthorised expenditure

	Note	2010/11 R'000	2009/10 R'000
Unauthorised expenditure – in current year	*14*	14 860	–
Unauthorised expenditure awaiting authorisation/written off		**14 860**	**–**

8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2010/11 R'000	2009/10 R'000
Transfers and subsidies	14 860	–
Total	**14 860**	**–**

8.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2010/11 R'000	2009/10 R'000
Unauthorised expenditure relating to a transfer that was not budgeted for within the vote	14 860	–
Total	**14 860**	**–**

8.4 Details of unauthorised expenditure – current year

Incident	Disciplinary Steps taken/Criminal Proceedings	2010/11
		R'000
Transfer payment to Mthonjaneni municipality in respect of Infrastructure Grant paid in the current year which related to the previous financial year.	Disciplinary process in progress	14 860
Total		**14 860**

9. Cash and Cash Equivalents

	2010/11	2009/10
	R'000	R'000
Consolidated Paymaster General Account	138 155	–
Disbursements	(5 847)	–
Cash on hand	46	–
Cash with commercial banks (local)	3 929	–
Total	**136 283**	**–**

10. Prepayments and Advances

	2010/11	2009/10
	R'000	R'000
Travel and subsistence	60	–
Total	**60**	**–**

11. Receivables

					2010/11	2009/10
	Note	R'000	R'000	R'000	R'000	R'000
		Less than one Year	One to three Years	Older than three Years	Total	Total
Claims recoverable	*11.1*	14 531	–	–	14 531	–
Staff debt	*11.2*	27	86	–	113	–
Total		**14 558**	**86**	**–**	**14 644**	**–**

		Note	2010/11 R'000	2009/10 R'000
11.1	Claims recoverable	11		
	National departments		1 183	–
	Local government – overpayments to municipalities		9 311	–
	Recoverable from third parties		4 037	–
	Total		**14 531**	**–**

Subsequent to year-end all overpayments to municipalities have been fully recovered.

		Note	2010/11 R'000	2009/10 R'000
11.2	Staff debt	11		
	Staff debtors		113	–
	Total		**113**	**–**

12. Investments

	2010/11 R'000	2009/10 R'000
Non-current		
Shares and other equity	2 205	–
Total non-current	**2 205**	**–**
Analysis of non-current investments		
Non-cash movements	2 205	–
Closing balance	**2 205**	**–**

Investments are recorded at cost in terms of the Accounting Policy. Refer to Annexure 2B for the net asset value as at 31 March 2011.

13. Loans

The loan to the Portuguese Government towards the Hydro Electrica de Cahora Bassa scheme was written down from R347 million to R1.00 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.

14. Voted Funds to be surrendered to the Revenue Fund

	2010/11 R'000	2009/10 R'000
Transfer from statement of financial performance	143 278	–
Add: Unauthorised expenditure for current year	14 860	
Closing balance	**158 138**	**–**

	Note	2010/11 R'000	2009/10 R'000

15. Departmental Revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2010/11 R'000	2009/10 R'000
Transfer from Statement of Financial Performance		3 920	–
Paid during the year		(3 867)	–
Closing balance		**53**	**–**

16. Payables – Current

	Note	2010/11 R'000	2009/10 R'000
Clearing accounts	*16.1*	42	–
Other payables	*16.2*	4 037	–
		4 079	**–**

16.1 Clearing accounts

	Note	2010/11 R'000	2009/10 R'000
Salary: Pension Fund		5	–
Salary: Income Tax		39	–
Salary: Medical Aid		(2)	–
		42	**–**

16.2 Other payables

	Note	2010/11 R'000	2009/10 R'000
Claims payable to national departments		4 037	–
		4 037	**–**

17. Net Cash Flow available from Operating Activities

	Note	2010/11 R'000	2009/10 R'000
Net surplus as per Statement of Financial Performance		151 869	–
Add back non cash/cash movements not		(12 266)	–
(Increase) in receivables – current		(14 644)	–
(Increase) in prepayments and advances		(60)	–
Increase in payables – current		4 079	–
Expenditure on capital assets		3 320	–
Surrenders to Revenue Fund		(3 867)	–
Surrenders to RDP Fund/Donor		(1 094)	–
Net cash flow generated by operating		**139 603**	**–**

	Note	2010/11 R'000	2009/10 R'000

18. Reconciliation of Cash and Cash Equivalents for Cash Flow Purposes

		2010/11 R'000	2009/10 R'000
Consolidated Paymaster General account		138 155	–
Disbursements		(5 847)	–
Cash on hand		46	–
Cash with commercial banks (local)		3 929	–
Total		**136 283**	**–**

		Note	2010/11 R'000	2009/10 R'000

19. Contingent Liabilities and Contingent Assets

19.1 Contingent liabilities

Liable to	Nature	Note	2010/11 R'000	2009/10 R'000
Housing loan guarantee	Employee	Annex 3A	60	–
Bank facility guarantee	NECSA	Annex 3A	20 000	–
Other guarantee		Annex 3B	1 994	–
Claims against the department		Annex 3B	470	–
Other departments (interdepartmental unconfirmed balances		Annex 5	4 004	–
Total			**26 528**	**–**

Other Guarantees

Potential liabilities exist relating to disputed hours and costs between the Department and a service provider regarding the forensic audit into suspected irregularities within the Non-grid Electrical Services Environment.

19.2 Contingent assets

Nature of contingent asset	2010/11 R'000	2009/10 R'000
Feasibility studies	5 900	–
Total	**5 900**	**–**

Feasibility Studies

The department has a countigent asset of R5.9 million relating to the payment made for feasibility studies on the land secured for Independent Power Plant project.

	2010/11 R'000	2009/10 R'000
20. Commitments		
Current expenditure		
Approved and contracted	3 015 048	
Approved but not yet contracted	1 660	–
Capital expenditure		
Approved and contracted	61 700	–
Total Commitments	**3 078 408**	**–**

Total Commitments include amounts contracted for a period longer than 1 year, comprising Current expenditure of R3 005 432 305 and Capital expenditure of R1 060 592.

21. Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	318 829	–	318 829	–
Total	**318 829**	**–**	**318 829**	**–**

Listed by programme level		
Administration	19 324	–
Hydrocarbons & Energy Planning	207	–
Electricity, Nuclear & Clean Energy	293 997	–
Associated Services	5 301	–
Total	**318 829**	**–**

	Note	2010/11 R'000	2009/10 R'000
Confirmed balances with other departments	*Annex 5*	167	–
Total		**167**	**–**

	Note	2010/11 R'000	2009/10 R'000

22. Employee Benefits

	Note	2010/11 R'000	2009/10 R'000
Leave entitlement		4 659	–
Service bonus (thirteenth cheque)		3 904	–
Performance awards		2 149	–
Capped leave commitments		1 929	–
Total		**12 641**	**–**

23. Lease Commitments

23.1 Operating leases expenditure

2010/11	Buildings and other fixed Structures	Machinery and Equipment	Total
Not later than 1 year	23 290	1 348	24 638
Later than 1 year and not later than 5 years	77 830	352	78 182
Total lease commitments	**101 120**	**1 700**	**102 820**
2009/10			
Not later than 1 year	–	–	–
Later than 1 year and not later than 5 years	–	–	–
Total lease commitments	**–**	**–**	**–**

24. Receivables for Departmental Revenue

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets	*24.1*	105	–
Total		**105**	**–**

	Note	2010/11 R'000	2009/10 R'000
24.1 Analysis of receivables for departmental revenue			
Opening balance		–	–
Add: Amounts recognised – petroleum licences	*24*	105	–
Closing balance		**105**	**–**

25. Irregular Expenditure

25.1 Reconciliation of irregular expenditure

	Note	2010/11 R'000	2009/10 R'000
Add: Irregular expenditure – relating to current year	*25.2*	112 363	–
Less: Amounts condoned	*25.3*	(1 013)	–
Irregular expenditure awaiting condonation		**111 350**	**–**

25.2 Details of irregular expenditure – current year

Incident	Disciplinary Steps taken/Criminal Proceedings	2010/11 R'000
Failure to comply with the departmental Procurement Procedures	Employee received a warning.	127
Failure to comply with the departmental Procurement Procedures	Employee received a warning	50
Failure to comply with the departmental Procurement Procedures	Employee received a warning	49
Failure to comply with the departmental Procurement Procedures	Employee received a warning	121
Failure to comply with the departmental Procurement Procedures	Employee received a warning	70
Failure to comply with the departmental Procurement Procedures	Investigation to be conducted	
		260

25.2 Details of irregular expenditure – current year (continued)

Incident	Disciplinary Steps taken/Criminal Proceedings	2010/11 R'000
Failure to comply with the departmental Procurement Procedures	Employee received a warning	143
Failure to comply with the departmental Procurement Procedures	Employee received a warning	453
Non-compliance with PN 8 of 2007/2008	Employees awaiting disciplinary action	98
Transfer payments not authorised in accordance with Financial Delegations	Employees awaiting disciplinary action	110 992
Total		**112 363**

25.3 Details of irregular expenditure condoned

Incident	Condoned by (Condoning Authority)	2010/11 R'000
Non-compliance with departmental procedures	Condoned by the DG	1 013
Total		**1 013**

26. Related Party Transactions

	Note	2010/11 R'000	2009/10 R'000
Year-end balances arising from revenue/ payments			
Receivables from related parties	*Annex4*	1 254	–
Payables to related parties	*Annex5*	(167)	–
Total		**(1 087)**	**–**

The Department has a related party relationship with all the public sector entities falling within the portfolio of the Minister of Energy.

	Note	2010/11 R'000	2009/10 R'000
Other			
Guarantees issued – NECSA		20 000	–

The Department issued guarantees to NECSA for a bank facility and environmental rehabilitation liability.

Guarantees received – Ministry of Finance		7 288	–

The Department received a guarantee from the Ministry of Finance for the land in Avon, KwaZulu-Natal, for the construction of the Independent Power Station.

Total		**27 288**	**–**

27. Key Management Personnel

	No. of Individuals		
Political office bearers	*2*	2 405	–
Officials:			
Levels 15 to 16	*8*	7 627	–
Level 14	*8*	6 706	–
Total		**16 738**	**–**

28. Impairment and other Provisions

Other provisions			
Provision for doubtful debts		6	–
Provision for Environmental rehabilitation liability		3 129 000	–
Total		**3 129 006**	**–**

28.1 Environmental rehabilitation liability

The Department has a potential liability arising from decontamination and decommissioning of past strategic nuclear facilities as per section 1 (xii) (a) of the Nuclear Energy Act, Act No.46 of 1999. In terms of the Nuclear Liabilities Management Plan that was approved by Cabinet, the liability was estimated at R1 796 000 000 during the previous assessment in 2004, while the current re-assessment estimate amounts to R3 129 000 000. The current estimate of the liability has increased by R1 333 000 000 when compared with the 2004 liability estimate. This difference can mainly be ascribed to:

- Regulatory and policy changes;
- deferring and rescheduling of projects; and
- changes in the microeconomic environment, e.g. inflation, labour cost and electricity prices.

The total cost of carrying out the proposed liability discharge amounts to R3 129 000 000 over a 23-year period. This represents an average annual expense of R136 000 000. The main aspects of the process are decommissioning, decontamination and waste management (which includes the eventual disposal of the waste).

29. Movable Tangible Capital Assets

Movement in Movable Tangible Capital Assets per Asset Register for the year ended 31 March 2011

	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and Equipment				
Transport assets	–	1 526	–	1 526
Computer equipment	–	10 004	–	10 004
Furniture and office equipment	–	7 221	–	7 221
Other machinery and equipment	–	1 978	–	1 978
Total Movable Tangible Capital Assets	**–**	**20 729**	**–**	**20 729**

29.1 Additions

Additions to Movable Tangible Capital Assets per Asset Register for the year ended 31 March 2011

	Cash R'000	Non-cash R'000	Total R'000
Machinery and Equipment			
Transport assets	736	790	1 526
Computer equipment	1 440	8 564	10 004
Furniture and office equipment	737	6 484	7 221
Other machinery and equipment	407	1 571	1 978
Total Additions to Movable Tangible Capital Assets	**3 320**	**17 409**	**20 729**

29.2 Minor assets

Minor Assets of the Department as at 31 March 2011

	Machinery and Equipment	Total
	R'000	R'000
Minor assets	4 302	4 302
Total	**4 302**	**4 302**
Number of minor assets at cost	2 398	2 398
Total Number of Minor Assets	**2 398**	**2 398**

30. Intangible Capital Assets

Movement in Intangible Capital Assets per Asset Register for the year ended 31 March 2011

	Opening Balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Computer Software	–	2 622	–	2 622
Other Intangibles	–	228	–	228
Total Intangible Capital Assets	**–**	**2 850**	**–**	**2 850**

30.1 Additions

Additions to Intangible Capital Assets per Asset Register for the year ended 31 March 2011

	Cash	Non-cash	Total
	R'000	R'000	R'000
Computer Software	–	2 622	2 622
Other Intangibles	–	228	228
Total Additions to Intangible Capital Assets	**–**	**2 850**	**2 850**

