



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

Department of Energy: Vote 29
Annual Report
2014/15

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PART A:

GENERAL INFORMATION



1. DEPARTMENT OF ENERGY GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

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

ENE	Estimates of National Expenditure
EPREV	Emergency Preparedness Review
Esco	Energy Services Companies
ESMAP	Energy Sector Management Assistance Programme
EU	European Union
EURATOM	European Atomic Energy Community
EWSWTA	Energy and Water Sector Education and Training Authority
EXCO	Executive Committee
FBE	Free Basic Electricity
FET	Further Education and Training
FOSAD	Forum of South African Directors
FTRM	Full-Time Regulator Member
GIF	Generation IV International Forum
GIZ	Gesellschaft für Internationale Zusammenarbeit
GUMP	Gas Utilisation Master Plan
HDI	Historically Disadvantaged Individual
HOA	Home Owners Allowance
HR	Human Resources
IAEA	International Atomic Energy Agency
IBT	Inclining Block Tariffs
ICT	Information and Communication Technology
IDC	Infrastructure Development Cluster
IEA	International Energy Agency
IeC	Integrated Energy Centre
IEP	Integrated Energy Plan
INEP	Integrated National Electrification Programme
IOP	Institutional Operational Plan
IPEEC	International Partnership for Energy Efficiency Co-operation
IPP	Independent Power Producers
IRENA	International Renewable Energy Agency
IRP 2010	Integrated Resource Plan 2010
ISMO	Independent System Market Operator
LoA	Letter of Approval
LPG	Liquefied Petroleum Gas
LTMS	Long-Term Mitigation Scenario
LV	Low Voltage
MANCO	Management Committee
MCS	Modified Cash Standard
MDZ	Magisterial District Zone
MEC	Member of the Executive Council

MoU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MPAR	Marketing of Petroleum Activities Return
MTEF	Medium-Term Expenditure Framework
MV	Medium Voltage
MW	Megawatts
NDP	National Development Plan
NDPSP	National Development Policy Support Programme
NEA	Nuclear Energy Agency
SOC Ltd.	South African Nuclear Energy Corporation
NEDLAC	National Economic Development and Labour Council
NEEAP	National Energy Efficiency Action Plan
NEES	National Energy Efficiency Strategy
NERSA	National Energy Regulator of South Africa
NIASA	Nuclear Industry Association of South Africa
NMPP	New Multi-Product Pipeline
NNEECC	National Nuclear Energy Executive Co-ordination Committee
NNR	National Nuclear Regulator
NRF	National Revenue Fund
NRWDI	National Radioactive Waste Disposal Institute
NTI	New-To-Industry
OECD	Organisation for Economic Co-operation and Development
PAIA	Promotion of Access to Information Act
PDD	Project Development Documents
PDF	Project Development Fund
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Co-ordinating Commission
PIN	Project Identification Notes
PMDS	Performance Management and Development System
PPA	Petroleum Products Act
PPAA	Petroleum Products Amendment Act
PPALS	Petroleum Products Act Licensing System
PPP	Public Participation Programmes
PSETA	Public Services Education and Training Authority
PTRM	Part-Time Regulator Member
PV	Photovoltaic
R&D	Research and Development
RAS	Regulatory Accounting System
RDP Fund	Reconstruction and Development Programme Fund
REIPPP	Renewable Energy Independent Power Producer Programme

RPM	Radiation Portal Monitor
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SAGEN	South African-German Energy Programme
SAIREC	South African International Renewable Energy Conference
SANEDI	South African National Energy Research and Development Institute
SAPIA	South African Petroleum Industry Association
SAPP	Southern African Power Pool
SAPS	South African Police Service
SARi	South African Renewables Initiative
SARS	South African Revenue Service
SAWEP	South African Wind Energy Programme
SAYNPS	South African Young Nuclear Professional Society
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIF	Service Delivery Improvement Plan
SETA	Sector Education and Training Authority
SIP	Strategic Integrated Projects
SLA	Service Level Agreement
SMART	Specific, Measurable, Attainable, Realistic and Timeous
SMME	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SOE/C	State-Owned Entity/Company
SOOG	Strategic Outcomes-Oriented Goals
SOP	Standard Offer Programme
SSAC	State System of Accounting and Control
STEM	Science, Technology, Engineering and Mathematics
SWH	Solar Water Heater
TCP	Technical Co-operation Programme
TDP	Transmission Development Plan
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	UN Framework Convention on Climate Change
VPN	Virtual Private Network
WACC	Weighted Average Cost of Capital
WiNSA	Women in Nuclear South Africa
WOESA	Women in Oil and Energy South Africa
WSP	Workplace Skills Plan



Tina Joemat-Pettersson, MP
Minister of Energy
Department of Energy

3. FOREWORD BY THE MINISTER

Introduction

It is my pleasure to present the Department of Energy Annual Report for the financial year 2014/15. The release coincides with a critical period in the history of our country's young democracy, as we celebrate its 21st anniversary. For our Department in particular, this annual report closes our reporting on the implementation of our previous five year strategic plan. It comes at a time when we are called upon to take stock of what we promised to deliver in the previous financial year as well as to examine the degree to which we have succeeded in fulfilling our mandate.

During the year under review, the Department has made meaningful contribution to creating decent employment, reducing poverty and contribution to economic growth. As the report indicates, our Department has also contributed to Sustainable Human Settlements and has improved the Quality of Household Life through rural electrifications programme. Furthermore, we take pride in the way in which we have participated towards the Protection and Enhancement of our Environmental Assets and Natural Resources.

The Department remains committed to the goals set out in the National Development Plan (NDP). The NDP has elevated the role of energy in the country's economic growth and development. This role, as enshrined in the NDP, is to ensure that by 2030 South Africa has (1) an energy sector that promotes economic growth and development, (2) social equity through expanded access to energy services and (3) environmental sustainability through efforts that seeks to reduce pollution and mitigate the effects of climate change.

Energy Security is a pre-requisite for achieving the 5.5% economic growth target as envisaged by the National Development Plan. The development of our electricity infrastructure will be achieved through, amongst others, the Independent Power Producer (IPP)

programmes, the nuclear build programme, gas to power by exploiting the indigenous shale gas resources and other interventions will contribute towards ensuring our country's economic growth and development.

To realise this vision, South Africa's energy systems need to be supported by effective policies, institutions, governance systems, regulation and competitive markets. We need to ensure that there is security of energy supply and adequate infrastructure - generation, transmission and distribution - in order to support economic development. This requires substantial investment in the energy sector.

Integrated Energy Plan

Africa is grappling with the challenges of sustainable development. South Africa is in a unique position to contribute towards the energy security of our own country and our continent through our diversified energy mix in general and our renewable programme in particular. South Africa's lack of timely coordination of our planning, alignment and implementation of our country's energy programmes has created serious challenges for us. We want to assure South Africans that the load shedding which prevails is receiving our highest priority for urgent resolution.

Partnerships have been established between government, labour, business and civil society to find solutions to our problems, in keeping with the great spirit of our country. The 5 Point Plan was adopted by Cabinet as a blueprint for addressing our challenges during the period under review.

Our government's urgent response to load shedding has accelerated the finalisation of the much awaited Integrated Energy Plan (IEP). Once approved by Cabinet, the IEP will be published as a policy document.

Renewable Energy

The Renewable Energy Independent Power Producer (REIPPP) programme has added to the energy supply capacity and electricity diversity in South Africa over a period of only three and a half years. Competitive energy prices have been achieved, with a distinct and meaningful possibility to make a real socio-economic difference in the communities where they are located.

To date, the department have procured 5 243 MWs of Renewable Electricity in Bid Windows 1 to 4 and connected 37 projects, with a capacity of 1 827 Megawatt to the national grid. On average, 15% of this energy was delivered to the power system during system peak periods, alleviating pressure on the power system. The energy contribution should grow to approximately 7 000 Gigawatt hours per annum with the first 47 REIPPP fully operational and producing at full capacity by mid 2016.

Through the competitive procurement approach, the average per kilowatt hour tariff, during the year under review, for onshore wind has declined by 55% to an average of 62 cents per unit and for solar PV by 76% to 79 cents per unit. This programme has secured a commitment of about R170 billion in capital investment to the South African economy. South Africans own an average of 48% in all IPPs, with Black South Africans owning 28% of these projects.

Our revised approach will ensure that the approval process is expedited and financial close accelerated, as demonstrated through the REIPPP Request for Proposals for an additional 1800 MWs from existing Bid Submissions, which is on course. This bidding process would be open to all unsuccessful Bidders from all previous Bid Windows which are ready for re-submission.

Projects under the REIPPP have started to spend on their socio-economic development and enterprise development commitments. A spending pattern is unfolding, with most spending being allocated for education and skills development, health care, infrastructure, social housing improvements, amongst others. The DoE is engaged in the re-design of the IPP Request for Proposals, paying particular attention to early, efficient and equitable benefits to communities; as well as to a greater local content approach that will strengthen industrialization in South Africa.

Energy Efficiency

The National Energy Efficiency Strategy and Action Plan is nearing completion and the Draft Regulations have already been published for compulsory energy management plans to be put in place by targeted end users. The South African National Energy Development Institute (SANEDI) continues to play a leading role with respect to a variety of energy efficiency initiatives. The Cool Surfaces pilot programme, with a particular focus on schools and low-income households, will mobilize our youth to form part of energy efficiency initiatives. Furthermore, the municipal Energy Efficiency and Demand Side Management Programme (EEDSM) will continue, with savings to the extent of 500 Gigawatt already achieved by various municipalities, primarily by retrofitting lighting in buildings, LED street-lighting, the installation of smart meters, water and sewage pumps. Our focus on the 2015/16 financial year will be to reduce the energy consumption associated with street-lighting.

Solar Water Heater Programme

The solar water heater programme has changed effectively during the year under review, with implementation of the programme now led by the Department of Energy. The planned new contracting model has been submitted for Cabinet approval. In order to drive the localization effort, the installation programme will be rolled out by local municipalities. In keeping with the inter-governmental relations framework, national and local government will collaborate in ensuring that the programme delivers on local enterprise and skills development. Maintenance and life cycle management of installed products and the creation of employment opportunities targeting the youth, women and military veterans is being prioritized.

In partnership with the Department of Labour and the Energy and Water Sector Education and Training Authority (SETA), a comprehensive training programme will be implemented.

Integrated National Electrification Programme

The Integrated National Electrification Programme (INEP) is responsible for planning, project management and funding the bulk infrastructure grid and non-grid new connections for households. We are on track to deliver 265 000 connections from grid and non-grid technologies.

The non-grid programme will be implemented in urban areas to increase basic services in informal settlements. The EU is assisting us to develop a sustainable delivery model for this initiative.

Petroleum Sector

We are currently dealing with concerns regarding the proposed Biofuel Subsidy Models and the risks posed to the fiscus and the National Revenue Fund, as well as concerns regarding food security. The review process that includes the National Treasury and Department of Agriculture, Forestry and Fisheries is underway. Government recognises that clear government policy, regulations and incentives are a pre-requisite for the development of the biofuels industry.

We call upon oil companies to do more in changing the landscape of ownership in the petroleum space, with particular emphasis on women and youth. The Department will be conducting an audit of retail ownership by each company to establish a baseline, which should change demonstrably, in aid of meaningful transformation. Codes of good practice for black economic empowerment must be supported by all and be given a chance for implementation in the 2015/16 financial year. Working together with Trade and Industry, as well as Industry stakeholders, we will identify those areas that require a sector specific dispensation once the codes have been allowed at least 12 months of implementation.

Over the recent period, major strides were made towards the licensing of fuel import capacity. NERSA licensed import facilities in

Richards Bay, Saldanha, Cape Town and Coega, which in our view will enhance competition in the liquid fuels sector whilst ensuring a more robust energy security regime. Government will align the regulatory dispensation by the different organs of state to aid efficiencies in this area. The cleaner fuels initiative should not be used to entrench positions of some of the companies that operate in the sector to the exclusion of new entrants. We believe that now is an opportune time for revisiting the cleaner fuels programme, as well as investment in new refining capacity. These go hand in hand. The Task Team working on the cleaner fuels has already begun its deliberations.

The workers in the petroleum sector constitute a key stakeholder. We will continue to work with organised labour and the employer organisations to improve the working conditions in this sector, with a particular emphasis on safety and health. The uptake of Liquid Petroleum Gas (LPG) in our country remains disappointing, mainly due to infrastructure impediments. On the positive side, NERSA has licensed three import installations that will be able to bring in LPG. Proposals on how to deal with other identified regulatory shortcomings that are hampering increased LPG usage will be developed by the Department, including the Draft LPG Fuel Switching Strategy, which provides a framework for the expansion of the use of LPG in South Africa with special emphasis on the household sector.

Prospects of a final settlement between Iran and the US, China, Russia and some EU countries should benefit crude oil price stability. We are looking to use the opportunity of lower crude oil prices to bolster our emergency crude oil stocks. The Strategic Fuel Fund will look at modalities for increasing the strategic stocks of crude oil. We will build the Department and the State's ability to negotiate government to government agreements on crude oil. South Africa will offer producing countries security of demand in exchange for negotiated crude oil prices.

The DoE and the Minister of Mineral Resources will work together in accelerating efforts that will result in exploration for oil and gas within our territorial waters. The Department of Energy and the State-Owned Entities (SOEs) reporting to it, are already an integral part of Operation Phakisa. Alignment between the amendment process of the Mineral and Petroleum Resources Development Act and Energy Policy will be critical for the development of the oil and gas potential in the country.

Legislative programme

During the year under review, we have finalised all processes to introduce legislative amendments pertaining to the Electricity Regulation Second Amendment Bill and the National Energy Regulator Amendment Bill to Parliament after Cabinet approval. The public consultation process in this regard has taken over 2 years and we have incorporated the public comments.

Nuclear

Our government approved the Nuclear Energy Policy in 2008, which provides for the expansion of the nuclear build programme in a coordinated manner to address our socio-economic needs and to bolster the economy. The Cabinet approved IRP 2010 provides for 9,600 Megawatts of electricity to be generated through nuclear power, with the first unit commissioned by 2023. South Africa has signed various Inter-Governmental Agreements or IGAs, laying the foundation for cooperation, trade and exchange for nuclear technology as well as procurement. These agreements describe broad areas of nuclear cooperation and they differ on emphasis, based on the unique needs of each country.

Vendor Parades have been completed with all nuclear vendor countries that have shown interest to participate in the nuclear new build programme. South African professionals from government departments, State Owned Entities and Universities were part of this process.

We continue with work to finalize the business model for the re-establishment of the Nuclear Fuel Cycle Facilities to take advantage of our mineral resources and the beneficiation strategy of our government. In preparation for the rollout of the nuclear build

programme, we have commenced with a Nuclear Skills Development and Training programme. We have identified and send students to attend dedicated training in various countries. In this regard, 50 trainees from Government nuclear industry entities were sent to China in April 2015 for Phase 1 nuclear training, and plans are underway to send an additional 250 trainees to China. The Russian Federation has offered 5 new Nuclear Scholarships at Master's Degree level in Nuclear Physics this year, while South Korea has a standing programme to train South African students in Masters Programmes in Nuclear Engineering.

Inga Project

As part of our regional energy collaboration and in pursuit of our climate change mitigation objectives, we are partnering with the Democratic Republic of the Congo (DRC) in developing the Grand Inga project. There are huge economic spin-offs to be harnessed from this project, including industrialization due to supplying goods and services, skills development relating to various aspects of hydropower development, and job creation. We are negotiating a preferential procurement status for companies domiciled within South Africa and the Southern African Development Community (SADC) so that they could take advantage of this economic opportunity.

South Africa and the DRC are formalizing the structure of the business model. Private sector investors will have an opportunity for collaborating with government on this massive project.

Grand Inga provides a valuable opportunity for South Africa to duplicate the success factors of the Renewable Energy Independent Power Producer Programme (REIPPP). A number of countries on our continent will work with South Africa to explore business opportunities regarding the essential growth necessary in countries where the government and private sector players are committed to renewable energy.

Various small hydro projects have also been allocated under the IPP programme. In addition to this, the Department in collaboration with other Departments and entities are looking into the potential to develop micro hydro projects. Hydro IPP's from our neighbouring Mozambique and other SADC countries will be encouraged.

Financial Information

In 2014/15, the DoE was appropriated R7.4 billion and has spent 84% of the allocated budget. A budget balance of 16% remained at the end of the financial year representing, a major portion being under transfer payments. This is mainly due to the underspending in the SWH Programme.

We need to collectively and in a spirit of partnership, join hands as South Africans to chart our energy future. I wish to thank the Deputy Minister, the Acting Director General and Team Energy, as well as all energy sector stakeholders for their ongoing engagement and support.



Tina Joemat-Pettersson, MP
Minister of Energy





Thembisile Majola, MP
Deputy Minister of Energy
Department of Energy

4. DEPUTY MINISTER STATEMENT

Introduction

The 2014/15 Annual Report presents a record of our achievements and reasons where we have either under or over performed as a department during the reporting period. It is a lens through which we are able to reflect on the extent to which we have succeeded in meeting our targets and objectives during the implementation of our strategy and the Annual Performance Plan.

The National Development Plan outlines the need for an energy sector that promotes economic growth and development, promotes social equity through expanded access to energy services that are sustainable and contribute to the reduction of pollution and mitigation of the effects of global climate changes. The ANC manifesto identified access to reliable energy supply in all its forms, as a priority for this administration.

In his State of the National Address on 12 February 2015, President Zuma said: "the country is currently experiencing serious energy constraints which are an impediment to economic growth and is a major inconvenience to everyone in the country. Overcoming the challenge is uppermost in our programme. We are doing everything we can to resolve the energy challenge."

Cabinet moved swiftly and established a War Room, chaired by the Deputy President that oversees implementation of the 5-Point Plan. The Five Point Plan provides a strategy for immediate and short term interventions to manage the electricity supply and demand as well as to ensure that bottlenecks are tackled.

We urge all individuals, households, industries and government buildings to save and use electricity efficiently in order to reduce strain on the grid.

South Africa has enough installed generation capacity for all our needs. However, a sizeable number of Megawatts is currently unavailable due to variety of factors such as unplanned breakdowns, ageing infrastructure, and a poor outage maintenance programme, leading to increased slippages and increasing partial load losses. Eskom is actively addressing these matters so as to achieve the necessary reserve margins needed to conduct the required maintenance without the need for load shedding. This approach is impacting on the current supply of electricity to various consumers in the short term, but has long term benefits, as it ensures that our plants and generators are properly maintained, predictable and reliable for sustainable power generation.

Integrated National Energy Programme

R4.2 billion was appropriated in 2014/15 financial year for the electrification programme. The Department in 2014/15 had a target of 280 000 household connections comprised of 265 000 designated to grid connection and 15 000 designated to non-grid technology (solar home systems). For the grid connections, the Department achieved 88% (233 455) households connections and for the non-grid achieved 94% (14 030) households connections by end of March 2015. The non-grid programme is now also being considered for urban areas of the country with a view of increasing the basic electricity services in informal settlements.

Community Upliftment Programme and Engagements

The Department together with Eskom have crisscrossed our country, going to the most remote of areas, to consult people about their energy needs and service delivery impact on their lives. We have interacted with residents of Goso Forrest, Lunzwane, and Chatty Extension in Eastern Cape, Groot Marico in North West, Phalaborwa, Mashamba, and Mahatlani in Limpopo, Bushbuckridge in Mpumalanga, Ulundi and Mtubatuba in Kwazulu Natal. Our compatriots have reaffirmed their belief in the government, while not hesitating to tell us of short-comings in our service delivery projects. This is a valuable process as it has enabled us to provide technical and other support to municipalities to ensure seamless service delivery. We remain determined and committed to reach universal access by 2025 for all our people.

During 2014/15 we have also had the opportunity to visit a pilot project that is based on fuel cell technology using platinum. Currently the system is being trialled as a provider of electricity to remote communities where the cost of electrification through an expansion of the national grid may be expensive or technically prohibitive. This project has a potential to contribute meaningfully to our electricity needs, especially since our country has large deposits of Platinum. We will continue working closely with all stakeholders and partners to ensure the project becomes a success.

Nuclear

Nuclear energy plays an important role in the energy security of our country and the Nuclear Energy Company of South Africa plays a pivotal role in the localisation of our nuclear build programme which is in line with requirement of the IRP 2010. South Africa has been utilising nuclear to produce energy for decades, and in fact, our host city of Cape Town is basically powered by nuclear energy from the Koeberg Nuclear Power Plant.

As we celebrate 21 years of democracy, we marked 50 years of safe operation for SAFARI – 1 research reactor, which was conceived in the midst of the cold war. SAFARI-1 is a leading producer of medical isotopes, which are vital for the diagnosis and treatment of cancer. Our nuclear technology is being used to save lives across the world, and most recently it was used in the fight against ebola in West Africa by contributing to cutting the time of diagnosis by 74%.

Integrated Energy Centres

Access to Energy products has been increased over the previous years, thanks to an agreement between government (local, provincial and national), petroleum companies and communities, which sees the three partners benefiting and providing services

to the deep rural communities across South Africa. The Integrated Energy Centre (IeC) programme had a target to establish two centres during the 2014/15 financial year. Only One IeC at Ngwabe village in Limpopo province has been completed. The Thembisile Hani IeC in the Eastern Cape has not been completed due to contractual issues and acquisition of land related matters. Through the monitoring of the IeC programme it was clear that some IeCs experience challenges of sustainability. The Department of Energy is reviewing the model as well as the governance of the IeCs and an IeC strategy will be developed in consultation with other stakeholders.

Women in Oil and Energy of South Africa (WOESA)

It is 20 years since the international conference for women, and the Beijing Platform for Women was developed and adopted by all of us. The business case for expanding women's economic opportunities is becoming increasingly evident; this is nothing more than smart economics. As part of the decade for women as declared by the African Union, we continued to engage among others, organisations such as the Women in Oil and Energy of South Africa (WOESA) with the objective of ensuring that there is a collaborative effort to transform the energy sector, with women participating in the oil and energy enterprises as well as building their capacity.

I would like to state that to achieve the energy vision as contained in the National Development Plan (NDP), skills development in the energy sector is critical. Given the planned energy infrastructure investments, the country will require a continued sustained and substantial investment in technical skills such as engineers, technicians, artisans and programme managers among others.

Liquid Fuels

The Department has continued to ensure that there is consistent supply of high quality and reliable petroleum products to consumers. Through the implementation of legislation we have ensured that liquid fuels which are the lifeblood of our modern economy are available to motorists in every part of our country. This is vital ensuring that our economy continues to be mobile and successfully energised.

Conclusion

Together, as Team Energy, we remain committed and determined to:

- Accelerate electrification of households;
- Address the issue of unfunded posts and filling of vacant posts so as to ensure that the Department is correctly staffed to deliver on its mandate; and
- Ensure that the Strategic Plans of our SOCs are aligned to the objectives of DOE and Have the requisite human and financial resources to meet their goals.



Thembisile Majola, MP
Deputy Minister of Energy





Dr Wolsey Barnard
*Acting Director-General
Department of Energy*

5. REPORT OF THE ACCOUNTING OFFICER

Introduction

The Renewable Energy IPP programme projects during this reporting cycle have started to make a valuable contribution to the electricity supply in the country. This in spite the supply–demand balance challenges experienced during the reporting period. Eskom supply challenges became more pronounced around December 2014, when regular load shedding was experienced. In addition, Eskom’s financial sustainability became a critical area of concern, necessitating government intervention. Cabinet approved the 5 Point Plan to address the electricity challenges and the Department is actively participating in processes to accelerate these pillars of the 5 Point Plan, which were co-ordinated by the War Room. The initiatives under the 5 Point Plan are intended to increase the reliability of Eskom power plants, accelerating the completion of Medupi and Kusile, reducing demand through energy efficiency and demand response programmes, and increasing supply from non-Eskom sources. Plans were accelerated to improve our energy security in the long term, through the implementation of the IRP, including the base-load coal, gas and nuclear energy generation programmes.

Overview of the Department’s Performance

The Renewable Energy Independent Power Producer Programme continues to deliver value for money with respect to accelerating energy provision, positive socio-economic development and competitive tariffs. It has driven down average tariffs through a competitive procurement approach and to date, the tariff for onshore wind has declined to 62 cents per kilowatt hour and solar PV to 79 cents per kilowatt-hour. Further work will be done to ensure that South African participation is increased as much as possible, including black economic empowerment and industrialization.

During the period under review, the Department was able to enhance compliance in the liquid fuels sector through a combination of inspections and fuel quality monitoring. The level of non-compliance remained below 5%. The resilience of the petroleum sector regulatory framework was demonstrated when the sector was able to continue to ensure fuel supply security despite the sudden drop in the crude oil price.

The quest for universal access to electricity continues under the flagship Integrated National Electrification Programme. Over the past year we oversaw the connection of 233 455 households through the Eskom and municipal programmes, plus 14 030 households through the non-grid programme. This feat has been achieved despite the sharp escalation of costs in rural areas, where the most need prevails.

This year also sees the celebration of the 50th Anniversary of the SAFARI-1 research reactor. In addition to the running of Koeberg nuclear power station safely and efficiently for over the past 30 years, South Africa is preparing to embark on the nuclear build programme as outlined in the Integrated Resource Plan. In this regard the Department has conducted three nuclear vendor parade workshops with Russia, China, France, South Korea, Japan, Canada and USA with the aim of preparing a procurement process for the construction of 9 600MW of nuclear plants.

The Department has attached great importance to the International Atomic Energy Agency's Technical Cooperation Programme. The programme contributed towards the utilisation of nuclear technology in support of sustainable socio-economic growth not only in South Africa, but also throughout our Continent. To date, implementation plan following the Integrated Nuclear Infrastructure Review (INIR) and Emergency Preparedness Review (EPREV) missions is underway. The next mission to be hosted is the Integrated Regulatory Review Services (IRRS) to identify gaps in the nuclear safety regulatory systems. The National Nuclear Regulator which is an entity of the Department is in a process of establishing a centre of excellence to support early engagement efforts prior to the roll out of the nuclear new build programme.

On 20 March of this year the Inga Treaty entered into force, meaning that all the conditions for ratifying the long term agreement between the two countries were satisfied, effectively paving the way for commercial negotiations to be concluded regarding the power to be procured from Phase 1 of the Inga Hydropower project. The Inga Hydropower project has the potential to provide up to 15 000 MW of clean energy specifically to South Africa, in addition to the power shared within the Southern African Development Community (SADC). The potential is huge for various economic spin-offs to be harnessed from the project, including industrialization due to supplying goods and services, skills development relating to various aspects of hydropower development, and job creation. The Treaty makes provision for a preferential dispensation regarding the procurement of goods and services from SADC-domiciled enterprises.

Challenges

Under-spending in the period under review was largely due to the inability to transfer to Eskom funds for the solar water heater programme; Eskom acted as implementing agent on behalf of the Department. The funding agreement for solar water heaters that was entered into with Eskom was terminated by mutual agreement, with the implication that about R1.1 billion had to be surrendered to the fiscus, whilst the shortcomings relating to the implementation model were being resolved. In addition, non-grid programmes were delayed due to challenges in renewing contracts and finalizing new contracts with service providers.

The filling of vacancies remains a challenge, given the acute technical and scientific shortage of skills in the country generally, and the energy sector in particular. For example, energy modelling expertise is a function within the Department for which it has been difficult to attract the experts into the Department. In the period under review legislative amendments pertaining to the Electricity Regulation Second Amendment Bill and the National Energy Regulator Amendment Bill were taken forward. The public consultation process in this regard has taken over 2 years and the drafting of Bills has been completed.

Conclusion

In 2013, South Africa submitted a bid to host the International Renewable Energy Conference (IREC). Since winning the bid, the Department together with the South African National Energy Development Institute (SANEDI) and REN 21 have been busy with preparations for this Conference scheduled to take place on 3 -7 October 2015 at the Cape Town International Convention Center. Africa has not as yet had the opportunity to host this event, which occurs every two years. We are confident of successfully hosting the conference in 2015 as a contribution to the role Renewable Energy is playing in preparation to Paris COP 21.

5.1. Overview of the Financial Results of the Department

Departmental Receipts

Departmental Receipts	2014/15			2013/14		
	Estimated amount R'000	Actual amount collected R'000	(over) / under collection R'000	Estimated amount R'000	Actual amount collected R'000	(over) / under collection R'000
Sale of goods and services other than capital assets	2,591	3,132	-541	2,476	2,760	-284
Transfers received	-	1,588	-1,588	37,016	40,270	-3,254
Interest, dividends and rent on land	90	47	43	40	24	16
Transactions in financial assets	572	510	62	380	418	-38
Total	3,253	5,277	-2,024	39,912	43,472	-3,560

Departmental revenue is mainly derived from the receipt of administration fees for license applications processed in terms of the Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003). The 2014/15 original collection target for administrative fees or petroleum license fees was a total of R2.38 million, representing 89.95% of the total 2014/15 revenue target of R2.65 million.

Collection targets for Departmental receipts were adjusted upwards following a mid-year review of actual receipts during the 2014 AENE process. Total projected Departmental receipts were adjusted upwards from R2.65 million to R3.25 million to cater for increases in receipts for parking, interest and transactions in financial assets. This adjustment, however, was not implemented on the collection target for petroleum license fees therefore the 2014/15 collection target for petroleum license fees remained unchanged.

During the 2014/15 financial year, an amount of R1.59 million was received by the Department from affiliated energy sector education and training authorities (SETAs). As per National Treasury's requirements, this amount was surrendered to the National Revenue Fund. The Department is participating in several learner programmes that are funded by SETA's and is used to implement learner and training programmes. Although the funding was surrendered to the National Revenue Fund during the 2014/15 financial year, from 2015/16, funding for the learner programmes which are funded by SETA's will be appropriated annually as earmarked allocations for learner and training programmes.

During the 2013/14 financial year, Departmental revenue increased significantly due to a once of amount of R37 million surrendered to the Department by the Electricity Distribution Holdings Company (EDIH), following its final closure. An amount of R3.25 million was also received by the Department from affiliated energy sector education and training authorities (SETAs) and there after surrendered to the National Revenue Fund during 2013/14. This amount of R3.25 million was subsequently re-appropriated as self-financing expenditure against the Department's appropriation during the 2014 Adjusted Estimates of National Expenditure (AENE) process.

Departmental Expenditure

Departmental Expenditure per Economic Classification	2014/15			
	Final Appropriation R'000	Actual Expenditure R'000	Actual % budget spent %	Available R'000
Compensation of employees	273,246	264,266	96.71%	8,980
Goods and services	244,081	209,341	85.77%	34,740
Transfers and subsidies	6,915,239	5,742,710	83.04%	1,172,529
Payments for capital assets	5,195	3,763	72.44%	1,432
Payments for financial assets	33	33	100.00%	-
Total	7,437,794	6,220,113	83.63%	1,217,681

The Department's original appropriation for the 2014/15 financial year was R7.42 billion. Following the conclusion of the mid-year adjustment process for the Adjusted Estimates of National Expenditure (AENE), this allocation was adjusted upwards by R22.16 million. The increase was mainly driven by the approval granted by National Treasury to roll a total of R18.9 million over from the 2013/14 financial year to the 2014/15 financial year to finalize the delivery of services under the INEP Non-grid project, study on energy footprint and savings potential in heavy industry and the fuel sampling and testing project. Additional approval was granted by the National Treasury for the inclusion of self-financing expenditure of R3.3 million from SETAs in the 2014 AENE and therefore appropriated additionally to vote.

The DoE's total expenditure for the year under review was R6.22 billion or 83.63% of the total 2014/15 appropriation. This resulted in an unspent budget of R1.22 billion or 16.37% from which a total of R1.2 billion was requested as a roll over into the 2015/16 financial year. The Department's request to roll funds of R1.2 billion over included the following:

- **Integrated National Electrification Programme (INEP)** - Non-grid project, transfer payment of R35.53 million that could not be disbursed due to delays in renewing contracts and finalizing new contracts with service providers as a result of operational delays;
- **Energy Efficiency and Demand Side Management Programme** - Transfer payments of R1.1 billion relating to an Eskom Grant for the implementation of the National Solar Water Heater Programme (NSWH) that could not be disbursed due to the termination of the DoE-Eskom Memorandum of Agreement (by mutual agreement).
- **Non-personnel current expenditure** of R8.80 million that was not paid to service providers before 31 March 2015.

Budget Variance per economic classification: Transfer payments

The Department disbursed payments amounting to a total of R5.74 billion to public entities, municipalities and implementing agents during the year under review which resulted in a budget under-spending of R1.17 billion (16.96%) at year-end.