31. Statement of Conditional Grants paid to Municipalities

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	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	%
Abaqulusi	10 000	–	–	10 000	10 000	–	–
Aganang	2 000	–	–	2 000	2 000	–	–
Albert Luthuli	2 500	–	–	2 500	2 500	–	–
Ba-Phalaborwa	6 000	–	–	6 000	6 000	–	–
Baviaans	2 380	–	–	2 380	2 380	–	–
Beaufort West	12 000	–	–	12 000	12 000	–	–
Bela Bela	3 000	–	–	3 000	3 000	–	–
Bergrivier	1 056	–	–	1 056	1 056	–	–
Bitou	10 000	–	–	10 000	10 000	–	–
Blouberg	5 000	–	–	5 000	5 000	–	–
Blue Crane Route	468	–	–	468	468	–	–
Buffalo City	24 000	–	–	24 000	24 000	–	–
Bushbuckridge	5 000	–	–	5 000	5 000	–	–
Cape Agulhas	2 000	–	–	2 000	2 000	–	–
City of Cape Town	28 000	–	–	28 000	28 000	–	–
City of Johannesburg	92 261	–	–	92 261	92 261	–	–

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	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	%
City of Tshwane	78 000	–	–	78 000	78 000	–	–
Delmas	3 300	–	–	3 300	3 300	–	–
Dikgatlong	897	–	–	897	897	–	–
Drakenstein	5 000	–	–	5 000	5 000	–	–
Emalahleni	5 000	–	–	5 000	5 000	–	–
Eden District Municipality	6 000	–	–	6 000	6 000	–	–
EDumbe	2 508	–	–	2 508	2 508	–	–
Ekurhuleni	50 000	–	–	50 000	50 000	–	–
Elias Motsoaledi	3 000	–	–	3 000	3 000	–	–
Emnambethi Ladysmith	10 006	–	–	10 006	10 006	–	–
Emthanjeni	540	–	–	540	540	–	–
Engcobo	35 000	–	–	35 000	35 000	–	–
eThekwini	60 000	–	–	60 000	60 000	–	–
Ezinqolweni	8 000	–	–	8 000	8 000	–	–
Gamagara	2 500	–	–	2 500	2 500	–	–
Gariep	8 000	–	–	8 000	8 000	–	–
Ga-Segonyana	2 500	–	–	2 500	2 500	–	–

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	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	%
George	8 000	–	–	8 000	8 000	–	–
Govan Mbheki	10 000	–	–	10 000	10 000	–	–
Greater Giyani	10 000	–	–	10 000	10 000	–	–
Greater Kokstad	1 848	–	–	1 848	1 848	–	–
Greater Letaba	9 000	–	–	9 000	9 000	–	–
Greater Tzaneen	10 000	–	–	10 000	10 000	–	–
Hessequa	11 300	–	–	11 300	11 300	–	–
Hibiscus Coast	18 000	–	–	18 000	18 000	–	–
Hlabisa	10 000	–	–	10 000	10 000	–	–
Impendle	1 360	–	–	1 360	678	682	–
Ingwe	5 000	–	–	5 000	5 000	–	–
Inxuba Yethemba	16 000	–	–	16 000	16 000	–	–
Jozini	10 000	–	–	10 000	10 000	–	–
Kamiesberg	2 630	–	–	2 630	2 630	–	–
Kannaland	6 363	–	–	6 363	6 363	–	–
Kgatelopele	402	–	–	402	402	–	–
IIKhara Hais	310	–	–	310	310	–	–

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	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	%
King Sabata Dalindyebo	8 000	–	–	8 000	8 000	–	–
Knysna	1 452	–	–	1 452	1 452	–	–
Kopanong	963	–	–	963	963	–	–
Kwa Sani	7 488	–	–	7 488	7 488	–	–
Langeberg	90	–	–	90	90	–	–
Lepelle-Nkumpi	2 500	–	–	2 500	2 500	–	–
Lephalale	3 281	–	–	3 281	3 281	–	–
Mafube	8 000	–	–	8 000	8 000	–	–
Makana	7 410	–	–	7 410	7 410	–	–
Makhado	9 719	–	–	9 719	9 719	–	–
Makhuduthamaga	5 000	–	–	5 000	5 000	–	–
Maletswai	10 000	–	–	10 000	10 000	–	–
Maluti a Phofung	10 000	–	–	10 000	10 000	–	–
Mangaung	18 000	–	–	18 000	18 000	–	–
Matatiele	31 000	–	–	31 000	31 000	–	–
Matjhabeng	500	–	–	500	500	–	–
Matzikama	2 000	–	–	2 000	2 000	–	–

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	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	%
Mbhashe	10 000	–	–	10 000	10 000	–	–
Mbizana	10 000	–	–	10 000	10 000	–	–
Mbombela	9 220	–	–	9 220	9 220	–	–
Merafong City	18 800	–	–	18 800	18 800	–	–
Metsimaholo	3 000	–	–	3 000	3 000	–	–
Mhlontlo	38 000	–	–	38 000	38 000	–	–
Mogale City	5 000	–	–	5 000	5 000	–	–
Moqhaka	4 000	–	–	4 000	4 000	–	–
Mossel Bay	13 500	–	–	13 500	13 500	–	–
Emalahleni	2 970	–	–	2 970	2 970	–	–
Msinga	8 000	–	–	8 000	8 000	–	–
Msukaligwa	2 100	–	–	2 100	2 100	–	–
Msunduzi	4 000	–	–	4 000	4 000	–	–
Nala	5 600	–	–	5 600	5 600	–	–
Nama Khoi	15 000	–	–	15 000	15 000	–	–
Ndlambe	8 000	–	–	8 000	8 000	–	–
Nelson Mandela Bay	45 000	–	–	45 000	45 000	–	–

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	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	%
Newcastle	7 358	–	–	7 358	6 458	900	–
Ngquza Hill	15 000	–	–	15 000	15 000	–	–
Ngwathe	7 000	–	–	7 000	7 000	–	–
Nkandla	10 000	–	–	10 000	10 000	–	–
Nkomazi	4 500	–	–	4 500	4 500	–	–
Ntabankulu	10 000	–	–	10 000	10 000	–	–
Ntambanana	26 400	–	–	26 400	26 400	–	–
Overstrand	3 639	–	–	3 639	3 639	–	–
Phokwane	163	–	–	163	163	–	–
Polokwane	20 000	–	–	20 000	20 000	–	–
Randfontein	2 200	–	–	2 200	2 200	–	–
Rustenburg	16 000	–	–	16 000	16 000	–	–
Sakhisizwe	6 000	–	–	6 000	6 000	–	–
Siyancuma	1 733	–	–	1 733	1 733	–	–
Sol Plaatje	2 500	–	–	2 500	2 500	–	–
Steve Tshwete	10 000	–	–	10 000	10 000	–	–
Swartland	3 000	–	–	3 000	3 000	–	–

Disclosure Notes to the Annual Financial Statements

for the year ended 31 March 2011

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	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	%
Swellendam	469	–	–	469	469	–	–
Thabazimbi	5 000	–	–	5 000	5 000	–	–
Thulamela	40 000	–	–	40 000	40 000	–	–
Tlokwe	5 366	–	–	5 366	5 366	–	–
Tokologo	3 000	–	–	3 000	3 000	–	–
Greater Tubatse	9 000	–	–	9 000	9 000	–	–
Ulundi	2 490	–	–	2 490	2 490	–	–
uMdoni	4 536	–	–	4 536	4 536	–	–
Umhlabuyalingana	9 000	–	–	9 000	9 000	–	–
Umjindi	8 500	–	–	8 500	8 500	–	–
Umlalazi	2 000	–	–	2 000	2 000	–	–
uMshwathi	8 000	–	–	8 000	8 000	–	–
Umsobomvu	3 317	–	–	3 317	3 317	–	–
Umtshezi	660	–	–	660	660	–	–
Umzimkhulu	5 768	–	–	5 768	5 768	–	–
Umzimvubu	20 000	–	–	20 000	20 000	–	–
uMuziwabantu	10 800	–	–	10 800	10 800	–	–

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	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	%
uPhongolo	9 000	–	–	9 000	9 000	–	–
Saldanha Bay	1 983	–	–	1 983	1 983	–	–
Witzenberg	2 000	–	–	2 000	2 000	–	–
Mthonjaneni	–	–	–	–	14 860	–	–
Total	**1 240 104**			**1 240 104**	**1 253 382**	**1 582**	**–**

32. World Cup Expenditure

	2010/11	2009/10
	R'000	R'000
Other costs	**R'000**	**R'000**
Recovery of Electrical Back-up Power costs	281 000	–
Total world cup expenditure	**281 000**	**–**

Payment to the Local and Organising Committee for world cup infrastructure costs was made during the 2011/12 financial year, because to the budget allocation for this specific payment was made available by National Treasury on 1 April 2011 only.

Annexure 1A
Statement of Conditional Grants paid to Municipalities

Name of Municipality	Grant Allocation				Transfer			Spent			2009/10
	Division of Revenue Act	Rollovers	Adjust-ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Muni-cipality	Amount Spent by Muni-cipality	% of Available Funds Spent by Muni-cipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Abaqulusi	10 000	–	–	10 000	10 000	–	–	10 000	–	0	–
Aganang	2 000	–	–	2 000	2 000	–	–	2 000	–	0	–
Albert Luthuli	2 500	–	–	2 500	2 500	–	–	2 500	331	13.2	–
Ba-Phalaborwa	6 000	–	–	6 000	6 000	–	–	6 000	–	0	–
Baviaans	2 380	–	–	2 380	2 380	–	–	2 380	679	28.5	–
Beaufort West	12 000	–	–	12 000	12 000	–	–	12 000	8 771	73.1	–
Bela Bela	3 000	–	–	3 000	3 000	–	–	3 000	3 111	103.7	–
Bergrivier	1 056	–	–	1 056	1 056	–	–	1 056	1 056	100	–
Bitou	10 000	–	–	10 000	10 000	–	–	10 000	7 266	72.7	–
Blouberg	5 000	–	–	5 000	5 000	–	–	5 000	–	0	–
Blue Crane Route	468	–	–	468	468	–	–	468	164	35	–
Buffalo City	24 000	–	–	24 000	24 000	–	–	24 000	13 005	54.2	–
Bushbuckridge	5 000	–	–	5 000	5 000	–	–	5 000	2 861	57.2	–
Cape Agulhas	2 000	–	–	2 000	2 000	–	–	2 000	2 000	100	–
City of Cape Town	28 000	–	–	28 000	28 000	–	–	28 000	–	0	–
City of Johannesburg	92 261	–	–	92 261	92 261	–	–	92 261	75 866	82.2	–
City of Tshwane	78 000	–	–	78 000	78 000	–	–	78 000	26 880	34.5	–
Delmas	3 300	–	–	3 300	3 300	–	–	3 300	3 300	100	–
Dikgatlong	897	–	–	897	897	–	–	897	–	0	–
Drakenstein	5 000	–	–	5 000	5 000	–	–	5 000	5 000	100	–
Emalahleni	5 000	–	–	5 000	5 000	–	–	5 000	3 109	62.2	–
Eden District Municipality	6 000	–	–	6 000	6 000	–	–	6 000	–	0	–

Annexure 1A
Statement of Conditional Grants paid to Municipalities

Name of Municipality	Grant Allocation				Transfer			Spent			2009/10
	Division of Revenue Act	Rollovers	Adjust-ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Muni-cipality	Amount Spent by Muni-cipality	% of Available Funds Spent by Muni-cipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Edumbe	2 508	–	–	2 508	2 508	–	–	2 508	900	35.9	–
Ekurhuleni	50 000	–	–	50 000	50 000	–	–	50 000	25 000	50	–
Elias Motsoaledi	3 000	–	–	3 000	3 000	–	–	3 000	–	0	–
Emnambethi Ladysmith	10 006	–	–	10 006	10 006	–	–	10 006	–	0	–
Emthanjeni	540	–	–	540	540	–	–	540	540	100	–
Engcobo	35 000	–	–	35 000	35 000	–	–	35 000	22 500	64.3	–
eThekwini	60 000	–	–	60 000	60 000	–	–	60 000	–	0	–
Ezinqolweni	8 000	–	–	8 000	8 000	–	–	8 000	1 461	18.3	–
Gamagara	2 500	–	–	2 500	2 500	–	–	2 500	1 893	75.7	–
Gariep	8 000	–	–	8 000	8 000	–	–	8 000	3 062	38.3	–
Ga-Segonyana	2 500	–	–	2 500	2 500	–	–	2 500	1 182	47.3	–
George	8 000	–	–	8 000	8 000	–	–	8 000	–	0	–
Govan Mbheki	10 000	–	–	10 000	10 000	–	–	10 000	6 792	67.9	–
Greater Giyani	10 000	–	–	10 000	10 000	–	–	10 000	–	0	–
Greater Kokstad	1 848	–	–	1 848	1 848	–	–	1 848	1 484	80	–
Greater Letaba	9 000	–	–	9 000	9 000	–	–	9 000	8 751	97.2	–
Greater Tzaneen	10 000	–	–	10 000	10 000	–	–	10 000	1 530	15.3	–
Hessequa	11 300	–	–	11 300	11 300	–	–	11 300	5 217	46.2	–
Hibiscus Coast	18 000	–	–	18 000	18 000	–	–	18 000	–	0	–
Hlabisa	10 000	–	–	10 000	10 000	–	–	10 000	6 987	69.9	–
Impendle	1 360	–	–	1 360	678	682	–	678	–	0	–
Ingwe	5 000	–	–	5 000	5 000	–	–	5 000	–	0	–
Inxuba Yethemba	16 000	–	–	16 000	16 000	–	–	16 000	16 000	100	–
Jozini	10 000	–	–	10 000	10 000	–	–	10 000	2 342	23.4	–
Kamiesberg	2 630	–	–	2 630	2 630	–	–	2 630	1 860	70.7	–

Annexure 1A
Statement of Conditional Grants paid to Municipalities

Name of Municipality	Grant Allocation				Transfer			Spent			2009/10
	Division of Revenue Act	Rollovers	Adjust-ments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Muni-cipality	Amount Spent by Muni-cipality	% of Available Funds Spent by Muni-cipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Kannaland	6 363	–	–	6 363	6 363	–	–	6 363	363	5.7	–
Kgatelopele	402	–	–	402	402	–	–	402	–	0	–
IIKhara Hais	310	–	–	310	310	–	–	310	310	100	–
King Sabata Dalindyebo	8 000	–	–	8 000	8 000	–	–	8 000	–	0	–
Knysna	1 452	–	–	1 452	1 452	–	–	1 452	1 452	100	–
Kopanong	963	–	–	963	963	–	–	963	836	86.8	–
Kwa Sani	7 488	–	–	7 488	7 488	–	–	7 488	6 750	90.1	–
Langeberg	90	–	–	90	90	–	–	90	90	100	–
Lepelle-Nkumpi	2 500	–	–	2 500	2 500	–	–	2 500	–	0	–
Lephalale	3 281	–	–	3 281	3 281	–	–	3 281	1 264	38.5	–
Mafube	8 000	–	–	8 000	8 000	–	–	8 000	4 791	59.9	–
Makana	7 410	–	–	7 410	7 410	–	–	7 410	2 883	38.9	–
Makhado	9 719	–	–	9 719	9 719	–	–	9 719	9 494	97.7	–
Makhuduthamaga	5 000	–	–	5 000	5 000	–	–	5 000	–	0	–
Maletswai	10 000	–	–	10 000	10 000	–	–	10 000	10 000	100	–
Maluti a Phofung	10 000	–	–	10 000	10 000	–	–	10 000	8 647	86.5	–
Mangaung	18 000	–	–	18 000	18 000	–	–	18 000	3 826	21.3	–
Matatiele	31 000	–	–	31 000	31 000	–	–	31 000	–	0	–
Matjhabeng	500	–	–	500	500	–	–	500	–	0	–
Matzikama	2 000	–	–	2 000	2 000	–	–	2 000	1 150	57.5	–
Mbhashe	10 000	–	–	10 000	10 000	–	–	10 000	5 130	51.3	–
Mbizana	10 000	–	–	10 000	10 000	–	–	10 000	–	0	–
Mbombela	9 220	–	–	9 220	9 220	–	–	9 220	–	0	–
Merafong City	18 800	–	–	18 800	18 800	–	–	18 800	2 503	13.3	–
Metsimaholo	3 000	–	–	3 000	3 000	–	–	3 000	–	0	–

Annexure 1A
Statement of Conditional Grants paid to Municipalities

Name of Municipality	Grant Allocation				Transfer			Spent			2009/10
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Mhlontlo	38 000	–	–	38 000	38 000	–	–	38 000	–	0	–
Mogale City	5 000	–	–	5 000	5 000	–	–	5 000	4 900	98	–
Moqhaka	4 000	–	–	4 000	4 000	–	–	4 000	4 000	100	–
Mossel Bay	13 500	–	–	13 500	13 500	–	–	13 500	5 530	41	–
Emalahleni	2 970	–	–	2 970	2 970	–	–	2 970	–	0	–
Msinga	8 000	–	–	8 000	8 000	–	–	8 000	–	0	–
Msukaligwa	2 100	–	–	2 100	2 100	–	–	2 100	1 293	61.6	–
Msunduzi	4 000	–	–	4 000	4 000	–	–	4 000	–	0	–
Nala	5 600	–	–	5 600	5 600	–	–	5 600	5 600	100	–
Nama Khoi	15 000	–	–	15 000	15 000	–	–	15 000	105	0.7	–
Ndlambe	8 000	–	–	8 000	8 000	–	–	8 000	–	0	–
Nelson Mandela Bay	45 000	–	–	45 000	45 000	–	–	45 000	20 000	44.4	–
Newcastle	7 358	–	–	7 358	6 458	900	–	6 458	–	0	–
Ngquza Hill	15 000	–	–	15 000	15 000	–	–	15 000	4 207	28	–
Ngwathe	7 000	–	–	7 000	7 000	–	–	7 000	620	8.9	–
Nkandla	10 000	–	–	10 000	10 000	–	–	10 000	–	0	–
Nkomazi	4 500	–	–	4 500	4 500	–	–	4 500	4 500	100	–
Ntabankulu	10 000	–	–	10 000	10 000	–	–	10 000	8 843	88.4	–
Ntambanana	26 400	–	–	26 400	26 400	–	–	26 400	24 664	93.4	–
Overstrand	3 639	–	–	3 639	3 639	–	–	3 639	3 000	82.4	–
Phokwane	163	–	–	163	163	–	–	163	–	0	–
Polokwane	20 000	–	–	20 000	20 000	–	–	20 000	8 000	40	–
Randfontein	2 200	–	–	2 200	2 200	–	–	2 200	2 200	100	–
Rustenburg	16 000	–	–	16 000	16 000	–	–	16 000	5 290	33.1	–
Sakhisizwe	6 000	–	–	6 000	6 000	–	–	6 000	–	0	–
Siyancuma	1 733	–	–	1 733	1 733	–	–	1 733	–	0	–

Annexure 1A
Statement of Conditional Grants paid to Municipalities

Name of Municipality	Grant Allocation				Transfer			Spent			2009/10
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Municipality	Amount Spent by Municipality	% of Available Funds Spent by Municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Sol Plaatje	2 500	–	–	2 500	2 500	–	–	2 500	561	22.4	–
Steve Tshwete	10 000	–	–	10 000	10 000	–	–	10 000	4 649	46.5	–
Swartland	3 000	–	–	3 000	3 000	–	–	3 000	3 000	100	–
Swellendam	469	–	–	469	469	–	–	469	–	0	–
Thabazimbi	5 000	–	–	5 000	5 000	–	–	5 000	–	0	
Thulamela	40 000	–	–	40 000	40 000	–	–	40 000	40 000	100	–
Tlokwe	5 366	–	–	5 366	5 366	–	–	5 366	4 546	84.7	–
Tokologo	3 000	–	–	3 000	3 000	–	–	3 000	–	0	–
Greater Tubatse	9 000	–	–	9 000	9 000	–	–	9 000	–	0	–
Ulundi	2 490	–	–	2 490	2 490	–	–	2 490	1 141	45.8	–
uMdoni	4 536	–	–	4 536	4 536	–	–	4 536	–	0	–
Umhlabuyalingana	9 000	–	–	9 000	9 000	–	–	9 000	–	0	–
Umjindi	8 500	–	–	8 500	8 500	–	–	8 500	4 377	51.5	–
Umlalazi	2 000	–	–	2 000	2 000	–	–	2 000	–	0	–
uMshwathi	8 000	–	–	8 000	8 000	–	–	8 000	–	0	–
Umsobomvu	3 317	–	–	3 317	3 317	–	–	3 317	1 121	33.8	–
Umtshezi	660	–	–	660	660	–	–	660	660	100	–
Umzimkhulu	5 768	–	–	5 768	5 768	–	–	5 768	4 639	80.4	–
Umzimvubu	20 000	–	–	20 000	20 000	–	–	20 000	20 000	100	–
uMuziwabantu	10 800	–	–	10 800	10 800	–	–	10 800	–	0	–
uPhongolo	9 000	–	–	9 000	9 000	–	–	9 000	–	0	–
Saldanha Bay	1 983	–	–	1 983	1 983	–	–	1 983	1 983	100	–
Witzenberg	2 000	–	–	2 000	2 000	–	–	2 000	1 688	84.4	–
Mthonjaneni	-	–	–	-	14 860	–	–	14 860	–	0	–
Total	**1 240 104**	**–**	**–**	**1 240 104**	**1 253 382**	**1 582**	**–**	**1 253 382**	**511 506**		**–**

Annexure 1B
Statement of Transfers to Departmental Agencies and Accounts

Department/ Agency/ Account	Transfer Allocation				Transfer		2009/10
	Adjusted Appro-priation	Rollovers	Adjust-ments	Total Available	Actual Transfer	% of Available Funds Transferred	Appro-priation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Electricity Distribution Industry Holdings (see note below)	66 582	–	–	66 582	61 582	92	–
National Nuclear Regulators	19 954	–	–	19 954	19 954	100	–
	86 536	**–**	**–**	**86 536**	**81 536**		**–**

Annexure 1C
Statement of Transfers/Subsidies to Public Corporations and Private Enterprises

Department/ Agency/ Account	Transfer Allocation				Expenditure				2009/10
	Adjusted Appro-priation Act	Rollovers	Adjust-ments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Appro-priation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers									
Central Energy Fund	20 000	–	–	20 000	20 000	100	–	20 000	–
Eskom	1 828 710	–	–	1 828 710	1 828 710	100	–	1 828 710	–
SA Nuclear Energy Corp.	574 110	–	–	574 110	574 110	100	–	574 110	–
Non-grid households	124 200	–	–	124 200	9 902	8	–	9 902	–
	2 547 020	–	–	2 547 020	2 432 722		–	2 432 722	–
Private Enterprises									
Transfers									
Petronet (Transnet)	1 500 000	–	–	1 500 000	1 500 000	100	–	1 500 000	–
Subsidies									
Renewable Energy Finance & Subsidy Office (REFSO)	20 678	–	–	20 678	487	2	–	487	–
	1 520 678	–	–	1 520 678	1 500 487		–	1 500 487	–
Total	**4 067 698**	–	–	**4 067 698**	**3 933 209**		–	**3 933 209**	–

An amount of R700 million was transferred from the Central Energy Fund to the DoE and was subsequently transferred to the National Revenue Fund. The amount is not considered revenue, and therefore not included under revenue.

Annexure 1D
Statement of Transfers to Households

Households	Transfer Allocation				Expenditure		2009/10
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave gratuity paid to employees	57	–	–	57	57	100	–
Act of Grace household paid to deceased employee's family	22	–	–	22	22	100	–
Total	**79**	**–**	**–**	**79**	**79**		**–**

Annexure 1E
Statement of Gifts, Donations and Sponsorships Received

Name of Organisation	Nature of Gift, Donation or Sponsorship	2010/11	2009/10
		R'000	R'000
Received in kind			
German Development Cooperation	Disbursements to Burgeap/EDG Engineers, Lebone Engineers and Kwa-Zulu Energy Services for monitoring the Service Provider on the project	25 283	–
		25 283	**–**

Annexure 1F
Statement of Aid Assistance Received

Name of Donor	Purpose	Opening Balance	Revenue	Expenditure	Closing Balance
		R'000	R'000	R'000	R'000
Received in cash					
Norwegian Government	Reconstruction and Development Programme	–	2 142	870	**1 272**
Swedish Government	The Support for Energy Efficiency Monitoring and Implementation Project	–	3 399	–	**3 399**
Total		**–**	**5 541**	**870**	**4 671**

Annexure 1G
Statement of Gifts, Donations and Sponsorships Made and Remmissions, Refunds and Payments Made as an Act of Grace

Nature of Gift, Donation or Sponsorship (Group major categories but list material items including name of organisation)	2010/11	2009/10
	R'000	R'000
Remissions, refunds, and payments made as an act of grace		
Donations made to deceased employee's family	22	–
Total	22	–

Annexure 2A
Statement of Investments in and Amounts Owing by/to National/Provincial Public Entities

Name of Public Entity	Grant Allocation	% Held 10/11	% Held 09/10	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
				2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	Yes/No
National/Provincial Public Entity												
The South African Nuclear Corporation Limited	Schedule 2	100	–	2 205	–	2 205	–	469 538	–	(7,497)	–	No
CEF (Pty) Ltd	Schedule 2	100	–	1	–	–	–	24 728 356	–	1 564 027	–	No
Electricity Distribution Industry Holdings Company	Schedule 3A	100	–	100	–	–	–	#	–	6 421	–	No
Total				**2 306**	**–**	**2 205**	**–**	**25 197 894**	**–**	**1 562 951**	**–**	

Parliament has taken a decision to wind-up EDI Holdings as at 31 March 2011. The wind-up process is anticipated to be concluded by 30 June 2011.

Annexure 2B
Statement of Investments in and Amounts Owing by/to Entities (Continued)

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	
		2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Controlled entities									
CEF (Pty) Ltd	Financing & promotion of the acquisition of, research into & exploitation of energy-related products & technology	–	–	24 728 356	–	–	–	–	–
Electricity Distribution Industry Holdings Company	Facilitate the restructuring of the electricity distribution	–	–	–	–	–	–	15	–
Total		**–**	**–**	**24 728 356**	**–**	**–**	**–**	**15**	**–**

Annexure 3A
Statement of Financial Guarantees Issued as at 31 March 2011 – Local

Guarantor Institution	Guarantee in respect of	Original guaranteed Capital Amount	Opening Balance 1 April 2010	Guarantees Draw Downs during the Year	Guarantees Repayments/ cancelled/ reduced/ released during the Year	Revaluations	Closing Balance 31 March 2011	Guaranteed Interest for Year ended 31 March 2011	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 Bank	Housing	–	–	60	–	–	60	–	–
ABSA Bank	NECSA	–	–	20 000	–	–	20 000	–	–
	Total	**–**	**–**	**20 060**	**–**	**–**	**20 060**	**–**	**–**

Annexure 3B
Statement of Contingent Liabilities as at 31 March 2011

Nature of Liability	Opening Balance 1 April 2010 R'000	Liabilities incurred during the Year R'000	Liabilities paid/cancelled/reduced during the Year R'000	Liabilities recoverable (provide Details hereunder) R'000	Closing Balance 31 March 2011 R'000
Claims against the Department					
Claims against the department	–	470	–	–	470
Subtotal	–	470	–	–	470
Environmental Liability					
NECSA (Environmental rehabilitation liability)	–	3 129 000	–	–	3 129 000
Subtotal	–	3 129 000	–	–	3 129 000
Other					
Bowman Gilfillan Attorneys	–	1 994	–	–	1 994
Subtotal	–	1 994	–	–	1 994
Total	**–**	**3 131 464**	**–**	**–**	**3 131 464**

Annexure 4
Claims Recoverable

Government Entity	Confirmed Balance outstanding		Unconfirmed Balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Education	23	–	–	–	23	–
Department of Mineral Resources	1 160	–	–	–	1 160	–
Government Communication and Information System	71	–	–	–	71	–
	1 254	–	–	–	1 254	–
Other						
Claims recoverable from third parties	4 037	–	–	–	4 037	–
	4 037	–	–	–	4 037	–
Other Government Entities						
Lephalale Municipality	1	–	–	–	1	–
Blue Crane Route Municipality	15	–	–	–	15	–
Bela Bela Municipality	1 300	–	–	–	1 300	–
Emalahleni Municipality	2 495	–	–	–	2 495	–
Nelson Mandela Bay Municipality	5 500	–	–	–	5 500	–
	9 311	–	–	–	9 311	–
Total	14 602	–	–	–	14 602	–

Subsequent to year-end, all overpayments to municipalities have been fully recovered.