The major contributors to this under-spending are:

- R35.53 million remaining from funds earmarked for the implementation of the INEP non-grid electrification programme due to the late start of the project in the 2014/15 financial year as a result of delays in finalizing implementation agreements. This consequently impacted on time frames attached to implementation and verification of connections and subsequent late receipt of invoices.
- R1.14 billion earmarked for transfer to Eskom for the implementation of the Solar Water Heater Programme which could not be transferred due to challenges in implementing the project by Eskom in the current financial year. The re-engineering of the programme by the Department became inevitable during the financial year and culminated in the termination of the

DoE-Eskom MoA (by mutual agreement). The Department has initiated the process of obtaining Cabinet's approval of the programme's Revised Contracting Model.

A request has been submitted to National Treasury to roll funding of R1.14 billion over to the 2015/16 financial year to implement the Solar Water Heater Projects at municipalities across all nine regions which will assist in balancing the electricity system and minimize the prevailing load shedding by aggressively reducing demand by about 55 GWh per month.

Goods and services

The Department disbursed payments totaling R209.34 million to service providers for the procurement of various goods and services during the 2014/15 financial year which resulted in an under spending of R34.74 million (14.23%) at year-end. This performance is mainly attributable to operational delays in appointing service providers for various projects and certain projects which were not undertaken as planned during the financial year both resulting in a significant under spending in the consultants cost item. Cost reduction measures implemented resulted in operational savings in travel and subsistence, the delayed relocation of regional offices to the new office accommodation premises delayed the procurement of office furniture resulting in under spending in the minor assets cost item.

Compensation of employees

The Department spent a total of R264.27 million in respect of compensation of employees during the 2014/15 financial year which resulted in an under spending of R8.98 million (3.29%) at year-end. The budget balance is attributable to the number of vacant positions in the Department the recruitment process for the majority of positions was not completed by year end but was at an advanced stage.

Payments for capital assets

The Department disbursed payments totaling R3.76 million to service providers for the procurement and payment of capital assets during the 2014/15 financial year which resulted in an under spending of R1.43 million (27.56%) at year-end. The budget balance is a result of delays experienced in the finalization of the procurement of regional office space and subsequent procurement of furniture, office equipment and IT equipment for the new offices.

Expenditure Trend

Spending in the current financial year started slowly during the first quarter increasing during the second and third quarters and finally decreasing in the last quarter. The spending trend during the last quarter was significantly affected by the non-disbursement of transfer payments to Eskom as a result of the challenges experienced in the Eskom Solar Water Heater Programme which subsequently reflected a budget under spending of R1.14 billion at year-end. Expenditure was significantly high during the months of May (143.4% of budget spent), attributable to the finalization of payments for expenditure carried over from the previous financial year, July (139.9% spend) due to R500 million transferred to Eskom for the implementation of the Energy Efficiency Demand Side Management's Solar Water Heater programme, October (140.7% spent) due to the clearing of the backlog in Municipal grant transfers and in February as the Department was finalizing payments and transfers which were not disbursed in previous periods in preparation for year-end.

Programme Expenditure

Departmental Expenditure per Programme	2014/15			2013/14		
	Final Appropriation R'000	Actual Exp R'000	(over) / under exp R'000	Final Appropriation R'000	Actual Exp R'000	(over) / under exp R'000
Administration	260,601	257,168	3,433	233,142	232,558	584
Energy Policy and Planning	53,053	41,749	11,304	47,989	47,756	233
Petroleum and Petroleum Products Regulation	78,210	64,548	13,662	39,865	25,836	14,029
Electrification and Energy Programme and Project Management	4,217,327	4,180,973	36,354	3,967,700	3,958,525	9,175
Nuclear Energy	846,529	845,418	1,111	723,998	722,501	1,497
Clean Energy	1,982,074	830,257	1,151,817	1,490,550	1,489,887	663
Total	7,437,794	6,220,113	1,217,681	6,503,244	6,477,061	26,183

Programme 1: Administration

The under-spending of R3.43 million or 1.32% under the Administration Programme is attributable to vacancies which existed during the financial year (R606 thousand), cost reduction measures which resulted in operational savings (R1.34m) in a number of items such as consultants, contractors and outsourced services, travel and subsistence and office consumables/stationary; and the delayed procurement of furniture for regional offices due to the delayed relocation of regional offices to new office accommodation premises (R1.43m).

Programme 2: Energy Policy and Planning

The under-spending of R11.3 million or 21.31% under the Energy Policy and Planning Branch is attributable to unfilled positions (R1.65m), savings on some projects due to the cost of services rendered coming to lower than anticipated, projects which could not be completed by year end as envisaged as a result of operational delays in the appointment of service providers. The delayed projects are, the review and enhancement of energy data collection and management tools, process and systems project (R2.03m) and the study and data collection on the energy footprint and energy savings potential in heavy industry (R3.03m) undertaken to support evidence based policy development for the Integrated Energy Plan. In addition, the study is expected to inform the future targets of the National Energy Efficiency Strategy from 2016 to 2030. A motivation in support of rolling this project's funds over to the 2015/16 financial year has been advanced to the National Treasury. Significant operational saving (R3.6m) on the item travel and subsistence was achieved due to cost reduction measures.

Programme 3: Petroleum and Petroleum Products Regulation

The under-spending of R13.66 million or 17.47% under the Petroleum and Petroleum Products Regulation Branch is attributable to unfilled positions (R2.36m), operational savings on travel and subsistence, catering, advertising and venues and facilities due to cost reduction measures as well as projects which could not be finalized by year end as anticipated mainly due to operational delays in procuring services. These included the sampling and testing of petroleum products in the South African Petroleum Industry in terms of regulations regarding Petroleum Products Specifications and Standards no. R. 627 project (R6.1m), the review of the application of magisterial district zone (MDZ) system to determine the transport tariffs included in the price structures of petrol, diesel and illuminating paraffin (R1.25m); the collation of detailed operating expenses of a selected number of service

stations and retail sites to determine the average operating costs of benchmark service station (R712 thousand) and a project to determine the asset base (Value) of four secondary storage depot sizes and that of a benchmark service station (R1.6 million).

Programme 4: Electricity and Energy Programme and Project Management

The operational expenditure for the year is on par with the expenditure drawing target. The budget under-spending of R36.35 million or 0.86% is mainly due to the under spending in the INEP Non-grid project (R35.5m) for the installation of solar home systems as a result of operational delays in finalizing contracts with service providers and the subsequent late commencement of projects. During the 2014/15 financial year, the Department was allocated a total of R105.53 million for the implementation of the Non-grid Electrification Project. As at 31 March 2015, payments totaling R70 million had been disbursed to non-grid service providers leaving an unspent budget of R35.53 million. A request has been made to the National Treasury to roll this balance of R35.53 million over to the 2015/16 financial year to enable service providers to complete work in their designated areas and also to allow proper evaluation of work performed prior to final payments.

Programme 5: Nuclear Energy

The under-spending of R1.11 million or 0.13% under the Nuclear Energy Programme is attributable to vacancies which existed during the financial year (R533 thousand) as well as the delayed membership fee payment (R637 thousand) to the Generation IV International Forum(GIF), an international body which researches and develops the next generation of nuclear systems, which went through in April due to the processing time required by National Treasury and the Reserve Bank for the processing of international payments.

Programme 6: Clean Energy

The under-spending of R1.15 billion or 58.11% under the Clean Energy Programme is attributable to unfilled positions (R3.57m), R1.14 billion in respect of the Solar Water Heater Programme's implementation which could not be transferred to Eskom due to challenges in implementing the project by Eskom in the current financial year as well as projects which could not be finalized before year-end as anticipated due to the pending finalization of the procurement process, namely, an independent technical audit, measurement and verification (M&V) of energy savings achieved from the implementation of the municipal energy efficiency and demand side programme (R5.26m), the appointment of a service provider for the management and coordination of South Africa's International renewable energy conference (SAIREC) to be hosted from 3-6 October 2015 at the (CTICC) (R3m) and Energy Efficiency awareness campaigns which did not take place as anticipated resulting in a budget balance under the venues and facilities and advertising items (R2.6m).

Since the advent of the national solar water heater programme (NSWHP) in 2009, the Department of Energy (DoE) outsourced the implementation function of the programme to Eskom through entering into a Memorandum of Agreement (MoA) that specified a framework of funding conditions. At the close of the 2014/15 financial year, the Eskom Solar Water Heater Programme reflected an under spending of R1.14 billion attributable to a number of implementation challenges faced by Eskom as it accelerated its other critical deliverables, i.e. the current New Build Programme.

On account of the aforementioned challenges, a re-engineering of the programme was undertaken by the Department during the financial year under review. This culminated in the termination of the DoE-Eskom MoA (by mutual agreement) in November 2014 followed by the preparation of the request to Cabinet for approval of the Revised Contracting Model. A request has also been submitted to the National Treasury to roll funding of R1.14 billion over to the 2015/16 financial year to implement Solar Water Heater Projects at municipalities across all nine regions which will assist in balancing the electricity system and minimize the prevailing load shedding by aggressively reducing demand by about 55 GWh per month.

Major Spending Areas

Departmental Expenditure Share	2014/15	
	Actual Expenditure R'000	Expenditure Share %
Compensation of employees	264,266	4.25%
Goods and services	209,341	3.37%
Transfers and subsidies	5,742,710	92.32%
Payments for capital assets	3,763	0.06%
Payments for financial assets	33	0.00%
Total	6,220,113	100.00%

Current expenditure, composed of compensation of employees and the procurement of goods and services, accounted for 7.62% of the Department's 2014/15 total expenditure of R6.22 billion. Earmarked transfer payments to public entities, municipalities and other implementing institutions amounted to R5.74 billion or 92.32% of the Department's total expenditure during the 2014/15 financial year.

Major spending items under the category goods and services included:

MAJOR COST DRIVERS		
Expenditure item: Goods and Services	Actual Spending 31 March 2015 R'000	Expenditure Share %
Travel and subsistence	56,345	26.91%
Consultants: Business and advisory services	43,840	20.91%
Operating leases	27,147	12.97%
Venues and facilities	19,706	9.41%
Computer services	10,204	4.13%
Advertising	8,652	3.75%
Communication (G&S)	7,844	3.75%
Operating payments	6,170	2.95%
Training and development	5,665	2.71%
Administrative fees	4,450	2.13%
Consumable: Stationery, printing and office supplies	4,120	1.97%
Property payments	3,849	1.84%
Audit costs: External	3,578	1.71%
Contractors	1,742	0.83%
Consumable supplies	1,582	0.76%
Fleet services (including government motor transport)	1,129	0.54%
Catering: Departmental activities	1,033	0.49%
Legal services	847	0.36%
Bursaries: Employees	761	0.36%
Minor assets	367	0.18%
Agency and support / outsourced services	270	0.13%

MAJOR COST DRIVERS		
Expenditure Item: Goods and Services	Actual Spending 31 March 2015 R'000	Expenditure Share %
Entertainment	22	0.01%
Rental and hiring	15	0.01%
Transport provided: Departmental activity	1	0.00%
Total	209,339	98.80%

The top 5 cost items collectively accounted for 74.34% of total goods and services expenditure of R209.34 million during the 2014/15 financial year. Comparatively with the previous financial years, the top 3 costs in the Department are still travel & subsistence, consultants and operating leases. The Department's spending on goods and services is dominated by travel and subsistence costs, accounting for 26.91% of the total goods and services expenditure. This is in relation to certain core functions performed by individual branches such as petroleum license and site inspections by the Petroleum and Petroleum Products Regulation branch, the verification of electricity connections by the Electrification and Energy Programme and Projects Management Branch and international obligations by all branches. Of the total spent on this cost, 75% was spent on Domestic travel while 25% went to foreign travel.

Virement Approvals

a) Finance Committee recommendations

On the 26th of June 2014, a scheduled Finance Committee meeting took place where the financial performance of the Department for the period ended 31 May 2014 was provided to all members. The item goods and services reflected an under spending of R13.37 million comprised of the following:

- Programme 3: Petroleum & Petroleum Products Regulation –R4.23 million under budget attributable to projects still undergoing the BAC process.
- Programme 5: Nuclear Energy –R8.16 million under budget relating to consulting and advisory services and training events which commences from May 2014 onwards.
- Programme 6: Clean Energy -R5.48 million under budget relating to a number of projects which are still being finalized through the BAC's process and delayed receipt of invoices for services rendered under the project "impact analysis of the introduction of minimum energy performance standards for electric geysers as part of the standards and labelling programme".

The Finance Committee identified savings totaling R6.5 million from savings under Programme 5: Nuclear Energy (R4 million), Programme 3: Petroleum and Petroleum Products Regulation (R2 million) and Programme 6: Clean Energy (R500 thousand) to fund projects in Programme 1: Administration (Communications) and fund projects in Programme 4: Electrification and Energy Programmes and Projects management. The mentioned savings were based on the individual financial performance as at 31 May 2014.

The Finance Committee recommended the reallocation of identified savings as follows:

- R500 thousand from Programme 6: Clean Energy to Programme 4: Electrification and Energy Programme and Project Management to fund the C3E SADC Workshop for which an international commitment has already been made that the event will be hosted by the Department.
- The remainder of the expenditure relating to workshops on business opportunities in the energy sector and other events such as the Women's day, must be charged to the existing baseline of Programme 4, thereafter, should a deficit arise, the deficit can be presented to the Finance Committee during the next sittings.

- R6 million to the Communications division to fund the existing overspending and provide interim funding for critical projects. This additional allocation will be redirected from savings under Programme 3: Petroleum and Petroleum Products Regulation (R2 million) and Programme 5: Nuclear Energy (R4 million).

The Acting Director-General subsequently granted preliminary virement approval in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999) on the 8th of July 2014, to shift funds between main divisions of the vote (programmes) towards the defrayment of excess expenditure within the vote as follows:

From Programme,		To Programme,	
Standard Item and Amount		Standard Item and Amount	
Rand Thousand	R'000	Rand Thousand	R'000
Programme 3: Petroleum and Petroleum Products Regulation, Sub-programme: Fuel Pricing, Item: Goods and Services	2,000	Programme 1: Administration, Sub-programme: Corporate Services, Responsibility: Communication, Item: Goods and Services	6,000
Programme 6: Clean Energy, Sub-programme: Energy Efficiency, Item Goods and Services	500	Programme 4: Electricity and Energy Programme and Project Management, Sub-programme: Community Upliftment and Outreach Programmes and Projects, Responsibility: Community Upliftment and Outreach Programmes and Projects, Item: Goods and Services	500
Programme 5: Nuclear Energy, Sub-programme: Nuclear Policy, Item: Goods and Services	2,000		
Programme 5: Nuclear Energy, Sub-programme: Nuclear Safety and Technology, Item: Goods and Services	2,000		
SUB – TOTAL	6,500	SUB – TOTAL	6,500

b) Circular HRD 1 of 2013 that was issued by the Department of Public Service and Administration (DPSA) on the 10th of April 2013 - 1% budget provided for training and development

Circular HRD 1 of 2013 that was issued by the Department of Public Service and Administration (DPSA) on the 10th of April 2013 required that all Departments, in addition to the 1% budget provided for training and development, provide additional funding for bursaries awarded to employees and or students in tertiary institutions. The Department included an amount of R5.24 million in its detail estimates of expenditure for the 2014/15 financial year which was equivalent to 1.79% of the Department's total personnel budget. An additional amount of R871 thousand was also included in the detail estimates of expenditure for bursaries awarded to employees and or students in tertiary institutions during the 2014/15 financial year.

The DPSA directive also determined that Departments utilize the 1% budget set aside for training and development as follows:

- Thirty per cent (30%) of the amount must be allocated and paid annually to the SETA or SETA's with which the Department is affiliated. Of the amount transferred to individual SETAs, one third will be utilized for the administration of the relevant SETA and two thirds to fund special projects approved by the relevant SETA Board;
- Twenty per cent (20%) must be set aside for the training and development of unemployed youth and the positioning of the public service to create and offer opportunities for training and development. These funds will be utilized for learner and internship programmes;
- The remaining fifty per cent (50%) of the 1% budget must be utilized for capacity development of serving public service employees. These funds should also be prioritized for mandatory training programmes and identified skills gaps.
- In the context of the Department, transfer payments were to be made to the following SETAs during the 2014/15 financial year:
- The Energy and Water Sector Education and Training Authority (EWSETA) as a secondary SETA that will facilitate the skills development needed in electricity, nuclear and renewable energy sectors in order to meet the skills demand of the sector and;

- The Chemical Industries Sector Education and Training Authority (CHIETA) as a secondary SETA which seeks to facilitate the provision of skills in the chemical industries sector/petroleum licensing.
- Transfer payments to the Public Service Sector Education and Training Authority (PSETA), which is the primary SETA for all government Departments responsible for transversal training, only commenced following the finalization of governance arrangements by National Treasury.

National Treasury subsequently granted approval, on the 14th of June 2014 in accordance with Section 43 (4) of the Public Finance Management Act, for the reclassification of R875 thousand during 2014/15, appropriated as goods and services under Programme 1: Administration for training and development, to provide funding for the implementation of new transfer payments to Sector Education Training Authorities (SETAs) as determined in the Department of Public Service and Administration's (DPSA) Circular HRD 1 of 2013 as follows:

VIREMENT FROM	AMOUNT R'000	VIREMENT TO	AMOUNT R'000
Programme 1: Administration, Sub-programme: Corporate Services, Item: Goods and Services	875	Programme 1: Administration, Sub-programme: Corporate Services, Item: Transfers and Subsidies to Departmental agencies (Energy Sector SETAs)	875
TOTAL	875	TOTAL	875

c) Mid-year review – Finance Committee recommendation

During the 2014/15 financial year, several Finance Committee meetings were held where savings were identified and redirected towards the defrayment of excess expenditure or unfunded projects within the Goods and service economic classification. All requests received could however not be accommodated within identified savings and approval was granted by the Finance Committee to continue with expenditure after which funding will be redirected from savings that will be identified later in the financial year. The Financial Management Services Branch subsequently reviewed previous funding requests submitted to the Committee and areas of over spending and identified the following spending pressures that could be funded from savings identified in the compensation of employees economic classification:

From Programme,		To Programme,	
Standard Item and Amount		Standard Item and Amount	
Rand Thousand	R'000	Rand Thousand	R'000
COMPENSATION OF EMPLOYEES		COMPENSATION OF EMPLOYEES	
Programme 1: Administration, Sub-programme: Departmental Management, Item: Compensation of Employees	169	Programme 1: Administration, Sub-programme: Ministry, Item: Compensation of Employees	1,622
Programme 1: Administration, Sub-programme: Corporate Services, Item: Compensation of Employees	1,174	Programme 1: Administration, Sub-programme: Audit Services, Item: Compensation of Employees	62
Programme 2: Energy Policy and Planning, Sub-programme: Policy Analysis and Research, Item: Compensation of Employees	939	Programme 1: Administration, Sub-programme: Finance Administration, Item: Compensation of Employees	182
Programme 2: Energy Policy and Planning, Sub-programme: Energy Planning, Item: Compensation of Employees	561	Programme 4: Electricity and Energy Programme and Project Management, Sub-programme: Integrated National Electrification Programme, Item: Compensation of employees	317

From Programme,		To Programme,	
Standard Item and Amount		Standard Item and Amount	
Rand Thousand	R'000	Rand Thousand	R'000
Programme 2: Energy Policy and Planning, Sub-programme: Hydrocarbons Policy, Item: Compensation of Employees	619	Programme 4: Electricity and Energy Programme and Project Management, Sub-programme: Programme & Project Management, Item: Compensation of employees	144
Programme 2: Energy Policy and Planning, Sub-programme: Electricity, Energy Efficiency and Environmental Policy, Item: Compensation of Employees	228	Programme 6: Clean Energy, Sub-programme: Renewable Energy, Item: Compensation of Employees	343
Programme 3: Petroleum and Petroleum Products Regulation, Sub-programme: Fuel Pricing, Item: Compensation of Employees	46	GOODS AND SERVICES	
Programme 3: Petroleum and Petroleum Products Regulation, Sub-programme: Petroleum Compliance Monitoring & Enforcement, Item: Compensation of Employees	1,157	Programme 1: Administration, Sub-programme: Ministry, Item: Goods and Services	3,391
Programme 3: Petroleum and Petroleum Products Regulation, Sub-programme: Petroleum Licensing & Fuel Supply, Item: Compensation of Employees	38	Programme 2: Energy Policy and Planning, Sub-programme: Energy Planning, Item: Goods and Services (Energy data collection, analysis and management)	2,347
Programme 5: Nuclear Energy, Sub-programme: Nuclear Policy, Item: Compensation of Employees	352	Programme 4: Electricity and Energy Programme and Project Management, Sub-programme: Community Upliftment and Outreach Programmes and Projects, Item: Goods and Services	1,533
Programme 5: Nuclear Energy, Sub-programme: Nuclear Non-proliferation & Radiation Security, Item: Compensation of Employees	556	Programme 6: Clean Energy, Sub-programme: Renewable Energy, Item: Goods and Services (SAIREC)	1,909
Programme 5: Nuclear Energy, Sub-programme: Nuclear Safety & Technology, Item: Compensation of Employees	1,765		
Programme 4: Electricity and Energy Programme and Project Management, Sub-programme: Community Upliftment and Outreach Programmes and Projects, Item: Compensation of employees	581		
Programme 4: Electricity and Energy Programme and Project Management, Sub-programme: Electricity Infrastructure / Industry Transformation, Item: Compensation of employees	1,413		
Programme 6: Clean Energy, Sub-programme: Energy Efficiency, Item: Compensation of Employees	1,091		
Programme 6: Clean Energy, Sub-programme: Climate Change & Designated National Authority, Item: Compensation of Employees	1,161		
SUB – TOTAL	11,850		

The Acting Director-General subsequently granted preliminary virement approval on the 19th of September 2014 in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999), to shift funds between main divisions of the vote (programmes) towards the defrayment of excess expenditure within the vote as follows:

From Programme,		To Programme,	
Standard Item and Amount		Standard Item and Amount	
Rand Thousand	R'000	Rand Thousand	R'000
Programme 5: Nuclear Energy, Item: Compensation of Employees	2,673	Programme 1: Administration, Item: Compensation of Employees	523
Programme 3: Petroleum and Petroleum Products Regulation, Item: Compensation of Employees	1,241	Programme 1: Administration, Item: Goods and Services	3,391
SUB – TOTAL	3,914	SUB – TOTAL	3,914

The Acting Director-General also granted approval to reclassify funds within main divisions of the vote from the item compensation of employees towards the defrayment of excess expenditure under the item goods and services within the same programme as follows:

From Programme,		To Programme,	
Standard Item and Amount		Standard Item and Amount	
Rand Thousand	R'000	Rand Thousand	R'000
Programme 2: Energy Policy and Planning, Item: Compensation of Employees	2,347	Programme 2: Energy Policy and Planning, Item: Goods and Services (Energy data collection, analysis and management)	2,347
Programme 4: Electricity and Energy Programme and Project Management, Item: Compensation of employees	1,533	Programme 4: Electricity and Energy Programme and Project Management, Item: Goods and Services	1,533
Programme 6: Clean Energy, Item: Compensation of Employees	1,909	Programme 6: Clean Energy, Item: Goods and Services (SAIREC)	1,909
SUB – TOTAL	5,789	SUB – TOTAL	5,789

d) Transfer payments to international organizations for the payment of international membership fees and contributions

The African Petroleum Producer Association (APPA)

The African Petroleum Producers Association (APPA) is an association exclusively made up of oil and gas producing African countries established in 1987. The South African Government (Cabinet) approved South Africa's membership to APPA in 2005 after receiving an invitation from the then President of APPA to join this association. South Africa was officially welcomed as a new member at the 23rd Ordinary Session of the Council of APPA Ministers which was held in Luanda, Angola, in March 2006. In 2007, South Africa formally became a member of APPA after signing the statutes in Abuja, Nigeria. Countries affiliated to APPA, include: Chad, Algeria, Angola, Benin, Cameroon, Democratic Republic of Congo, Congo, Egypt, Gabon, Equatorial Guinea, Libya, Mauritania, Nigeria, South Africa and Sudan.

The Department of Energy participated in APPA until 2012 and in 2013 Petro-SA represented South Africa on behalf of Department. The main role of APPA is to:

- Pursue awareness campaigns on how APPA can assist net oil importing African Countries;
- Undertake studies on the supply of petroleum products to African Countries;
- Review the general conditions governing crude oil sales in APPA member countries; and;
- Develop an international and African oil and gas market.

International Partnership for Energy Efficiency Cooperation (IPEEC)

The International Partnership for Energy Efficiency Cooperation (IPEEC) is a high level international forum that provides global leadership on energy efficiency by identifying and facilitating government implementation of policies and programmes that yield high energy efficiency gains. The IPEEC also aims to promote information exchange on best practices and facilities. The purpose of the IPEEC is to facilitate those actions that yield high energy efficiency gains and that members may choose to take such actions on a voluntary basis where they see an added value for themselves taking into consideration their economy, technological and other circumstances. It also promotes energy efficiency worldwide by providing a high-level forum for discussion, consultation and exchange of information. It does not develop or adopt standards or efficiency goals for its members. A dedicated secretariat has been established to ensure the sustainability and consistency of the IPEEC activities. Contributions for the IPEEC Secretariat are made to the International Energy Agency (IEA) in accordance with the IEA's financial rules on procedures regarding voluntary contributions, based on the memorandum concerning the hosting secretariat to the IPEEC by the IEA.

Although financial provision were not made for the payment of membership fees, the payment of IPEEC membership fees was funded from savings that realized under the item consulting and professional services (business and advisory services) as a result of delayed projects relating to the baseline for the standards labelling project and a study on incentive in support of Energy Efficiency standard labelling project. The payment of membership fees to international organizations are classified as transfer payments to international organizations in terms of the Standard Chart of Accounts (SCOA). Therefore, funding had to be shifted accordingly from goods and services to the item transfer payments to international organizations for this purpose.

Contribution to the African Regional Cooperation Agreement for Research Development, Training related to Nuclear Science and Technology (AFRA) Fund

AFRA countries have full ownership of the design, implementation and monitoring of cooperative projects, which submits projects to the IAEA for assistance through the AFRA Field Management Committee (AFRA-FMC). The AFRA – FMC is a regional entity that has been empowered by AFRA member states to conceptualize, plan, coordinate, monitor and evaluate activities and actively participate in fundraising and developing partnerships in the private and public sectors within and outside Africa.

South Africa became an AFRA Member State in 1990 and signed the African Regional Co-operative Agreement for Research, Development and Training related to Nuclear Science and Technology. The Department administers all issues within the scope of nuclear technology and the AFRA programmes. This function also includes national participation in the IAEA Technical Co-operation Programme (TCP), IAEA and AFRA programmes. This is achieved through the endorsement of applications received from stake holders and relevant institutions to participate in IAEA, TCP and AFRA.

Although financial provision was not made for the payment of membership fees, the payment of AFRA membership fees was funded from an under spending that realized under the item compensation of employees of Programme 5: Nuclear Energy. The mentioned under spending is a result of the number of vacancies and turn-over of staff within the branch during the financial year. Since payment of membership fees to international organizations is classified as a transfer payment to international organizations in terms of the Standard Chart of Accounts (SCOA), funding had to be shifted accordingly from compensation of employees to the item transfer payments to international organizations for this purpose.

International Atomic Energy Agency (IAEA)

South Africa has been a member of the International Atomic Energy Agency for decades and has been both a recipient and provider of services emanating from the Agency. As a Member State of the IAEA, permanent member of the Board of Directors and actively participating in nuclear energy, safety, technology, security and disarmament, South Africa has contributed to efforts of ensuring that nuclear energy is used for peaceful purposes like power generation, medical, industrial and agricultural initiatives. This is even more important now that the country is looking at an expanded nuclear programme, including participation in what is regarded as 'sensitive' activities.

Although a financial provision of funds totaling R12.05 million were made in the 2014/15 Estimates of National Expenditure (ENE) under the item transfer payments to international organizations, the increased amount as a result of the change in foreign currency exchange rates was not provided for in the 2014/15 budget. This consequently resulted in a deficit of R2.56 million. A saving was identified under the item compensation of employees that accrued due to vacancies within the Nuclear Energy Branch and the Petroleum and Petroleum Products Regulation Branch due to the number of vacancies during the financial year that was subsequently utilize to clear the shortfall.

The International Energy Forum (IEF)

South Africa is a member of the International Energy Forum (IEF) which aims to foster greater mutual understanding and awareness of common energy interests among its members. The 74 Member Countries of the Forum are signatories to the IEF Charter, which outlines the framework of the global energy dialogue through this inter-governmental arrangement. Covering all six continents and accounting for around 90% of global supply and demand for oil and gas, the IEF is unique in that it comprises not only consuming and producing countries of the IEA and OPEC, but also Transit States and major players outside of their memberships, including Argentina, China, India, Mexico, Oman, Russia and South Africa. Sitting alongside other important developed and developing economies on the 31 strong IEF Executive board, these key nations are active supporters of the global energy dialogue through the IEF.

The IEF is the neutral facilitator of informal, open, informed and continuing global energy dialogue. Recognizing their interdependence in the field of energy, the member countries of the IEF co-operate under the neutral framework of the Forum to foster greater mutual understanding and awareness of common energy interests in order to ensure global energy security. The Forum's biennial Ministerial Meetings are the world's largest gathering of Energy Ministers. The magnitude and diversity of this engagement is a testament to the position of the IEF as a neutral facilitator and honest broker of solutions in the common interest.

The International Renewable Energy Agency (IRENA)

South Africa is a Member State of the International Renewable Energy Agency. IRENA seeks to make an impact in the world of renewable energy by maintaining a clear and independent position, providing a range of reliable and well-understood services that complement those already offered by the renewable energy community and gather existing, but scattered, activities around a central hub.

The international renewable energy community is large, resourceful, and rapidly evolving. IRENA does not duplicate what others are doing, but seeks out, establishes and develops new synergies, facilitates dialogue, and information and best practice sharing. Cooperation at the global, regional and national levels, knowledge sharing, enabling policies and enhanced capacity, as well as the encouragement of investment flows and strengthened technology and innovation, are essential elements in the Agency's efforts. IRENA is positioning itself as a platform for all-inclusive cooperation where stakeholders can make a positive contribution to the common goals. This cooperation and partnerships are essential underpinnings of IRENA's work.

The Generation IV International Forum (GIF)

South Africa is a member of the Generation IV International Forum (GIF) which comprises of 13 countries that have come together to research and develop the next generation of nuclear energy systems. The forum is governed by a multilateral Framework Agreement. The objective of the Agreement is to foster and facilitate achievement of the purpose and vision of GIF. The framework agreement came into force in February 2005. South Africa acceded to the Agreement in April 2008 and the accession was effective from July 2008. An instrument of accession was deposited to the Secretary-General of the Organization for Economic Co-operation and Development (OECD) which is the formal depository of the GIF Framework Agreement.

The OECD/NEA (Nuclear Energy Agency) is also in charge of the GIF Technical Secretariat tasks. As a member State to GIF and having acceded to the GIF Framework Agreement, South Africa has to contribute to the GIF Technical Secretariat Fees as a voluntary contribution to the OECD/NEA. A member state's portion is based on a combination of the size of its nuclear industry and the number of GIF systems and projects it participate in. The involvement of a party in the Forum's activities related to particular system depends entirely on the party's interest in that system, as well as on the availability of funds, personnel and other resources appropriated by that party. As a result, each party will control its own research management process. A general fund thus does not exist for research collaborations.