Annexure 5
Inter-Government Payables

Government Entity	Confirmed Balance outstanding		Unconfirmed Balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Departments						
Current						
Department of Mineral Resources	167	–	4 004	–	4 171	–
Total	**167**	**–**	**4 004**	**–**	**4 171**	**–**

Annexure 6
Inventory

Inventory	Note	Quantity	2010/11	Quantity	2009/10
			R'000		R'000
Opening balance		–	–	–	–
Add: Additions/Purchases – Cash		146 635	2 013	–	–
Add: Additions – Non-cash		26 417	296	–	–
(Less): Issues		(89 641)	(1 790)	–	–
Closing balance		**83 411**	**519**	**–**	**–**

Section 4:
Human Resource Management

Corporate Services Branch: Service Delivery Improvement Plans – 2010/11

Table 1.1: Main service for service delivery improvement and standards

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Security Risk Management					
Develop and implement a Physical and Intellectual Risk Plan.	**DoE personnel and visitors.**	**Quantity**	Standardised security in terms of National Intelligence Agency (NIA) and South African Police Services (SAPS) security recommendations.	**Quantity**	Done.
		Quality	Reduction of risk.	**Quality**	Vetting, physical security, document security, communication security and key control, security procedural manuals developed and completed. Access control procedures in progress.
		Consultation	NIA and SAPS.	**Consultation**	Ongoing meetings.
		Access	Officials accepting security as their responsibility.	**Access**	Access control procedure memorandum circulated to staff for compliance in November 2010. Staff cooperated well with the signing of after-hour registers. Staff declared their personal items to the Risk Management Officers deployed at every access point.
		Courtesy	Senior managers attending orientation programmes.	**Courtesy**	Done.
		Open and transparent	Total understanding of Minimum Information Security Standards (MISS).	**Open and transparent**	Workshop on the provisions of the MISS to be conducted in November and December 2011 for all staff.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Security Risk Management					
		Information	Security guidelines and procedures on the Intranet.	**Information**	Done.
		Redress	Security marketed at chief directorate meetings.	**Redress**	To be rolled over until August 2011 after the appointment of additional security risk management supervisors.
		Value for money	Protection of information.	**Value for money**	Completed (April 2010); document security classification procedures drafted.
		Time	12 months.	**Time**	
		Cost	Compensation of employees in accordance with budget.	**Cost**	Budget constraints prevented increases in personnel.
		HR	Existing personnel.	**HR**	Current personnel inadequate to handle all responsibilities. However, situation will improve once additional security risk management supervisors have assumed duty.
Special Projects/Programmes					
Redress the past imbalances and create access for the vulnerable groups to benefit from the energy sector.	**All designated vulnerable groups resident in areas in and around energy industry operations, i.e. women, youth, disabled children and the aged.**	**Quantity**	According to South African demographics, as contained in the policy.	**Quantity**	Seven workshops were conducted in seven provinces.
		Quality	As per policy.	**Quality**	Done.
		Consultation	All provinces to be reached.	**Consultation**	Three provinces outstanding.
		Access	Ensure information dissemination to all vulnerable groups through workshops, information sessions and consultations.	**Access**	Workshops conducted in seven provinces.
		Courtesy	Ensure no discrimination on the basis of age, race, gender and disability.	**Courtesy**	Gender policy approved and implemented.
		Open and transparent	Interpret all enquiries sent to the Department in a fair and transparent manner.	**Open and transparent**	Ongoing.
		Information	Continue with information sessions in accordance with plan of action.	**Information**	Three provinces still to be visited.
		Redress	Equity monitored through surveys and data collection.	**Redress**	N/a

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Special Projects / Programmes					
		Value for money	Use all resources provided to benefit the vulnerable groups equally and efficiently.	**Value for money**	No budget available.
		Time	March 2012.	**Time**	
		Cost	Allocated budget.	**Cost**	Comprehensive budget requirement submitted to finance.
Communications Chief Directorate					
Provide an efficient External and Internal Communication Service to both the DoE and the Ministry.	**The South African public. DoE stakeholders. Internal staff.**	**Quantity**	Streamline all DoE external events. Revamp all service-related publications. Strengthen Internal Communications. Embark on at least three marketing campaigns. Host more content-driven Izimbizo/public liaison events.	**Quantity**	Developed calendar of events and public participation programme for the Minister and the DG. Hosted FIFA 2010 countdown celebration. Developed marketing strategy to be implemented once the budget became available. (Draft available.)
		Quality	Updated and new publications developed. More stakeholder and public liaison events to be hosted. Internal communication events held more frequently. Marketing campaigns rolled out.	**Quality**	First issue of the internal newsletter to be published in July 2011.
		Consultation	Office the Director-General and Ministry.	**Consultation**	Meetings held weekly to address communication issues.
		Access	Routine submission of updated information on all DoE service-related programmes, monthly meetings with DDGs.	**Access**	DoE website created but not launched officially because of a lack of funds.
		Courtesy	Pro-active submission of line-function plans/programmes each year by November of the current year.	**Courtesy**	Communication strategies developed for all Public Participation Programmes of both the Minister and the Deputy Minister between January and March 2011.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Communications Chief Directorate					
Provide an efficient External and Internal Communication Service to both the DoE and the Ministry.	**The South African public. DoE stakeholders. Internal staff.**	**Open and transparent**	Continuous interaction and consultations on the changing needs of line function branches	**Open and transparent**	Involved in Branch sub-working committees to address their communication needs, i.e. marketing strategies, media plans, branding materials, PR exercises.
		Information	Communication guidelines and procedures on the Intranet.	**Information**	An Intranet policy and guideline finalised.
		Redress	Communications marketed at all Chief Directorate meetings.	**Redress**	Because of financial constraints, marketing activities for the Department remained limited to free media publicity and exhibitions.
		Value for money	Properly procured services to ensure value for money.	**Value for money**	Procured desk-pad calendars, pop-up banners, Valentine's Day mugs, booklets (e.g. careers in nuclear energy and booklets on nuclear, oil and gas energy) tear-drop banners, snack packs, brochure stands, electrical appliances (e.g. kettle, iron and stoves), fixed broken banners.
		Time	12 months.	**Time**	12 months.
		Cost	More proactive involvement in the budgeting process to ensure allocation is streamlined with priorities.	**Cost**	A comprehensive budget proposal was submitted for the Chief Directorate. However, the budget allocated was not sufficient to address the priorities of the Directorate.
		HR	Existing personnel.	**HR**	Existing personnel inadequate to cover all DoE programmes.

CFO Branch: Service Delivery Improvement Plans – 2010/11

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Expenditure Management					
Pay creditor invoices within 30 days of receipt of invoice.	**External and internal stakeholders.**	**Quantity**	21 days.	**Quantity**	Orders: 204 Sundry: 127
		Quality	<3% rejection resulting from unverified and incorrect banking details.	**Quality**	**0**
		Consultation	Informative: circulars, memoranda, letters, telephones and e-mails sent to internal and external clients.	**Consultation**	All stubs distributed: 268
		Access	Integrated registers on S:Drive.	**Access**	Access granted to authorised officials.
		Courtesy	Consistent feedback on payments.	**Courtesy**	Expenditure management administrators trained.
		Open and transparent	Proactive: statistics of payments posted on the Internet.	**Open and transparent**	**331**
		Information	Information sessions presented during induction and also communicated through internal memoranda.	**Information**	Ongoing.
		Redress	Electronic complaints system established.	**Redress**	Still to be established on Intranet.
		Value for Money	Timely payments to avoid finance charges.	**Value for Money**	Creditors paid within turn-around time.
		Time	By March 2011.	**Time**	Working towards target.
		Cost	Within the allocated budget.	**Cost**	On target.
Reconcile payments.	**External and internal stakeholders.**	**Quantity**	All payments reconciled daily with disbursement reports.	**Quantity**	331
		Quality	Payments of transactions not generated by DoE detected.	**Quality**	Zero for March 2011.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Expenditure Management					
		Consultation	Proactive: Treasury, SAPS and the Reserve Bank to be consulted on fraudulent transactions.	**Consultation**	N/a
		Access	Payment Register.	**Access**	Access to authorised officials.
		Courtesy	Consistent feedback provided to clients.	**Courtesy**	Ongoing.
		Open and transparent	Monthly reports available to EXCO members.	**Open and transparent**	Monthly.
		Information	Disbursement reports and reconciliation statements available daily.	**Information**	Daily.
		Redress	Invalid transaction identified and intercepted before funds are disbursed; treatment in accordance with PFMA.	**Redress**	According to occurrences.
		Value for money	Funds transferred to valid beneficiaries only.	**Value for money**	Daily.
		Time	Daily.	**Time**	Daily.
		Cost	Within allocated budget.	**Cost**	On target.
Improve turn-around time.	**External and internal stakeholders.**	**Quality**	Agreed turnaround time adhered to.	**Quality**	On target.
		Quantity	16 days.	**Quantity**	331 payments for February 2011.
		Consultation	Proactive: monthly review and feedback sessions, and yearly road shows and workshops.	**Consultation**	Annually.
		Access	Monthly reports, statistics, integrated reports and registers on S:Drive and posted on Intranet by end October.	**Access**	Available on S:Drive. Intranet not available yet.
		Courtesy	Clients notified through SMS, e-mail, standard letters and telephone.	**Courtesy**	Service provider to activate DoE users on SMS system.
		Open and transparent	Reports and statistics e-published on Intranet. Stubs issued daily. SMS to be done per run.	**Open and transparent**	Monthly.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Expenditure Management					
		Information	Disbursement reports and reconciliation statements available daily.	**Information**	Daily.
		Redress	Prompt feedback to clients.	**Redress**	On target.
		Value for money	Increased production and fewer queries.	**Value for money**	On target.
		Time	By 31 March 2011.	**Time**	Working towards target.
		Cost	Within allocated budget.	**Cost**	Within budget.
Information Technology					
Optimisation of the network.	**External and internal stakeholders.**	**Quantity**	Wide Area Network availability target of 95% per month.	**Quantity**	Achieved Wide Area Network availability of 99.00%.
		Quality	Average bandwidth utilisation threshold of 75%.	**Quality**	Bandwidth utilisation optimal for the March 2011 period.
		Consultation	Consult users on status of their queries and requests. Process control by means of change request.	**Consultation**	Change control committee formed to evaluate and inform users on outcome of requested change.
		Access	System accessibility target of 95% per month.	**Access**	System accessibility target of 95% achieved.
		Courtesy	Advise user on status of request and query.	**Courtesy**	Users informed continuously about unavailability of the network and business systems.
		Open and transparent	Provide performance statistics.	**Open and transparent**	Bandwidth Utilisation Report and Network Availability Report available on shared folder (S:Drive). The reports detail the state of health of Wide Area Network for a specific period.
		Information	Informative communication.	**Information**	Information on high-impact incidents that could potentially disrupt the availability of business systems forwarded to users. Help Desk informed users on status of calls. Change Committee informed change originators on status of change requests.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Information Technology					
		Redress	User satisfaction survey questionnaire created to assess the extent to which users of ICT services and products derive business value from same. **ITcomplaints@energy.gov.za** mail distribution group has been created for receiving complaints and completed questionnaires.	**Redress**	User satisfaction survey created and distributed to all users through e-mail by 28 February 2011.
		Value for money	Optimum utilisation of Wide Area Network services.	**Value for money**	Ensured availability of Wide Area Network and Local Area Network in accordance with SITA target of 98% per month. Wide Area Network availability target achieved.
		Time	2010/2011 financial year.	**Time**	
		Cost		**Cost**	Total cost: R103 847.26 per annum.
Systems Development and Maintenance					
PPALS	**External and internal stakeholders.**	**Quantity**	All licence types are issued by the Petroleum Licensing system.	**Quantity**	Petroleum licensing server available. Maintenance, support and system administration functions performed by internal ICT resource.
		Quality	Availability of all petroleum licensing system functions.	**Quality**	Petroleum licences (site, retail and wholesale) issued. Printing services in place.
		Consultation	Change control meetings to evaluate requests for enhancements.	**Consultation**	Consultation with users on complete business and ICT re-engineering of petroleum licensing system ongoing.
		Access	Petroleum licensing system available to all users.	**Access**	System available to users. However, the hardware architecture is such that stability of the system is sometimes compromised. Unscheduled system downtimes required to ensure system availability.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Systems Development and Maintenance					
		Courtesy	Advise users on the status of their queries and requests.	**Courtesy**	Users continuously updated on the status of requests and queries. Users informed of the need to explore available technology solutions.
		Open and transparent	N/a	**Open and transparent**	N/a
		Information	Petroleum licensing system reports.	**Information**	Site, retail, wholesale and oil company reports received.
		Redress	Successful deployment of system updates for correction of incorrect transactions and audit trail.	**Redress**	Audit trail and correction of incorrect transaction module available to users.
		Value for money	System available and used by users regularly.	**Value for money**	Server availability reports summerising the state of health of the server assessed.
		Time	System support and maintenance issues communicated to ICT as and when users experience system limitations and faults.	**Time**	System issues communicated to ICT through Help Desk attended to immediately. Users informed of complex technical issues that could result in delays in fault resolution.
		Cost	None.	**Cost**	Costs to be determined on completion of review of system enhancement and upgrade.
Magic Systems	**External and internal stakeholders.**	**Quantity**	Three systems are used for the following: petroleum licensing, document tracking and DG correspondence.	**Quantity**	All three system modules functional and available to users.
		Quality	Reports and levies generated as and when required.	**Quality**	Users able to generate petroleum licence reports from Magic Petroleum Licensing module.
		Consultation	Business consulted on system enhancements and upgrades.	**Consultation**	Consultation with users on complete business and ICT re-engineering of petroleum licensing system ongoing.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Systems Development and Maintenance					
		Access	All authorised users have access to the system.	**Access**	One head-office based user utilised the petroleum licensing system on Magic platform.
		Courtesy	Advise users on their queries and request.	**Courtesy**	Users continuously updated on status of requests for change or additional system functions.
		Open and transparent	N/a	**Open and transparent**	N/a
		Information	Petroleum licensing reports.	**Information**	Petroleum licence fees paid annually.
		Redress	Poor system response times at regional offices as a result of limited network bandwidth addressed.	**Redress**	Petroleum licensing server tuned for optimal performance. Wide Area Network bandwidth to regional offices to be upgraded as part of rollout of Virtual Private Network technologies throughout the Department.
		Value for money	System available and used regularly.	**Value for money**	User log files indicating the date and time on and at which users interact with system in place.
		Time	As and when required.	**Time**	On target.
		Cost	Within the allocated budget.	**Cost**	Maintenance and support costs negotiated with service provider and businesses when required.
Supply Chain Management					
Supplier Management	**Service providers. DoE users.**	**Quantity**	Supplier registration carried out annually and reviewed quarterly.	**Quantity**	Due to the corrupted Configuration of Intenda system, details of service providers captured on Excel spreadsheet (272 forms captured and 162 in the process of being captured). Service providers to be invited to present the best system for implementation in the new financial year in April 2011.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Supply Chain Management					
		Quality	Increased number of credible/prequalified service providers readily available per strategic commodity.	**Quality**	Screening and capturing process finalised.
		Consultation	Commodities identified from procurement plans.	**Consultation**	Office visit and telephonic consultation ongoing.
		Access	Forms on Internet, Intranet and at reception.	**Access**	Available on Internet as and when active projects arise.
		Courtesy	Users and service providers treated with respect (Batho Pele).	**Courtesy**	Ongoing. Feedback provided to clients on the status of orders and payments via e-mail.
		Open and transparent	Adverts placed in newspapers, the Tender Bulletin and on the Internet.	**Open and transparent**	Adverts placed in the Tender Bulletin and newspapers as and when necessary.
		Information	Structured template for feedback to users and service providers.	**Information**	Not achieved because of challenges concerning the database system.
		Redress	Vetted suppliers available.	**Redress**	Available and captured on Excel spreadsheet.
		Value for money	Enough suppliers to promote cost-effectiveness and transparency through quote comparison.	**Value for money**	Enough suppliers available to ensure competition and fairness.
		Time	End of June 2011.	**Time**	Worked towards achieving all performance targets.
		Cost	Within allocated budget.	**Cost**	On target.
Supply Chain Management					
Bid & Contract Administration	**Service providers. DoE users. DoE management. National Treasury.**	**Quantity**	Within 60-days validity period.	**Quantity**	No bids advertised in March 2011. One contract was awarded to a service provider.
		Quality	Correct bid information advertised.	**Quality**	When advertising bids, the accuracy of information and compliance with the requirements of the Government Printing Works ensured.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Supply Chain Management					
		Consultation	Better consultation through a bid specification committee.	**Consultation**	The need to appoint such a committee not yet identified (the BAC approves ToR). The committee to be established in the new financial year (2011/12) if considered necessary.
		Access	Bid adverts and documents available on the Internet and in the Tender Bulletin. Newspaper adverts to be encouraged for more technical bids.	**Access**	On target. The DoE advertised in the Government Tender Bulletin only.
		Courtesy	Users and service providers treated with respect (Batho Pele).	**Courtesy**	Ongoing.
		Open and transparent	Bid award advertised in the same advert mode. Public opening of bids upon request. Bid Evaluation Committee/Bid Adjudication Committee Charter made available to all committee members and users on request.	**Open and transparent**	On target.
		Information	Structured reporting intervals. Annual training of BAC members. Quarterly reporting on BAC attendance.	**Information**	Completed.
		Redress	Increased participation in technical bids. Increased SMME spending to 60%. Implementation of contract management strategy.	**Redress**	13% **(R1 433 898.02)** spent on SMMEs for procurement of goods and services.
		Value for money	Enough suppliers to promote cost-effectiveness and transparency through bid comparison.	**Value for money**	In progress.
		Time	Six weeks from bid closure.	**Time**	On target. The time allowed may become lengthy depending on the availability of competent authorities, i.e. the DG or the delegated authority (acting DG), to approve.
		Cost	Within allocated budget.	**Cost**	Monthly targeted expenditure versus actual.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Supply Chain Management					
Logistics Management: Prompt delivery of goods and services.	**Service providers. DoE users.**	**Quantity**	Creditors paid within 14 days.	**Quantity**	171 creditors paid to the value of **R11 067 281.41**.
		Quality	Orders expedited upon placing to ensure prompt delivery. Strict adherence to the turn-around times for delivery of inventory items.	**Quality**	**68 system** orders generated to the value of **R4 826 923.40**.
		Consultation	Constant follow up on outstanding orders.	**Consultation**	Weekly follow-ups on outstanding orders.
		Access	Clearly defined contact centres for users and service providers.	**Access**	Contact Centre established and available.
		Courtesy	Users informed about progress concerning their goods and service requests.	**Courtesy**	Ongoing.
		Open and transparent	Turn-around times for inventory items published.	**Open and transparent**	On target .
		Information	Description on orders linked to quotations.	**Information**	Adhered to.
		Redress	Delivery according to agreed on lead time.	**Redress**	Suppliers adhered to delivery times stipulated in orders.
		Value for money	Enough suppliers to promote cost-effectiveness and transparency. Inventory kept at economic level.	**Value for money**	None. Transit office needed to provide service effectively.
		Time	Throughout 2010/11 financial year.	**Time**	On target.
		Cost	Within allocated budget.	**Cost**	On target. Further improvement expected.
Financial Planning and Management Accounting					
Process cash/cheques for DoE services.	**Applicants (information, petroleum licences). Debtors.**	**Quantity**	Process all monies received daily.	**Quantity**	All monies received recorded, reconciled and deposited as prescribed. Receipt deposit control account – zero (all receipts that sweep into the HQ account from regional accounts confirmed with regional offices).
		Quality	All receipts recorded and processed on system (BAS).	**Quality**	All receipt batches captured on bank deposit of funds.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 31 March 2011	
Financial Planning and Management Accounting					
		Access	Cashier available from 07:30 to 12:30 and 13:00 to 16:30.	**Access**	Cashier services available from 08:00 to 16:30.
		Courtesy	Receipts issued immediately with terms and conditions.	**Courtesy**	All receipts issued over the counter immediately.
		Open and transparent	Annual Financial Statements/bank reconciliation/revenue classification.	**Open and transparent**	Departmental receipts surrendered to SARS and reported to National Treasury. Payment of R700.4 million made to SARS in March 2011. Total funds surrendered to SARS for 2010/11: R703.86 million.
		Information	Reports/Revenue classification.	**Information**	Revenue received classified and reported to Treasury on a monthly basis (11 March 2011).
		Redress	Refunds to clients/queries answered immediately.	**Redress**	Refunds and queries followed up regularly. However, delays were experienced at times because of delays in verification of banking details as required by Treasury.
		Value for money	All departmental receipts/revenue collected.	**Value for money**	On target. Total receipts for 2010/11: R700.86 million.
		Time	Issue receipt within five minutes of cash/cheque receipt.	**Time**	On target. 28 (R4 399.98) receipts issued by hand.
		Cost	Monthly salary of staff.	**Cost**	On target.

Hydrocarbons and Energy Planning Branch: Service Delivery Improvement Plans – 2010/11

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 30 September 2010	
Hydrocarbons and Energy Planning Branch					
Issue of licences for petroleum products.	**Petroleum Manufacturing, Wholesale and Retail Industry**	**Quantity**	All lodged applications finalised within 90 days. (The desired standard changed from issuing 1 200 new licences as discussed at Exco and with Audit because the desired standard and how it is phrased are within the control of the Chief Directorate.) N.B.: Site and retail licences for this purpose not accounted for as separate licences.	**Quantity**	**Petroleum licence statistics as at 31 March 2010:** granted – 6 399; refused – 451 and issued – 5 581. There were 15 191 applications in the system. **Petroleum licence statistics as at 10 May 2011**: granted – 5 870; refused – 493 and issued – 7 091. Recommended for approval – 17, recommended for refusal – 16. 16 296 applications remained in the system. **Application statistics between March 2010 and April 2011:** granted – 529, refused – 42, issued – 1510 and accepted – 49.
		Consultation	Road shows, advertisements, visual and audio media.	**Consultation**	There was an Energy Summit in KwaZulu-Natal and the DG and Regional Director: KZN, attended. The workshop was organised by COGTA.
		Access	Regional representation.	**Access**	All regional offices up and running with full staff complement.
			Provision of mobile services.		Not yet achieved because of budget constraints.
			DoE website.		Website updated on a monthly basis on licence application status.
		Courtesy	Implement regional office structure with a help desk and more user-friendly licence application guidelines.	**Courtesy**	The regional structure with help desk fully implemented.
		Open and transparent	More media exposure through advertisements in newspapers and on radio and television.	**Open and transparent**	Not done because of budget constraints.

Key Service	Service Beneficiary	Desired Standard (2010/11)		Progress as at 30 September 2010	
Hydrocarbons and Energy Planning Branch					
		Information	Regional representation, more collaboration with stakeholders.	**Information**	Achieved, though with limitations because of lack of funding.
			Pamphlets, flyers, workshops and seminars.		During the period October to December 2010, three regional offices (Mpumalanga, KwaZulu-Natal and North West) conducted energy workshops.
		Redress	Improved technology used to speed up the issuing process; more electronic services to Government.	**Redress**	PPALS II project called off. New project in the process of being conceptualised.
			Advocacy programmes on initiatives specific to the petroleum sector.		Not achieved because of budget constraints.
		Value for money	Robust client interface and improved turn-around times.	**Value for money**	There are scheduled and unscheduled stakeholder engagement initiatives that result in robust client interface.
		Time	All new licences issued in line with prescribed time frames.	**Time**	60% of applications processed within 90 days. Outstanding licences from 2006 to 2009 (comprising 1 800 of the total of 2 400 applications outstanding) being dealt with by special projects team. The 90-day tracking plan implemented.
		Cost	In accordance with the budget.	**Cost**	The lack of funding for some activities resulted in approaches at regional offices with no funding implications, e.g. conduct of in-house workshops.
		HR	Improved productivity and employee satisfaction. Training of people to acquire more qualitative and quantitative analysis skills.	**HR**	None.