Approvals granted by National Treasury for implementation of new transfer payments for international membership fees

National Treasury granted approval on the 20th of March 2015 in accordance with Section 43 (4) of the PFMA and Treasury Regulation 6.3.1(b) to shift funds between economic classifications within programmes to introduce new transfer payments to international organizations totaling R5.40 million for the payment of annual membership fees during the 2014/15 financial year as follows:

VIREMENT FROM	AMOUNT R'000	VIREMENT TO	AMOUNT R'000
Programme 3: Petroleum and Petroleum Products Regulation; Sub-programme: Compliance Monitoring and Enforcement, Item: Goods and Services	2,216	Programme 3: Petroleum and Petroleum Products Regulation; Sub-programme: Compliance Monitoring and Enforcement,, Item: Transfer and subsidies (APPA)	2,216
Programme 6: Clean Energy, Sub-programme: Energy Efficiency, Item: Goods and Services	797	Programme 6: Clean Energy, Sub-programme: Energy Efficiency, Item: Transfers and Subsidies (IPEEC)	797
Programme 5: Nuclear Energy, Sub-programme: Nuclear Safety & Technology, Item: Compensation of Employees	2,200	Programme 5: Nuclear Energy, Sub-programme: Nuclear Safety & Technology, Item: Transfer and subsidies (AFRA)	2,384
Programme 5: Nuclear Energy, Sub-programme: Nuclear Non-Proliferation & Radiation Security, Item: Compensation of Employees	184		
TOTAL	5,397	TOTAL	5,397

National Treasury also granted approval in accordance with Section 43 (4) of the PFMA and Treasury Regulation 6.3.1(b) to shift funds between main divisions of the vote to increase transfer payments to the International Atomic Energy Agency (IAEA) by R2.56 million for the payment of annual membership fees during the 2014/15 financial year as follows:

VIREMENT FROM	AMOUNT R'000	VIREMENT TO	AMOUNT R'000
Programme 5: Nuclear Energy, Sub-programme: Nuclear Non-Proliferation & Radiation Security, Item: Compensation of Employees	616	Programme 5: Nuclear Energy, Sub-programme: Nuclear Safety & Technology, Item: Transfer and subsidies (IAEA)	2,564
Programme 5: Nuclear Energy, Sub-programme: Nuclear Policy, Item: Compensation of Employees	448		
Programme 3: Petroleum and Petroleum Products Regulation; Sub-programme: Regional Petroleum Regulation Offices, Item: Compensation of Employees	1,500		
TOTAL	2,564	TOTAL	2,564

National Treasury also granted approval, on the 11th of March 2015, in accordance with Section 43 (4) of the PFMA and Treasury Regulation 6.3.1(b) for the introduction of new transfer payments totaling R1.80 million during the 2014/15 financial year for the payment of annual membership fees to international organizations as follows:

VIREMENT FROM	AMOUNT R'000	VIREMENT TO	AMOUNT R'000
Programme 6: Clean Energy, Sub-programme: Energy Efficiency, Item: Goods and Services	883	Programme 6: Clean Energy, Sub-programme: Energy Efficiency, Item: Transfer and subsidies (IRENA)	883
Programme 1: Administration, Sub-programme: Governance and Compliance, Item: Goods and Services	278	Programme 1: Administration, Sub-programme: Governance and Compliance, Item: Transfer and subsidies (IEF)	278
Programme 5: Nuclear Energy, Sub-programme: Nuclear Safety & Technology, Item: Goods and Services	637	Programme 5: Nuclear Energy, Sub-programme: Nuclear Safety & Technology, Item: Transfer and subsidies	637
TOTAL	1,798	TOTAL	1,798

e) Transfer payments to households

In 2014/15, the Department was appropriated an amount of R374 000.00 for the payment of post-retirement benefits to employees and bursary related payments to non-employees. This allocation was based on historical spending trends and projected liability for leave gratuity payments during the 2014/15 financial year. In terms of the Standard Chart of Accounts (SCOA), transfer payments to households are inclusive of social benefits payable to employees after retirement or service termination which includes lump sum payments in lieu of any accumulated / capped leave, post-retirement benefits such as retirement packages for home owners allowance, medical assistance; death grants and pension liabilities. Transfer payments to households also include payments made to non-employees such as bursaries granted to non-employees in terms of learner ship programmes.

PSCBC resolution 3 of 1999 regarding remunerative allowances and benefits determines that the employer shall pay a leave gratuity to an employee who dies or is discharged for a reason other than misconduct, absconding, retirement to avoid a discharge for misconduct, or resignation unless in accordance with her or his contract during a period of extended contractual service. During the 2014/15 financial year, the Department made several leave gratuity payments to employees following their termination of services either through retirement, resignation or death. These payments also included a number of leave gratuity payments to senior staff in respect of early retirements which were not provided for in the Department's baseline allocation and consequently led to an increase in the payment of leave gratuities. On 28 February 2015, the Department disbursed payments in respect of leave

gratuity payments totaling R1.80 million which led to an overspending of R1.42 million.

During the year under review, the Accounting Officer granted approval for the early retirement of 2 officials without penalization on their pension benefits due to early retirement in terms of section 16(6)(a) of the Public Service Act (PSA), 1994 (Act 103 of 1994). The pension benefit penalty that the officials were exempted from resulted in a total pension fund liability of R1.48 million payable to the Government Employees Pension Fund (GEPF). The payment of leave gratuities and post-retirement benefits is classified as a transfer payment to households in terms of the Standard Chart of Accounts (SCOA), funding was therefore shifted from the goods and services classification to the transfer payments classification to cater for this payment.

During the 2014 Adjusted Estimates of National Expenditure (AENE) process, the Department was appropriated self-financing expenditure of R3.25 million additionally to the Department's vote to cater for skills development grants received from the Energy and Water Sector Education and Training Authority (EWSETA) and the Chemical Industries Sector Education and Training Authority (CHIETA) for learnership programmes and special training and development projects. This amount was allocated to the item compensation of employees to provide funding for the appointment of learners and interns as part of the Department's in-service training programmes. The Department further made bursary and related bursary payments to non-employees totaling R408 006-00 during the 2014/15 financial year. Since these are classified as transfer payments to households, approval was sought from Treasury to shift funding from the compensation of employees classification to the households item under the transfer payments classification.

National Treasury subsequently granted approval on the 20th of March 2015 in accordance with Section 43 (4) of the PFMA and Treasury Regulation 6.3.1(b) to increase transfer payments to households by R3.36 million for the payment of leave gratuities, post-retirement benefits and bursaries to non-employees as follows:

VIREMENT FROM	AMOUNT R'000	VIREMENT TO	AMOUNT R'000
Programme 3: Petroleum and Petroleum Products Regulation, Sub-programme: Regional Petroleum Offices Item: Compensation of Employees	3,321	Programme 1: Administration, Sub-programme: Corporate Services, Item: Transfers to households	3,285
		Programme 1: Administration, Sub-programme: Audit Services, Item: Transfers to households	26
		Programme 4: Electricity & Energy Programme & Project Management, Sub-programme: Energy Regional Offices, Item: Transfers to households	10
Programme 2: Energy Policy and Planning, Sub-programme: Energy Planning, Item: Compensation of Employees	42	Programme 2: Energy Policy and Planning, Sub-programme: Energy Planning, Item: Transfers and subsidies (Households – Employee social benefits)	42
TOTAL	3,363	TOTAL	3,363

f) Final virement approval – 2014/15

At financial year-end, excess expenditure emanating from theft and losses is authorized and carried against the vote (Departmental budget) by means of a final virement approval. To ensure that final budget allocations are aligned with actual expenditure, funds must be shifted from savings within the respective programmes to cover the excess expenditure incurred due to theft and losses. By 31 March 2015, amounts written-off as losses against the Departmental vote amounted to R34 662-62 and included Departmental debts totaling R664-22 written off as financial losses in terms of Treasury Regulation 11 and applicable Departmental policy in various cases where debtors could not be traced or the recovery of outstanding amounts was not economical. Approval was also granted by the Accounting Officer on 31 March 2015 for an additional amount of R33 998-40 to be written-off as irrecoverable losses which relate to charges for no-shows, traffic fines and damages to rented vehicles. The causes were investigated by the

Directorate: Expenditure Management and was eventually recommended that the amounts involved be written off as irrecoverable, as the causes were beyond the officials' control.

At year-end, all deficits reflected on individual programmes and sub-programmes are cleared as part of the annual financial year-end process and standard practice. These adjustments are authorized by means of a final virement approval to cater for the excess expenditure. To ensure that final budget allocations are aligned with actual expenditure, savings are shifted from and or within relevant programmes and sub-programmes to cover excess expenditure incurred by individual programmes and sub-programmes.

Sub-programmes which reflected a deficit at year-end and for which adjustments were proposed in order to align budgets with actual expenditure are:

- Ministry – R9.87 million
- Corporate Services – R7.57 million
- Audit Services - R1.14 million
- Integrated National Electrification Programme – R2.39 million (current payments)
- Regional Offices (EEP&PM) – R10.04 million
- Nuclear Non-proliferation & Radiation Security – R15.74 thousand
- Nuclear Policy – R0.82 million.

A final virement approval was subsequently granted by the Accounting Officer in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999), to utilize savings under programmes towards the defrayment of excess expenditure under other programmes and sub-programmes within the vote and to align budget allocations with actual expenditure for the 2014/15 financial year as follows:

APPROPRIATION STATEMENT AS AT 31 MARCH 2015							
PROGRAMMES		Adjusted Appropriation	Virement Approvals after AENE	Proposed Final virement	Total Virement Approval after AENE	Final Appropriation	Virement after AENE
		R'000	R'000		R'000	R'000	%
1	Administration	257,290	3,311	-	3,311	260,601	1.29%
2	Energy Policy and Planning	57,553	-	-4,500	-4,500	53,053	-7.82%
3	Petroleum & Petroleum Products Regulation	84,531	-4,821	-1,500	-6,321	78,210	-7.48%
4	Electricity & Energy Programme & Project Management	4,208,616	10	8,701	8,711	4,217,327	0.21%
5	Nuclear Energy	843,829	1,500	1,200	2,700	846,529	0.32%
6	Clean Energy	1,985,975	-	-3,901	-3,901	1,982,074	-0.20%
TOTAL		7,437,794	-	-	-	7,437,794	

Roll-over Funds

The Department's unspent budget from the 2013/14 financial year was a total of R26.18 million. A total of R21.13 million of this budget balance was motivated to be rolled-over to the 2014/15 financial year in order to finalize various projects which were initiated in the 2013/14 financial year.

The Department's request to roll funds of R21.13 million comprised of the following:

- INEP Non-grid project, transfer payment of R8.9 million that could not be disbursed due to delays in renewing contracts and finalizing new contracts with service providers as a result of operational delays experienced;
- Transfer payments as membership fees, R257 thousand to the International Energy Forum (IEF) and
- Non-personnel current expenditure of R11.97 million that was not paid to service providers before 31 March 2014.
- National Treasury approved a total of R18.9 million as a roll over from the 2013/14 financial year to the 2014/15 financial year as follows:
 - R8.90 million for the INEP Non-grid electrification projects,
 - R4.97 million for a study on energy footprint and savings potential in heavy industry undertaken by the Energy Policy and Planning programme and
 - R5.03 million for the fuel sampling and testing project under the Petroleum and Petroleum Products Regulation programme.

Other Material Financial Matters

a) Irregular Expenditure

During the year under review irregular expenditure to the amount of R55 thousand was identified. This amount is due to non-compliance to procurement procedures. Condonation was granted in the 2014/15 financial year for this irregular expenditure. The matter is being investigated and disciplinary steps will be taken pending the outcome of the investigation.

b) Unauthorised Expenditure

During the 2010/11 financial year R14,8 Million was disbursed from the incorrect vote. A request for condonation has been submitted to National Treasury for consideration. The Department received a letter of condonation from National Treasury on 9 November 2012 however it was not clear from the approval letter received whether the condonation was granted with funding or without funding. The Department requested clarity in this regard from National Treasury to enable the Department to derecognize the unauthorized expenditure and was informed that the matter must be presented to the Standing Committee on Public Accounts (SCOPA) for consideration. The matter was subsequently presented to SCOPA on 12 November 2014 and the Department is awaiting the committee's resolution. No unauthorised expenditure was incurred in the 2014/15 financial year.

c) Provision for environmental rehabilitation liability (NECSA historical decommissioning and decontamination)

A comprehensive liability reassessment was conducted in the 2013/14 financial year by an independent assessor, to establish the historical liability for decommissioning and decontamination at NECSA. As at 31 March 2014, the total cost carrying the proposed liability discharge amounted to R3.52 billion over the remaining 20-year period. This amount was adjusted to R3.64 billion 2014/15 after taking into account CPIX and grants received in the financial year. The main aspects of the process are decommissioning, decontamination and waste management.

d) Contingent Liability

Summons in the amount of R14.4 million for early lease termination were issued against the Department by the landlord of its previous head office building in Sunnyside Pretoria. The matter is being defended by the Department.

Supply Chain Management

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

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

Gifts and Donations Received in Kind from Non-related Parties

No gifts or donations were received in the 2014/15 financial year.

Exemptions and Deviations Received from National Treasury

No exemptions and deviations were requested from National Treasury in the 2014/15 financial; year

Events after the Reporting Date

Not applicable.

Acknowledgement/Appreciation

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

Conclusion

On behalf of team energy, I would like to express our appreciation to the Minister and Deputy Minister for their leadership and guidance. I also like to express my gratitude to all our staff for their commitment to delivering services to the country as per our vision. All the achievements outlined in this report are a product of cumulative contribution of all our staff in their respective roles.



Dr Wolsey Barnard
Acting Director-General
Department of Energy

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2015.

Yours faithfully



Accounting Officer

7. STRATEGIC OVERVIEW

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

7.1. Mandate

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

7.2. Vision 2014

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

7.3. Vision 2025

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

7.4. Mission

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

7.5. Values

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

8. LEGISLATIVE AND OTHER MANDATES

8.1. Constitutional Mandate

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

Primary mandate

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

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

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

Secondary mandate

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

Environment

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

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

As we ensure the provision of various forms of energy and manage the utilisation of energy, we therefore also have to ensure the above-mentioned rights of our citizens through reasonable legislative and other measures. The mandate of the Department, i.e.

“Ensure secure and sustainable provision of energy for socio-economic development”, together with the following SOOGs of the Department, directly relate to this mandate:

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

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

Housing

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

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

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

Bill of Rights

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

- Legislation and other measures to promote transformation of the sector to, amongst others, ensure participation by historically disadvantaged individuals;
- Licensing of energy enterprises through the Petroleum Products Act, 1977, and/or the National Energy Regulator of South Africa (NERSA) and the National Nuclear Regulator (NNR);
- Programmes and projects to improve universal access to energy such as the electrification of schools and clinics component of the Integrated National

Electrification Programme

- Infrastructure development for the provisioning of electricity; and
- Increasing the skills and capacity needed in the energy sector, such as Science, Technology, Engineering and Mathematics (STEM).

8.2. Legislative Mandate

Legislation regulating the energy sector

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

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

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

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

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

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

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

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

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

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

for the submission to Parliament of a report relating to the said investigation, examination and auditing. It also provides for matters connected with the Act.

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

The Nuclear Energy Act, 1999, provides for the establishment of the South African Nuclear Energy Corporation SOC Limited (Necsa), a public company wholly owned by the State. It defines its functions, powers and its financial and operational accountability; its governance and management by a Board of Directors; the composition of the Board and appointment of a chief executive officer; its responsibilities for the implementation and application of the Safeguards Agreement and additional protocols entered into by the Republic and the International Atomic Energy Agency in support of the Nuclear Non-Proliferation Treaty acceded to by the Republic; regulates the acquisition and possession of nuclear fuel, certain nuclear and related material and equipment, as well as the importation and exportation thereof, together with certain other acts and activities relating to that fuel, material and equipment in order to comply with the international obligations of the Republic; and prescribes measures regarding the disposal of radioactive waste and the storage of irradiated nuclear fuel.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Acts not transferred to the Minister of Energy

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

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

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

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

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

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

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

Acts considered as obsolete which need to be repealed

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

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

Other legislation impacting on the Department

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

- The National Environmental Management Act, 1999 (Act No. 107 of 1999)
- The National Environmental Management Act, 1999, has a direct impact on legislative and other measures to reduce carbon emissions, energy efficiency and mitigation of the impact of the generation/refinement and use of energy on the environment.
- The Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002).

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

Legislation not listed in the Revised Strategic Plan

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

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

8.3. Policy Mandates

White Paper on the Energy Policy, December 1998

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

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

White Paper on Renewable Energy Policy, November 2003

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

Energy Security Master Plan for Liquid Fuels, 2007

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

Nuclear Energy Policy, June 2008

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

Integrated Energy Planning Strategy

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

National Strategic Fuels Stock Policy

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

National LPG Strategy

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

Cleaner Fuels Programme

To further improve the quality of transport fuels, the Department reviewed the current fuel specifications and standards so as to reduce harmful emissions, and to align standards with global vehicle technology trends and environmental requirements. This should encourage vehicle manufacturers to introduce fuel efficient engine technologies with lower carbon and noxious emissions. Government has taken a decision to postpone the implementation of CFII from July 2017 to a later date that will be announced once further consultations on the amended Regulations regarding Petroleum Products Specifications and Standards has been concluded.

Promoting Clean and Renewable Energy Sources

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

Energy Efficiency Programmes

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

Independent Power Producers

The Department moved away from the Standard Offer Framework (Renewable Energy Feed-in Tariff), to a criteria-based approach for proposals for the finance, construction, operation and maintenance of renewable energy generation facilities by IPPs. These criteria included potential for the creation of a local industry, job creation, black economic empowerment and technology transfer. Interventions that improve energy efficiency in the domestic, industrial and commercial sectors were developed and finalised in 2011/12.

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

Nuclear Energy Policy, 2008

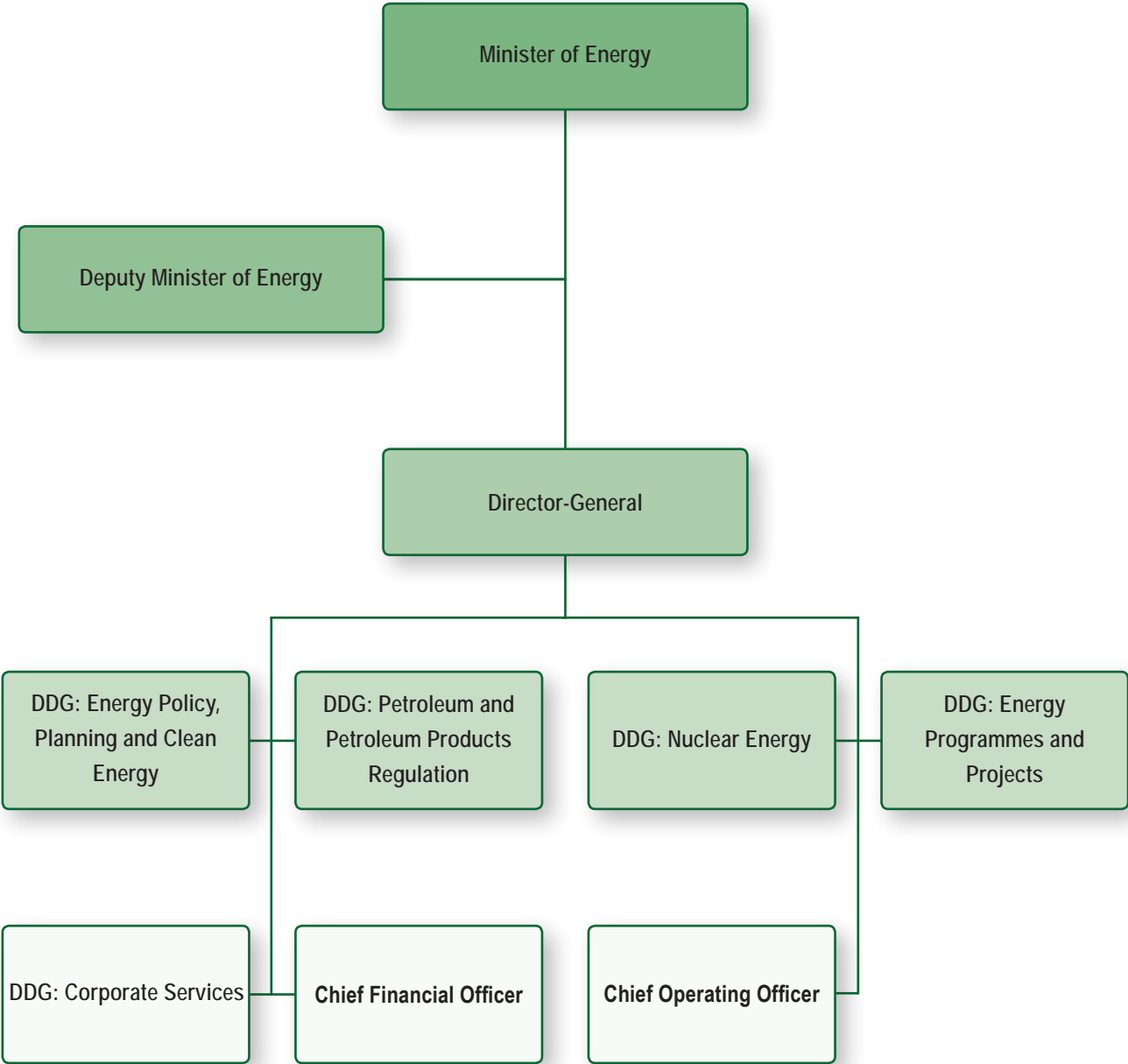
The Department continues with the implementation of the 2008 Nuclear Energy Policy, including the implementation of inter-governmental decisions such as the deployment of a new nuclear power station, the associated funding and procurement framework, the industrialisation and localisation strategy, appropriate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

Infrastructure Rehabilitation

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



9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

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

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

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

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

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

The table below indicates the entities that report to the Minister.

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

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
National Nuclear Regulator (NNR)	<p>The NNR is established in terms of the NNR Act, 1999 (Act No. 47 of 1999) as the competent authority for nuclear regulation in South Africa.</p> <p>The purpose of the NNR, as outlined in section 5 of the Act, is to provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.</p>	<p>Government grants (transfer payments) for 2013/14 to the NNR amounted to R48 million.</p> <p>Revenue is also generated through authorisation fees levied on nuclear authorisation holders.</p>	<p>Providing for the protection of persons, property and the environment against nuclear damage by:</p> <ul style="list-style-type: none"> (a) Exercising regulatory control over the siting, design, construction, operation, decontamination, decommissioning and closure of nuclear installations, as well as the manufacture of component parts; (b) Exercising regulatory control over the actions to which the Act applies, through the granting of nuclear authorisations; (c) Providing assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections; (d) Fulfilling national obligations in respect of international legal instruments concerning nuclear safety; and (e) Ensuring that provisions for nuclear emergency planning are in place.
National Energy Regulator of South Africa (NERSA)	<p>NERSA is a regulatory authority established as a juristic person in terms of section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004).</p> <p>NERSA's mandate is to regulate the electricity, piped-gas and petroleum pipeline industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), the Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).</p>	<p>Revenue is generated from tariffs and levies paid by the regulated industries.</p>	<p>Ensuring the development and sustainability of the electricity, piped-gas and petroleum pipelines industries by:</p> <ul style="list-style-type: none"> (a) Setting and approval of tariffs and prices; (b) Setting of rules, guidelines and codes for the regulation of the three (3) industries; and (c) Compliance monitoring and enforcement.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p>South African National Energy Development Institute (SANEDI)</p>	<p>SANEDI is an applied energy research institute established in terms of section 7(1) of the National Energy Act, 2008 (Act No. 34 of 2008).</p>	<p>Government grants (transfer payments) for 2013/14 amounted to R134.3 million.</p>	<p>Operations include:</p> <ul style="list-style-type: none"> (a) Undertaking measures to promote energy efficiency throughout the economy; (b) Ensuring uninterrupted supply of energy to the country; (c) Promoting diversity of supply of energy sources; (d) Facilitating effective management of energy demand and its conservation; (e) Promoting energy research; (f) Promoting appropriate standards and specifications for the equipment, systems and processes used to produce, consume and supply energy; (g) Providing for certain safety, health and environmental matters that pertain to energy; (h) Facilitating energy access to improve the quality of life of the people of the Republic; (i) Commercialising energy-related technologies; and (j) Ensuring effective planning of energy supply, transportation and consumption, and contributing to the sustainable development of the South African economy.

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

PART B:

PERFORMANCE INFORMATION



PERFORMANCE INFORMATION BY PROGRAMME

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 167 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Service Delivery Environment

Electricity and Electrification

The year 2014/15 has been beset with energy (especially electricity) challenges which have unfortunately impacted negatively on the country's economic development. The Department has, during the year under review participated in forums, both local and international, that were created to seek the short, medium and long term energy solutions – not only for South Africa, but also for the Africa Continent. The Department's response to the energy challenges is manifold. This includes:

1) The finalisation of the Integrated Energy Plan which will inform our immediate and future energy mix requirements as well as prioritise policy intervention for future programmes within the Energy sector.

This will involve the development of our electricity infrastructure; the Renewable Energy Independent Power Producers (REIPP) programme, the nuclear build programme, gas to power by exploiting the indigenous shale gas resources and other interventions. All of this will contribute towards putting the country's economy on a growth trajectory.

The Department's REIPP programme has added to the energy supply capacity and electricity diversity in South Africa. Through the competitive procurement approach, the average per kilowatt hour tariff has substantially decreased between the first window bids and the fourth window bids. As an example the tariff for onshore wind has declined by 55% per unit while that of solar photovoltaic has declined by 62% per unit.

Furthermore, the country has signed various Inter-Governmental Agreements (IGA's) which lay the foundation for cooperation trade and exchange for nuclear technology as well as procurement of the 9,500 Megawatts of electricity as contained in the Cabinet approved IRP 2010.

The Department's electrification programme (INEP) has and continues to be one of the Department's flagship programmes in the delivery of services to our people. The programme was allocated R4, 2 billion during the 2014/15 financial year, to expand the

connections and non-grid solutions in those areas where infrastructure is inadequate. As the programme continues to connect deep rural areas, the delivery of connections has been significantly impacted by inadequate and in some instances the absence of bulk infrastructure and inadequate human resources within implementing agencies and local municipalities.

Petroleum

During the year under review South Africa has experienced low fuel prices which have been fuelled by the falling price of crude oil. 2015 began with oil prices below \$50 per barrel, significantly below the critical \$70 mark seen as the 'survival threshold' for many high-end-cost producers. As a net consumer of oil, lower oil prices are currently a positive development for South Africa. The crude oil price has since stabilised and started to increase during the last few months of the 2015 financial year.

2.2. Service Delivery Improvement Plan

The Department has completed its service delivery improvement plan for the 2014/15 financial year. The table below depicts the service delivery improvement plan and the progress status during the year under review:

Main services and standards

Main services	Beneficiaries	Current/Desired standard of service	Actual achievement
New multipurpose pipeline (NMPP) from Durban to Johannesburg	<ul style="list-style-type: none"> South African Public 	Monitor and report on implementation of the agreement for completion of the NMPP trunk line.	The NMPP is operational since end of 2012, and currently transports only diesel.
IBT for prepaid metering	<ul style="list-style-type: none"> Municipalities 	Extend IBT to cover prepaid meters in more municipal areas.	To date IBT implementation in municipal areas is 77% and 2% from Centlec licensed areas e.g. Kopanong, Naledi and Mohokareng, total of 79%.
Petroleum Licensing	<ul style="list-style-type: none"> The South African public Manufacturers, wholesalers and retailers, Industry associations across the value chain, Oil companies, Parliament and various government Departments, Independent consultants/ lawyers/attorneys representing applicant. 	<p>100% compliance rate by the Controller on finalising all applications within 90 days, excluding Site and Retail NTI applications.</p> <p>90% compliance rate by the Controller on finalising site and retail New-to-Industry (NTI) applications within 60 days.</p>	<p>An average of 91% compliance with the 90 days turnaround time was achieved during the 2014/15 financial year.</p> <p>An average of 86% compliance with the 60 day turnaround time was achieved during the 2014/15 financial year.</p>

Main services	Beneficiaries	Current/Desired standard of service	Actual achievement
Compliance with the Petroleum Product Act	<ul style="list-style-type: none"> The South African public Manufacturers, wholesalers and retailers, Industry associations across the value chain, Oil companies, Parliament and various government Departments, Independent consultants/ lawyers/attorneys representing applicants. 	<p>2 000 retail site compliance inspections conducted.</p> <p>750 fuel samples tested.</p>	<p>2 070 retail site compliance inspections conducted.</p> <p>1580 fuel samples tested.</p>
Fuel stock levels and corrective actions	<ul style="list-style-type: none"> Petroleum Industry; Transnet, NERSA Parliament 	Fuels stock levels monitored and corrective action taken to avoid distribution shortages co-ordinated.	Proper monitoring of fuel stocks is conducted by the Department in collaboration with oil companies through Heads of supply meetings and Logistics planning meetings which are held once in every two month and weekly basis respectively.
Nuclear safeguards compliance inspections, audits and investigations	<ul style="list-style-type: none"> Nuclear industry and energy users 	Four (4) Nuclear Safeguards Compliance inspections and one (1) audit conducted.	<p>1. Nine (9) nuclear safeguards compliance inspections conducted.</p> <ul style="list-style-type: none"> The submission on the inspections conducted was approved by the Director General <p>2.1 audit conducted and Submission approved by the DG.</p>
Nuclear Radiation Security	<ul style="list-style-type: none"> Nuclear Industry Stakeholders 	Facilitation of installation of Radiation Portal Monitors (RPMs). Conducting Nuclear Radiation Security training Courses/ workshops. Enhance security measures at strategic points.	<p>Facilitation of installation of RPMs in progress. Training Courses/ workshops ongoing.</p> <ul style="list-style-type: none"> Technical visit to the Cape Town Harbour for identification of the nuclear security needs on 05 march 2015. Participation of the Department in the activities of Border Control Committees. RPM Task Team stakeholders invited on 08/01/2015 to participate in the technical visits to Greece.
Energy efficiency incentive scheme	<ul style="list-style-type: none"> Industry 	5 TWh of energy savings realised and verified from EEDSM projects.	<p>Approximately 0.5 TWh achieved to date through the municipal EEDSM verification Programme.</p> <p>Completed and to be submitted to Cabinet.</p>

Main services	Beneficiaries	Current/Desired standard of service	Actual achievement
Solar water heating units in residential and commercial sectors	<ul style="list-style-type: none"> The general South African public, but in particular poorer communities in South Africa that currently do not have electricity 	485 000 solar water heating units installed in residential and commercial sectors.	Total of 412,959 SWH units have been installed to date. The Programme Implementation Contract between DoE and Eskom was terminated and the new Implementation model proposed for the programme has not been approved by Cabinet as yet.
Clean Development Mechanism (CDM) projects	<ul style="list-style-type: none"> Industry, Municipalities, organisations 	Promote the clean development mechanism (CDM) and negotiation of the UNFCCC position.	CDM status review draft report completed and submitted for approval. With respect to UNFCCC negotiations, no meetings or platforms participation was done in the fourth quarter. Delays in receiving information from Project developers for the CDM Status report.
Universal access to energy	<ul style="list-style-type: none"> Eskom and Municipalities The general South African public, but in particular poorer communities in South Africa that currently do not have electricity 	A minimum of 280 000 households electrified per Annum of which 265 000 are grid connections and 15 000 are non- grid connections.	A total of 233 455 household were electrified, of these, 725 17 were done by the Municipalities and 160 938 by Eskom. Non grid connections achieved: 14 030 achieved against the 15 000 target
		Two Integrated Energy Centres (IEC's) established and operational	Ngwaabe IeCs was completed awaiting operationalization while Thembisile Hani IeC was delayed due to land acquisition and contractor appointment issues

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Access strategy	Actual achievement
Regional offices exist to support beneficiaries with information, resolution of queries and general electrification assistance; access to the head office is also possible at all times	<ul style="list-style-type: none"> All the queries are being addressed, either by Department, Eskom and/or municipalities and they are reporting on monthly bases.
DoE Website Regional Representation at DoE workshops/road shows provision of mobile services	<ul style="list-style-type: none"> ASD Electronic Publications updates the DoE website on a daily basis with information on new and revised policies, legislation, programmes, and media statements.
Contact with the Department is currently made via the website, e-mail, telephonically or physical consultation.	<ul style="list-style-type: none"> Website management has been enhanced to optimise timeous information updates by the Electronic Publications. Goal achieved and reports of contacts made with the DoE are available for the website, and e-mailed enquiries to the Energy Knowledge Resource Centre at Info@energy.gov.za. No telephonic enquiries reports are available due to the lack of appropriate electronic tracking systems. Physical consultation – Branch Petroleum to respond in terms of Helpdesk services.

Service delivery information tool

Types of information tool	Actual achievement
Pamphlets and workshops on the licensing process (including local languages) Regional representation, more collaboration with stakeholders, helpdesk Website and Seminars	<ul style="list-style-type: none"> • Not yet in place. • 18 regional workshop where conducted. • Ongoing Website updates of Policies, Legislation and Programmes maintained in partnership with Branches.

Complaints mechanism

Complaints mechanism	Actual achievement
Emailed Telephonic	<ul style="list-style-type: none"> • Emails received via Info@Energy.gov.za managed by the Energy Knowledge Resource Centre. • Telephonic complaints received via Switchboard and Energy Knowledge Resource Centre. • In terms of the current process, complaints are received via these three channels and referred to the appropriate Branches for responses. Upon receipt of an e-mailed or telephonic complaint the EKRC sends an e-mail of acknowledgement to the client concerned. Branches are required to copy the EKRC on all direct responses. The EKRC reports on the status of all such complaints in the weekly reports, and at the monthly MANCO meetings.