HR Oversight: April 2010 to March 2011 – Energy

Table 2.1: Personnel costs 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 Percentage of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Den:Administration	121 311	54 599	1 283	2 460	45	254	215
Den:Associated services	3 403 879	–	–	–	0	–	–
Den:Electricity, Nuclear & Clean Energy	408 643	44 277	22	129	11	363	122
Den:Hydrocarbons & Energy Planning	1 556 402	43 961	18	4 068	3	289	152
Z=Total as on Financial Systems (BAS)	**5 490 235**	**142 837**	**1 323**	**6 657**	**3**	**292**	**489**

Table 2.2: Personnel costs by salary band

Salary Band	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R'000)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (levels 1–2)	41	0	0	14 321	0
Skilled (levels 3–5)	5 362	3.6	105 137	147 321	51
Highly skilled production (levels 6–8)	26 503	18	222 714	14 321	119
Highly skilled supervision (levels 9–12)	60 004	40.7	314 157	147 321	191

Salary Band	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R'000)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Senior management (levels 13–16)	37 288	25.3	717 077	147 321	52
Contract (levels 1–2)	557	0.4	278 500	147 321	2
Contract (levels 3–5)	3 234	2.2	53 900	147 321	60
Contract (levels 6–8)	1 720	1.2	860 000	147 321	2
Contract (levels 9–12)	2 409	1.6	344 143	147 321	7
Contract (levels 13–16)	4 494	3.1	898 800	147 321	5
Periodical remuneration	80	0.1	26 667	147 321	3
Abnormal appointment	1 052	0.7	10 958	147 321	96
Total	**142 744**	**96.9**	**242 762**	**147 321**	**588**

Table 2.3: Salaries, overtime, home owners allowance and medical aid by programme

Programme	Salaries (R'000)	Salaries as Percentage of Personnel Cost	Overtime (R'000)	Overtime as Percentage of Personnel Cost	HOA (R'000)	HOA as Percentage of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as Percentage of Personnel Cost	Total Personnel Cost per Programme (R'000)
Electricity & Nuclear	29 223	66.0	0	0.0	1 093	2.5	1 308	3.0	44 277
Hydrocarbons & Energy Planning	30 068	68.4	0	0.0	1 402	3.2	1 567	3.6	43 961
Programme 1: Admin	35 042	64.2	1 039	1.9	1 037	1.9	1 750	3.2	54 599
Total	**94 333**	**66.0**	**1 039**	**0.7**	**3 532**	**2.5**	**4 625**	**3.2**	**142 837**

Table 2.4: Salaries, overtime, home owners allowance and medical aid by salary band

Salary Band	Salaries (R'000)	Salaries as Percentage of Personnel Cost	Overtime (R'000)	Overtime as Percentage of Personnel Cost	HOA (R'000)	HOA as Percentage of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as Percentage of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower skilled (levels 1–2)	27	61.4	0	0	1	2.3	10	22.7	44
Skilled (levels 3–5)	3 694	68.3	116	2.1	242	4.5	416	7.7	5 407
Highly skilled production (levels 6–8)	18 822	69.7	585	2.2	859	3.2	1 522	5.6	26 987
Highly skilled supervision (levels 9–12)	45 019	72	275	0.4	1 262	2	1 897	3	62 549
Senior Management (levels 13–16)	29 804	77.2	0	0	1 064	2.8	571	1.5	38 610
Contract (levels 1–2)	556	99.5	1	0.2	0	0	0	0	559
Contract (levels 3–5)	2 743	83.9	132	4	79	2.4	73	2.2	3 270
Contract (levels 6–8)	1 215	69.6	70	4	30	1.7	72	4.1	1 745
Contract (levels 9–12)	2 063	84.3	0	0	0	0	3	0.1	2 447
Contract (levels 13–16)	3 741	82.2	0	0	2	0	5	0.1	4 551
Periodical remuneration	0	0	0	0	0	0	0	0	80
Abnormal appointment	1 049	97.7	0	0	0	0	0	0	1 074
Total	**108 733**	**73.8**	**1 179**	**0.8**	**3 539**	**2.4**	**4 569**	**3.1**	**147 323**

Table 3.1: 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
Electricity & Nuclear, permanent	128	122	4.7	22
Hydrocarbons & Energy Planning, permanent	163	152	6.7	17
Programme 1: Admin, permanent	255	214	16.1	34
Programme 1: Admin, temporary	1	1	0	1
Total	**547**	**489**	**10.6**	**74**

Table 3.2: 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 (levels 1–2), permanent	5	3	40	0
Skilled (levels 3–5), permanent	66	51	22.7	0
Highly skilled production (levels 6–8), permanent	132	118	10.6	6
Highly skilled supervision (levels 9–12), permanent	203	188	7.4	2
Highly skilled supervision (levels 9–12), temporary	1	1	0	1
Senior Management (levels 13–16), permanent	64	52	18.8	0

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Contract (levels 1–2), permanent	2	2	0	2
Contract (levels 3–5), permanent	60	60	0	58
Contract (levels 6–8), permanent	2	2	0	1
Contract (levels 9–12), permanent	7	7	0	2
Contract (levels 13–16), permanent	5	5	0	2
Total	**547**	**489**	**10.6**	**74**

Table 3.3: Employment and vacancies by critical occupation at end of period

Critical Occupation	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, permanent	50	43	14	9
Client information clerks (switchboard, reception & information clerks), permanent	5	4	20	0
Communication & information related, permanent	11	7	36.4	1
Finance & economics related, permanent	3	2	33.3	0
Financial & related professionals, permanent	12	11	8.3	0
Financial clerks & credit controllers, permanent	11	11	0	0
Food services aids & waiters, permanent	1	0	100	0
Head of department/chief executive officer, permanent	1	1	0	0
HR & organisational development & related professionals, permanent	20	19	5	0
HR & organisational development & related professionals, temporary	1	1	0	1

Critical Occupation	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
HR clerks, permanent	9	8	11.1	0
HR related, permanent	7	6	14.3	0
Information technology related, permanent	7	7	0	2
Language practitioners interpreters & other communicators, permanent	2	2	0	2
Legal related, permanent	2	2	0	0
Library, mail & related clerks, permanent	9	5	44.4	0
Logistical support personnel, permanent	7	7	0	0
Material-recording & transport clerks, permanent	13	12	7.7	2
Messengers, porters & delivery staff, permanent	4	3	25	0
Natural Sciences related, permanent	169	158	6.5	1
Other administration & related clerks & organisers, Permanent	8	8	0	0
Other administrative policy & related officers, permanent	1	1	0	0
Other information technology personnel, permanent	8	7	12.5	1
Other occupations, permanent	2	2	0	0
Risk management & security services, permanent	7	7	0	0
Safety health & quality inspectors, permanent	57	55	3.5	55
Secretaries & other keyboard operating clerks, permanent	45	36	20	0
Security officers, permanent	17	17	0	0
Senior Managers, permanent	58	47	19	0
Total	**547**	**489**	**10.6**	**74**

Table 4.1: Job evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	Percentage of Posts Evaluated	Number of Posts Upgraded	Percentage of Upgraded Posts Evaluated	Number of Posts Downgraded	Percentage of Downgraded Posts Evaluated
Lower skilled (levels 1–2)	5	2	40	0	0	0	0
Contract (levels 1–2)	2	0	0	0	0	0	0
Contract (levels 3–5)	60	0	0	0	0	0	0
Contract (levels 6–8)	2	0	0	0	0	0	0
Contract (levels 9–12)	7	2	28.6	0	0	0	0
Contract (Band A)	2	4	200	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Contract (Band C)	1	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
Skilled (levels 3–5)	66	5	7.6	0	0	1	20
Highly skilled production (levels 6–8)	132	14	10.6	2	14.3	1	7.1
Highly skilled supervision (levels 9–12)	204	11	5.4	1	9.1	0	0
Senior Management Service (Band A)	46	5	10.9	0	0	0	0
Senior Management Service (Band B)	10	1	10	0	0	0	0

Salary Band	Number of Posts	Number of Jobs Evaluated	Percentage of Posts Evaluated	Number of Posts Upgraded	Percentage of Upgraded Posts Evaluated	Number of Posts Downgraded	Percentage of Downgraded Posts Evaluated
Senior Management Service (Band C)	5	1	20	0	0	0	0
Senior Management Service (Band D)	3	0	0	0	0	0	0
Total	**547**	**45**	**8.2**	**3**	**6.7**	**2**	**4.4**

Table 4.2: Profile of employees whose positions were upgraded because their posts were upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	20	0	0	2	22
Male	9	0	0	0	9
Total	29	0	0	2	31
Employees with a disability	0	0	0	0	0

Table 4.3: Employees whose salary level exceeded the grade determined by job evaluation (in terms of PSR 1/V/C3)

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No. of Employees in Dept
HR related	1	7	9	Notch in terms of PSR 1/V/C3	489
Financial related	1	11	11	Notch in terms of PSR 1/V/C3	489
Finance & Economic	1	11	9	Notch in terms of PSR 1/V/C3	489
Other Information Technology	1	10	10	Notch in terms of PSR 1/V/C3	489
Total	4				
Percentage of total employment	0.82%				

Table 4.4: Profile of employees whose salary level exceeded the grade determined by job evaluation (in terms of SR 1/V/C3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	3	0	0	1	4
Total	3	0	0	1	4
Employees with a disability	0	0	0	1	1

Table 5.1: Annual turnover rates by salary band

Salary Band	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Skilled (levels 3–5), permanent	22	17	0	0
Highly skilled production (levels 6–8), permanent	86	17	2	2.3
Highly skilled supervision (levels 9–12), permanent	152	14	8	5.3
Senior Management Service (Band A), permanent	32	5	3	9.4
Senior Management Service (Band A), temporary	0	1	0	0
Senior Management Service (Band B), permanent	7	1	1	14.3
Senior Management Service (Band B), temporary	1	0	0	0
Senior Management Service (Band C), permanent	2	1	0	0
Senior Management Service (Band D), permanent	2	1	0	0
Senior Management Service (Band D), temporary	0	0	1	0
Contract (levels 1–2), permanent	0	50	1	0
Contract (levels 3–5), permanent	2	41	13	650
Contract (levels 6–8), permanent	11	3	2	18.2
Contract (levels 9–12), permanent	4	4	2	50
Contract (Band A), permanent	2	2	2	100
Contract (Band B), permanent	1	0	0	0
Contract (Band C), permanent	2	1	0	0
Total	**326**	**158**	**35**	**10.7**

Table 5.2: Annual turnover rates by critical occupation

Occupation	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Administrative related, permanent	32	10	5	15.6
Administrative related, temporary	1	0	1	100
Client information clerks (switchboard, reception & information clerks), permanent	4	0	0	0
Communication & information related, permanent	0	3	1	0
Finance & economics related, permanent	3	1	1	33.3
Financial & related professionals, permanent	11	1	1	9.1
Financial clerks & credit controllers, permanent	8	3	0	0
Head of department/chief executive officer, permanent	1	0	0	0
HR & organisational development & related professionals, permanent	13	1	0	0
HR & organisational development & related professionals, temporary	0	1	0	0
HR clerks, permanent	3	2	0	0
HR related, permanent	0	4	0	0
Information technology related, permanent	1	6	1	100
Legal related, permanent	2	0	0	0
Library, mail & related clerks, permanent	6	0	0	0
Logistical support personnel, permanent	6	0	0	0
Material-recording & transport clerks, permanent	8	6	3	37.5
Messengers porters & delivery staff, permanent	1	1	0	0
Natural Sciences related, permanent	142	19	5	3.5
Other administration & related clerks & organisers, permanent	6	4	1	16.7

Occupation	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Other administrative policy & related officers, permanent	1	0	0	0
Other information technology personnel, permanent	6	1	2	33.3
Other occupations, permanent	1	1	0	0
Safety health &quality inspectors, permanent	0	60	6	0
Secretaries & other keyboard operating clerks, permanent	29	10	3	10.3
Security officers, permanent	0	17	0	0
Senior Managers, permanent	40	7	5	12.5
Social work & related professionals, permanent	1	0	0	0
Total	**326**	**158**	**35**	**10.7**

Table 5.3: Reasons why staff left the Department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, permanent	1	2.9	0.3	35	326
Resignation, permanent	10	28.6	3.1	35	326
Resignation, temporary	1	2.9	0.3	35	326
Expiry of contract, permanent	19	54.3	5.8	35	326
Dismissal-misconduct, permanent	3	8.6	0.9	35	326
Retirement, permanent	1	2.9	0.3	35	326
Total	**35**	**100**	**10.7**	**35**	**326**

Resignations as Percentage of Employment
10.7

Table 5.4: 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 levels 1–2)	0	0	0	0
Skilled (salary levels 3–5)	0	0	0	0
Highly skilled production (salary levels 6–8)	0	0	0	0
Highly skilled production (salary levels 9–12)	0	0	0	0
Senior Management (salary levels 13 and higher)	0	0	0	0
Total	**0**	**0**	**0**	**0**

Table 5.5: Promotions by critical occupation

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a Percentage of Employment	Progressions to another Notch within Salary Level	Notch progressions as a Percentage of Employment
Administrative related	33	9	27.3	17	51.5
Client information clerks (switchboard, reception & information clerks)	4	0	0	0	0
Communication & information related	0	1	0	1	0
Finance & economics related	3	1	33.3	1	33.3
Financial &d related professionals	11	6	54.5	3	27.3
Financial clerks & credit controllers	8	1	12.5	4	50
Head of department/chief executive officer	1	0	0	0	0
HR & organisational development & related professionals	13	6	46.2	7	53.8
HR clerks	3	7	233.3	1	33.3

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a Percentage of Employment	Progressions to another Notch within Salary Level	Notch progressions as a Percentage of Employment
HR related	0	1	0	0	0
Information technology related	1	1	100	0	0
Language practitioners, interpreters & other communicators	0	0	0	2	0
Legal related	2	1	50	1	50
Library, mail & related clerks	6	0	0	3	50
Logistical support personnel	6	1	16.7	3	50
Material-recording & transport clerks	8	1	12.5	3	37.5
Messengers porters & delivery staff	1	0	0	1	100
Natural Sciences related	142	42	29.6	53	37.3
Other administration & related clerks & organisers	6	0	0	5	83.3
Other administrative policy & related officers	1	0	0	1	100
Other information technology personnel.	6	5	83.3	4	66.7
Other occupations	1	0	0	0	0
Risk management & security services	0	0	0	1	0
Secretaries & other keyboard operating clerks	29	2	6.9	13	44.8
Senior Managers	40	9	22.5	10	25
Social work & related professionals	1	1	100	0	0
Total	**326**	**95**	**29.1**	**134**	**41.1**

Table 5.6 : Promotions by salary band

Salary Band	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a Percentage of Employment	Progressions to another Notch within Salary Level	Notch progressions as a Percentage of Employment
Lower skilled (levels 1–2), permanent	0	0	0	1	0
Skilled (levels 3–5), permanent	22	2	9.1	18	81.8
Highly skilled production (levels 6–8), permanent	86	27	31.4	59	68.6
Highly skilled supervision (levels 9–12), permanent	152	54	35.5	42	27.6
Senior Management (levels 13–16), permanent	43	9	20.9	11	25.6
Senior Management (levels 13–16), temporary	1	0	0	0	0
Contract (levels 3–5), permanent	2	0	0	0	0
Contract (levels 6–8), permanent	11	0	0	2	18.2
Contract (levels 9–12), permanent	4	2	50	1	25
Contract (levels 13–16), permanent	5	1	20	0	0
Total	**326**	**95**	**29.1**	**134**	**41.1**