2.3. Organisational environment

The Department suffered the loss of the key top management members during the year which included the DG, whose contract came to an end on 30 November 2014. Although the Department immediately commenced with the recruitment process, unfortunately there has been delays due to other requirements for the filling of this position. The second loss was the retirement of the Deputy Director General for Corporate Services who left the service on 31 January 2015. The process of filling this position has also commenced and it is expected to be finalised soon.

The Department has also commenced with the process of reviewing the functionality of its operational structure in order to accurately respond to its mandate and the challenges facing the energy sector.

As at the end of the financial year, the Department had a staff complement of 583 with 83 exits. This figure takes into account the replacements, new positions filled during the year and the exits mentioned above. Additional funding of R18 million received from the MTSF this year enabled us to increase on staff capacity. Challenges of technical skills required in the energy sector have continued to be of concern to the Department.

Training and Development

The Department has developed a Workplace Skills Development Plan (WSP), following the skills audit conducted. As part of the implementation of the WSP, a number of training and development interventions were identified, and 384 officials were trained during 2014/15. The Departments also offered 39 new bursaries to serving employees, with effect from the beginning of the 2015 academic year. This brings the total number of employees studying part – time at various institutions to 68. Due to financial constraints, the planned training and development initiatives could initially not be implemented as planned. The Department therefore sought alternatives such as free training offered by external service providers, involving the energy Sector Education and Training Authorities, and secondments from SOE's, to supplement skills development. Projects were implemented as and when

funds became available, resulting in training in excess of the planned target being provided.

Regional offices of the Department

In its quest to improve and bring service delivery closer to the people, the Department has managed to secure permanent office space for its regional offices in Mpumalanga and KwaZulu-Natal provinces. The process to secure permanent office space in other provinces is underway and it is anticipated that it will be finalised before the end of the ensuing financial year.



3. STRATEGIC OUTCOME ORIENTED GOALS

NDP PROPOSALS/RECOMMENDATIONS					MEDIUM-TERM STRATEGIC FRAMEWORK (GOVERNMENT OUTCOMES)	STRATEGIC OUTCOMES ORIENTED GOALS (SOOGs)	DEPARTMENTAL PROGRAMME
PROPOSALS/RECOMMENDATIONS	TIMEFRAMES	CURRENT STATUS	RESPONSE REQUIRED				
Gas							
Enable exploratory drilling to identify economically recoverable coal seam and shale gas reserves, while environmental investigations will continue to ascertain whether sustainable exploitation of these resources is possible (Department of Mineral Resources (lead Department is DMR)	2012–2015	New policy proposal	Facilitate stakeholder consultation to re-motivate for the moratorium to be lifted.	Outcome 4 – Decent employment through inclusive economic growth. Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 1: Security of Supply – To ensure that energy supply is secure and demand is well managed. SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network. SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Engagements with DMR and DPE. Development of the Gas Utilisation Master Plan.	
If gas reserves are proven and environmental concerns alleviated, then development of these resources and gastopower projects will be fast-tracked	2014–2017	IRP revision					
Fast-track development of off-shore West Coast gas coupled with incremental power generation units	2012–2015	New policy proposal	Provide strategic guidance to ensure that implementation takes place.				
Develop infrastructure for the import of liquefied natural gas, mainly for power production (lead Department is Department of Public Enterprises (DPE))	2015–2020	Work in progress					
Electricity							

NDP PROPOSALS/RECOMMENDATIONS			MEDIUM-TERM STRATEGIC FRAMEWORK (GOVERNMENT OUTCOMES)	STRATEGIC OUTCOMES ORIENTED GOALS (SOOGs)	DEPARTMENTAL PROGRAMME
PROPOSALS/RECOMMENDATIONS	TIMEFRAMES	CURRENT STATUS			
Move to less carbon-intensive electricity production through procuring up to 20 000 MW of renewable energy, increased hydro imports from the region and increased demand-side measures, including solar water heating	2012–2030	Existing policy proposal that needs to be implemented	Outcome 10 – Environmental assets and natural resources that are well protected and continually enhanced.	SOOG 5: Environmental Assets – To ensure that environmental assets and natural resources are protected and continually enhanced by cleaner energy technologies. SOOG 6: Climate Change To implement policies that adapt to and mitigate the effects of climate change.	Review IRP to cover 20 000 MW. Continue with the implementation of the IRP: <ul style="list-style-type: none"> • IPP Programme; • Hydro Power; and • Solar. Implementation of the National Solar Water Heating Programme.
Move Eskom's system operator, planning, power procurement, power purchasing and power contracting functions to the Independent System and Market Operator (ISMO) and accelerate procurement of Independent Power Producers (Lead Implementer with ISMO)	2012–2014	Existing policy proposal that needs to be implemented	Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network. SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Provide strategic guidance to key role players and ensure that implementation takes place post Cabinet approval.
Ring-fence the electricity distribution businesses of the 12 largest municipalities, resolve maintenance and refurbishment backlogs and develop a financing plan, alongside investment in human capital	2012–2017	New policy proposal	Outcome 9 – A responsive, accountable, effective and efficient local government system.	SOOG 4: Universal Access and Transformation – To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	Address the backlog challenges in the maintenance of the electricity distribution infrastructure.

NDP PROPOSALS/RECOMMENDATIONS					MEDIUM-TERM STRATEGIC FRAMEWORK (GOVERNMENT OUTCOMES)	STRATEGIC OUTCOMES ORIENTED GOALS (SOOGs)	DEPARTMENTAL PROGRAMME
PROPOSALS/RECOMMENDATIONS	TIMEFRAMES	CURRENT STATUS	RESPONSE REQUIRED				
Revise national electrification plan and ensure 97% access by 2025	2013–2025	Revised policy proposal	-	Outcome 7 – Vibrant, equitable and sustainable rural communities and food security for all. Outcome 8 – Sustainable human settlement and improved quality of household life.	SOOG 4: Universal Access and Transformation – To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	Electrification of households through the Integrated National Electrification Programme (INEP) and increased service delivery by all Eskom, municipalities and concessionaires as implementers of INEP concentrating on the 23 district municipalities that have been identified by the Department of Co-operative Governance and Traditional Affairs (CoGTA) and the Department of Rural Development and Land Reform (DRDLR) as the areas in the country that have the most deprived municipalities.	
Liquid Fuels							
Upgrade refineries to ensure they meet new fuel quality standards (insist on strategic fuel stocks to ensure security of supply)	2012–2017	Existing policy proposal that needs to be implemented	Advise Cabinet	Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network. SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Submitting the 20-Year Liquid Fuels Master Plan (20YRLFMP) to Cabinet for approval and incorporating it into the IEP. Finalisation of the financial mechanism for strategic stocks.	

NDP PROPOSALS/RECOMMENDATIONS				MEDIUM-TERM STRATEGIC FRAMEWORK (GOVERNMENT OUTCOMES)	STRATEGIC OUTCOMES ORIENTED GOALS (SOOGs)	DEPARTMENTAL PROGRAMME
PROPOSALS/RECOMMENDATIONS	TIMEFRAMES	CURRENT STATUS	RESPONSE REQUIRED			
Continue to import refined fuels, ensuring that the growing deficit in petroleum products is met, and defer decision on a new refinery	2012-2017	Existing policy proposal that needs to be implemented	Advise Cabinet	Outcome 4 – Decent employment through inclusive economic growth. Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 1: Security of Supply – To ensure that energy supply is secure and demand is well managed. SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network. SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Consultation on the Liquid Fuels Infrastructure Roadmap Report and identification of intervention projects.
Nuclear Investigate the implications of nuclear energy, including its costs, financing options, institutional arrangements, safety, environmental costs, and benefits, localisation and employment opportunities, uranium enrichment, and fuel fabrication possibilities	2013-2014	Feasibility studies	Advise Cabinet	Outcome 4 – Decent employment through inclusive economic growth. Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 1: Security of Supply – To ensure that energy supply is secure and demand is well managed. SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network. SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Contribute towards ensuring the security of energy supply by leading, developing and overseeing the implementation of the nuclear energy expansion programme as guided by the Nuclear Energy Policy and the decision of NNEECC. Facilitate process that will culminate in the finalisation of procurement decisions for the nuclear build programme.

4. PERFORMANCE INFORMATION BY PROGRAMME

The Strategic Outcome Oriented Goals of the Department of Energy are operationalised by means of the Department's five-year strategic plan, which in turn is parsed into corresponding annual performance plans. These address DOE's main deliverables, while its institutional operational plans primarily cover support functions. Progress is tracked throughout the year by means of quarterly performance reports. These quarterly reports culminate into an annual report organised by programmes and their respective annual targets, together with financial information. The government-wide policy and operational context was depicted earlier in page 57 to 70.

4.1. PROGRAMME 1: Administration

4.1.1. Programme Purpose

Provide strategic support and management services to the Ministry and the Department.

4.1.2. Sub-programmes

Sub-programme 1.1: Ministry. This sub-programme provides executive support to the Minister and Deputy Minister and provides a parliamentary service to the Minister, Deputy Minister, DoE and energy sector. No strategic objectives, performance indicators or targets were set for this sub-programme.

Sub-programme 1.2: Departmental Management (Chief Directorate: Office of the DG and Offices of Deputy Directors-General). This sub-programme provides executive support to the DG and Deputy Directors-General (DDGs). No strategic objectives, performance indicators or targets were set for this sub-programme.

Sub-programme 1.3: Finance Administration (Branch: Financial Management Services). This sub-programme provides financial management, accounting, and supply chain management services to the DoE.

Sub-programme 1.4: Audit Services (Directorate: Audit Services). This sub-programme provides an audit and support service to the DoE. No strategic objectives, performance indicators or targets were set for this sub-programme.

Sub-programme 1.5: Corporate Services (Branch: Corporate Services and Branch: Governance and Compliance). This sub-programme: Provides corporate support to the DoE; and Ensures good corporate governance and compliance by the DoE and SOEs.

4.1.3. Performance indicators, planned and actual achievements

Corporate Services Branch

The Corporate Services branch drafted and vetted 31 legislation including subordinate legislation administered by the Department. The branch also undertook forty one training programmes and 477 officials attended the training programmes, this was in a bid to capacitate employees to perform better in their respective duties. This also included 6 international donor-funded training, and 8 officials attended. It also undertook 36 Imbizos in an effort to engagement committees, others included visits to electrification projects and so on.

Financial Management Services Branch

The Financial Management Services Branch achieved its consolidated target according to the revised APP.

For the period under review, the Financial Management Services Branch set out to achieve 100% of approved invoices to be paid within 30 days of receipt, this target was achieved. The Branch submitted monthly reports on compliance and exceptions regarding the 30 day payment period to National Treasury by the 7th of every month. In so doing, a total of 12 Instruction Note 34 reports were submitted for the financial year and the Branch met all its quarterly targets. The Department has been identified by the Presidency as one of the National Departments that has successfully achieved this target. During the year under review, the Department was invited to share its success story at various MPAT workshops as well as at FOSAD.

In the 2014/15 financial year, one of the Branch's objectives was to submit four (4) budget submissions to National Treasury and this target was achieved. It is a requirement, in terms of Treasury Regulation 6.1, that the Accounting Officer of a Department complies with any Annual Budget Circulars issued by the relevant treasury.

The Department's Bid Adjudication Committee (BAC) convened 12 ordinary meetings and seven (7) ad hoc meetings and adjudicated 78 submissions in total during the year under review. The decisions taken at the BAC meetings remain confidential. Against the target of two (2) awareness and training sessions on SCM matters, 5 (five) awareness sessions were conducted.

The Department's Finance Committee convened six (6) times during the 2014/15 financial year to monitor the performance of the various main divisions of vote and the utilisation of funds within these divisions. The committee reprioritised available financial resources of the Department by ensuring that funds were shifted from slow moving projects to critical under-funded projects, whilst maintaining the purpose of the vote.

This resulted in the Department utilising 83.60% of its adjusted appropriation in the year under review, a decrease of 16% from the 99.60% reported in the 2013/14 financial year. Some of the critical projects of the Department, not catered for in the adjusted appropriation, which were funded through the Finance Committee resolutions include:

- The payment of various international membership fees on behalf of the Republic of South Africa;
- The management and coordination of South Africa's International renewable energy conference (SAIREC) to be hosted from 3-6 October 2015 at the (CTICC).

A total of sixteen (16) asset verifications were performed in the 2014/15 financial year at head office and all regional offices in line with the assets verification plan. As part of the Asset Management Programme, unusable, damaged and redundant moveable, tangible assets, with a book value of R1.0 million, were disposed of subsequent to the recommendation of the Asset Disposal Committee. The Department procured assets in the amount of R3.7 million whilst assets with a value at R1.7 million were transferred to the Department from other National Departments.

The Internal Control and Reporting Unit ensures that internal controls are in place in order to provide reasonable assurance that the Department has accounted for all the financial transactions in terms of accuracy, validity and completeness; and in compliance with applicable laws and regulations, so as to ensure reliable financial reporting. In the year under review, twelve (12) compliance certificates and (Three) 3 mandatory interim financial statements were submitted to National Treasury.

Sub – programme: Governance and Compliance

The purpose of the sub – programme Governance and Compliance is to provide governance and compliance support to the Ministry and the Department of Energy and consists of the following Chief Directorates:

1. Strategy and Risk Management – responsible for ensuring the DoE's Outcomes – Oriented Goals, Enterprise Wide Risk

- Management, Strategy and Fraud Prevention Plan are effectively managed and implemented
2. Monitoring and Evaluation – provides results oriented monitoring, evaluation and reporting services.
 3. SOE Oversight – provides oversight and monitor's the SOE's compliance to legislative, financial and administrative requirements.
 4. International Coordination – provides International Relations services to the Ministry, DoE and the Energy Sector.

During the year under review, Governance and Compliance sub - programme had 20 annual targets as articulated in the Institutional Operational Plan. Out of 20 annual targets, 12 were achieved, 7 partially achieved and only 1 target was not achieved. In line with the requirements of Chapters 5 and 30 of the Treasury Regulations read together with section 40 (d) (i) of the PFMA, the Department of Energy developed and tabled the 2015 – 2020 Strategic Plan and the 2015/16 Annual Performance Plan in Parliament on the 11 March 2015.

Risk management

The Department has a Risk Management Committee Comprising of Heads of Branches. The purpose of the Risk Management Committee is to ensure the effective implementation and maintenance of risk management system within the DoE.

An independent external person has been appointed as the Chairperson of the Risk Management Committee. Risk Management Committee meeting for the 2014/15 fiscal year were respectively held on the 30th October 2014 as well as on the 26 March 2015. In order to embed and inculcate a culture of risk management in day – to – day activities of the Department by managers and other officials, risk management features as a standing item on the agenda of the Management Committee. Annual Risk Assessments were conducted during the year under review and a Global Risk Register was developed together with Branch Risk Registers as well as the Departmental Top 20 Risk Register reflecting the Departmental Strategic risk exposures and mitigation strategies.

The Chief Risk Officer presented progress reports on risk management activities to the Risk Management Committee, Audit Committee and Management Committee on a quarterly basis to determine the effective implementation of mitigation strategies and provisioning of recommendations for improvement. Education, training and awareness with regard to risk management and anti – fraud and corruption were presented at the induction and orientation programmes to newly appointed employees. This training programme was also conducted to existing employees during the risk assessments workshops. DoE employees were encouraged to blow the whistle on fraud and corruption at the National Anti- Corruption Hotline and other applicable institutions and persons.

The Risk Management unit continued to train management and other employees of DoE about their roles and responsibilities in risk management in terms of section 45 of the PFMA and well as the Public Sector Risk Management Framework with a view of improving the risk maturity levels of across the Department.

State Owned Entities

During the period under review, the SOE Unit of the Governance and Compliance Branch ensured that all SOE boards were fully capacitated with the necessary skills and experience by monitoring the composition of the six (6) boards reporting to the Minister of Energy and facilitating the filling of board vacancies as and when they arose.

The SOE Oversight Unit worked with the relevant line function branches to ensure that the SOE/C's Corporate Plans, Strategic Plans and APPs were aligned with the objectives of the Department and broader government priorities. The SOE/C's performance was monitored through Performance Reports submitted on a quarterly basis. These monitoring activities contributed to these SOEs receiving unqualified audit opinions for their 2013/14 Annual Financial Statements and performance information. The Governance and Compliance Branch continued to monitor the performance of all SOE/Cs by ensuring that the Quarterly Performance Reports were reviewed and submitted to the Minister, with recommendations for improvements to performance where necessary.

During the period under review, the SOE/C's which report to the Minister of Energy experienced difficulties across the board, with National Treasury indicating that it intends to decrease their budgeted baseline government grants for the 2015/16 and 2016/17 financial years. This was proposed by National Treasury in line with the President's 2014 SONA which indicated that various austerity measures may be put in place throughout government and its entities to address various government financial shortfalls.

It is against this background that the CEF Group continues to streamline the finalization of the restructuring of its various entities, including PetroSA and SFF's business processes, systems and human resource requirements in a manner that shall further assist the Group to achieve its mandate.

During March 2015, the then NERSA CEO tendered her resignation, thus initiating a comprehensive recruitment process, which is currently still underway, which shall culminate in the appointment of a suitably qualified successor to lead the Regulator through this challenging period in the Country's Energy sector.

The Nuclear Regulator continues to capacitate itself in various key positions that will give it the necessary human resource capacity to successfully oversee the Country's imminent Nuclear new build programme.

In this regard, during March 2015, NECSA celebrated the 50th anniversary of its SAFARI-1 Nuclear Research Reactor, commissioned in 1965, and it still remains the Country's only research reactor. This is a significant milestone in the nuclear sector.

International Relations

The approach of the Department towards international relations is informed by South African energy agenda and it seeks to facilitate sustainable development in the energy sector through bilateral, trilateral and multilateral relations with the African region and the rest of the World.

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

The Department's medium and long term energy strategies have taken cognisance of the abundant clean energy resources available in the region. These guide the strategy of the Department to multi-source with the twin objective of security of supply and reduce our carbon foot print. In regard to this, the Department led the process of signing a Treaty on Hydropower project with government of the Democratic Republic of Congo. The Treaty was signed in 2013 and it enjoins South Africa and DRC develop the Project. The project has an estimated generation capacity of 40 000 MW and will be constructed in phases, with Inga III Low being the first phase. The first phase targets aims to generate 4 800 MW. South Africa is also exploring other regional projects within the SADC Region in countries such as Mozambique and Lesotho.

South Africa, together with the SADC region, is working on regional integration of the region's transmission infrastructure. This is driven by the Southern African Power Pool (SAPP). To date, the SAPP has established a day-ahead market where trading of electricity takes place among member countries. The regional transmission system needs further strengthening and connection of other countries such as Angola, Malawi and Tanzania. Plans are on the table under way to implement the interconnectors for the SAPP.

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations 2014/15
Vacancy rate reduced to at least 10%.	Achieved: At the end of the reporting period the vacancy rate was 7.75%.	Percentage of vacancy rate.	Vacancy rate below 10% at least maintained.	Vacancy rate stands at 10.26%	0.26 percent variance from target	The revised SOP on recruitment had some unintended consequences which resulted in delays. This has since been reviewed.
1.8% of employment of people with disabilities	Partially Achieved: Although an improvement was registered the disability figure is currently at 1.66% and therefore the target is not met	Percentage of people with disabilities employed.	1.8% of people with disabilities employed.	2.2% of people with disabilities as of 31 March 2015	0.4% deviation	Aggressive recruitment drive
42.5% of women in SMS positions.	Partially Achieved: Currently there are 40% of women in middle management positions.	Percentage of women in SMS positions	42.5% of women in SMS positions.	38.55% as at 1 December 2014.	The Department suffered from the resignation & retirement of women in SMS level.	Targeted recruitment will be used to meet this target in the next financial year.
20 Izimbizo (Public Participation Programmes) conducted (PPP).	Achieved: A total of 48 PPPs were held for the 2013/14 year.	Number of Izimbizo (Public Participation Programmes (PPPs)) conducted.	20 Izimbizo PPPs conducted.	36 Izimbizo	16 more Izimbizo achieved than planned	More Public Participation Programme due to launching of the projects
Unqualified audit for 2012/13	The Department received an unqualified report in the 2013/14 financial year	Result of annual audit (AGSA audit opinion).	Unqualified audit report by the Auditor-General achieved for 2014/15.	Unqualified audit report by the Auditor-General achieved for 2014/15.	No deviations	None

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations 2014/15
100% approved invoices paid within 30 days of receipt.	Achieved: 100% of approved invoices paid within 30 days of receipt and 12 reports on compliance with payments within 30 days were submitted to NT for all 12 periods in the financial year.	Percentage of approved invoices paid within 30 days of receipt.	100% approved invoices paid within 30 days of receipt.	Reports on 30 days payments compliance and exceptions were submitted to NT for all 12 periods in the financial year.	No deviations	None
Average MPAT score of at least 2.8 for the moderated score of 2012/13 with the following sub-scores: • KPA1 – 3.2 • KPA2 – 3.0 • KPA3 – 2.7 • KPA4 – 2.4	Achieved: Average MPAT score of at least 2.8 was achieved in 2012/13 financial year.	Average score on the Management Performance Assessment Tool (MPAT).	Average MPAT score of at least 3.1 achieved for moderated assessment of 2013/14; with at least the following sub-scores: • KPA 1 – 3.3; • KPA 2 – 3.2; • KPA 3 – 3.1; and • KPA 4 – 2.9.	Overall score of 2.64 comprised of: KPA 1 – 2.67 KPA 2 – 2.2 KPA3 – 2.45 KPA 4 – 3.22	Overall score was 0.46 points off the intended score	See DPME analysis and MPAT evaluation

IoP Targets Narratives

The Financial Management Services Branch achieved all twenty one (21) IOP targets, for the period under review. In terms of section 55, the accounting officer of the Department must prepare the annual financial statements and submit it to National treasury and Auditor-General. In preparation the Finance Branch developed and circulated one a work plan to all role-players in December 2014 and January 2015 respectively. The Department submitted three (3) Interim Financial Statements for the Q1-Q3 to National Treasury by the due date. Individual IOP targets in sub directorates, Financial Planning & Management Accounting, Supply Chain Management and Expenditure Management has been achieved.

Human resource matters

Following the completion of the development of the Human Resource (HR) Plan, the Department has during the 2014/15 financial year commenced with the implementation of phase four (4) of the HR Plan. The HR Plan seeks to match the required number of jobs with the appropriate profiles of employees so as to effectively deliver on the Department's mandate and strategic objectives.

As part of improving the understanding of HR policies, the Department conducted eleven (11) awareness workshops against the target of eight (8) planned workshops. The workshops were conducted both at Head Office as well as in the Regional Offices.

The Department conducted the organizational culture survey with the view to identify areas where it could improve and identify a

common shared vision in order to execute its mandate. During the year under review, the Department had planned to implement the recommendations of the organizational culture survey and this target was not achieved due to the delays in the appointment of the Accounting Officer who was identified as the Project Leader for this survey.

One of the areas which the Department was not able to accomplish was the implementation of one hundred percent (100%) training programmes, instead thirty percent (30%) was achieved. The deviation to the set target was due mainly on the limited resources to fully implement this target. However, it is worth mentioning that a total of 41 training programmes were implemented with 477 officials attending.

The Labour Relations Act requires the Department to conduct regular meetings with organised labour under the auspices of the Departmental Bargaining Chamber (DBC). The purpose of these meetings is to consider issues of mutual interest between the employer and employee representatives. In line with the annual target of four meetings per year, the Department was able to convene four meetings and three multilateral meetings.

Communication matters

The Department communicates all its activities in line with the approved Communication Strategy, which is a five year plan. During the year under review, the Department had the approved Communication Strategy including the Action Plan.

A total of four (4) planned external communication campaigns were conducted during the year under review in support of prioritized energy programmes (Energy Efficiency, IPPs, Nuclear Build Programme and Strategic Integrated Plans).

The Department prides itself for having monitored the energy related stories that affect that has a direct impact on the work of the Department. In this regard the Department had a weekly target of fifty reports per week and these were achieved as planned.

In taking the government to the people, the Department had coordinated 36 Izimbizo programmes for the Ministry to interact with different communities throughout the country.

4.1.4. Strategy to overcome areas of under-performance

Area of under-performance	Extent of under-performance	Strategies to overcome the areas of under-performance
Four Departmental improvement plans produced	Partially Achieved. 2 Departmental improvement plans (for 1st and 2nd quarter) developed.	Two Improvement Plans were produced based on two approved M&E Compilation Reports, two outstanding still awaiting for approval of M&E Compilation report
SOEs Strategic & Corporate Plans aligned to the DOE planning cycle and priorities submitted to the Minister for approval by 31 March annually	Partially Achieved. NERSA, SANEDI, NNR submissions were enroued to the minister during February and March respectively.	NRWDI requested an extension to submit their Strategic Plan and APP on April 30, 2015.) The finalisation of the CEF and NECSA submissions were held up by the engagements between the DoE and SOE
42.5% of women in SMS positions.	Partially Achieved. 38.55% of women in SMS level. Only 3.95% could not be achieved.	The Department suffered from the resignation & retirement of women in SMS level. Targeted recruitment will be used in future to deal with this deviation.
Vacancy rate below 10% at least maintained.	Vacancy rate stands at 10.26%	The revised SOP on recruitment had some unintended consequences which resulted in delays. This has since been reviewed.

4.1.5. Linking performance with budgets

Financial performance at 31 March 2015

Administration	2014/15			2013/14		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	41,778	41,767	11	32,878	35,536	-2,658
Departmental Management	46,104	45,787	317	46,638	43,271	3,367
Finance Administration	31,101	29,390	1,711	32,194	27,204	4,990
Audit Services	6,918	6,754	164	5,293	4,564	729
Corporate Services	110,192	109,053	1,139	116,139	121,983	-5,844
Office Accommodation	24,508	24,417	91	-	-	-
Total	260,601	257,168	3,433	233,142	232,558	584



4.2. PROGRAMME 2: ENERGY POLICY AND PLANNING

4.2.1. Programme Purpose

Ensure evidence-based planning, policy setting and investment decisions in the energy sector to improve energy security, through supply- and demand-side options, and increase competition through regulation.

4.2.2. Sub-programmes

Sub-programme 2.1: Policy Analysis and Research (Chief Directorate: Policy Analysis and Research). This sub-programme develops key indicators and monitors the impact of energy sector policies, planning and interventions; analyses all energy policies and their impact on access to energy and on the security of energy supply; conducts research and analyses policies in relation to other countries; and carries out research and analyses national and international trends or developments that impact on the demand and supply of energy.

Sub-programme 2.2: Energy Planning (Chief Directorate: Energy Planning). This sub-programme develops and maintains various energy modelling tools to estimate future energy demand and explore alternative energy supply options; identifies energy supply constraints and addresses them through the Integrated Energy Plan; and manages the collection and maintenance of energy data and the dissemination of quality energy statistics and information.

Sub-programme 2.3: Hydrocarbon Policy (Chief Directorate: Hydrocarbon Policy). This sub-programme ensures a secure energy supply; well managed demand; enhanced access to hydrocarbons, a transformed energy sector; and ensures that energy regulation and competition is improved through the development, promulgation and maintenance of a statutory framework for petroleum, petroleum products, petroleum infrastructure, coal and gas.

Sub-programme 2.4: Electricity, Energy Efficiency and Environmental Policy (Chief Directorate: Electricity, Energy Efficiency and Environmental Policy). This sub-programme ensures secure energy supply; well managed demand and a transformed energy sector; and energy regulation and competition that is improved through the development, promulgation and maintenance of a statutory framework for electricity over the medium term.

4.2.3. Strategic Objectives, Performance indicators, planned targets and actual achievements

During the year under review, the Energy Policy and Planning programme had 4 annual targets. Out of the 4 annual targets, 2 were achieved. In addition, other activities were undertaken with targets as outlined below. These activities were undertaken in the context of the electricity supply challenges that worsened in the year under review.

One of the key lessons from the 2008 power crisis was the need to coordinate the planning and alignment of new investments in the electricity sector. In response, government put in place a planning framework anchored by the Integrated Energy Plan, the National Energy Efficiency Strategy and Action Plan, the Integrated Resource Plan, the Gas Utilization Master Plan and the Liquid Fuels Master Plan. These instruments drive government's objectives relating to energy security. Our other policy objectives include job creation through localization, reducing greenhouse gas emissions, reducing water usage, energy efficiency, lowering the cost of energy, increasing access to energy, and diversifying energy supply through regional integration all of which form an integral part of our strategic plans and operations.

Integrated Energy Plan

The development of the Integrated Energy Plan (IEP) has progressed in the year under review to a point that allows it to be tabled for Cabinet approval by the end of the first quarter of 2015. The IEP will be published as a policy document which will inform our future energy mix, identify priority policy interventions and provide guidance for future programmes within the energy sector.

Since the publishing of the draft report in 2013, the Department has made progress in addressing the comments raised by various stakeholders. We have noted the importance of taking into account the benefits and disadvantages that different energy technology options have on society. To this effect we have accounted for all negative externalities such as greenhouse gases and pollution associated with some energy carriers.

Given the interdependencies, the 20-year liquid fuels roadmap (20YLFRM) has been developed but not yet aligned with the IEP; it is therefore reported as partially achieved, notwithstanding the progress to date. Consultations on the draft document have commenced in the year under review.

The reduction of energy in the building envelope was identified as a critical component of the energy efficiency strategy given the potential benefits to the electricity grid and the reduction in building energy costs. The Standard Offer policy framework (SOP) is meant to monetize each unit of verified energy saving, as an incentive for any initiative that reduces energy consumption in buildings. The SOP for solar water heater rollout in the residential sector was developed and presented to the regulator for consideration of the tariff and funding implications of such a scheme. After concluding a stakeholder consultation process, the regulator indicated their support subject to determination of the tariff level for the SOP. In the year under review, the SOP was resuscitated as a mechanism for accelerating the rollout of solar water heaters as a load reduction mechanism, given the electricity supply challenges we are facing. The tariff and funding mechanism issues are unresolved, dependent on external factors and therefore the SOP is regarded as a partially achieved target.

Municipal electricity distribution infrastructure requires urgent refurbishment if it is expected to provide reliable service. The estimated backlog of R80 billion needs a funding model that entails revamped institutional, regulatory and structural adjustments to the status quo. In this regard the Approach to Distribution Asset Management (ADAM) programme was initiated, targeting the metropolitan and suburban areas of the country for piloting. The development of norms and standards relating to amongst others maintenance, tariff design, is necessary for adoption as a regulatory mechanism for municipalities to normalize their electricity distribution businesses. These norms and standards are to be informed by the pilot ADAM programme that was initiated in the year under review. The target is reported as "not achieved" due to the delay in the completion of the pilot projects under ADAM.

All targets that have been set pursuant to policy research and analysis are reported as "not achieved" in the year under review because they have been incorporated elsewhere in the activities of the Department. The Gas Utilization Master Plan (GUMP), the Integrated Resource Plan and the National Energy Efficiency Strategy and Action Plan have been developed instead, to address the research topics relating to gas, electricity and energy efficiency respectively. This is logical given the extent of research that goes into the development of these plans and strategies. The same applies to the collection and collation of energy statistics to support the development of the IEP, which is reported as "no target set". In this regard, the Department has instead promulgated regulations regarding the mandatory provision of energy data and the development of energy management plans. This also provides context to the high number of "not achieved" targets under this sub-programme.

Inga Project

The Department is leading discussions with our regional neighbours on hydroelectric power development, notably with Mozambique and from the Democratic Republic of the Congo (DRC) in terms of the Treaty on the Grand Inga Hydropower Project. On 20 March of this year the Inga Treaty entered into force, meaning that all the conditions for ratifying the long term agreement between the two countries were satisfied, effectively paving the way for commercial negotiations to be concluded regarding the power to be procured

from Phase 1 of the Inga Hydropower project. The Inga Hydropower project has the potential to provide up to 13 000 MW of clean energy specifically to South Africa, in addition to the power shared within the Southern African Development Community (SADC).

Legislative programme

The public consultation process in regard to the Electricity Regulation Second Amendment Bill and the National Energy Regulator Amendment Bill has taken over two years and having incorporated the public comments, the Bills were completed in the year under review and will be introduced in parliament once approved by Cabinet.

Electricity Regulation Second Amendment Bill

The proposed amendments to the Electricity Regulation Second Amendment Bill provide for improved licensing requirements to ensure more accountability by licensees to the regulator. The Bill provides for improved provisions for the expropriation of land for purposes of developing electricity infrastructure.

National Energy Regulator Amendment Bill

Having identified shortcomings in the existing structure of the regulator, the proposed National Energy Regulator Amendment Bill provides clarity on the new structure and governance arrangements. The Bill proposes a Commission and a Review Board.