Table 6.1: Total number of employees (including employees with disabilities) per occupational category (SASCO)

Occupational Category	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials & managers, permanent	22	3	2	27	2	17	0	1	18	2	49
Professionals, permanent	26	0	0	26	1	26	0	2	28	5	60
Professionals, temporary	0	0	0	0	1	0	0	0	0	0	1

Occupational Category	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Technicians & associate professionals, permanent	120	1	1	122	4	137	1	0	138	0	264
Clerks, permanent	20	1	0	21	0	61	0	0	61	3	85
Service & sales workers, permanent	17	0	0	17	0	7	0	0	7	0	24
Elementary occupations, permanent	2	1	0	3	0	0	0	0	0	0	3
Other, permanent	2	0	0	2	1	0	0	0	0	0	3
Total	**209**	**6**	**3**	**218**	**9**	**248**	**1**	**3**	**252**	**10**	**489**

	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	1	1	0	0	1	1	3

Table 6.2: Total number of employees (including employees with disabilities) per occupational band

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, permanent	2	0	0	2	0	4	0	1	5	0	7
Senior Management, permanent	20	3	2	25	3	15	0	0	15	2	45
Professionally qualified & experienced specialists & mid-management, permanent	95	0	1	96	3	85	0	1	86	3	188
Professionally qualified & experienced specialists & mid-management, temporary	0	0	0	0	1	0	0	0	0	0	1
Skilled technical & academically qualified workers, junior management, supervisors, foremen, permanent	31	1	0	32	0	81	0	1	82	4	118
Semi-skilled & discretionary decision making, permanent	26	1	0	27	0	23	0	0	23	1	51

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Unskilled & defined decision making, permanent	2	0	0	2	1	0	0	0	0	0	3
Contract (Top Management), permanent	2	0	0	2	0	0	0	0	0	0	2
Contract (Senior Management), permanent	1	1	0	2	0	1	0	0	1	0	3
Contract (professionally qualified), permanent	2	0	0	2	1	3	1	0	4	0	7
Contract (skilled technical), permanent	2	0	0	2	0	0	0	0	0	0	2
Contract (semi-skilled), permanent	25	0	0	25	0	35	0	0	35	0	60
Contract (unskilled), permanent	1	0	0	1	0	1	0	0	1	0	2
Total	**209**	**6**	**3**	**218**	**9**	**248**	**1**	**3**	**252**	**10**	**489**

Table 6.3: Recruitment

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, permanent	0	0	0	0	0	1	0	1	2	0	2
Senior Management, permanent	3	1	0	4	2	0	0	0	0	0	6
Senior Management, temporary	0	0	0	0	1	0	0	0	0	0	1
Professionally qualified & experienced specialists & mid-management, permanent	4	0	0	4	1	9	0	0	9	0	14
Skilled technical & academically qualified workers, junior management, supervisors, foremen, permanent	9	0	0	9	0	8	0	0	8	0	17
Semi-skilled & discretionary decision making, permanent	2	0	0	2	0	14	0	0	14	1	17
Contract (Top Management), permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management), permanent	0	1	0	1	0	1	0	0	1	0	2

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Contract (professionally qualified), permanent	2	0	0	2	0	0	1	0	1	1	4
Contract (skilled technical), permanent	1	0	0	1	0	2	0	0	2	0	3
Contract (semi-skilled), permanent	26	0	0	26	0	15	0	0	15	0	41
Contract (unskilled), permanent	20	0	0	20	0	30	0	0	30	0	50
Total	**68**	**2**	**0**	**70**	**4**	**80**	**1**	**1**	**82**	**2**	**158**

	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	1	0	0	1	1	2

Table 6.4: Promotions

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, permanent	1	0	0	1	0	0	0	0	0	0	1
Senior Management, permanent	7	0	0	7	1	9	0	0	9	2	19
Professionally qualified & experienced specialists & mid-management, permanent	59	0	0	59	4	30	0	1	31	2	96
Skilled technical & academically qualified workers, junior management, supervisors, foremen, permanent	28	1	0	29	0	56	0	0	56	1	86
Semi-skilled & discretionary decision making, permanent	6	0	0	6	0	13	0	0	13	1	20
Unskilled &defined decision making, permanent	1	0	0	1	0	0	0	0	0	0	1

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Contract (Top Management), permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (professionally qualified), permanent	1	0	0	1	1	0	0	0	0	1	3
Contract (skilled technical), permanent	0	0	0	0	0	2	0	0	2	0	2
Total	**104**	**1**	**0**	**105**	**6**	**110**	**0**	**1**	**111**	**7**	**229**

	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	3	0	0	0	0	0	3

Table 6.5: Terminations

Occupational Band	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, temporary	1	0	0	1	0	0	0	0	0	0	1
Senior Management, permanent	2	0	0	2	1	1	0	0	1	0	4
Professionally qualified & experienced specialists & mid-management, permanent	5	0	0	4	1	2	0	0	2	0	8
Skilled technical & academically qualified workers, junior management, supervisors, foremen, permanent	1	0	0	1	0	0	0	0	0	1	2
Contract (Senior Management), permanent	1	0	0	1	0	1	0	0	1	0	2
Contract (professionally qualified), permanent	1	0	0	1	0	0	0	0	0	1	2
Contract (skilled technical), permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (semi-skilled), permanent	5	0	0	5	0	8	0	0	8	0	13
Contract (unskilled), permanent	1	0	0	1	0	0	0	0	0	0	1
Total	**17**	**0**	**0**	**16**	**2**	**14**	**0**	**0**	**14**	**2**	**35**

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
No data	0	0	0	0	0	0	0	0	0	0	0

Table 6.6: Disciplinary action

Disciplinary Action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Total	**8**	**0**	**0**	**8**	**9**	**5**	**0**	**0**	**5**	**1**	**23**

Table 6.7: Skills development

Occupational Category	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials & managers	4	0	1	5	0	6	0	0	6	0	11
Professionals	16	0	0	16	0	18	0	0	18	1	35
Technicians & associated professionals	58	0	0	58	1	67	0	0	67	0	126
Clerks	20	0	0	20	0	83	0	0	83	1	104
Service & sales workers	9	0	0	9	0	4	0	0	4	0	13
Skilled agriculture & fisheries workers	0	0	0	0	0	0	0	0	0	0	0
Craft & related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant & machine operators & 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	31	0	0	31	0	24	0	0	24	0	0
Total	**107**	**0**	**1**	**108**	**1**	**178**	**0**	**0**	**178**	**2**	**289**

	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	1	0	0	0	1	2

Table 7.1: 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'000)
African, female	90	247	36.4	996	11 069
African, male	71	209	34	1 148	16 169
Asian, female	1	3	33.3	24	23 635
Asian, male	2	3	66.7	54	26 777
Coloured, female	0	1	0	0	0
Coloured, male	1	6	16.7	7	6 521
Total Blacks, female	91	251	36.3	1 020	11 207
Total Blacks, male	74	218	33.9	1 208	16 325
White, female	7	9	77.8	122	17 451
White, male	3	8	37.5	83	27 819
Employees with a disability	1	3	33.3	14	14 419
Total	**176**	**489**	**36**	**2 448**	**13 909**

Table 7.2: 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'000)
Skilled (levels 3–5)	10	51	19.6	46	4 600
Highly skilled production (levels 6–8)	65	119	54.6	464	7 138

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R'000)
Highly skilled supervision (levels 9–12)	85	191	44.5	1 415	16 647
Contract (levels 1–2)	0	2	0	0	0
Contract (levels 3–5)	0	60	0	0	0
Contract (levels 6–8)	0	2	0	0	0
Contract (levels 9–12)	1	7	14.3	27	27 000
Periodical remuneration	0	3	0	0	0
Abnormal appointment	0	96	0	0	0
Total	**161**	**531**	**30.3**	**1 952**	**12 124**

Table 7.3: Performance rewards by critical occupation

Critical Occupation	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R'000)
Administrative related	20	45	44.4	235	11 750
Client information clerks (switchboard, reception & information clerks)	0	3	0	0	0
Communication & information related	2	4	50	22	11 000
Finance and economics related	2	3	66.7	48	24 000
Financial & related professionals	4	12	33.3	52	13 000
Financial clerks & credit controllers	5	12	41.7	26	5 200
Head of department/chief executive officer	0	1	0	0	0

Critical Occupation	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R'000)
HR & organisational development & related professionals	16	21	76.2	221	13 813
HR clerks	3	8	37.5	17	5 667
HR related	0	4	0	0	0
Information technology related	0	7	0	0	0
Language practitioners, interpreters & other communicators	0	2	0	0	0
Legal related	1	1	100	24	24 000
Library, mail & related clerks	4	5	80	21	5 250
Logistical support personnel	2	6	33.3	13	6 500
Material-recording & transport clerks	5	12	41.7	27	5 400
Messengers, porters & delivery staff	1	3	33.3	4	4 000
Natural Sciences related	71	156	45.5	1,081	15 225
Other administration & related clerks & organisers	5	9	55.6	25	5 000
Other administrative policy & related officers	1	1	100	7	7 000
Other information technology personnel.	3	7	42.9	49	16 333
Other occupations	0	2	0	0	0
Rank: unknown	0	3	0	0	0

Critical Occupation	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R'000)
Risk management & security services	1	5	20	23	23 000
Safety health & quality inspectors	0	56	0	0	0
Secretaries & other keyboard operating clerks	17	36	47.2	115	6 765
Security officers	0	19	0	0	0
Senior managers	13	46	28.3	441	33 923
Total	**176**	**489**	**36**	**2 451**	**13 926**

Table 7.4: 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'000)	Percentage of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	12	40	30	374	3 117	1.4	26 592
Band B	3	8	37.5	114	3 800	1.6	6 994
Band C	1	5	20	43	4 300	0.8	5 163
Band D	0	4	0	0	0	0	0
Total	**16**	**57**	**28.1**	**531**	**33 18.8**	**1.4**	**38 749**

Table 8.1: Foreign workers by salary band

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 & managers	1	100	3	100	2	100	1	3	2
Total	**1**	**100**	**3**	**100**	**2**	**100**	**1**	**3**	**2**

Table 8.2: 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 & managers	1	100	3	100	2	100	1	3	2
Total	**1**	**100**	**3**	**100**	**2**	**100**	**1**	**3**	**2**

Table 9.1: Sick leave for Jan 2010 to Dec 2010

Salary Band	Total Days	Percentage Days with Medical Certification	Number of Employees using Sick Leave	Percentage of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total No. of Days with Medical Certification
Skilled (levels 3-5)	137	77.4	23	7.8	6	45	296	106
Highly skilled production (levels 6–8)	594	80.3	93	31.4	6	299	296	477
Highly skilled supervision (levels 9–12)	713	78.1	128	43.2	6	778	296	557
Senior Management (levels 13–16)	158	82.3	28	9.5	6	448	296	130
Contract (levels 3–5)	44	72.7	21	7.1	2	12	296	32
Contract (levels 6–8)	16	100	2	0.7	8	8	296	16
Contract (levels 9–12)	8	100	1	0.3	8	13	296	8
Total	**1 670**	**79.4**	**296**	**100**	**6**	**1 603**	**296**	**1 326**

Table 9.2: Disability leave (temporary and permanent) for Jan 2010 to Dec 2010

Salary Band	Total Days	Percentage Days with Medical Certification	Number of Employees using Disability Leave	Percentage of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total No.of Days with Medical Certification	Total number of Employees using Disability Leave
Highly skilled production (levels 6–8)	18	100	1	16.7	18	8	18	6
Highly skilled supervision (levels 9–12)	41	100	3	50	14	39	41	6
Senior Management (levels 13–16)	5	100	1	16.7	5	13	5	6
Contract (levels 6-8)	5	100	1	16.7	5	3	5	6
Total	**69**	**100**	**6**	**100**	**12**	**63**	**69**	**6**

Table 9.3: Annual leave for Jan 2010 to Dec 2010

Salary Band	Total Days Taken	Average days per Employee	No. of Employees who Took Leave
Skilled (levels 3–5)	306	8	39
Highly skilled production (levels 6–8)	1455	12	117
Highly skilled supervision (levels 9–12)	2 217.84	12	188
Senior Management (levels 13–16)	609	11	53
Contract (levels 1–2)	14	7	2
Contract (levels 3–5)	364	5	70
Contract (levels 6–8)	28	9	3
Contract (levels 9–12)	66	11	6
Contract (levels 13–16)	27	7	4
Total	**5 086.84**	**11**	**482**

Table 9.4: Capped leave for Jan 2010 to Dec 2010

	Total Days of Capped Leave Taken	Average No. of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2010	No. of Employees Who Took Capped Leave	Total No. of Capped Leave Available as at 31 December 2010	No. of Employees as at 31 December 2010
Highly skilled production (levels 6–8)	2	2	16	1	241	15
Highly skilled supervision (levels 9–12)	2	2	21	1	425	20
Senior Management (levels 13–16)	6	3	43	2	383	9
Total	**10**	**3**	**24**	**4**	**1049**	**44**

Table 9.5: Leave payouts

Reason	Total Amount (R'000)	No. of Employees	Average Payment per Employee (R)
Leave payout for 2010/11 resulting from non-utilisation of leave for the previous cycle	269	17	15 824
Capped leave payouts on termination of service for 2010/11	587	36	16 306
Current leave payout on termination of service for 2010/11	348	20	17 400
Total	**1 204**	**73**	**16 493**

Table 10.1: Steps taken to reduce the risk of occupational exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV & Related Diseases (if any)	Key Steps Taken to Reduce the Risk
Employees between the ages of 20−35.	Health education through weekly articles.
	Introduction of Wellness Champions (Peer Educators) to help in discussing HIV and AIDS issues with all employees.

Table 10.2: Details of Health Promotion and HIV/AIDS Programmes (tick Yes/No and provide required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mrs Ansie Botha, Chief Director: Human Resources and Auxiliary Support
2. Does the Department have a dedicated unit or have you designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Two employees, budget = R300 000.00
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	X		Health Risk Assessment (cholesterol check, diabetics check, high blood pressure check), flu vaccination, counseling services, financial counseling, debt 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	
5. Has the Department reviewed the employment policies and practices of your Department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		HIV & AIDS Policy, Employee Health & Wellness Policy.

Question	Yes	No	Details, if yes
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		Monthly articles to all employees about HIV and AIDS prevention; health education during awareness events.
7. Does the Department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	X		79 tested; five positive.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.		X	

Table 11.1: Collective agreements

Subject Matter	Date
1. Job Description and Job Evaluation Policy	19-Oct-10
2. Acceptance of Gift Policy	19-Oct-10
3. Remunerative work outside the Public Service	19-Oct-10
4. Resettlement expenditure in the Department	19-Oct-10
5. Employee Health and Wellness Policy	19-Oct-10
6. Sexual Harassment Policy	19-Oct-10
7. Directive on the Implementation of Skeleton Staff Attendance for the Period 17−24 December	19-Oct-10
8. Working Hours and Working Arrangements Policy	19-Oct-10
9. HIV/AIDS in the Workplace Policy	19-Oct-10
10. Persal Policy	19-Oct-10
11. Management of Leave Policy	19-Oct-10
12. Compensation of Over-time Policy	19-Oct-10
13. Secondments Policy	4-Feb-11
14. Employment Equity Policy	31-Jan-11
15. Gender Policy	31-Jan-11

Table 11.2: Misconduct and disciplinary hearings finalised

Outcomes of Disciplinary Hearings	Number	Percentage of Total	Total
Insubordination – *FWW x2	2	13.3	15
Absenteeism – corrective discipline, *FWW x 2 & LWP	3	20	15
Failure to disclose financial interest – *FWW x2	3	20	15
Misrepresentation – dismissal	1	6.7	15
Withholding of information – **WW	1	6.7	15
Insolence – * FWW	1	6.7	15
Unprofessional conduct – *FWW	1	6.7	15
Irregular & unethical conduct –	1	6.7	15
Corruption –	1	6.7	15
Negligence –	1	6.7	15
Total	**15**	**100**	**15**

* Final written warning
** Written warning

Table 11.3: Types of misconduct addressed and disciplinary hearings

Type of Misconduct	Number	Percentage of Total	No. Pending	Total
Insubordination	2	100	0	2
Absenteeism	3	100	0	3
Failure to disclose financial interest	2	67	1	3
Misrepresentation	1	100	0	1
Withholding of information		0	1	1
Insolence	1	100	0	1
Unprofessional conduct	1	100	0	1
Irregular & unethical conduct	0	0	1	1

Type of Misconduct	Number	Percentage of Total	No. Pending	Total
Corruption	0	0	1	1
Negligence	1	100	0	1
Total	**11**	**73**	**4**	**15**

Table 11.4: Grievances lodged

Number of Grievances Addressed	Number	Percentage of Total	Total
Total	**5**	**83.3**	**6**

Table 11.5: Disputes lodged

No. of Disputes Addressed	Number	Percentage of total
Upheld	0	0
Dismissed	0	0
Total	**0**	**0**

Table 11.6: Strike actions

Strike Actions	_
Total number of person working days lost	26
Total cost (R'000) of working days lost	17.4
Amount (R'000) recovered as a result of no work no pay	17.4

Table 11.7: Precautionary suspensions

Precautionary Suspensions	_
Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	60
Cost (R'000) of suspensions	46.7

Table 12.1: Training needs identified

Occupational Categorie	Gender	Employment	Learnerships	Skills Programmes & Other Short Courses	Other Forms of Training	Total
Legislators, senior officials & managers	Female	18	0	18	1	19
	Male	24	0	14	2	16
Professionals	Female	24	0	30	1	31
	Male	14	0	23	2	25
Technicians & associate professionals	Female	83	0	99	7	106
	Male	97	0	115	2	117
Clerks	Female	51	0	34	10	44
	Male	14	0	11	2	13
Service & sales workers	Female	0	0	6	0	6
	Male	0	0	12	0	12
Skilled agriculture & fisheries workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft & related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant & machine operators &assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	1	0	2	0	2
Interns/Abnormal appointments	Female	31	0	0	31	31
	Male	24	0	0	24	24
Gender subtotals	Female	176	0	187	19	206
	Male	150	0	177	8	185
Total		**326**	**0**	**364**	**27**	**391**

Table 12.2: Training provided

Occupational Category	Gender	Employment	Learnerships	Skills Programmes & Other Short Courses	Other Forms of Training	Total
Legislators, senior officials & managers	Female	18	0	5	1	6
	Male	24	0	3	2	5
Professionals	Female	24	0	18	1	19
	Male	14	0	14	2	16
Technicians & associate professionals	Female	83	0	60	7	67
	Male	97	0	57	2	59
Clerks	Female	51	0	74	10	84
	Male	14	0	18	2	20
Service & sales workers	Female	0	0	4	0	4
	Male	0	0	9	0	9
Skilled agriculture & fisheries workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft & related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators & assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	1	0	0	0	0
Interns/Abnormal appointments	Female	31	0	0	31	31
	Male	24	0	0	24	24
Gender subtotals	Female	176	0	161	19	180
	Male	150	0	101	8	109
Total		**326**	**0**	**262**	**27**	**289**

Table 13.1: Injury on duty

Nature of Injury on Duty	Number	Percentage of Total
Required basic medical attention only	0	0
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	**0**	

Table 14.1: Report on consultant appointments using appropriated funds

Project Title	Total No. of Consultants that Worked on the Project	Duration: Work Days	Contract Value in Rand
Auditing of monthly fuel price adjustments and fuel price media statements administered by DoE for two years.	4	2 years	R276 628.00
Handling of recruitment and any other advertisements in the DoE for a period of two years.	4	2 years	Based on percentage discounts (payment by HR) R2 026 017.54
Services of IT Resources.	3	12 months	R3 429 120.00
Auditing of compliance to the South African Petroleum and Liquids Fuels Charter by oil companies and assessing its impact.	4	12 months	R1 979 314.00
Development of a 20-year Liquids Fuels Road Map.	4	6 months	R4 559 256.00
Determining of an appropriate level of return on assets for bio-ethanol and bio-diesel.	1	4 months	R540 000.00
Assessing the blending value of bio-ethanol with petrol at local refineries and depots.	2	6 months	R2 500 000.00
Rendering of technical expertise with the development of relevant energy models to inform the development of the IEP for South Africa.	4	3 months	R2 667 600.00

Project Title	Total No. of Consultants that Worked on the Project	Duration: Work Days	Contract Value in Rand
The co-sourcing of Internal Audit activities at the DoE.	8	2 months	R656 400.00
Appointment of a service provider to assist with the financial year processes as at 31 March 2011.	1	2 months	R259 758.58
Total number of projects	**Total Individual Consultants**	**Total Duration: Work Days**	**Total Contract Value in Rand**
10	35	2 886 days	R15 464 974.12

Table 14.2: Analysis of consultant appointments using appropriated 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
Auditing of monthly fuel price adjustments and fuel price media statements administered by DoE for two years.	4.80	4.80	4
Handling of recruitment and any other advertisements in the DoE for a period of two years.	51 & 100	51 & 100	4
Services of IT Resources.	100	100	2
Auditing of compliance to the South African Petroleum and Liquids Fuels Charter by oil companies and assessing its impact.	99	99	4
Development of a 20-year Liquids Fuels Road Map.	100		2
Determining of an appropriate level of return on assets for bio-ethanol and bio-diesel.	0	0	0
Assessing the blending value of bio-ethanol with petrol at a local refineries and depots.	3	3	2
Rendering of technical expertise with the development of relevant energy models to inform the development of the IEP for South Africa.	0	0	0
The co-sourcing of Internal Audit activities at DoE.	100	100	4
Appointment of a service provider to assist with the financial year processes as at 31 March 2011.	3.28	3.28	0

Table 14.3: Report on consultant appointments using donor funds

Project Title	Total No. of Consultants that Worked on the Project	Duration: Work Days	Donor and Contract Value in Rand
Cooperation between NERSA and NVE concerning capacity building in the electricity sector – New Energy Project.	1	7.8125	302 555.91
Cooperation between Chief Directorate: Hydrocarbons and Norwegian Water Resources and Energy Administration (NVE); institutional support – New Energy Project.	4	28.25	388 107.04
New Energy Project.	5	36.0625	690 662.95
Total No. of Projects	**Total Individual Consultants**	**Total Duration: Work Days**	**Total Contract value in Rand**
3	10	72.125	138 1325.9

Table 14.4: 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
Cooperation between NERSA and NVE concerning capacity building in the electricity sector – New Energy Project.			
Cooperation between Chief Directorate Hydrocarbons and Norwegian Water Resources and Energy Administration (NVE); institutional support – New Energy Project.			
New Energy Project.			

Section 5:
Other Information

Acronyms

ADAM	Approach to Distribution Assessment Management
AEMFC	African Exploration, Mining and Finance Corporation
AENE	Adjusted Estimates of National Expenditure
BAS	Basic Accounting System
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CCUS	Carbon Capture Use and Storage
CDM	Clean Development Mechanism
CEF	CEF (Pty) Ltd
CFO	Chief Financial Officer
CNG	Compressed Natural Gas
CNS	Convention on Nuclear Safety
COFIT	Cogeneration Feed-In Tariffs
COO	Chief Operating Officer
COP	Conference of Parties
CPV	Concentrated Photovoltaic
CSIR	Centre for Scientific and Industrial Research
CSP	Concentrated Solar Power
DBSA	Development Bank of Southern Africa
DDG	Deputy Director-General
DME	Department of Minerals and Energy
DMR	Department of Mineral Resources
DNA	Designed National Authority
DoE	Department of Energy
DORA	Division of Revenue Act
DSM	Demand-side Management
DST	Department of Science and Technology
EDC	Energy Development Corporation
EDIH	Electricity Distribution Industry Holdings
EDSM	Electricity Demand-side Management Programme
EEDSM	Energy Efficiency and Demand-side Management
EETIS	Energy Efficiency Tax Incentive Scheme
ENE	Estimates of National Expenditure
ER	Electricity Regulation
ERM	Enterprise Risk Management
EXCO	Executive Committee
FBE	Free Basic Energy
GAA	Gas Amendment Act
GCIS	Government Communication and Information System
HDSA	Historically Disadvantaged South African
HR	Human Resources
IAEA	International Atomic Energy Agency
IBT	Inclining Block Tariffs
ICT	Information and Computer Technology
IEA	International Energy Agency
IeC	Integrated Energy Centre
IEP	Integrated Energy Plan

iGAS	South African Gas Development Company
IMP	Indicative Master Plan
INEP	Integrated National Electrification Programme
IP	Illuminated Paraffin
IPAP	Industry Policy Action Plan
IPP	Independent Power Producer
IRP	Integrated Resource Plan (2010–2030)
ISMO	Independent System and Market Operator
LEU	Low Enriched Uranium
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MDG	Millennium Development Goal
MIRTA	Minimum Information Requirements for Tariff Applications
MISS	Minimum Information Security Standards
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MYPD2	Multi-year Price Determination
NEA	Nuclear Energy Act
NECSA	South African Nuclear Energy Corporation
NEEA	National Energy Efficiency Agency
NEMA	National Environmental Management Act
NERDIS	Nuclear Energy Research, Development and Innovation Strategy
NERSA	National Energy Regulator of South Africa
NERT	National Electricity Response Team
NIA	National Intelligence Agency
NIL	Nuclear Installation Licence
NMPP	New Multi-product Pipeline
NNR	National Nuclear Regulator
NRWDI	National Radioactive Waste Disposal Institute
NSD	NECSA's Nuclear Skills Development
NTeMBI	Nuclear Technologies in Medicine and the Biosciences Initiative
OCGT	Open Cycle Gas Turbine
OPCSA	Oil Pollution Control South Africa
PASA	Petroleum Agency SA
PBMR	Pebble Bed Modular Reactor
PDP	Performance Development Plans
PFMA	Public Finance Management Act
PPA	Petroleum Products Act
PPALS	Petroleum Products Licensing System
PQS	Parliamentary Questions System
PPP	Public Participation Programmes
PV	Photovoltaic
RED	Regional Electricity Distributor
REFIT	Renewable Energy Feed-in Tariff
REFSO	Renewable Energy Finance and Subsidy Office
REMT	Renewable Energy Market Transformation Project
SANEDI	South African National Energy Development Institute
SANERI	South African Natural Energy Research Institute

SASDA	South African Supplier Development Agency
SAWEP	South African Wind Energy Programme
SCOA	Standard Chart of Accounts
SDIP	Service Delivery Improvement Plans Developed
SETA	Skills Education Training Authorities
SFF	Strategic Fuel Fund
SHS	Solar Home System
SLA	Service Level Agreement
SO	Standard Offer
SOE	State-owned Entity
SWH	Solar Water Heaters
ToR	Terms of Reference
VPN	Virtual Private Network
WOESA	Women in Oil and Energy South Africa

Notes

Notes