Policy and Planning APP Targets

Planned Target 2013/14	Actual Achievement 2013/2014 (per 4th qt 2013/14 performance report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
Draft IEP submitted to Cabinet for public consultation. Draft IEP published for public consultation. (if approved by Cabinet)	Achieved. Draft IEP submitted to Cabinet for public consultation. Partially Achieved. Draft IEP published for public consultation and stakeholder comments collated. (approved by Cabinet for this)	Finalised Integrated Energy Plan (IEP) submitted to Cabinet for approval	Finalised IEP submitted to Cabinet	Cabinet Committee did not approve the IEP	The IEP was developed, stakeholder engagements conducted and IEP submitted to Infrastructure Cluster of Cabinet.	The consultation process extended beyond the financial year.
Liquid fuels roadmap report submitted to Minister for approval.	Achieved: The Final Report was submitted by consultants on 14 March 2014. This is being reviewed by the Department.	Finalised 20-Year Liquid Fuels Master Plan (20YRLFMP) submitted to Cabinet for approval and incorporated into the IEP.	Draft 20YRLFMP submitted to Cabinet for approval.	Draft 20YRLFMP completed.	Consultation process with SOCs to be concluded before incorporating and taking to Cabinet for approval.	Refinery audits were conducted and consultation of SOC involved in the oil industry will complete the stakeholder engagement process in line with the 20YRLFMP process
Promulgated policy for the standard offer scheme for solar water heaters	Partially Achieved. Tabled for regulatory approval and NERSA public hearings completed. Conditions for approval imposed by NERSA have yet to be met	Promulgated standard offer incentive scheme for solar water heaters and reducing energy in the building envelope.	Promulgated policy for the standard offer scheme for reducing energy in the building envelope.	The SOP for solar water heater rollout in the residential sector was developed and presented to the regulator for consideration of the tariff and funding implications of such a scheme.	The SOP has yet to be promulgated because tariff level and funding are not resolved.	Agreement has been reached with National Treasury to develop the funding mechanism
No target	Baseline to be established	Norms and standards for municipal asset management set with the concurrence of the energy regulator and applied in all metropolitan municipalities.	Norms and standards for municipal asset management set with the concurrence of the energy regulator.	Norms and standards relating to tariff design were developed.	The Regulator has not yet concurred. Municipalities yet to be consulted.	There is a dependency with the outcomes of the pilot programme on the approach to distribution asset management

4.2.4. Strategies to overcome areas of under performance

Areas of underperformance have been identified in relation to achieving targets relating to amongst others, the completion of the IEP, finalization of the 20-Year Liquid Fuels Master Plan (20YRLFMP), promulgation of the standard offer incentive scheme for solar water heaters, and developing norms and standards for municipal asset management in line with the ADAM programme.

Strategies have been put in place to overcome the causes, which include lack of skilled planning staff, poor planning process definition and mapping, lack of standard operating procedures for recurring processes:

- An additional planning staff member is being recruited to address the IEP process; this will also assist in building additional modelling capacity within the Department for developing the Integrated Resource Plan;
- Stakeholder engagement on the draft 20YRLFMP has commenced in alignment with the completion of the IEP;
- Engagement of municipalities and the regulator to finalize the norms and standards for infrastructure rehabilitation will be accelerated in the new financial year, when the pilot programme on infrastructure rehabilitation is expected to be completed;
- Standard operating procedures have been developed to ensure that the planning processes, budgeting and implementation are aligned; and
- The revised implementation model for the solar water heater (SWH) programme has been completed and consultations with stakeholders were finalized; the Government Technical Advisory Centre has been enlisted to support the development of the SWH standard offer framework and related processes.

4.2.5. Linking performance with budget

Financial performance at 31 March 2015

Energy Policy and Planning	2014/15			2013/14		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Policy Analysis and Research	2,286	475	1,811	3,127	2,337	790
Energy Planning	29,812	23,134	6,678	21,349	18,380	2,969
Hydrocarbons Policy	12,900	11,695	1,205	15,704	15,402	302
Electricity and Alternative Energy Policy	8,055	6,445	1,610	7,809	11,637	-3,828
Total	53,053	41,749	11,304	47,989	47,756	233

4.3. PROGRAMME 3: PETROLEUM AND PETROLEUM PRODUCTS REGULATION

4.3.1. Purpose

The purpose of the Petroleum and Petroleum Products Regulation Programme is to regulate petroleum and petroleum products to ensure optimum and orderly functioning of the petroleum industry to achieve government's developmental goals. This is achieved by means of the following sub-Programmes:

4.3.2. Sub-programmes

- Petroleum Compliance monitors compliance with the Petroleum legislation, the Liquid Fuels Charter, technical, legal and commercial licensing conditions. This includes compliance with import and export conditions, as well as enforcement of the submission of data by industry. This sub-programme also processes arbitration requests, promotes access to information requests on behalf of the Controller of Petroleum Products.
- Petroleum Licensing and Fuel Supply manages petroleum licensing process, regulates the permitting of the export and import of petroleum products, monitors fuel stock levels and co-ordinates corrective actions to avoid fuel shortages. This entails conducting licence analyses and ensuring the supply of hydrocarbons and compliance with permits and the charter.
- Fuel Pricing regulates the pricing of petroleum products in accordance with legislation. This entails the determining, reviewing, updating and maintaining fuel levies and margins and the process of paying fuel levies. Fuel price administration includes developing, evaluating and monitoring price models; updating elements of the Basic Fuel Price (BFP); and ensuring secure audit services for the auditing of fuel prices to ensure internationally competitive pricing of petroleum products to enable investment in the sector; and
- Regional Petroleum Regulation Offices provide advice on integrated energy services, develop appropriate interventions to enhance and promote universal access to energy, and ensures economic and technical compliance with relevant legislation. In addition all information by licence holders is captured and analysed there.

4.3.3. Strategic Objectives, Performance indicators, planned targets and actual achievements

During this period under review, the Branch managed to conduct 2070 compliance inspections which exceeded the target by 70 compliance inspections. Out of the 2070 compliance inspections conducted, 30 retail facilities were found to be non-compliant. Enforcement notices were issued in all of these during routine compliance inspections.

The Branch had planned to finalise all arbitration requests as provided for in the Petroleum Products Act within the prescribed timeframes, but the branch did not achieve this target. During the period under review 25% of arbitration requests that were received, were finalised within the prescribed timeframes and the rest took longer than the prescribed timeframe to finalise. The reason for the delay in finalising arbitration requests was mainly due to the time it takes for complainant to serve a copy of the arbitration request to respondents and their subsequent representations. In some cases respondents do not cooperate with the notices that are served on them, which lead to unnecessary delays. The Branch is investigating ways to address the challenges that are encountered in finalising the arbitration requests. This may include the review of the prescribed process in the legislation.

The Minister of Energy made regulations regarding the specifications and standards of petroleum products, in terms of Section 12C (1) (e) of the Petroleum Products Act, (Act No. 58 of 2003) as amended. The Department is therefore required to monitor and enforce compliance with these regulations by all manufacturers, wholesalers and retailers. Sampling and testing of petroleum products is therefore a critical part of meeting quality standards. During this period, the branch had planned to conduct 750 random samples and testing of petroleum products sold across the country.

The final tally was 1580 samples collected and tested as follows:

PROVINCES	SAMPLES COLLECTED & TESTED
Eastern Cape	174
Free State	215
Gauteng	171
KwaZulu Natal	187
Limpopo	197
Mpumalanga	120
North West	121
Northern Cape	187
Western Cape	208
TOTAL	1580

Out of the 1580 samples that were tested, 33 diesel samples and 11 petrol samples failed the petroleum products specifications and standards. The non-compliance of diesel concerned contamination with water or paraffin. In other cases diesel was sold as 50 ppm whereas it was 500ppm. The samples that do not meet the specifications and standards are re-tested and once non-compliance is confirmed, a notice of non-compliance should be issued. There was a delay in the resampling and retesting of failed samples.

During the period under review, training and testing of the new Petroleum Products Act Licensing System (PPALS) was conducted in preparation of the roll-out planned for the first quarter of 2015/16. The new system will reinforce the Branch's effort to improve the turnaround time on petroleum licence applications. Furthermore, the system will assist in identifying those licensees who do not renew their licences.

The Branch received 1031 petroleum products licence applications during the period under review. The Branch partially achieved 86% compliance with the 60 day turnaround time to finalise New to Industry (NTI) applications against a target of 90% compliance. Furthermore, the branch partially achieved 91% compliance with the 90 day turnaround time for final decisions on all other licence applications during the period under review against a target of 95% compliance.

During the period under review the Branch has continued its effort to improve the collection and recovery of outstanding Petroleum Licensing revenue. A dedicated official has been appointed to conduct monthly reconciliations in order to identify licensees who do not pay the licence fees and follow up on outstanding licence revenue. The Branch has also made the payment of outstanding licence fees a condition of any new licence where there are changes of ownership.

Furthermore, the branch conducted eleven stakeholder awareness campaigns across the country. During these campaigns we share information on the petroleum licence application process, opportunities in the sector, obligations of licence holders, and information on fuel pricing. These awareness campaigns have proved very useful in encouraging licence holders to comply with the conditions of their licences as well as those who intend applying for licences.

During the period under review, the Branch continued to co-ordinate and monitor fuel supply in the country to ensure the security of petroleum products supply. The Branch co-ordinates the refining schedules; processes and recommends applications for import and export to ITAC, and chairs the supply managers meetings to co-ordinate logistics. The Branch also participates in various industry forums that facilitate the efficient petroleum products distribution in the country. The Petroleum Products supply situation in the country remains very tight, especially with regard to Liquefied Petroleum Products (LPG). The age of the refining and supply logistics infrastructure contributes to the current supply challenges, which are compounded by an increase in demand for petroleum products. The table below compares crude oil imports for 2014 versus 2013. Crude imports increased by 9.54% from 136 461 133mbd in 2013 to 150 861 327mbd in 2014.

Crude oil yearly imports comparison in barrels per day

The table below highlights crude oil imports per country of origin during the 2014/15 financial year:

Product	2013	2014	% variance
Crude oil	136 461 133	150 861 327	9,54%

Crude oil imports

Country	Quantity (barrels)	% of total
Saudi Arabia	59 386 072	39
Nigeria	48 693 136	32
Angola	19 121 106	12
United Arab Emirates	6 755 612	4
Ghana	5 525 926	3
Iraq	4 274 615	3
Colombia	2 003 748	1
Qatar	1 475 832	1
Gabon	1 191 460	1
Kuwait	1 117 308	1
Others	1 316 512	1
Total	150 861 327	100

Table above highlights crude oil imports per country of origin in 2014. A significant amount of crude oil still comes from the Middle East; however, African countries have been an ever increasing source of crude oil for South Africa. About 47% of South African crude oil requirements were met by African countries, mainly from Nigeria, Angola and Ghana. Imports from these countries were 32%, 12% and 3% respectively. This can be translated to about 73 million barrels per day from the continent. The following table represents imports of Petroleum Products per type of product processed via import permits:

Petroleum products yearly imports comparison in litres

Product	2013	2014	% variance
Diesel	4 950 326 169	4 610 047 963	(6.9)
Petrol	1 508 536 793	1 150 151 509	(23.8)
Kerosene (jet fuel & IP)	229 731 029	287 705 170	25.2

Petroleum Products Imports.

Product	Volume (litres)	% of total
Diesel	4 610 047 963	76
Petrol	1 150 151 509	19
Kerosene (Jet Fuel & IP)	287 705 170	5
Total	6 047 904 642	100

A total of 6 billion litres of refined products were imported during 2014/15, of which were 4.6 billion litres were of diesel (76% of the total products imported). There was a 6.9% and 23.8% decline in the imports of both diesel and petrol respectively during the period under

review. The decline in the imports of these white products can be attributed to the general slack in the performance of the economy, and high prices which were experienced during the same period. However, Kerosene increased significantly during the same period which can be attributed to our refineries inability to produce enough jet fuel to meet the current demand.

And importantly, the process of developing a Fuel Supply Emergency Response Plan, which is going to guide the country during fuel supply shortages has begun. We are hoping that this process will be concluded in the new financial year.

During the period under review, the Branch through the Regulatory Accounting System (RAS), adjusted profit margins in December 2014. RAS is used to determine appropriate margins for petrol at wholesale, retail, secondary storage and secondary distribution level. These margins are adjusted once per year using the RAS model. And to educate the public on how the fuel price is calculated, the Department of Energy embarked on a number of fuel pricing awareness campaigns from May to September 2014. The campaigns were successful with people expressing their appreciation and satisfaction about the information shared, in some cases in their own languages.

Finally, in terms of major achievements, the Department commissioned three projects which will determine the costs suppliers of petroleum products incur when delivering their products to consumers. The main objective is to ensure that the fuel prices are reflective of the actual supplier costs. The first project concerns Magisterial District Zones (MDZ), which will measure costs from supply points to retail outlets. The second one is a study to evaluate the asset base of storage facilities and service stations, which will enable the Department to calculate the return on assets when calculating the profit margins mentioned earlier. The third project is a survey to determine the operational costs of a service station, which together with the asset valuation will be used to inform retail margins. These three projects will be concluded during the 2015/16 financial year.

Petroleum and Petroleum Products Regulation APP Targets

Planned Target 2013/2014	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
1 500 compliance inspections conducted at the sites	Achieved: 225 non-compliance issues were identified during the period under review, of these 199 enforcement notices were issued, and 26 non-compliance matters were resolved immediately, hence no notice was issued.	Number of new petroleum retail site inspections per year.	2 000 retail site compliance inspections conducted.	2 070 retail site compliance inspections conducted.	70 more retail site compliance inspections were conducted.	The planned target exceeded because of wider inspection coverage in the regions
Enforcement notices issued in 80% of cases where non-compliance is identified during routine compliance inspections.	Achieved	Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections.	Enforcement notices issued in 85% of cases where non-compliance is identified during routine compliance inspections.	Enforcement notices issued in 100% of cases where non-compliance is identified during routine compliance inspections.	15 percentage points	Notice(s) issued on each detected non-compliance

Planned Target 2013/2014	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel samples testing.	Achieved: 95% of enforcement notices were issued during the period under review.	Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during fuel sample testing.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing.	No enforcement notices were issued.	100%	Re-sampling and confirmatory tests are needed prior to issuing enforcement notices. This needs to be reflected in future targets.
100% of arbitration requests finalised within the prescribed timeframes	Achieved: Two arbitration requests were received during the 2013/14 year and both were processed within the prescribed timeframes	Percentage of arbitration requests finalised within the prescribed timeframes.	100% of arbitration requests finalised within the prescribed timeframes.	25% of arbitration requests finalised within the prescribed timeframes.	75 Percentage points	The powers of the Petroleum Controller need to be enhanced so as to compel the parties to conclude consultations within the prescribed timeframes.
No target	Baseline to be established	Percentage of licence applications approved where BEE ownership is at least 50%.	30% of licence applications where BEE ownership is at least 50%.	The relevant licence application data in support of this target is yet to be collected and analysed.	Dependency on a targeted regulatory framework, which was not finalised	The Department will develop a strategy targeting the petroleum retail sector.
No target	Baseline to be established	Implement the Regulatory Accounting System (RAS).	Progress reports on RAS implementation.	Margin adjustments were implemented in terms of the Regulatory Accounting System (RAS) as required.	The margins are only adjusted once a year.	Minister approved the margins via submission.
Conduct the service stations survey to determine the Benchmark Service Station asset base.	Not achieved	Determine Benchmark Service Station (BSS) asset base.	Adjust the BSS asset base using economic indices.	A report on phase one of four in the project to re-determine the BSS asset base was completed.	Three phases were outstanding at year end due to late procurement of service provider.	Project management gaps that were not sufficiently addressed
Implementation of the BFP/MDZ review study recommendations.	Not achieved	Revised Magisterial District Zones (MDZ).	Promulgation and implementation of the MDZ system.	A report on phase one of five in the revision of the MDZ system submitted.	Four phases were outstanding at year end due to late procurement of service provider.	Project management gaps that were not sufficiently addressed

Planned Target 2013/2014	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
Gazette the Bio-fuels pricing Framework.	Not achieved	Promulgation and implementation of bio-fuels pricing framework.	Implementation and monitoring of the biofuels pricing framework.	Biofuels pricing framework completed and submitted to the infrastructure cluster of Cabinet.	The subsidy framework has yet to be finalised and agreed by National Treasury.	A revised pricing framework is being developed by National Treasury in consultation with an intergovernmental task team.
No target	Baseline to be established	Revised Basic Fuel Price (BFP) Working Rules.	Promulgation and implementation of the revised BFP.	A draft report on the proposed revision was developed.	A decision was taken to consider an alternative approach	BFP not promulgated due to a need for revision taking into account the impact of recent decline in the crude oil prices globally

4.3.4. Strategies to overcome areas of under performance

Area of under-performance	Extent of under-performance	Strategies to overcome the areas of under-performance
Implementation of the BFP/MDZ review study recommendations.	Not achieved.	The Document will be published for public comment once approved. The MDZ review would be undertaken during 2015/16 financial year.
Conduct the service stations survey to determine the BSS asset base.	Not achieved.	The BSS study and survey would be conducted during 2015/16 financial year. The TORs for both have been finalised already.
Gazette the Biofuels Pricing Framework.	Not achieved.	A revised pricing framework is being developed by National Treasury in consultation with an intergovernmental task team.

4.3.5. Linking performance with budgets

Financial performance at 31 March 2015

Petroleum and Petroleum Products Regulation	2014/15			2013/14		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Petroleum Compliance, Monitoring and Enforcement	18,147	13,541	4,606	12,221	6,796	5,425
Petroleum Licensing and Fuel Supply	21,013	19,400	1,613	15,571	15,473	98
Fuel Pricing	14,874	9,158	5,716	12,073	3,566	8,507
Regional Petroleum Regulation Offices	24,176	22,449	1,727	-	-	-
Total	78,210	64,548	13,662	39,865	25,836	14,029



4.4. PROGRAMME 4: ELECTRIFICATION AND ENERGY PROGRAMME AND PROJECT MANAGEMENT

4.4.1. Purpose

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

4.4.2. Sub-programmes

Sub-programme 4.1: Integrated National Electrification Programme. This sub-programme oversees and manages the finance and implementation processes for the electrification programme; manages the annual planning processes including electrification infrastructure plans; and manages and co-ordinates technical audits for the programme

Sub-programme 4.2: Energy Regional Offices. This sub-programme provides advice on integrated energy services; develops appropriate interventions to enhance and promote universal access to energy; manages and co-ordinates regional electrification planning and ensures economic and technical compliance with relevant legislation.

Sub-programme 4.3: Programme and Projects Management Office. This sub-programme provides specialised assistance to programme and project managers, and management in general, to apply management principles, co-ordinate project information and report on projects.

Sub-programme 4.4: Energy Infrastructure. This sub-programme oversees programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector, and Independent Power Producers (IPPs).

Sub-programme 4.5: Community Upliftment Programmes and Projects. This sub-programme fulfils government's priorities for broad transformation in the work of the Department and the energy sector, and supports Departmental special programmes and projects.

4.4.3. Strategic Objectives, Performance indicators, planned targets and actual achievements

Integrated National Electrification Programme (INEP)

The Department in 2014/15 had a target of 280 000 household connections comprised of 260 000 designated to grid connection and 15000 designated to non-grid technology (solar home systems). For the grid connections, the Department achieved 88% (233 455) households connections and for the non-grid achieved 94% (14 030) households connections by end of March 2015. Most of the household connections are concentrated in the remote areas and this causes challenges as most of the rural areas are far from the grid and this necessitates installation of additional bulk infrastructure to connect these areas. Installation of especially new bulk infrastructure necessitates environmental impact assessments, acquiring servitudes and project design functions which have long lead time leading to delays in reticulation. To mitigate these challenges the Department has recognized the need to enhance performance through project management of this programme and to establish stakeholder forums to discuss electrification programme to ensure alignment of various stakeholders to planned targets.

In the year under review, the Department of Energy planned to build and upgrade bulk infrastructure. With respect to power lines, it was planned to construct 350km of new MV power lines, and was able to complete 440.56km, upgrade 220 km but only achieved 12.3 km. In addition, the Department planned to construct 10 new substations and ten upgrades and achieved 5 new substations and upgrades 15 substations.

Energy Infrastructure

The Renewable Energy Independent Power Producers Procurement Programme (REIPPPP) has been operational since 2011 and the planned programme of different windows has been on target. At present procurement has been initiated for four Bid Windows (with additional Bid Window 3.5). A total of 5243 MW have been procured and of these megawatts, 1833MW have reached commercial operation and are currently supplying electricity to country.

All the four bid windows have resulted in an investment of R168 billion and created business opportunities for 79 companies. Currently 35 of these companies have completed and achieved commercial operation and connected to the Eskom national power a capacity of about 1833.12 megawatts from mainly Wind, Hydro and Solar PV generation technologies.

The projects that have achieved commercial operation are as follows.

Bid Window 1

RustMo1	North West	6.93 MW
Letsatsi Power Company	Free State	64 MW
Lesedi Power Company	Northern Cape	64 MW
Witkop Solar Park-	Limpopo	29.68 MW
Noblesfontein Wind Farm	Northern Cape	73.8 MW
Touwsrivier Project	Western Cape	36 MW
Dorper Wind Farm	Eastern Cape	97.53 MW
Soutpan Solar Park	Limpopo	27.94 MW
Mulilo Solar PV De Aar	Northern Cape	10 MW
Mulilo Solar PV Prieska	Northern Cape	19.93 MW)
KaXu Solar On	Northern Cape	100 MW
Dassiesklip Wind Energy Facility	Western Cape	27MW
Konkoonsies Solar	Northern Cape	9.65 MW
MetroWind Van Stadens	Eastern Cape	27 MW
Red Cap Kouga	Eastern Cape	77.7 MW
Kalkbult	Northern Cape	72.4 MW
Aries Solar	Northern Cape	9.65 MW
De Aar Solar Power	Northern Cape	45.6 MW
Jeffreys Bay	Eastern Cape	135.11 MW
Hopefield	Western Cape	55.4 MW
Cookhouse	Eastern Cape	135.8 MW
Greefspan	Northern Cape	9.9 MW
Kathu Solar	Northern Cape	75 MW
Solar Capital De Aar	Northern Cape	75 MW
Droogfontein	Northern Cape	45.4 MW
Herbert PV	Northern Cape	19.9 MW

Bid Window 2

Linde	Northern Cape	36.8 MW
Vredendal	Western Cape	8.8 MW
Upington Solar	Northern Cape	8.9 MW
Boshoff	Free State	57 MW
Sishen	Northern Cape	74 MW
Aurora Rietvlei	Western Cape	9.0 MW
Dreunberg	Northern Cape	69.6 MW
Jasper	Northern Cape	75.0 MW
Neusberg	Northern Cape	10.0 MW

Bid Window 2 (Early Operating)

Grassridge	Eastern Cape	59.8 MW
Aurora Wind	Western Cape	64.0 MW

During the construction phase of Bid windows 1 and 2, approximately 17 000 jobs were created, of which about 9800 were taken up by the youth. To enhance understanding of the REIPP programme, and facilitate socio-economic development, the Department has initiated awareness and stakeholder management of respective communities. In this regard, the Department held three Provincial Engagements in the Northern Cape, Eastern Cape as well as the Western Cape to create a better relationship with and to increase Provincial leadership's involvement in the REIPPPP.

Programmes and Project Management Office*Integrated Energy Centre Programme*

The Integrated Energy Centre (IeC) programme had a target to establish two centres during the 2014/15 financial year. Only One IeC at Ngwabe village in Limpopo province has been completed and will be operationalised. The Thembisile Hani IeC in Eastern Cape has not been completed due to contractual issues and acquisition of land issues. Through the monitoring of the IeC programme it was clear that some IeCs experience challenges of sustainability. The Department is reviewing the model as well as the governance of the IeCs and an IeC strategy will be developed in consultation with stakeholders.

Gender

Community Upliftment Directorate conducted four (4) workshops on business opportunities in the energy sector for women in Gauteng, Western Cape, KwaZulu Natal and Mpumalanga Provinces. A total of 350 women from the historically disadvantaged communities participated. The workshops provided information on business opportunities in the energy sector which includes renewables, electricity infrastructure, oil and gas. Women were encouraged to explore these opportunities and invest in the sector.

The Department in partnership with the Women in Nuclear South Africa, held two seminars on charting the nuclear energy future of South Africa for women. The two seminar focused on demystification of nuclear sector and encouraged women to explore and take advantage of the opportunities for both employment and business in the nuclear sector in South Africa.

Government Departments are expected to host the Public Service Women Management Week meeting with women in senior management. In line with this requirement, the Acting Director General held a meeting with Department of Energy women in senior management and discussed the implementation of 8-Head of Department principle action plan on Women Empowerment and Gender Equality.

Furthermore, the Department commemorated the 16 Days of Activism no violence against women and children, World Aids Day, and National Day of People with Disabilities.

Youth

The Department had a programme focusing on youth. A learners focus week was held to disseminated information on energy as well as encouraging students to take science and mathematics subjects to enable them to be eligible to career paths related to the energy sector. More than 300 students participated. The Department will focus on the development of a coordinated implementation plan and to develop energy policies and strategies on gender, people with disability and youth.

Project Management Unit

The Department has a number of projects implemented in different units. There has been a realisation of the need for project integration to ensure that project implementation throughout the organization control spending, enhance efficiency, reduces risks, improved success rates, and minimise wastage in terms of time and costs. A project management unit was established to support the Department in the implementation of various projects.

Programmes and Projects APP targets

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
4 reports on the allocation of funding and monitoring of electrification of households projects in comparison to the electrification plan	Achieved: The reports for Eskom (157 839 planned 203 332 including roll-overs achieved) and Municipalities (86 356 planned 77 046 including roll-overs achieved) have been submitted to National Treasury. 280 378 achieved by end of March.	Number of reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification per year in comparison to the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2013/14 target of 200 000 in the electrification plan.	This target is reported on under the next target relating to 11 monthly reports.		

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
–	–	Number of reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification per year in comparison to the electrification plan.	Eleven (11) monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2014/15 target of 265 000 in the electrification plan.	Twelve reports were submitted concerning the connection of 233 455 household to the grid.	There was a variance of 31545 connections due to a lag in bulk infrastructure availability.	Longer than expected lead times in the procurement of materials and other project management coordination matters.
–	–	Number of reports on the allocation of funding and monitoring of progress on the building/ upgrading of electrification infrastructure projects per year.	One (1) annual report on the allocation of funding and monitoring of progress on the building/ upgrading of electrification infrastructure projects towards the 2013/14 target of: <ul style="list-style-type: none"> • Six (6) new bulk substations built; • Ten (10) additional substations upgraded; • 350 km new medium voltage (MV) power lines constructed; and • 220 km of existing MV power lines upgraded 	This target is reported on under the next target relating to 3 quarterly reports on the allocation of funding		

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
-		Number of reports on the allocation of funding and monitoring of progress on the building/ upgrading of electrification infrastructure projects per year.	Three (3) quarterly reports on the allocation of funding and monitoring of progress on the building/ upgrading of electrification infrastructure projects towards the 2014/15 target of: <ul style="list-style-type: none"> • 14 new bulk substations built; • Ten (10) additional substations upgraded; • 350 km new MV power lines constructed; and • 220 km of existing MV power lines upgraded. 	Four quarterly reports submitted highlighting the following: <ul style="list-style-type: none"> - 5 new bulk substations built; -15 substations upgraded; -440.56 km new MV power lines constructed; and -12.3 km existing MV power lines upgraded 	-the shortfall of 9 new bulk substations occurred as a result of delays in the delivery of major materials -Deviation of 5 additional substation upgrades achieved due to efficiency gains in procurement -Deviation of additional 90.56km due to efficiency gains in procurement - Deviation of 207.7 km shortfall was due to poor project planning.	The Bulk infrastructure programme remains a challenge; first most of the infrastructure projects are long term with long lead times. Given the challenges with regards to infrastructure projects the Department will work to improve the coordination with the implementing agencies.
		Number of reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification per year in comparison to the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2013/14 target of 15 000 in the electrification plan.	This target is reported on under the next target relating to 11 monthly reports on the allocation of funding		

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
4 reports on the allocation of funding and monitoring of non-grid connection projects in comparison to the electrification plan.	Partially Achieved: 12 479 non-grid connections have been achieved from 15 000 planned connections.	Number of reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification per year in comparison to the electrification plan.	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2014/15 target of 15 000 in the electrification plan.	12 monthly reports submitted concerning the achievement of 14030 non-grid connections.	Shortfall of 970 non-grid household connections	Delays with the finalisation of some service provider contracts were experienced.
4 reports on progress made with regards to the construction and operation phases of IPP projects.	–	Number of reports on progress made with regards to the construction and operation phases of Independent Power Producer (IPP) projects.	One (1) annual report on progress made in 2013/14 with regards to the construction and operation phases of IPP projects.	This target is reported on under the next target relating to 3 quarterly reports.		
–	–	Number of reports on progress made with regards to the construction and operation phases of Independent Power Producer (IPP) projects.	Three (3) quarterly reports on progress made with regards to the construction and operation phases of IPP projects.	Four quarterly reports on progress of IPP projects submitted	One (1) more quarterly report were submitted	NB: The planned target for 2014/15 should have read four instead of three quarterly reports

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
4 reports on the allocation of funding and monitoring of integrated energy centres in comparison to the integrated energy centre plan	Achieved: During the 2013/14 Financial year, the Department launched two IeC's in Free State and Kwa-Zulu Natal Provinces and both being sponsored by Sasol. Engagements with Shell and Chevron has commenced with the view of also encouraging them to participate in this programme as we currently have Sasol, Engen and Total participating. A sod turning ceremony was done to launch the IeC project in Qamata (Eastern Cape), the Qamata IeC will be sponsored by PetroSA and this will be their second IeC in the eastern Cape.	Number of reports on progress made with regards to the establishment of new, operational Integrated Energy Centres (IECs) per year.	One (1) annual report on progress made in 2013/14 with regards to the establishment of two (2) IECs.	This target is reported on under the next target relating to 4 quarterly IEC reports		
-	-	Number of reports on progress made with regards to the establishment of new, operational Integrated Energy Centres (IECs) per year.	Three (3) quarterly reports on progress made in 2014/15 with regards to the establishment of two (2) IECs.	Four quarterly reports submitted relating to the completion of one IEC	One (1) more quarterly report were submitted relating to the completion of one IEC	Thembisile Hani (Eastern Cape) was delayed due to land and contractor appointment issues.

4.4.4. Strategies to overcome areas of under performance

The year 2014/15 demonstrated clearly for the Department the significant impact that inadequate electricity bulk infrastructure has on the achievement of electrification targets. Plans that were put in place to accelerate the provision of grid electricity were hampered through higher than anticipated constraints in bulk networks. This is because of the much longer lead times in procuring the materials and services required to implement the programme. Another significant driver of inefficiency is the inadequate skills base within implementing agencies and licensed municipalities. The Department has recognized these challenges and has, amongst other things, undertaken to improve working relationships with all stakeholders. This includes a better common understanding of the long lead times for some of the projects. Furthermore, the Department has recognized the need to enhance performance through technical project management support both within the Department's electrification programme, as well as through stakeholder forums. The established project management team will assist in ensuring that projects are implemented more efficiently.

The branch is also reviewing its standard IPP contract templates (RE, baseload, etc.) to include a provision for "dry runs". These are the self-compatibility tests expected of projects nearing completion and subsequent connection to the electricity grid. "Dry runs" were not explicitly provided for in the original IPP contracts, but in practice became ad hoc requirements imposed by Eskom to avoid unproductive call-outs of their own teams for final connectivity testing. Adding an explicit contractual provision for "dry runs" would have the dual benefit of increasing Eskom's efficiency while avoiding unplanned costs on the part of independent power producers.

4.4.5. Financial performance at 31 March 2015

Electrification and Energy Programme and Project Management	2014/15			2013/14		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Integrated National Electrification Programme	4,178,147	4,142,550	35,597	3,918,013	3,907,895	10,118
Energy Regional Office	17,921	17,581	340	33,572	33,204	368
Programme and Projects Management Office	7,568	7,245	323	5,318	5,926	-608
Electricity Infrastructure/Industry Transformation	6,581	6,575	6	2,916	4,262	-1,346
Community Upliftment Programmes and Projects	7,110	7,022	88	7,881	7,238	643
Total	4,217,327	4,180,973	36,354	3,967,700	3,958,525	9,175

4.5. PROGRAMME 5: NUCLEAR ENERGY

4.5.1. Purpose

The Purpose of the Nuclear Energy programme is to exercise oversight over the South African nuclear energy industry and control nuclear materials in terms of international obligations, nuclear legislation and policies, and to ensure the safe and peaceful use of nuclear energy. The programme leads the procurement of nuclear power plants and associated infrastructure to achieve a low carbon, safe, affordable, and reliable base-load electricity supply for South Africa. In addition, it promotes the safe management and disposal of radioactive waste by establishing and ensuring the full operation of the National Radioactive Waste Disposal Institute, oversees South African obligations pertaining to governance of nuclear liabilities and radiological environmental protection management; and actively participates in the International Atomic Energy Agency (IAEA) and other international initiatives related to nuclear Non-Proliferation, nuclear security, nuclear safety, liabilities, and emergency management. These objectives are achieved via the following sub-programmes:

4.5.2. Sub-programmes

- Nuclear Safety and Technology manages and implements all matters related to nuclear safety and technology as required by legislation and international agreements; implements the Nuclear Energy Policy of 2008 in relation to the Integrated Resource Plan (IRP); and administers all matters related to nuclear safety, liability and emergency management;
- Nuclear Non-Proliferation and Radiation Security manages and implements all matters related to nuclear Non-Proliferation and radiation security as required by legislation and international agreements;
- Nuclear Policy develops and reviews policies as required by international agreements and governance of the nuclear sector in South Africa; undertakes research and reviews and monitors nuclear safety, nuclear technology, nuclear Non-Proliferation and nuclear radiation security policies, and provides advice accordingly.

4.5.3. Strategic Objectives, Performance indicators, planned targets and actual achievements

Two studies were completed in the period under review: (a) Finance Options, Models and Solutions for the nuclear build programme (in conjunction with the National Treasury and Department of Public Enterprises), and (b) Economic Impact of Localisation of the nuclear programme. Recommendations from these two studies will be presented to the National Nuclear Energy Executive Coordination Committee (NNEECC) in order to make an informed decision on financing of the nuclear build programme.

The branch also completed pre-procurement processes such as Nuclear Vendor Parade workshops to increase its understanding of the technology offerings from vendor countries. On the other hand, the target concerning the fuel cycle strategy submission to the NNEECC was partially achieved, although it was being developed it is behind schedule due to external dependencies.

South Africa, as a member state of the International Atomic Energy Agency (IAEA) is required to account for its nuclear materials to ensure their peaceful utilisation. This obligation is carried out through the issuing of nuclear authorisations or denials. Sixty two percent of authorisations were issued within eight weeks. Eleven Nuclear safeguards inspections were conducted. In addition four audits were conducted and associated reports approved.

In accordance with 10 year review of the legislations, NNR Act and NEA Act are undergoing the amendment process. The deliverables for these two Acts are not achieved because they have not been submitted to cabinet for public comments as per plan due to lack of staff capacity to follow up inputs from the nuclear stakeholders. Consultations for the process of establishing Radioactive Waste Fund Bill is in progress with the National Treasury to develop the model of generating funds to sustain the long objective of the institution.

NRWDI Board, Necsa and the Department have initiated a process to transfer the functions relating to the Vaalputs Waste Disposal Facility to NRWDI. The terms of reference to establish the steering committee to fast track the section 187 transitional arrangements

from Necsa to NRWDI was developed and approved by the Director General. Once the Radioactive Waste Fund Bill is promulgated, NRWDI will become fully funded and full operations will commence.

Nuclear Energy APP Targets

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
Set-up NRWDI office and implement section 30 (Transitional Arrangements) of NRWDI Act.	Partially Achieved - The office of the NRWDI was not established, however, transitional arrangements were carried out through the Joint Technical Task Team and this was handed over to the Board of Directors in March 2014.	Established National Radioactive Waste Disposal Institute (NRWDI).	Fully operational and funded NRWDI.	NRWDI Board was appointed but need a Fund Bill to enable allocation of funds to make NRWDI operational	NRWDI not fully operational due to lack funding. Fund Bill submitted to State Law Advisor and Treasury for input	NRWDI Board Necsa and the Department have initiated a process to transfer the functions relating to the Vaalputs Waste Disposal Facility to NRWDI. Once Fund Bill is promulgated NRWDI will become fully funded and full operations will commence
Self-assessment review completed and submitted to IAEA EPREV for Mission Report	Achieved: EPREV Self-evaluation report transmitted to IAEA (per 4th qt 2013/14 performance report)	Level of implementation of actions based on the approved action plan resulting from the Mission Report of nuclear infrastructure review conducted	Develop implementation plan based on the Mission Report and commence with implementation.	Implementation Plan developed and implementation commenced	None	None
Submit recommendations on the Procurement Process Specifications to Cabinet and implementation of procurement process (if approved).	Achieved - recommendation submitted to BAC and National Treasury in November 2013. However, executive promulgation of Section 34 not yet completed in order to implement the procurement process.	To commission an additional 9 600 MW of nuclear energy into the grid by 2030.	Implementation of procurement process (if approved).	Procurement process not commenced	Procurement roadmap being developed	Signing of Inter-Governmental Framework Agreements with Russia, France and China completed. These agreements concern cooperation with the nuclear vendor countries who have expressed a desire to participate in the nuclear build programme

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
Submission made to NNECC on Nuclear Fuel Cycle Strategy.	Not achieved (per 4th qt 2013/14 performance report)	Strategy for Nuclear Fuel Cycle Infrastructure Development submitted to the decisionmaking structures.	Submission to Cabinet for approval of implementation plan to support Nuclear Fuel Cycle Strategy.	Draft strategy has not been completed and not submitted	The strategy is dependent on the development of the Nuclear Build Roadmap which has yet to be completed.	The Nuclear Build Roadmap will be completed in next year financial year (2015/16)
100% of authorisation applications considered within the 8 week time period.	Partially Achieved, 44 authorisations issued out of which 25 authorisations were issued within turnaround time. Therefore 58% authorisations were issued within the 8 weeks period time frame	Accounting and control of possession, acquisition, transportation, importation and exportation of nuclear material through consideration of 100% of authorisation applications within eight (8) weeks.	100% of authorisation applications considered within the eight-week time period.	50% of applications for authorisation were processed within the eight-week time period	Increase in the number of applications received during the financial year	Two new personnel have been employed to deal with applications for authorisation.
4 nuclear safeguards compliance reports submitted to the relevant decision making structures	Achieved: 14 Nuclear Safeguards compliance inspections conducted	Number of nuclear safeguard compliance reports submitted to the relevant decisionma	Eight (8) nuclear safeguards compliance reports submitted to the relevant decisionmaking structures.	11 nuclear safeguards compliance reports submitted to the Director General and were approved	3 more unplanned inspections were conducted due to non-compliances discovered during processing of applications	Additional compliance reports were concluded
4 nuclear safeguards compliance reports submitted to the relevant decision making structures	Achieved: 14 Nuclear Safeguards compliance inspections conducted (per 4th qt 2013/14 performance report)	Number of nuclear safeguards compliance audit reports submitted to the relevant decisionmaking structures.	Four (4) nuclear safeguards compliance audit submitted to the relevant decisionmaking structures.	4 safeguard compliance audit reports were submitted to the Director General and were approved	None	None

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
4 nuclear safeguards compliance reports submitted to the relevant decision making structures	Achieved: 14 Nuclear Safeguards compliance inspections conducted	Number of nuclear security compliance reports submitted to the relevant decisionmaking structures.	Two (2) Nuclear security compliance reports submitted to the relevant decisionmaking structures.	2 security compliance reports were submitted to the Director General and were approved	None	None
Submission to Chief State Law Advisor.	Not Achieved	Promulgated National Nuclear Regulator (NNR) Amendment Act.	Submission to Cabinet for public consultation (if approved by the FOSAD Cluster).	Not submitted to Cabinet	Draft Bill comments from 2013/14 by FOSAD addressed through stakeholder workshops	A consultation process with affected stakeholders took longer than expected.
Submission to Chief State Law Advisor.	Not achieved (per 4th qt 2013/14 performance report)	Promulgated Nuclear Energy Amendment Act.	Submission to Cabinet for public consultation (if approved by the FOSAD Cluster).	Not submitted to Cabinet	Internal staff turnover resulted in further delays of collating stakeholder inputs and drafting.	Lack of human resources dealing with legislative matters.
No target	Baseline to be established	Radioactive Waste Management Fund Bill.	Submission to FOSAD Cluster.	Draft Radioactive Waste Management Fund Bill submitted to National Treasury.	Dependency on National Treasury and Chief State Law Advisor processes.	Consultation with National Treasury took longer than expected
4 public awareness campaigns and community outreach events held.	Achieved - At least 3 awareness campaigns and 3 community outreach events hosted or supported by the Department of Energy.	Demystifying nuclear energy through the number of public awareness campaigns and the number of community outreach events per annum	Five (5) public awareness campaigns and community outreach events held.	4 public awareness campaigns and community outreach events were held.	The 5th public awareness / community outreach was not conducted due to scheduling conflicts of principals.	Challenges with availability of principals as scheduled

Nuclear Energy IOP Targets

Facilitation of Installation of Radiation Portal Monitors (RPMs)

The planned target has been achieved. The stakeholder Buy -in process is ongoing through continuous consultations with various key border control structures such as Border Management Agency (BMA) and Border Control Operational Coordinating Committee (BCOCC). Visits to relevant ports have been undertaken, including visit to OR Tambo International Airport and Cape Town Harbour.

Removal of Safeguards Function from Necsa

Target for 2014/15: Transitional arrangements for State System of accounting and Control. The Target not achieved. Framework for Safeguards function removal in place. Deviation was due to the fact that the identified institution (NNR) was not a recommended option and the resolution was to conduct a feasibility study to identify the relevant host institution. The procurement process is in progress for conducting a feasibility study

4.5.4. Strategies to overcome areas of under performance

The year 2014/15 experienced delays in the legislative process related to nuclear branch, in particular the amendments of the National Nuclear Regulator Act and Nuclear Energy Act this include the introduction of the new National Radioactive Waste Management Fund Bill. This is in the main attributed to staff capacity constrains in the in the Nuclear Policy Chief Directorate that is entrusted with this responsibility. The branch has also been inundated with the processing a number of safety related regulations recommended by the National Nuclear Regulator for promulgation by the Minister.

The branch is in the process of finalising appointment of a Chief Director in the Policy unit who will ensure that matters related to legislation are expedited.

4.5.5. Financial performance at 31 March 2015

Nuclear Energy	2014/15			2013/14		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Nuclear Safety and Technology	832,939	832,274	665	714,475	712,386	2,089
Nuclear Non-Proliferation and Radiation Security	6,169	6,156	13	5,872	5,461	411
Nuclear Policy	7,421	6,988	433	3,651	4,654	-1,003
Total	846,529	845,418	1,111	723,998	722,501	1,497

4.6. PROGRAMME 6: CLEAN ENERGY

4.6.1. Purpose

Manage and facilitate the development and implementation of clean and renewable energy initiatives, as well as energy efficiency and demand side management initiatives.

4.6.2. Sub-programmes

Sub-programme 6.1: Energy Efficiency. This sub-programme advances Energy Efficiency (EE) in South Africa by planning and coordinating initiatives and interventions focused on developing and improving the EE market and ensures integration and co-ordination of EE initiatives and interventions with relevant associated institutions.

Sub-programme 6.2: Renewable Energy. This sub-programme ensures the integration of renewable energy into South Africa's mainstream energy supply by planning and coordinating initiatives; interventions focused on the development and improvement of the renewable energy market; and the integration and co-ordination of renewable energy initiatives and interventions with relevant associated institutions.

Sub-programme 6.3: Climate Change and Designated National Authority. This sub-programme ensures that climate change and environment response measures, in terms of mitigation and adaptation, are implemented within the energy sector.

4.6.3. Strategic Objectives, Performance indicators, planned targets and actual achievements

Energy Efficiency

The Department has put in place an energy efficiency target monitoring system in order to be able to quantify the impact of the energy saving initiatives undertaken by various implementing agencies (municipalities, public buildings, industrial and commercial sectors). The planned target was about 1.5 TWh to be achieved by the end of the financial year. We have been able to verify 0.5 TWh through independent measurement and verification processes relating to the municipal energy efficiency and demand side management programme, to the extent of 25 municipalities only. Whilst there is evidence that more savings have been achieved through the industrial, commercial and Solar Water Heater initiatives, these savings have not been quantified and independently verified yet. Going forward the energy efficiency target monitoring system will be utilised to provide a platform for quantifying the verified impact of all energy efficiency initiatives.

The energy efficiency and demand side management programme targets energy efficiency improvements in various municipalities, through efficient technology deployment in lighting, heating, ventilation and cooling systems, street-lighting and the use of smart technologies for managing energy. Workshops have been conducted at municipalities to ensure facilitate the development of energy consumption baselines that would be used as the reference against which efficiency improvements are measured. Baselines have been completed for 25 municipalities to date, against a target of 30 municipalities.

The national energy efficiency strategy and action plan (NEES) has been developed in order to accelerate the implementation of energy efficiency as a strategic mechanism for reducing energy demand, particularly given our supply constraint environment. The NEES has been completed and we intend to table it for approval by Cabinet by the 1st quarter of the new financial year.

Renewable energy

In line with the clean development mechanism of the United Nations Framework Convention on Climate Change (UNFCCC), the Department administers the activities of the Designated National Authority (DNA). The DNA is responsible for registering project identification notes (PIN) and project development documents (PDD) within prescribed timelines pursuant to the clean development agenda as outlined under the UNFCCC. Projects registered under the programme are able to apply for carbon emission reduction credits which can be monetised. The role of the Department in ensuring timeous and efficient administration of this programme is critical. A target turnaround time of 30 days and 45 days for processing PINs and PDDs respectively has been set and largely achieved. The status report is compiled to assist in marketing the activities of the DNA to the wider public.

The feasibility study for a Solar Park concept has been completed, covering 1000MW of solar power generation in the first phase and a further 4000MW in future phases. The solar power generation technologies are to be implemented in a designated corridor in the Northern Cape and the concept involves technical, environmental and financial assessments that assist in defining the most viable model for building the Solar Park.

The solar energy technology roadmap (SETRM) completes the strategic overview relating to how South Africa could implement various solar energy technologies to our advantage, taking into account the resource base and various localization opportunities that could create an industrial base (and employment opportunities). The draft SETRM has been developed and stakeholder consultation has commenced.

The Renewable Energy IPPPP has been a flagship programme of the Department through which a total of 4 122MW in the First, Second and Third Bid Windows as well as a dedicated 200MW CSP procurement phase (Bid Window 3.5) have been procured in less than four years. Thirteen Preferred Bidders for the Fourth Bid Submission phase whose projects will contribute another 1 121MWs to the grid. This gives a total of 79 projects for 5 243MW across all Bid Windows to date and an investment of R168 billion in economic infrastructure.

In addition, the Department has developed a Small Projects Programme which seeks to procure renewable energy from small-scale Independent Power Producers, with projects that are between 1 and 5MW in size. A procurement process, seeking to procure 50MW of the 200MW determined for small projects, was initiated. 29 bids have been received totalling 139MW and the evaluation of bids was to be finalised during April 2015.

Clean Energy APP Targets

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
No target	Partially Achieved (i) Sector Energy Efficiency Indicators workshops with stakeholders. (ii) Measurement and Verification reports received from municipalities participated in the 2011/12 EEDSM. (iii) 2011/12 EEDSM Performance Report compiled pending internal approval (per 4th qt 2011/12 performance report)	Number of terawatt hours (TWh) per hour of energy savings realised from Energy Efficiency And Demand Side Management (EEDSM) projects.	1.5 TWh of energy savings realised and verified from EEDSM projects.	0.5TWh of savings have been achieved from the municipal EEDSM programme	The municipal EEDSM verification programme covered only 25 municipalities. Independent verification of savings through interventions at other municipalities has not been completed as yet, to justify claims of additional savings	The verification process of savings has been extended to cover more municipalities in the new year.
Developed energy consumption baselines for 10 municipalities	Achieved: The consumption baselines were finalised in the second half of the financial year (Q3).	Number of municipalities for which energy consumption baselines have been developed.	Developed energy consumption baselines for additional 30 municipalities.	Baseline projects initiated at 25 Municipalities.	The target was missed by 5.	Additional municipalities could not be included on time because of delays in signing the funding agreement
National energy efficiency (NEE) strategy document submitted to Cabinet for approval.	Achieved. The review of the National Energy Efficiency Strategy document was completed in December 2013 followed the submission to the Minister and the process of tabling the Cab Memo in the Infrastructure Development Cluster (IDC) in January and February 2014 respectively. The NEE Strategy was presented at the Infrastructure Development Cluster in March and April 2014 respectively with further consultation with the Departments of Environment and Transport as per the resolution of the IDC.	Promulgated National Energy Efficiency (NEE) Strategy document	Promulgation of NEE strategy document (if approved by Cabinet).	NEE strategy and action plan completed	Cabinet presentation on NEES not yet done.	Stakeholder consultation process on the NEE strategy has taken longer than anticipated

Planned Target 2013/14	Actual Achievement 2013/2014 (per annual report)	APP Performance Indicator 2014/15	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from Planned Target to Actual Achievement 2014/2015	Comment on Deviations
Planning and contracting model for ensuring that the subsidised SWH units comply with the local content requirements completed.	Partially Achieved. 46 954 SWH units installed by end of March 2014. The under-performance was due to the need to revise the SWH contracting model, finalise the funding agreement between the DoE and Eskom with respect to the compliance requirements as per the SWH programme Instruction Note issued by National Treasury with effect of August 2014. The SWH contracting model was signed in October 2013 with the Funding Agreement between the DoE and Eskom being approved and signed off in February/March 2014. A total cumulative of 400,046 SWH systems were installed by the end of March 2014. The new SWH contracting model was approved by the DG in October 2013. In addition, the Local Content Verification contract with SABS started before the end of March 2014. 56 municipality sites have been identified for the installation of SWH systems.	Number of solar water heating units installed in residential and commercial sectors per year.	485 000 solar water heating units installed in residential and commercial sectors.	412,959 SWH units have been installed to date. 31190 SWH units were installed during year under review.	About 63 000 less units were installed	The Programme Implementation Contract between DoE and Eskom was terminated and the new Implementation model proposed for the programme has not been approved by Cabinet as yet.

4.6.4. Strategies to overcome areas of under performance

Areas of underperformance have been identified in relation to achieving targets relating to the solar water heaters rollout and reducing energy consumption in the building envelope.

Strategies have been put in place to overcome the causes, which include lack of skilled planning staff, poor planning process definition and mapping, lack of standard operating procedures for recurring processes and the setting of targets which are not SMART;

- Standard operating procedures have been developed to ensure that the planning processes, budgeting and implementation are aligned;
- The revised implementation model for the solar water heater (SWH) programme has been completed and consultations with

stakeholders were finalized; the Government Technical Advisory Centre has been enlisted to support the development of the SWH standard offer framework and related processes.

4.6.5. Linking performance with budgets

Financial performance at 31 March 2015

Clean Energy	2014/15			2013/14		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Energy Efficiency	1,806,757	658,657	1,148,100	1,480,214	1,481,891	-1,677
Renewable Energy	168,788	167,419	1,369	4,620	3,194	1,426
Climate Change and Designated National Authority	6,529	4,181	2,348	5,716	4,802	914
Total	1,982,074	830,257	1,151,817	1,490,550	1,489,887	663

Total for Department of Energy	2014/15			2013/14		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	260,601	257,168	3,433	233,142	232,558	584
Energy Policy and Planning	53,053	41,749	11,304	47,989	47,756	233
Petroleum and Petroleum Products Regulation	78,210	64,548	13,662	39,865	25,836	14,029
Electrification and Energy Programme and Project Management	4,217,327	4,180,973	36,354	3,967,700	3,958,525	9,175
Nuclear Energy	846,529	845,418	1,111	723,998	722,501	1,497
Clean Energy	1,982,074	830,257	1,151,817	1,490,550	1,489,887	663
Total	7,437,794	6,220,113	1,217,681	6,503,244	6,477,061	26,183

5. Transfer Payments

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

5.1. Transfers and Subsidies

As at 31 March 2015, the Department disbursed transfer payments to the value of R5.74 billion, which represented 83.03% of the budget allocated for the year to public entities, municipalities and implementing agencies.

Major transfer payments are reflected in the following table:

Transfer payments	Adjusted budget	Year to date transfer payments up to March 2015	Available balance	Actual spending for the year as % of total budget allocation
	2014/15		31 March 2015	
	R'000	R'000	R'000	
South African National Energy Development Institute (SANEDI)	162,685	162,685	-	100.00%
International Membership Fees	21,814	21,275	539	97.53%
Electricity Demand Side Management (EEDSM) – Eskom	1,636,400	500,000	1,136,400	30.55%
EEDSM – Municipalities	136,905	136,905	-	100.00%
South African Nuclear Energy Corporation (Necsa)	760,678	760,678	-	100.00%
National Nuclear Regulator (NNR)	33,697	33,697	-	100.00%
Integrated National Electrification Programme (INEP) – Eskom	2,948,037	2,948,037	-	100.00%
INEP – Municipalities	1,104,658	1,104,658	-	100.00%
INEP – Non-grid	105,525	70,000	35,525	66.33%
SETA transfers	875	812	63	92.80%
Households	3,965	3,963	2	99.95%
Total transfer payments	6,915,239	5,742,710	1,172,529	83.04%

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

5.2. Transfer Payments to Public Entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
South African Nuclear Energy Corporation (Necsa)	<p>Necsa is responsible for the following core functions:</p> <ul style="list-style-type: none"> • Undertaking and promoting research and the development in the field of nuclear science; • Processing source material, including uranium; and • Co-operating with other institutions on nuclear-related matters. 	760,678		
National Nuclear Regulator (NNR)	<p>Responsible for:</p> <ul style="list-style-type: none"> • Providing for the protection of persons, property and the environment against nuclear damage; • Exercising regulatory control related to the siting, design, construction, operation, manufacture of component parts, and decontamination, decommissioning and closure of nuclear installations; • Exercising regulatory control over the actions, to which the Act applies, through the granting of nuclear authorisations; • Providing assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections; • Fulfilling national obligations in respect of international legal instruments concerning nuclear safety; and • Ensuring that provisions for nuclear emergency planning are in place. 	33,697		
South African National Energy Development Institute (SANEDI)	<p>SANEDI's core functions:</p> <ul style="list-style-type: none"> • Directing, monitoring and conducting energy research and development; and • Undertaking measures to promote energy efficiency throughout the economy. 	162,685		

5.3. Transfer Payments to all Organisations other than Public Entities

Name of transferee	Purpose for which the funds were used	Amount budgeted for	Amount transferred	Reasons why funds were not transferred
		R'000	R'000	
Non-grid Service Providers	Non-grid electricity connections	105,525	70,000	The delays are attributable to challenges in the procurement of services and finalization of contracts with service providers and subsequent late commencement of projects. On 11 March 2015, contracts for several non-grid service providers were signed for the delivery of 4021 solar home systems (SHS) connections within the space of two months. It was anticipated that the process of appointing the latter service providers would have been concluded by October 2014 but due to operational delays, the finalization and confirmation of service providers took longer than anticipated therefore negatively impacting the implementation time of the project. As a result, the installations and the subsequent verification thereof could not be completed by 31 March 2015. The Department subsequently made a request to National Treasury to roll the balance of R35.53 million which remained at year-end over to the 2015/16 financial year to enable the Department to discharge its contractual obligation to service providers.
Households	Leave gratuities and retirement benefits, bursaries paid to non-employees (learner programme)	3,965	3,963	
SETAs	Annual contributions to SETAs (Circular HRD 1 of 2013)	875	812	Annual contributions to SETAs less than originally projected by individual SETAs
International Atomic Energy Agency (IAEA)	2015 International membership fees	14,619	14,620	Exchange rate on foreign currency higher on date of actual payment
The African Petroleum Producer Association (APPA)	2014&2015 International membership fees	2,216	2,312	Exchange rate on foreign currency higher on date of actual payment
Generation IV International Forum (GIF)	2015 International membership fees	637	-	Late receipt of invoice resulting in the Department not meeting the National Treasury and Reserve Bank's time requirements for processing foreign payments. The payment was however disbursed in 2015/16.
African Regional Co-operation Agreement for Research Development and Training related to Nuclear Science and Technology (AFRA) Fund	International membership fees	2,384	2,384	
International Partnership for Energy Efficiency Co-operation (IPEEC)	2015 International membership fees	797	775	Exchange rate on foreign currency lower on date of actual payment
International Renewable Energy Agency (IRENA)	International membership fees	883	903	Exchange rate on foreign currency higher on date of actual payment
International Energy Forum (IEF)	2015 International membership fees	278	281	Exchange rate on foreign currency higher on date of actual payment

6. Conditional Grants

6.1. Conditional Grants and Earmarked Funds Paid

Conditional Grant 1: National Electrification Programme (equitable share)

Department/ Municipality to whom the grant has been transferred	Several municipalities
Purpose of the grant	Electricity connections
Expected outputs of the grant	
Actual outputs achieved	
Amount per amended DoRA (R'000)	1,104,658
Amount transferred (R'000)	1,104,658
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department (R'000)	1,104,658
Reasons for the funds unspent by the entity	
Monitoring mechanism by the transferring Department	Technical audits and monthly reports

Conditional Grant 2: National Electrification Programme (Eskom)

Department/Municipality to whom the grant has been transferred	Eskom
Purpose of the grant	Electricity Connections
Expected outputs of the grant	
Actual outputs achieved	
Amount per amended DoRA (R'000)	2,948,037
Amount transferred (R'000)	2,948,037
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department/municipality (R'000)	
Reasons for the funds unspent by the entity	
Monitoring mechanism by the transferring Department	Eskom

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

Department/Municipality to whom the grant has been transferred	Several municipalities
Purpose of the grant	Implementation of energy efficiency technologies
Expected outputs of the grant	
Actual outputs achieved	
Amount per amended DoRA (R'000)	136,905
Amount transferred (R'000)	136,905
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department/municipality (R'000)	
Reasons for the funds unspent by the entity	Municipal financial year end in June
Monitoring mechanism by the transferring Department	The Department developed a monitoring and evaluation tool indicating the pay-back period to achieve kWh savings; energy savings (kWh) achieved by each municipality; and R (million)/kWh

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

Department/Municipality to whom the grant has been transferred	Eskom
Purpose of the grant	Implementation of the SWH Programme
Expected outputs of the grant	
Actual outputs achieved	
Amount per amended DoRA	1,636,400
Amount transferred (R'000)	500,000
Reasons if amount as per DoRA not transferred	The programme was faced with a number of challenges in 2014/15 as the implementing agent, Eskom, faced a number of challenges as attention in Eskom was directed at accelerating its other critical deliverables, i.e. the current New Build Programme. The Department reengineered the programme and its implementation resulting in the termination of the DoE-Eskom MoA (by mutual agreement) in November 2014. The Department could therefore not utilize these funds prior to Cabinet approving the programme's Revised Contracting Model. The process of obtaining Cabinet's approval has commenced.
Amount spent by the Department/ municipality (R'000)	-
Reasons for the funds unspent by the entity	
Monitoring mechanism by the transferring Department	

6.2. Conditional Grants and Earmarked Funds Received

In 2013/14, the Department participated in several training and development projects and Learnership programmes. These programmes included the following:

- In service training programme funded by the Energy and Water Sector Education and Training Authority (EWSETA) for electrical engineers which is aimed at ensuring that opportunities are created and promoted for unemployed students who have N6 or N4 qualifications to gain practical experience in the workplace in order to obtain their qualifications;
- Several projects and programmes funded by the Chemical Industries Sector Education and Training Authority (CHIETA) including a Project Management Learnership programme; Public Administration; Internal Audit; Petroleum Engineering Programme; and skills programme.

The Skills Development Act, 1998, established Sectorial Education and Training Authorities (SETAs) across various sectors, to coordinate training and Learnership programmes in terms of the National Skills Development Strategy. SETAs have been established in terms of the Skills Development Act, 1999 to:

- Develop sector skills plans;
- Implement sector skills plans;
- Promote and register Learnership; and
- Collect and disburse skills development levies in the sector.

Government Departments are required to prepare, submit (to their relevant SETAs) and implement Workplace Skills Plans (WSPs) as part of the Skills Strategy, indicating government's commitment, as the largest employer, towards skills development and training in South Africa. For this purpose, the Department developed and submitted its Work Skills Plan (WSP) for the 2014/15 financial year. During the 2014/15 financial year an amount of R1.59 million was received by the Department from affiliated energy sector education and training authorities (SETAs) which were surrendered to the National Revenue Fund. The Department is participating in several learner programmes that are funded by SETA's and is used to implement learner and training programmes. Although the funding was surrendered to the National Revenue Fund during the 2014/15 financial year, funding for the learner programmes which are funded by SETA's are appropriated annually as earmarked allocations for learner and training programmes.

7. Donor Funds

7.1. Donor Funds Received

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

Name of donor	Swiss Federation
Full amount of the funding	R13.9 million
Period of the commitment	August 2010 to June 2015
Purpose of the funding	Contribute towards the Energy Efficiency Monitoring and Implementation Project. The project's objective is to build capacity in energy efficiency monitoring and implementation both at national and municipal levels in South Africa.
Expected outputs	
Actual outputs achieved	
Amount received in current period (R'000)	2 969 950
Amount spent by the Department (R'000)	2 969 950
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	A Project Steering Committee was established to monitor progress. In addition, monthly, quarterly and bi-annual progress reports are compiled

The Energy Efficiency Monitoring and Implementation Project had intended to come to an end in December 2014. The project has, however, been extended to June 2015. The inclusion of the transport sector in addition to those sectors that are already part of the development (industrial, mining, commercial project, public buildings, and residential sector) necessitated the extension of this project. The project aims to establish a mechanism by which data for the transport sector can be collected in order to monitor the effect of policy, structural and activity changes on the transport sector.

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

Name of donor	EU Commission
Full amount of the funding	R179.5 million
Period of the commitment	April 2013 to March 2016
Purpose of the funding	Implementation of 'smart metering' in the South African electricity industry
Expected outputs	
Actual outputs achieved	
Amount received in current period (R'000)	R117 million
Amount spent by the Department (R'000)	R28.41 million
Reasons for the funds unspent	
Monitoring mechanism by the donor	Project Steering Committee

The Smart Metering Implementation Programme's funding is governed by the Reconstruction and Development Programme (RDP) Fund Act, 1994 (Act No. 7 of 1994) as amended. Section 5 of this Act requires that, in the absence of any provision to the contrary in a technical assistance agreement, all funding not spent by the end of a financial year, must be paid back into the RDP Fund. The

General Budget Support Technical Assistance Agreement with the EU does not make provision for the roll-over of funding. A total of R117 million was transferred to the South African National Energy Development Institute (SANEDI) during the 2014/15 financial year of which an amount of R88.59 million remained unspent by 31 March 2015. The mentioned funds, including interest earned of R5.05 million were subsequently surrendered to the RDP Fund during April 2015.

Donor Fund 3: Renewable Energy Development Programme

Name of donor	Government of the Kingdom of Denmark
Full amount of the funding	R15.1 million
Period of the commitment	April 2013 to December 2016
Purpose of the funding	Technical assistance to the Department, further development of the Wind Atlas for South Africa (WASA) and technical assistance to Eskom for renewable energy integration in electricity supply.
Expected outputs	
Actual outputs achieved	
Amount received in current period (R'000)	R15.1 million
Amount spent by the Department (R'000)	R3.75 million
Reasons for the funds unspent	
Monitoring mechanism by the donor	Project Steering Committee

The Renewable Energy Development Programme's funding is governed by the Reconstruction and Development Programme (RDP) Fund Act, 1994 (Act No. 7 of 1994) as amended. Section 5 of this Act requires that all funding not spent by the end of a financial year, must be paid back into the RDP Fund. A total of R15.1 million was transferred to the South African National Energy Development Institute (SANEDI) during the 2014/15 financial year of which an amount of R11.35 million remained unspent by 31 March 2015. The mentioned funds, including interest earned of R641 thousand were subsequently surrendered to the RDP Fund during April 2015.

7.2. Utilisation of Donor Funds

Energy Efficiency Monitoring and Implementation Project

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

Implementation of 'Smart Metering' in South Africa

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

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

Renewable Energy Development Programme

The bilateral agreement for the programme was signed by the Minister of Energy of South Africa and the Danish Ambassador on behalf of the Danish Minister of Climate Energy and Buildings during the Danish Prime Minister's visit in April 2013. The management of the programme resides jointly with the South African Department of Energy (DoE) and the Danish Ministry for Climate, Energy and Buildings (MCEB), supported by the Embassy of Denmark.

The development objective of the programme is to decouple economic growth in the Republic of South Africa from the growth in overall Greenhouse Gas (GHG) emissions. The intermediate objective is increase the deployment of low carbon technology in the energy sector.

The programme is divided into 3 components: 1) Technical Assistance to the Department of Energy (DoE), 2) Further development of the Wind Atlas for South Africa (WASA 2) and 3) Technical Assistance to ESKOM, the South African electricity supplier, for renewable energy integration into electricity supply. Each of the three components has a number of sub-components.

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

Asset verifications were performed in the 2014/15 financial year at head office and all regional offices. The Asset Register complies with the minimum requirements for an asset register, including all assets procured during the 2014/15 financial year. As part of the Asset Management Programme, unusable, damaged and redundant moveable, tangible assets, with a book value of R1.0 million, were disposed of. This was implemented subsequent to the recommendation of the Asset Disposal Committee. The Department procured assets in the amount of R3.7 million whilst assets with a value at R1.7 million were transferred to the Department from other national Departments.

PART C:

GOVERNANCE



1. INTRODUCTION

The Department of Energy strives to promote the highest standards of corporate governance, by subscribing to the principles of good corporate governance as that are fundamental to the management of public finances and resources. Good corporate governance includes structures, processes, practices and systems that the management uses to direct and manage the operations of the Department. These systems are to ensure that the Department maintains the highest standards of good corporate governance and management of public finances and resources. The following governance structures are in place:

- Strategic Management Committee (EXCO with Ministry)
- Executive Management Committee
- Audit Committee
- Internal Audit
- Risk Management Committee
- Bid Adjudication Committee

2. RISK MANAGEMENT

Nature of Risk Management

The Department views risk management a valuable management tool that increases the institutions prospects of success through getting it right the first time and minimising negative outcomes. The Department believes that identifying, understanding and managing risks in and enterprise –wide context will ensure accountability and sustainability, and risk management will assist the Department to address negative events in a proactive and timely manner.

The Department has a Risk Management Committee in place comprising of heads of branches within the Department, as well as a Risk Management Subcommittee, comprising risk champions from various directorates, to ensure the implementation and maintenance of risk management processes within the various units of the Department. The Risk Management Committee was established by the Accounting Officer in accordance with Section 38 (1) (a) (i) of the PFMA, and Chapter 13 of the Public Sector Risk Management Framework which requires the establishment and maintenance of an effective, efficient and transparent systems of financial , risk management and internal controls. The purpose of the Risk Management Committee is to oversee the Department's risk management systems, practices and procedures to ensure the effectiveness of risk identification, assessment and management across all business units, and compliance with internal and external guidelines. The Committee is chaired by an independent external person who is also a standing invitee to the Audit Committee.

The Internal Audit activity and the Audit Committee provide independent assurance of the risk management processes, and advice on the effectiveness of mitigation strategies and control measures. Strategic, operational and functional risks registers were developed during the year under review and the effective implementation of risk mitigation strategies was monitored on a quarterly basis by the Risk Management Committee, Audit Committee and Management Committee. The Department has noted that the inculcation and embedding of risk management into day – to – day activities by managers and other officials is not at a satisfactory maturity level and that education, training and awareness is being provided.

The Department has appointed a Chief Risk Officer and has in place effective managements systems such as the risk implementation plan, risk management committee charter, risk management policy, risk management strategy, fraud prevention plan, fraud prevention policy, and fraud prevention strategy. Risk Management Committee meetings for the 2014/15 fiscal year was respectively held on the 30th October 2014 as well as on the 26th March 2015. Furthermore, risk management features as a standing item on the agenda of

the Management Committee to allow for deliberate and systematic consideration of current and emerging risks, thereby assisting with maintaining and accurate and up – to – date risk register.

3. FRAUD AND CORRUPTION

The Department has in place an effective management system (fraud prevention plan, fraud prevention policy, fraud prevention strategy and fraud implementation plan) for fraud risk management. The Department actively promotes education, training and awareness of fraud and corruption at the orientation and induction programmes to new and existing employees as well as encouraging them to make use of the Corruption Hotline – 0800 701 701.

Presentations to educate and train new employees are conducted during the induction and orientation programmes. Risk management workshops are conducted within various branches of the Department to inculcate and embed a culture of risk management in their day-to-day activities. Training, education and awareness, focusing on risk management and anti-fraud and corruption, is being conducted during the fraud risk assessment workshops. Anti – Fraud and Corruption posters have been placed in visible areas to educate people about fraud and corruption as well as what to do about it.

Reported cases of fraud and corruption are thoroughly investigated using internal and or external resources. The outcome of an investigation guides the Department on steps (disciplinary action, recovery of state resources, criminal prosecution and civil action), to be taken to finalise the matter. If necessary, the Department may solicit the assistance of appropriate law enforcement agencies (SAPS, SIU, Public Protector) for further investigation.

4. MINIMISING CONFLICT OF INTEREST

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

- Senior managers are required to disclose their financial interest annually as required by the financial disclosure frameworks;
- Sanctions and or disciplinary action are taken with regard to none compliance; and
- A conflict of interest disclosure form is signed by all attendees in various management structures.

5. CODE OF CONDUCT

The Department is adhering to the Public Service Code of Conduct, together with other policies and prescripts. The Office of the Public Service Commission is also invited to come and make presentations on the Code of Conduct at the Departmental general staff meeting with the Director-General and Ministry.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

In the year under review an Occupational Health and Safety Policy was developed and is awaiting adoption. After adoption the Policy will be implemented. The submission for the appointment of a Health and Safety Representative for Head Office was submitted to the Director-General's office for approval. Regional Offices have also been advised to appoint Health and Safety

Representatives. After appointment the Representatives will form part of the Occupational Health and Safety (OHS) Committee. Emergency contingency plans and evacuation plans have been reviewed and updated. Emergency Response Team Members have been appointed to assist in emergencies. No cases of injury on duty were reported in the year under review. The majority of safety-related cases reported pertained to roof leaks at the Head Office building and these were repaired as and when reported.

7. PORTFOLIO COMMITTEES

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

Date	Meeting
25 March 2015	Briefing on Infrastructure Development Bill (Provisional). Select Committee on Economic Development
06 March 2015	Media Networking Session.
04 March 2015	Briefing by the Department on the Refinery Audit Report. The National Budget 2014/15 and its implications for the energy sector as well as the Department's activities. Consideration of reports and minutes.
14 February 2015	Third Quarter Performance (2014/15).
25 February 2015	Briefing by PetroSA on the report on Project Mthombo. Select Committee on Economic Development
25 February 2015	Colloquium on appropriate pricing of energy to enhance transformation. Briefing by the Department on Public Participation Programmes. Consideration of reports and minutes. Joint session between Portfolio Committee on Energy, Portfolio Committee on Trade and Industry, Portfolio Committee on Economic Development, and Select Committee on Economic and Business Development: Update on the Green Economy Accord in the context of industrialisation.
20 February 2015	Assessment of the upstream sector in the oil and gas industry.
18 February 2015	Briefing by the Department on: <ul style="list-style-type: none"> The implications and impact of the State of the Nation Address on the energy sector as well as the Department's activities; and Progress review of Liquid Fuels Charter in respect of the B-BBEE Codes of Good Practice. Consideration of reports and minutes.
10 and 12 February 2015	Public Hearing: Liquid Fuels downstream sector.
07 February 2015	Briefing by the Department on Biofuels Strategy and Third Quarter Performance Report.
06 February 2015	Energy stakeholders meeting: Assessment of the upstream sector in the oil and gas industry.
05 February 2015	Briefing by the Department on power programmes in SADC and Africa. Reflection on the Pan-African Parliament – SA Parliament Energy Initiative consideration of reports and minutes.
04 February 2015	Briefing on National Energy Efficiency Strategy.
31 January 2015	Oversight Visit: INEP and SWH Projects.
30 January 2015	Public Hearings: Prospects of transforming the gas industry through partnership. Roundtable: Cogeneration and tri-generation power initiatives and partnerships as well as regulation.
29 January 2015	Oversight Visit: REIPPP.
27 and 28 January 2015	Oversight Visit: Non-grid Electrification System.
13 November 2014	Department of Energy's 2012/13 Annual Report.
05 November 2014	Progress on the REIPPP.

Date	Meeting
01 November 2014	Update on the pilot Approach to Distribution Asset Management (ADAM) Programme.
21-24 October 2014	Oversight Visit to the Northern Cape & Limpopo
18 September 2014	Presidential Infrastructure Co-ordinating Commission (PICC) and Energy Related SIPs.
18 September 2014	Energy Efficiency Strategy, Regulations and Monitoring.
17 September 2014	Quarterly Financial Performance Presentation: First Quarter ending 30 June 2013.
20 August 2014	Draft Integrated Energy Planning Report.
12 August 2014	Briefing by PetroSA on Progress report on Project Mthombo Irene & Liquefied Natural Gas
24 July 2014	Presentation to the Select Committee: Fuel Prices.
22 July 2014	Department of Energy's budget Vote, Strategic & Annual Performance
07 May 2014	Presentation to the Select Committee on Economic Development on the Department Budget and Annual Performance Plan.
16 April 2014	PCE Presentation on the Department's Strategic Plan and Budget Vote.

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

8. SCOPA RESOLUTIONS

There are no resolutions by SCOPA to report.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

An unqualified audit report with an emphasis of matter was reported on by the Auditor-General in 2013/14 financial period. The following matters were brought to the attention of the Accounting Officer in the Auditor-General Annual Report and Management Letter for 2013/14 financial year.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter*
Without modifying our opinion, we draw attention to the uncertainty associated over whether the Department is legally obligated in terms of the Nuclear Energy Act (No 46 of 1999) to assume the institutional nuclear obligation (decommissioning and decontamination (D&D) of past strategic nuclear facilities) arising from nuclear waste produced by NECSA. NECSA continues to produce operational nuclear waste, and as a result the D&D liability is currently recognised as a contingent liability in its financial statements. The resolution of the uncertainty is entirely dependent upon whether the operational nuclear waste produced by NECSA is proved to be intrinsically linked to what constitutes past strategic nuclear facilities as stipulated in Section 1(xii) of the Nuclear Energy Act, in which case the liability would vest with the Department, or whether such operational nuclear waste was produced in the furtherance of commercial activities, in which case the liability would vest with NECSA.	2010/11	The Department officials met with the CEO of Necsa to find an optimal way of implementing the action plan as submitted to AGSA. It was also agreed in principle that from now henceforth DOE will Chair NLCC meetings to avoid noncompliance with the TORs as was the case for the past few quarters.

10. INTERNAL CONTROL UNIT

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

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

- Segregation of duties: Duties and responsibilities in authorising, processing, recording and reviewing transactions were separated among individuals and not left to one person.
- Authorisation and execution of transactions: Employees executed their assigned duties in accordance with directives (policies and procedures) and within the limitations set out by the Departmental Delegation of Authorities.
- Management supervision and review: The Department had functional and effective management structures, such as the Executive Management Committee, Finance Committee, and the Audit and Risk Management Committee to review, monitor and evaluate programme performance and make corrective measures where necessary.
- Documentation: There are internal control policies and procedures in place, requiring maintenance and upkeep of all significant records.

The Internal Control sub-directorate of the Department is responsible to ensure the design, implementation and monitoring of the system of internal controls.

Such controls include:

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

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

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

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

In 2014/15 the activities of the Internal Control sub-directorate were as follows:

- Ensured the attainment of a sound internal control environment;
- Conducted on-going financial management monitoring and evaluation;
- Compiled and timeously submitted monthly compliance certificates were to National Treasury;
- Reviewed all payment batches for compliance and correctness of general ledger accounts;
- Conducted the user account activities reviews on the financial management system.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

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

Internal Audit

The Accounting Officer has, in terms of section 38 of the Public Finance Management Act of 1999, put in place a system of Internal Audit under the control and direction of the Audit Committee that complies with and operates in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the PFMA.

The primary objective of Internal Audit is to provide an independent, objective assurance and consulting services designed to add value and improve the Department's operations. It helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. A risk based annual audit plan for 2014/15 was compiled and approved by the Audit Committee. A total of 25 audits conducted in the 2014/15 financial year and these included regularity audits, compliance audits, IT and ad-hoc audits.

Internal Audit continuously follows-up on the audit findings raised to establish the extent to which management resolves the findings raised by both Internal Audit and the Auditor-General. Internal Audit has evaluated and contributed to the improvement of risk management, control and governance systems of the Department through the performance of adequate assurance and consulting activities in key areas identified in the risk assessment and by conducting audits in areas mandated by the PFMA and Treasury Regulations.

Audit Committee

The Audit Committee provides an oversight function on governance, control and risk management processes by reviewing financial statements, reports from the Internal and External Auditors, status of internal control and Risk Management.

The Audit Committee amongst others reviews;

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

Attendance of Audit Committee meetings by Audit Committee members

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

MEETING	DATES	N SWANA	Y GORDHAN	T SIHLABA	A AMOD	G LOURENS
Special Ac Meeting draft AFS 2014/15	28-May-14	✓	✓	Apology	✓	✓
Special AC Meeting Audited AFS 2014/15	31-Jul-14	✓	Apology	Apology	✓	✓
1st Ordinary Meeting 2014/15	27-Aug-14	✓	✓		✓	✓
2nd Ordinary Meeting 2014/15	21-Nov-14	Apology	✓		✓	✓
3rd Ordinary Meeting 2014/15	19-Feb-15	Apology	✓		✓	✓

12. Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2015.

Audit Committee Responsibility

Section 38 (1) (a) (ii) of the Public Finance Management Act (PFMA) and National Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all of its responsibilities as contained therein.

The Effectiveness of Internal Control

The system of controls within the Department is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved by a risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA), we can conclude that the system of internal control as applied over financial and non-financial matters and enterprise risk management at the Department is satisfactory. The Committee has noted management's commitment to address the lack of control effectiveness, where they exist. The Committee will be monitoring management's progress in resolving these issues on a regular basis.

Internal Audit

We are satisfied that the internal audit function has operated effectively, that it has addressed the risks pertinent to the DoE in its audits and has assisted the Department with value adding services to ensure that both financial and operational objectives are achieved.

The areas of concern by the Audit Committee are:

- State Owned Entities (SOE) oversight;
- Senior Management vacancies;
- Enterprise Risk Management maturity;

In-Year Management and Monthly/Quarterly Report

The Accounting Officer has tabled the In-Year Management (IYM) and monthly/quarterly reports to the Minister and to the Committee, as required by the Treasury Regulations. The Committee is satisfied with the content and quality of the IYM reports.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Officer;
- reviewed the AGSA's Management Report and Management's response thereto;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the Department's processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the Annual Report;
- reviewed adjustments resulting from the audit of the Department;
- reviewed, and where appropriate, recommended changes to the Interim Financial Statements as presented by the Department for the six months ending 30 September 2014.

Report of the Auditor-General South Africa

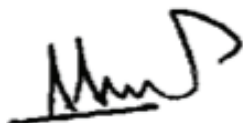
We have on a quarterly basis reviewed the Department's implementation plan for audit issues raised in the prior year. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by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

The Audit Committee concurs and accepts the conclusions of the Auditor-General of South Africa on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General of South Africa.

We congratulate the Department on achieving a clean audit.

Appreciation

The Audit Committee wishes to acknowledge the dedication and work performed by the Accounting Officer, Management and Officials of the Department. The Audit Committee wishes to express its appreciation to the Management of the DoE, the AGSA and the Internal Audit Unit for the co-operation and information they have provided to enable us to compile this report.



Ameen Amod - MBA, CIA, CGAP, CRMA

Chairperson of the Audit Committee

31 July 2015

PART D:

HUMAN RESOURCE MANAGEMENT

1. LEGISLATION THAT GOVERN HUMAN RESOURCES MANAGEMENT

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

2. INTRODUCTION

The Department acknowledges that its human capital is one of the most important factors contributing to it successfully delivering on its mandate. We have continued to enhance the Department's capacity through the implementation of the Human Resource Integrated Plan. Various training programmes were executed focusing on skills development, talent management and targeted training.

The status of human resources in the Department

The line functions as set out in the organisational structure were reviewed to strengthen the Department's ability to deliver on the country's energy needs. The revised line function structure implementation started during the 2013/14 financial year and continued into 2014/15, with the commencement of the review of the support services and regional structures for realignment with the Department's objectives.

The update and totals on the Department's training and development program for the year under review has already been discussed under Table 3.6.7, 3.13.1 and 3.13.2 of this annual report.

Human resource priorities for the year under review

During the period under review, the Department's Human Resource Unit implemented phase 2 of the 2013–2018 Integrated Human Resources Plan. Through the implementation of the Plan the Department aims to ensure that the right people with the right mix of skills are placed in the right positions. The plan further seeks to ensure that employees display the right attitudes and behaviour, and that their skills are developed in line with departmental needs.

The following priorities were identified for 2014/15 implementation phase: [recommend additional information against each priority]

- Finalise the matching and placement of staff to the new line-function structure. This exercise was finalized.
- Review of the support structure in support of the newly revised line-function structure and streamline the line-function structure. Process in this regard is still underway, it was delayed and it is due to be finalized in 2015/2016.
- Talent management: Implement the Framework for Occupations and the development of career paths. Finalization of this process is dependent on the finalization of the support structure however, the completed part is being implemented.
- Values, ethics and organisational culture: Implement culture survey recommendations. This activity was suspended until the appointment of the Director General deferred to 2015/2016.
- Reduce the vacancy rate to below 10%.
- Implement the Employee Health and Wellness Programme.
- Achieve representation of women in management and employing people with disabilities.
- Implement the HRD Strategy and Plan.
- Review of the PMDS Process.
- Develop, implement and maintain systems, delegations, policies and processes.

Workforce planning and key strategies to attract and recruit a skilled and capable workforce

Since the establishment of the Department on 1 April 2010, the foundation was laid for effective human capital management, including the organisational structure, policies, procedures, delegations and training strategies. The Department used the planning framework for the public service to develop an Integrated Human Resource Plan for the 2011–2014 period, which was later reviewed and a new plan for 2013-2018 was approved. The new Plan identifies a number of trends and gaps, which need to be addressed over the next few years, including the need to enhance the support services structure, implementation of an occupational framework, defining and developing a Scarce Skills Policy and improvement of recruitment process by implementing the DPSA Competency Framework to test the skills levels of shortlisted candidates prior to appointment and placement.

Given the technical nature of the Department's mandate, many of the core line functions require a very specific, highly technical skill set. This impact on recruitment, especially the recruitment of female employees in the Level 13–15 salary band as well as people with disabilities in all salary bands. The revised recruitment process has helped to achieve and exceed the target for the employment of people with disabilities by 0.2%. Despite great strides being made with the recruitment of women, the target for women in SMS has not been reached yet. The Department has, further, exceeded its targets relating to race and female appointments at other levels.

Employee performance management

The Department is in the process of addressing shortcomings identified in the performance management process, where performance management focused on rewarding performance rather than effectively managing it. The compliance rate for Performance Agreement submission increased and exceeded 85% in 2014/15. The 2013/14 performance reviews were completed within the required timeframes and performance rewards were paid within budget.

During the period under review, the PMDS team concluded PMDS workshops, which were well-attended by staff up to Senior Management Service (SMS) level. The DPSA PMDS review process commenced in 2014/15 and this affected the review of the PMDS process for the Department, which will be concluded following the DPSA process.

Employee wellness programmes

During the 2014/15 financial year, the Department implement the Employee Health and Wellness Programme in line with the approved wellness calendar. A service provider to render Employees Health and Wellness programme was contracted for a two-year period commencing February 2015, and wellness clinics were held twice a month. For the better part of 2014/2015 there was no service provider until one was appointed in February 2015.

Achievements and challenges faced by the department, as well as future human resource plans/goals

The Department has succeeded in meeting the minimum requirement for the employment of disabled individuals during this year, a matter that has eluded us for a while. Plans are in place to ensure the development and retention of these employees. Although the Department experienced a big number of exits this year, through our recruitment processes we were able to keep the average vacancy rate as close as possible to the 10% target.

The pass rate for officials receiving bursaries from the Department was has increased, with four candidates completing their studies. The number of bursary recipients who completed their studies for the 2014 academic year is 04, 39 officials were awarded bursaries starting from 2014 academic year. Currently we have 68 bursars active in the system. Unfortunately the number of defaulters is not dropping since we currently have 17 defaulters who are paying back their defaulted bursaries.

Employee engagements through the Departmental Bargaining Chamber (BDC) and the Task Team continued this year. During the period under review, three (3) policies were tabled and adopted by the DBC and pertinent issues were dealt with, ensuring effective employer/employee relationship.

Challenges facing the Department include the recruitment of key line function staff with the necessary technical skills and this has a negative impact on service delivery. MTEF Funding still remains a challenge for the full implementation of the strategies as envisaged in the Integrated HR Plan for the Department. Full funding for the approved organisational structure remains a key challenge. We will continue negotiating with National Treasury regarding the financial status of the Department.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. Personnel related expenditure

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

- amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2014 and 31 March 2015

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
DoE: Administration	257 168	131 521	5 636	5 103	51.14	454
DoE: Clean energy	830 257	12 395	0	9 605	1.49	539
DoE:Elect&ener prog & proj man	4 180 974	36 224	18	25	0.87	459
DoE: Energy policy and planning	41 749	28 753	0	8 144	68.87	553
DoE: Nuclear energy	845 418	13 446	0	11 847	1.59	585
DoE:Petroleum&petroleum prod reg	64 548	41 927	11	9 116	64.95	358
Z=Total as on Financial Systems (BAS)	6 220 113	264 266	5 665	43 840	4.25	453

Table 3.1.2 Personnel costs by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Personnel expenditure (R'000)	% of total personnel cost	No. of Employees	Average personnel cost per employee (R)
Skilled (Levels 3-5)	14 025	5.1	83	168 976
Highly skilled production (Levels 6-8)	41 960	15.3	146	287 397
Highly skilled supervision (Levels 9-12)	115 510	42	224	515 670
Senior management (Levels 13-16)	75 744	27.5	76	996 632
Contract (Levels 1-2)	2 249	0.8	23	97 783

Salary Band	Personnel expenditure (R'000)	% of total personnel cost	No. of Employees	Average personnel cost per employee (R)
Contract (Levels 3-5)	2 165	0.8	17	127 353
Contract (Levels 6-8)	1 155	0.4	5	231 000
Contract (Levels 9-12)	3 320	1.2	4	830 000
Contract (Levels 13-16)	8 941	3.3	5	1 788 200
Periodical Remuneration	463	0.2	6	77 167
Abnormal Appointment	890	0.3	33	26 970
TOTAL	266 422	96.9	622	428 331

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2014 and 31 March 2015

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as % of Personnel Cost	Amount (R'000)	Overtime as % of Personnel Cost	Amount (R'000)	HOA as % of Personnel Cost	Amount (R'000)	Medical Aid as % of Personnel Cost
DoE: Administration	85 610	65.1	3 654	2.8	3 106	2.4	3 838	2.9
DoE: Clean energy	8 531	68.8	0	0	299	2.4	284	2.3
DoE:Elect&ener prog & proj man	25 915	71.5	43	0.1	904	2.5	1 109	3.1
DoE: Energy policy and planning	19 978	69.5	3	0	869	3	657	2.3
DoE: Nuclear energy	8 847	65.8	239	1.8	592	4.4	247	1.8
DoE:Etroleum&petroleum prod reg	29 349	70	410	1	1 492	3.6	1 499	3.6
TOTAL	178 230	67.4	4 349	1.6	7 262	2.7	7 634	2.9

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2014 and 31 March 2015

Salary bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as % of Personnel Cost	Amount (R'000)	Overtime as % of Personnel Cost	Amount (R'000)	HOA as % of Personnel Cost	Amount (R'000)	Medical Aid as % of Personnel Cost
Skilled (Levels 3-5)	9 128	63.8	1 196	8.4	651	4.6	892	6.2
Highly skilled production (Levels 6-8)	28 801	67.6	1 978	4.6	1 401	3.3	2 177	5.1
Highly skilled supervision (Levels 9-12)	86 161	71.6	1 102	0.9	3 317	2.8	3 450	2.9
Senior management (Levels 13-16)	62 314	79.7	0	0	1 715	2.2	959	1.2
Contract (Levels 1-2)	2 204	95.5	28	1.2	4	0.2	4	0.2
Contract (Levels 3-5)	1 658	75.7	36	1.6	80	3.7	73	3.3
Contract (Levels 6-8)	932	78.6	0	0	23	1.9	26	2.2
Contract (Levels 9-12)	2 911	86.5	0	0	65	1.9	9	0.3
Contract (Levels 13-16)	7 624	84.2	0	0	4	0	17	0.2
Periodical Remuneration	0	0	0	0	0	0	0	0
Abnormal Appointment	837	88.6	0	0	0	0	0	0
TOTAL	202 570	73.7	4 340	1.6	7 260	2.6	7 607	2.8

3.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- Critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2015

Programme	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate	Number of employees additional to the Establishment
DoE: Administration, Permanent	320	289	9.7	35
DoE: Clean energy, Permanent	25	23	8	1
DoE:Elect&ener prog & proj man, Permanent	89	79	11.2	16
DoE: Energy policy and planning, Permanent	62	52	16.1	2
DoE: Nuclear energy, Permanent	33	23	30.3	0
DoE:Petroleum&petroleum prod reg, Permanent	123	117	4.9	6
TOTAL	652	583	10.6	60

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2015

Salary Band	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate	Number of employees additional to the Establishment
Skilled (Levels 3-5), Permanent	87	83	4.6	2
Highly skilled production (Levels 6-8), Permanent	170	146	14.1	3
Highly skilled supervision (Levels 9-12), Permanent	248	224	9.7	9
Senior management (Levels 13-16), Permanent	93	76	18.3	4
Contract (Levels 1-2), Permanent	23	23	0	23
Contract (Levels 3-5), Permanent	17	17	0	14
Contract (Levels 6-8), Permanent	5	5	0	1
Contract (Levels 9-12), Permanent	4	4	0	1
Contract (Levels 13-16), Permanent	5	5	0	3
TOTAL	652	583	10.6	60

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2015

Critical Occupations	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate	Number of employees additional to the Establishment
Administrative related, Permanent	112	105	6.3	11
Biologists botanists zoologists & rel professional, Permanent	5	5	0	0
Client inform clerks(switchb receipt inform clerks), Permanent	7	7	0	0
Communication and information related, Permanent	13	12	7.7	0
Economists, Permanent	3	1	66.7	0

Critical Occupations	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate	Number of employees additional to the Establishment
Engineering sciences related, Permanent	4	4	0	0
Finance and economics related, Permanent	10	8	20	0
Financial and related professionals, Permanent	18	16	11.1	0
Financial clerks and credit controllers, Permanent	14	13	7.1	1
Food services aids and waiters, Permanent	1	1	0	1
Head of department/chief executive officer, Permanent	1	0	100	0
Human resources & organisat developm & relate prof, Permanent	22	22	0	0
Human resources clerks, Permanent	13	11	15.4	2
Human resources related, Permanent	10	10	0	0
Information technology related, Permanent	7	7	0	0
Language practitioners interpreters & other commun, Permanent	3	3	0	2
Legal related, Permanent	4	4	0	0
Library mail and related clerks, Permanent	24	23	4.2	3
Logistical support personnel, Permanent	8	8	0	0
Material-recording and transport clerks, Permanent	14	14	0	2
Messengers porters and deliverers, Permanent	3	3	0	0
Meteorologists, Permanent	2	2	0	0
Natural sciences related, Permanent	102	82	19.6	0
Other administrat & related clerks and organisers, Permanent	16	15	6.3	7
Other administrative policy and related officers, Permanent	4	4	0	0
Other information technology personnel., Permanent	7	4	42.9	0
Other occupations, Permanent	2	2	0	0
Risk management and security services, Permanent	14	14	0	0
Interns	27	27	0	23
Secretaries & other keyboard operating clerks, Permanent	48	44	8.3	2
Security officers, Permanent	37	34	8.1	0
Senior managers, Permanent	77	63	18.2	6
Social sciences related, Permanent	2	2	0	0

Critical Occupations	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate	Number of employees additional to the Establishment
Statisticians and related professionals, Permanent	10	10	0	0
Trade/industry advisers & other related profession, Permanent	6	2	66.7	0
Youth workers, Permanent	2	1	50	0
TOTAL	652	583	10.6	60

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

3.3. Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0%	1	100%
Salary Level 16	4	4	100%	0	0%
Salary Level 15	7	6	86%	1	14%
Salary Level 14	21	16	76%	5	24%
Salary Level 13	59	52	88%	7	12%
Total	92	78	85%	14	15%

Table 3.3.2 SMS post information as on 30 September 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	0%	0	0%
Salary Level 16	4	4	0%	0	0%
Salary Level 15	7	7	0%	0	0%
Salary Level 14	21	17	81%	4	19%
Salary Level 13	58	52	89%	6	11%
Total	90	80	89%	10	11%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2014 and 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	80%	1	20%
Salary Level 16	4	4	80%	0	20%
Salary Level 15	7	6	86%	1	14%
Salary Level 14	21	16	76%	5	24%
Salary Level 13	59	52	88%	7	12%
Total	92	78	85%	14	15%

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months
Posts were advertised within six months

Reasons for vacancies not filled within six months
Grievances lodged while the process is underway

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not filled within twelve months
None

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act.

3.4. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Number of Posts on approved establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Bands	Posts upgraded		Posts downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Contract (Levels 1-2)	23	0	0	0	0	0	0
Contract (Levels 3-5)	17	2	11.8	0	0	0	0
Contract (Levels 6-8)	5	0	0	0	0	0	0
Contract (Levels 9-12)	4	1	25	0	0	0	0
Contract (Band A)	3	0	0	0	0	0	0
Contract (Band D)	2	0	0	0	0	0	0
Skilled (Levels 3-5)	87	41	47.1	39	95.1	0	0
Highly skilled production (Levels 6-8)	170	21	12.4	7	33.3	0	0
Highly skilled supervision (Levels 9-12)	248	26	10.5	7	26.9	2	7.7

Salary Band	Number of Posts on approved establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Bands	Posts upgraded		Posts downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Senior Management Service Band A	60	2	3.3	0	0	0	0
Senior Management Service Band B	22	0	0	0	0	0	0
Senior Management Service Band C	8	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
TOTAL	652	93	14.3	53	57	2	2.2

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2014 and 31 March 2015

Gender	African	Asian	Coloured	White	Total
Female	18	1	0	0	19
Male	33	0	0	0	33
Total	51	1	0	0	52
Employees with a Disability	0	0	0	0	0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2014 and 31 March 2015

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Legal Administration Officer	1	7	9	Retention
State Accountant	1	7	8	Retention
Total number of employees whose salaries exceeded the level determined by job evaluation				2
Percentage of Total Employment				0.4

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2014 and 31 March 2015

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	1	0	0	0	1
Total	2	0	0	0	2
Employees with a Disability	0	0	0	0	0

Notes

- If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
--	------

3.5. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Number of employees at Beginning of Period 1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Skilled (Levels 3-5), Permanent	62	26	1	1.6
Highly skilled production (Levels 6-8), Permanent	138	6	4	2.9
Highly skilled supervision (Levels 9-12), Permanent	221	2	8	3.6
Senior Management Service Band A, Permanent	46	2	2	4.3
Senior Management Service Band B, Permanent	16	1	3	18.8
Senior Management Service Band C, Permanent	8	0	1	12.5
Senior Management Service Band D, Permanent	3	1	1	33.3
Interns	5	34	34	680
Contracts	38	18	29	76.3
TOTAL	537	90	83	15.5

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2014 and 31 March 2015

Critical Occupation	Number of employees at Beginning of Period 1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Administrative related, Permanent	107	5	9	8.4
Biologists botanists zoologists & rel professional, Permanent	10	0	0	0
Client inform clerks(switchb receipt inform clerks), Permanent	6	1	0	0
Communication and information related, Permanent	11	2	1	9.1
Community development workers, Permanent	1	0	0	0
Economists, Permanent	1	0	1	100
Engineering sciences related, Permanent	5	0	0	0
Finance and economics related, Permanent	10	0	1	10
Financial and related professionals, Permanent	16	1	0	0
Financial clerks and credit controllers, Permanent	9	4	0	0
Food services aids and waiters, Permanent	0	1	0	0
Head of department/chief executive officer, Permanent	1	0	1	100
Human resources & organisat developm & relate prof, Permanent	22	0	0	0
Human resources clerks, Permanent	13	0	0	0
Human resources related, Permanent	10	1	0	0
Information technology related, Permanent	7	0	0	0
Language practitioners interpreters & other commun, Permanent	2	1	0	0
Legal related, Permanent	4	1	0	0
Library mail and related clerks, Permanent	21	4	4	19
Logistical support personnel, Permanent	6	0	1	16.7
Material-recording and transport clerks, Permanent	14	1	1	7.1
Messengers porters and deliverers, Permanent	3	2	1	33.3
Meteorologists, Permanent	2	0	0	0
Natural sciences related, Permanent	72	3	4	5.6
Other administrat & related clerks and organisers, Permanent	9	6	4	44.4
Other administrative policy and related officers, Permanent	4	0	1	25
Other information technology personnel., Permanent	5	0	1	20
Other occupations, Permanent	2	1	1	50

Critical Occupation	Number of employees at Beginning of Period 1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover Rate
Risk management and security services, Permanent	10	0	0	0
Interns	9	34	34	377.8
Secretaries & other keyboard operating clerks, Permanent	43	4	4	9.3
Security officers, Permanent	23	15	2	8.7
Senior managers, Permanent	63	3	9	14.3
Social sciences related, Permanent	1	0	1	100
Statisticians and related professionals, Permanent	11	0	0	0
Trade/industry advisers & other related profession, Permanent	3	0	2	66.7
Youth workers, Permanent	1	0	0	0
TOTAL	537	90	83	15.5

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2014 and 31 March 2015

Termination Type	Number	Percentage of Total Resignations
Death, Permanent	3	3.6
Resignation, Permanent	28	33.7
Expiry of contract, Permanent	49	59
Retirement, Permanent	3	3.6
Total	83	100
Total number of employees who left as a % of total employment	83	15.5

Table 3.5.4 Promotions by critical occupation for the period 1 April 2014 and 31 March 2015

Occupation	Employees 1 April 2014	Promotions to another Salary Level	Salary Level Promotions as a % of employees by occupation	Progressions to another Notch within a Salary Level	Notch progression as a % of employees by occupation
Administrative related	107	13	12.1	54	50.5
Biologists botanists zoologists & rel professional	10	1	10	8	80
Client inform clerks(switchb receipt inform clerks)	6	1	16.7	0	0
Communication and information related	11	1	9.1	7	63.6
Community development workers	1	0	0	0	0
Economists	1	0	0	1	100
Engineering sciences related	5	0	0	2	40
Finance and economics related	10	0	0	5	50
Financial and related professionals	16	1	6.3	11	68.8
Financial clerks and credit controllers	9	0	0	5	55.6
Head of department/chief executive officer	1	0	0	0	0
Human resources & organisat developm & relate prof	22	3	13.6	13	59.1
Human resources clerks	13	1	7.7	9	69.2
Human resources related	10	1	10	5	50
Information technology related	7	0	0	7	100
Language practitioners interpreters & other commun	2	0	0	2	100
Legal related	4	0	0	1	25
Library mail and related clerks	21	1	4.8	2	9.5
Logistical support personnel	6	2	33.3	5	83.3
Material-recording and transport clerks	14	0	0	7	50
Messengers porters and deliverers	3	2	66.7	2	66.7
Meteorologists	2	0	0	2	100
Natural sciences related	72	16	22.2	20	27.8
Other administrat & related clerks and organisers	9	1	11.1	1	11.1
Other administrative policy and related officers	4	0	0	3	75
Other information technology personnel.	5	0	0	4	80
Other occupations	2	0	0	0	0
Risk management and security services	10	2	20	3	30
Interns	9	0	0	3	33.3
Secretaries & other keyboard operating clerks	43	5	11.6	31	72.1
Security officers	23	0	0	0	0
Senior managers	63	7	11.1	41	65.1
Social sciences related	1	2	200	0	0

Occupation	Employees 1 April 2014	Promotions to another Salary Level	Salary Level Promotions as a % of employees by occupation	Progressions to another Notch within a Salary Level	Notch progression as a % of employees by occupation
Statisticians and related professionals	11	2	18.2	0	0
Trade/industry advisers & other related profession	3	0	0	0	0
Youth workers	1	0	0	1	100
TOTAL	537	62	11.5	255	47.5

Table 3.5.5 Promotions by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Employees 1 April 2014	Promotions to another Salary Level	Salary Level Promotions as a % of employees by occupation	Progressions to another Notch within a Salary Level	Notch progression as a % of employees by occupation
Skilled (Levels 3-5), Permanent	62	1	1.6	7	11.3
Highly skilled production (Levels 6-8), Permanent	138	20	14.5	85	61.6
Highly skilled supervision (Levels 9-12), Permanent	221	27	12.2	115	52
Senior management (Levels 13-16), Permanent	73	12	16.4	43	58.9
Contract (Levels 1-2), Permanent	5	0	0	0	0
Contract (Levels 3-5), Permanent	18	0	0	2	11.1
Contract (Levels 6-8), Permanent	7	2	28.6	2	28.6
Contract (Levels 9-12), Permanent	7	0	0	1	14.3
Contract (Levels 13-16), Permanent	6	0	0	0	0
TOTAL	537	62	11.5	255	47.5

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2015

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers, Permanent	31	3	2	3	21	1	2	2	65
Professionals, Permanent	47	0	0	5	55	1	1	4	113
Technicians and associate professionals, Permanent	105	0	1	1	116	2	1	0	226
Clerks, Permanent	32	1	0	0	87	2	0	5	127
Service and sales workers, Permanent	40	0	0	0	8	0	0	0	48
Elementary occupations, Permanent	2	1	0	0	1	0	0	0	4
TOTAL	257	5	3	9	288	6	4	11	583
Employees with disabilities	2	0	0	2	8	0	0	1	13

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2015

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	3	1	0	1	2	1	1	0	9
Senior Management, Permanent	34	2	3	3	21	1	1	2	67
Professionally qualified and experienced specialists and mid-management, Permanent	106	0	0	3	110	1	2	2	224
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	46	1	0	1	92	1	0	5	146
Semi-skilled and discretionary decision making, Permanent	50	0	0	0	31	1	0	1	83
Contract (Top Management), Permanent	2	0	0	0	0	0	0	0	2
Contract (Senior Management), Permanent	0	0	0	0	2	1	0	0	3
Contract (Professionally qualified), Permanent	1	0	0	1	2	0	0	0	4
Contract (Skilled technical), Permanent	1	0	0	0	3	0	0	1	5
Contract (Semi-skilled), Permanent	5	1	0	0	11	0	0	0	17
Contract (Unskilled), Permanent	9	0	0	0	14	0	0	0	23
TOTAL	257	5	3	9	288	6	4	11	583

Table 3.6.3 Recruitment for the period 1 April 2014 to 31 March 2015

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	0	1	0	0	0	1
Senior Management, Permanent	3	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	0	1	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2	0	0	0	4	0	0	0	6
Semi-skilled and discretionary decision making, Permanent	18	0	0	0	7	1	0	0	26
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	2
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	1
Contract (Professionally qualified), Permanent	1	0	0	0	2	0	0	0	3
Contract (Skilled technical), Permanent	0	0	0	0	2	0	0	0	2
Contract (Semi-skilled), Permanent	2	1	0	0	6	0	0	1	10
Contract (Unskilled), Permanent	13	0	0	0	21	0	0	0	34
TOTAL	41	1	0	1	45	1	0	1	90
Employees with disabilities	2	0	0	0	3	0	0	0	5

Table 3.6.4 Promotions for the period 1 April 2014 to 31 March 2015

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	2	1	0	1	1	0	1	0	6
Senior Management, Permanent	20	2	2	3	16	2	1	3	49
Professionally qualified and experienced specialists and mid-management, Permanent	64	0	0	3	72	1	0	2	142
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	32	1	0	0	68	0	0	4	105
Semi-skilled and discretionary decision making, Permanent	3	0	0	0	5	0	0	0	8
Contract (Professionally qualified), Permanent	0	0	0	0	1	0	0	0	1
Contract (Skilled technical), Permanent	3	0	0	0	0	0	0	1	4
Contract (Semi-skilled), Permanent	0	1	0	0	0	0	0	1	2
TOTAL	124	5	2	7	163	3	2	11	317
Employees with disabilities	0	0	0	1	0	0	0	0	1

Table 3.6.5 Terminations for the period 1 April 2014 to 31 March 2015

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	2	0	0	0	0	0	0	0	2
Senior Management, Permanent	1	1	0	1	1	0	0	1	5
Professionally qualified and experienced specialists and mid-management, Permanent	6	0	0	0	2	0	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2	0	0	0	2	0	0	0	4
Semi-skilled and discretionary decision making, Permanent	1	0	0	0	0	0	0	0	1
Contract (Top Management), Permanent	2	0	0	1	1	0	0	0	4
Contract (Senior Management), Permanent	0	1	0	0	2	0	0	1	4
Contract (Professionally qualified), Permanent	3	0	0	2	1	0	0	0	6
Contract (Skilled technical), Permanent	3	0	0	0	2	0	0	0	5
Contract (Semi-skilled), Permanent	2	0	0	0	8	0	0	0	10
Contract (Unskilled), Permanent	12	0	0	0	22	0	0	0	34
TOTAL	34	2	0	4	41	0	0	2	83
Employees with disabilities	0	0	0	0	3	0	0	0	3

Table 3.6.6 Disciplinary action for the period 1 April 2014 to 31 March 2015

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Formal Disciplinary Action	1	0	0	0	0	1	0	0	2
TOTAL	1	0	0	0	0	1	0	0	2

Table 3.6.7 Skills development for the period 1 April 2014 to 31 March 2015

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	24	3	2	4	19	0	2	0	54
Professionals	34	0	0	0	32	0	1	1	68
Technicians and Associate Professionals	59	0	1	0	71	0	0	1	132
Clerks	10	1	0	0	56	0	0	0	67
Service and Sales Workers	13	0	0	0	1	0	0	0	14
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Elementary Occupations	0	0	0	0	0	0	0	0	0
TOTAL	140	4	3	4	179	0	3	2	335
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7. Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2015

SMS Level	Total number of funded SMS posts as at 1 June 2014	Total number of SMS members as at 1 June 2014	Total number of signed performance agreements as at 31 August 2014	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	0	0%
Salary Level 16	3	2	0	0%
Salary Level 15	7	7	4	57%
Salary Level 14	17	16	12	75%
Salary Level 13	57	49	42	86%
Total	85	75	58	77%

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2014.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2015

Reasons
Since the appointment of the new Minister in June 2014 there was a revision exercise for the job descriptions (commenced September 2014). This is not finalised.

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2015

Reasons
None

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

3.8. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2014 to 31 March 2015

Race and Gender	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African	150	535	55.9	3611	48342
Female	85	280	30.4	1 991	23 425
Male	65	255	25.5	1 620	24 917
Asian	2	7	50	91	45474
Female	2	4	50	91	45 474
Male	0	3	0	0	0
Coloured	1	11	20	18	18207
Female	0	6	0	0	0
Male	1	5	20	18	18 207
White	8	17	88.6	244	73165
Female	6	10	60	146	24 312
Male	2	7	28.6	98	48 853
TOTAL	162	583	27.8	4 006	24 731

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary Band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of Beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average Cost per Beneficiary (R)	
Skilled (Levels 3-5)	19	83	22.9	185	9 737	1.3
Highly skilled production (Levels 6-8)	70	146	47.9	1 194	17 057	2.9
Highly skilled supervision (Levels 9-12)	71	224	31.7	2 480	34 930	2.2

Salary Band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of Beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average Cost per Beneficiary (R)	
Contract (Levels 1-2)	0	23	0	0	0	0.0
Contract (Levels 3-5)	0	17	0	0	0	0.0
Contract (Levels 6-8)	0	5	0	0	0	0.0
Contract (Levels 9-12)	0	4	0	0	0	0.0
Periodical Remuneration	0	6	0	0	0	0.0
Abnormal Appointment	0	33	0	0	0	0.0
TOTAL	160	541	29.6	3 859	24 119	2.3

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2014 to 31 March 2015

Critical Occupations	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of employees	Percentage of total within occupation	Total Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	29	105	27.6	877	30 241
Biologists botanists zoologists & rel professional	1	5	20	43	43 000
Client inform clerks (switchboard reception inform clerks)	2	7	28.6	20	10 000
Communication and information related	7	12	58.3	227	32 429
Economists	0	1	0	0	0
Engineering sciences related	1	4	25	48	48 000
Finance and economics related	1	8	12.5	40	40 000
Financial and related professionals	10	16	62.5	270	27 000
Financial clerks and credit controllers	4	13	30.8	55	13 750
Food services aids and waiters	0	1	0	0	0
Human resources & organisational development & related professional	14	22	63.6	421	30 071
Human resources clerks	6	11	54.5	87	14 500
Human resources related	5	10	50	153	30 600
Information technology related	7	7	100	210	30 000
Language practitioners interpreters & other communication	2	3	66.7	39	19 500
Legal related	1	4	25	50	50 000
Library mail and related clerks	6	23	26.1	72	12 000
Logistical support personnel	3	8	37.5	55	18 333
Material-recording and transport clerks	7	14	50	99	14 143
Messengers porters and deliverers	0	3	0	0	0

Critical Occupations	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of employees	Percentage of total within occupation	Total Cost (R'000)	Average Cost per Beneficiary (R)
Meteorologists	1	2	50	30	30 000
Natural sciences related	12	82	14.6	363	30 250
Other administrat & related clerks and organisers	0	15	0	0	0
Other administrative policy and related officers	0	4	0	0	0
Other information technology personnel.	3	4	75	102	34 000
Other occupations	0	2	0	0	0
Risk management and security services	8	14	57.1	131	16 375
Interns	0	27	0	0	0
Secretaries & other keyboard operating clerks	19	44	43.2	324	17 053
Security officers	10	34	29.4	93	9 300
Senior managers	2	63	3.2	148	74 000
Social sciences related	0	2	0	0	0
Statisticians and related professionals	1	10	10	51	51 000
Trade/industry advisers & other related profession	0	2	0	0	0
Youth workers	0	1	0	0	0
TOTAL	162	583	27.8	4008	24741

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary Band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of Beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average Cost per employee	
Band A	2	54	3.7	148	74 000	0.2
Band B	0	16	0	0	0	0
Band C	0	7	0	0	0	0
Band D	0	4	0	0	0	0
TOTAL	2	81	2.5	148	74 000	0.2

3.9. Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 foreign workers by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	1 April 2014		31 March 2015		Change	
	Number	% of Total	Number	% of Total	Number	% of Total
Senior management (Levels 13-16)	3	60	3	75	0	0
Contract (Levels 9-12)	2	40	1	25	-1	100
TOTAL	5	100	4	100	-1	100

Table 3.9.2 foreign workers by major occupation for the period 1 April 2014 and 31 March 2015

Major Occupation	1 April 2014		31 March 2015		Change	
	Number	% of Total	Number	% of Total	Number	% of Total
Professionals and managers	5	100	4	100	-1	100
TOTAL	5	100	4	100	-1	100

3.10. Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2014 to 31 December 2015

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Skilled (Levels 3-5)	373	82	56	12.2	7	225
Highly skilled production (Levels 6-8)	827	75.8	126	27.5	7	818
Highly skilled supervision (Levels 9-12)	1172	77.3	186	40.5	6	2 155

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Senior management (Levels 13-16)	404	82.9	54	11.8	7	1 370
Contract (Levels 1-2)	71	63.4	19	4.1	4	27
Contract (Levels 3-5)	42	69	10	2.2	4	24
Contract (Levels 6-8)	22	95.5	3	0.7	7	16
Contract (Levels 13-16)	38	89.5	5	1.1	8	175
TOTAL	2949	78.1	459	100	6	4810

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2014 to 31 December 2014

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)
Highly skilled production (Levels 6-8)	60	100	3	27.3	20	58
Highly skilled supervision (Levels 9-12)	100	100	3	27.3	33	176
Senior management (Levels 13-16)	16	100	4	36.4	4	54
Contract (Levels 3-5)	10	100	1	9.1	10	7
TOTAL	186	100	11	100	17	295

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2014 to 31 December 2014

Salary Band	Total Days Taken	Number of Employees who took leave	Average days per Employee
Skilled (Levels 3-5)	1185	83	14
Highly skilled production (Levels 6-8)	2990	159	19
Highly skilled supervision (Levels 9-12)	4950	237	21
Senior management (Levels 13-16)	1588	79	20
Contract (Levels 1-2)	355	42	8
Contract (Levels 3-5)	197	16	12
Contract (Levels 6-8)	65	7	9
Contract (Levels 9-12)	70	8	9
Contract (Levels 13-16)	85	11	8
TOTAL	11485	642	18

Table 3.10.4 Capped leave for the period 1 January 2014 to 31 December 2014

Salary Band	Total days of capped leave taken	Number of Employees using Capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 December 2014
Highly skilled supervision (Levels 9-12)	2	1	2	22
Senior management (Levels 13-16)	3	1	3	40
TOTAL	5	2	3	30

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave payouts for the period 1 April 2014 and 31 March 2015

Reason	Total Amount (R'000)	Number of Employees	Average per Employee (R)
Leave payout for 2014/15 due to non-utilisation of leave for the previous cycle	288	14	20571
Capped leave payouts on termination of service for 2014/15	1 982	41	48341
Current leave payout on termination of service for 2014/15	1 002	27	37111
TOTAL	3272	82	39902

3.11. HIV/AIDS & Health Promotion Programmes

Table 3.11.1 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
Currently we do not have any designated group of employees that is more at risk than other groups in the workplace.	

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the 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		Mr Edzisani Ndou. Director: HRM & D
2. Does the department have a dedicated unit or have you designated specific staff members to promote 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		We have four (4) staff in the unit. There is, however, no specific budget allocated for the services
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		The programme offers psychosocial & support services, voluntary counselling and testing, health education, promotion of human rights and fair labour practices.

Question	Yes	No	Details, if yes
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		<p>EHWP STEERING COMMITTEE MEMBERS:</p> <ol style="list-style-type: none"> 1. Mpho Ndebele - Community Upliftment (HQ) 2. Mr Daniel Ndou - HRM&D (HQ) 3. Ms Xolile Mtwa - Petroleum Licensing (KZN) 4. Mr Gibson Tshisikawe - Petroleum Licensing (PLK) 5. Mr Lloyd Ganta - Governance and Compliance (HQ) 6. Ms Nohlanhla Tshabalala - FPMA (HQ) 7. Katse Maphoto - Nuclear Safety and Technology (HQ) 8. Thebe Mamakoko - Climate Change and Environmental Compliance (HQ) 9. Mr Tobatsi Segele - ER: EHWP (HQ) 10. Ms Mikateko Mabunda - EHWP Coordinator (HQ) <p>PEER EDUCATORS/EHWP COMMITTEE MEMBERS:</p> <ol style="list-style-type: none"> 1. Patrick Nojila - Western Cape 2. Nthabiseng Mahlaku - Northern Cape 3. Mawande Zibi - Eastern Cape 4. Cyril Khoza - Mpumalanga 5. Margaret Ramagoma - Limpopo 6. Doris Moyake - Free State 7. Charlene Phakathi - Kwazulu Natal 8. Veni Ntshaba - Northwest 9. Victoria Mafafo - Legal Services (HQ) 10. Dikeledi Maepa - Auxiliary Support Services (HQ) 11. Thilivhali Mabusha - Transport (HQ) 12. Bernet Makhura - Petroleum Licensing (HQ) 13. Boitumelo Muyengwa - Petroleum Licensing (HQ) 14. Lydia Modiba - HRM & D (HQ) 15. Sibongile Rapopo - Monitoring, Evaluation and SOE Oversight (HQ) 16. Tshidi Petlele - EM (HQ) 17. Refilwe Petja - EM (HQ) 18. Lerato Mashamaite - Petroleum Licensing (HQ) 19. Mikateko Mabunda - EHWP Coordinator (HQ) 20. Veronica Mohai Pretoria - OHS (HQ) 21. Gaugelo Mphela Pretoria - Employee Relations (HQ) 22. Matshediso Mahlaku - Petroleum Licensing (HQ)
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		Integrated Employee Health & Wellness Policy, Labour Relations Regulations and the DPSA EHWP Legal Framework
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		Aggrieved employees can report matters at the employee relations office for intervention and support
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Total participation for 2014/2015 is at 223 and total tested is at 123, meaning that only 21% (Per 591 total DoE staff compliment) of DoE staff tested.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	X		Monitoring and evaluation is done through analysis of reports. The EHWP Steering Committee also serves as a monitoring and evaluation platform.

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2014 and 31 March 2015

Subject Matter	Date
Transport Policy	28-May-14
Collective Agreement on Procedures for Job Rotation in DoE	12-Aug-14
Acting Appointment & Acting Allowance Policy	20-Mar-15

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Collective agreements	None
---------------------------------------	------

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2014 and 31 March 2015

Outcomes of disciplinary hearings	Number	Percentage of Total
2 months suspension (not precautionary) without pay & Final Written Warning	1	100%
TOTAL	1	100%

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	None
---	------

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2014 and 31 March 2015

Type of misconduct	Number	Percentage of Total
Abuse of State Vehicle	2	25%
Irregular Expenditure	2	25%
Negligence	2	25%
Insubordination	1	13%
Misrepresentation	1	13%
TOTAL	8	100%

Table 3.12.4 Grievances logged for the period 1 April 2014 and 31 March 2015

Number of grievances addressed	Number	Percentage of Total
Outstanding	2	6.45%
Resolved	27	87.10%
Withdrawn	2	6.45%
TOTAL	31	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2014 and 31 March 2015

Number of disputes addressed	Number	% of total
Upheld	0	0
Dismissed	0	0
Total	0	0

Table 3.12.6 Strike actions for the period 1 April 2014 and 31 March 2015

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2014 and 31 March 2015

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

3.13. Skills development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2014 and 31 March 2015

Occupational Categories	Gender	Number of employees as at 1 April 2014	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	21	1	22
	Male	36	0	18	1	19
Professionals	Female	58	1	35	6	42
	Male	66	0	30	5	35
Technicians and associate professionals	Female	98	0	53	2	55
	Male	95	0	40	8	48
Clerks	Female	87	5	35	12	52
	Male	29	0	17	4	21
Service and sales workers	Female	7	0	4	0	4
	Male	26	0	19	1	20

Occupational Categories	Gender	Number of employees as at 1 April 2014	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Interns*	Female	23	0	0	20	20
	Male	11	0	0	12	12
Learnerships	Female	8	0	0	8	8
	Male	5	0	0	5	5
Gender sub totals	Female	308	6	148	41	195
	Male	268	0	124	24	148
Total		576	6	272	85	363

Table 3.13.2 Training provided for the period 1 April 2014 and 31 March 2015

Occupational Categories	Gender	Number of employees as at 1 April 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	20	1	21
	Male	36	0	32	1	33
Professionals	Female	58	1	28	5	34
	Male	66	0	29	5	34
Technicians and associate professionals	Female	98	0	67	5	72
	Male	95	0	51	9	60
Clerks	Female	87	5	40	11	56
	Male	29	0	9	2	11
Service and sales workers	Female	7	0	1	0	1
	Male	26	0	12	1	13
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational Categories	Gender	Number of employees as at 1 April 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Interns*	Female	23	0	0	20	20
	Male	11	0	0	12	12
Learnerships	Female	8	0	0	8	8
	Male	5	0	0	5	5
Gender sub totals	Female	308	6	156	50	204
	Male	268	0	133	35	156
Total		576	6	289	85	380

3.14. Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2014 and 31 March 2015

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	1	

3.15. Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2014 and 31 March 2015

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Appointment of a service provider to review the application of magisterial district zone (MDZ) system to determine the transport tariffs included in the price structures of petrol, diesel and illuminating paraffin for a period of six (06) months	5	180	R 1 471 184.00
Appointment of a service provider to collate detailed operating expenses of a selected number of service station, retail sites and to determine the average operating costs of benchmark service station for a period of four (04) months	3	120	R 712 215.00
Appointment of service provider to determine the asset base (Value) of four secondary storage depot sizes and that of a benchmark service station (BSS) for a period of six (06) months	3	180	R 640 358.00
Appointment of a service provider to undertake independent technical audit and measurement, verification (M&V) of Energy savings achieved from the implementation of municipal energy efficiency and demand side	10	180	R 3 490 972.00
Appointment of service provider for sampling and testing of petroleum products	17	720	R 20 645 532.72
Appointment of a service provider to develop a training programme for first responders for nuclear and radiological emergencies for a period of eight (08) weeks	3	40	R 700 416.00
Deviation for the appointment of a service provider to provide learnership programme in public administration (NQF level 5) for the Department of Energy for a period of 12 months	3	360	R 410 400.00
Appointment of a service provider for the supply of skilled information technology resource for the Department of Energy for a period of 24 months	1	720	R 2 581 317.50
Appointment of a service provider for the production, layout/ design and printing of the annual report for the Department of Energy (DOE) for the period 2013/14	2	30	R 236 558.51
Deviation for the appointment of a service provider to do the projections for twenty eight (28) energy commodities for a period of one (01) month	2	30	R 283 660.00
Appointment of a service provider to audit the monthly fuel price adjustments and fuel price media statement administered by the Department of Energy for the period of two (2) years	3	720	R 499 444.00
Appointment of service providers for the proof reading/ layout/design and production of the 2015-2020 Strategic Plan and 2015-2016 annual performance	4	30	R482,032,25
Appointment of a service provider to conduct risk assessments, fraud risk assessments and provide education, training and awareness on risk management to management / risk champions of the DOE for a period of five (05) weeks	2	25	R 499 475.00

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Appointment of a service provider to render internal audit services for the Department of Energy for a period of three (03) years	6	360	R 1 996 465.80
Deviation for the appointment of a service of a professional editor services to edit and proof read the intergraded energy plan (IEP) report document for two (02) weeks	2	10	R 134 776.81
Appointment of panel of Financial Management Services for the DOE for a period of three (03) years	0	1080	R 0.00
Invitation of Bids for the appointment of a Service Provider to render the Employee Health and Wellness Program (EHWP) services for a period of twenty (24) months	3	720	R 1 371 679.92
Appointment of to render advisory services on financing of nuclear new build through a deferred return government investor approach for a period of five (05) weeks	3	25	R 995 334.00
Appointment of a Service Provider for Advisory Services on Economic Impact of Localisation for the Nuclear Expansion Programme for the Department of Energy Head Offices at 192 Visagie Street, Corner Paul Kruger And Visagie Street, for a Period of four (4) Months	4	80	R6 137 820.00
Appointment of a service provider for the Procurement of services to design, implement, maintain and support the voice over internet protocol telephone system at 7 Regional offices from Gijima.	4	30	R1 168 779.30
Appointment of a service provider to determine a baseline for the standard and labelling projects for a period of 19 weeks	2	95	R 963 870.00
Appointment of a service provider for the development of the 3rd edition of the environmental management plan (EMP) for DOE and its state owned companies (SOCS) and entities (SOES) for a period of five (05) months	3	150	R 1 564 498.22
Appointment of a service provider to develop the energy and climate change strategy in the public building sub-sector for four (04) months	4	120	R 908 240.00
Appointment of a service provider to review and enhance energy data collection and management processes and systems for a period of twelve (12) months	4	360	R 7 974 374.00
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
24	93	6 365	55 585 844.52

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project Title	BBBEE Status	Number of Consultants from BBBEE groups that work on the project
Appointment of a service provider to review the application of magisterial district zone (MDZ) system to determine the transport tariffs included in the price structures of petrol, diesel and illuminating paraffin for a period of six (06)months	18	5

Project Title	BBBEE Status	Number of Consultants from BBBEE groups that work on the project
Appointment of a service provider to collate detailed operating expenses of a selected number of service station, retail sites and to determine the average operating costs of benchmark service station for a period of four (04) months	18	3
Appointment of service provider to determine the asset base (Value) of four secondary storage depot sizes and that of a benchmark service station (BSS) for a period of six (06) months	12	3
Appointment of a service provider to undertake independent technical audit and measurement, verification (M&V) of Energy savings achieved from the implementation of municipal energy efficiency and demand side	Company 1-4 Company 2-10 Company 3-8	10
Appointment of service provider for sampling and testing of petroleum products	8	17
Appointment of a service provider to develop a training programme for first despondence for nuclear and radiological emergencies for a period of eight (08) weeks	16	3
Deviation for the appointment of a service provider to provide learnership programme in public administration (NQF level 5) for the Department of Energy for a period of 12 months	18	3
Appointment of a service provider for the supply of skilled information technology resource for the Department of Energy for a period of 24 months	18	1
Appointment of a service provider for the production, layout/ design and printing of the annual report for the Department of Energy (doe) for the period 2013/14	16	2
Deviation for the appointment of a service provider to do the projections for twenty eight (28) energy commodities for a period of one (01) month	16	2
Appointment of a service provider to audit the monthly fuel price adjustments and fuel price media statement administered by the Department of Energy for the period of two (2) years	18	3
Appointment of service providers for the proof reading/ layout/design and production of the 2015-2020 Strategic Plan and 2015-2016 annual performance	16	4
Appointment of a service provider to conduct risk assessments, fraud risk assessments and provide education, training and awareness on risk management to management / risk champions of the DOE for a period of five (05) weeks	18	2
Appointment of a service provider to render internal audit services for the Department of Energy for a period of three (03) years	Company 1-20 Company 2-20 Company 3-18 Company 4-18 Company 5-18 Company 6-18 Company 7-20 Company 8- 20 Company 9-18	6

Project Title	BBBEE Status	Number of Consultants from BBBEE groups that work on the project
Deviation for the appointment of a service of a professional editor services to edit and proof read the intergraded energy plan (IEP) report document for two weeks	16	2
Appointment of panel of Financial Management Services for the DOE for a period of three (03) years	Company 1-18 Company 2-20 Company 3-18 Company 4-18 Company 5-16 Company 6-18 Company 7-20 Company 8-20 Company 9-18 Company 10-18	0 0 0 0 0 0 0 0 0 0
Invitation of Bids for the appointment of a Service Provider to render the Employee Health and Wellness Program (EHWP) services for a period of twenty (24) months	18	3
Appointment of to render advisory services on financing of nuclear new build through a deferred return government investor approach for a period of five (05) weeks	9	3
Appointment of a Service Provider for Advisory Services on Economic Impact of Localisation for the Nuclear Expansion Programme for the Department of Energy Head Offices at 192 Visagie Street, Corner Paul Kruger And Visagie Street, for a Period of four (4) Months	9	4
Appointment of a service provider for the Procurement of services to design, implement, maintain and support the voice over internet protocol telephone system at 7 Regional offices from Gijima.	18	4
Appointment of a service provider to determine a baseline for the standard and labelling projects for a period of 19 weeks	0	2
Appointment of a service provider for the development of the 3rd edition of the environmental management plan (EMP) for DOE and its state owned companies (SOCS) and entities (SOES) for a period of five (05) months	0	3
Appointment of a service provider to develop the energy and climate change strategy in the public building sub-sector for four (04) months	16	4
Appointment of a service provider to review and enhance energy data collection and management processes and systems for a period of twelve (12) months	0	4

Note:

The HDI Status of Consultants are no longer applicable to any legislation, since the amendment of the BBBEE Framework, and the BBBEE Codes of Good Practice. The current practice is that all service providers submit a BEE Certificate which indicates on which level they have been audited and certified/rated. This is called the BBBEE Status Level of Contributor. The certificate thus contains only the status level and no HDI status is required or provided. Hence HDI Status Information is unknown.

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2014 and 31 March 2015

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
NONE			

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
NONE			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
NONE			

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2014 and 31 March 2015

Category	No of applications received	No of applications referred to the MPSA	No of applications supported by MPSA	No of Packages approved by department
Lower Skilled (Salary Level 1-2)	0	0	0	0
Skilled (Salary Level 3-5)	0	0	0	0
Highly Skilled Production (Salary Level 6-8)	0	0	0	0
Highly Skilled Production (Salary Level 9-12)	0	0	0	0
Senior Management (Salary Level 13 and higher)	0	0	0	0
Total	0	0	0	0

PART E:

FINANCIAL INFORMATION



REPORT OF THE AUDITOR GENERAL TO PARLIAMENT ON VOTE No. 29 OF THE DEPARTMENT OF ENERGY

Report on the financial statements

Introduction

1. I have audited the financial statements of the Department of Energy set out on pages 169 to 246, which comprise the appropriation statement, the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, and the cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements, in accordance with the Modified Cash Standards (MCS) prescribed by the National Treasury and the requirements of the Public Financial Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2015) (DORA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Energy as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standards (MSC) prescribed by the National Treasury and the requirements of the PFMA.

Additional matter

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

Unaudited supplementary schedules

8. The supplementary information set out on pages 247 to 260 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the Department for the year ended 31 March 2015
- Programme 4: Integrated National Electrification Programme pages 91 to 99
 - Programme 6: Clean Energy pages 105 to 109
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Programme 4: Integrated National Electrification Programme
 - Programme 6: Clean Energy

Additional matter

15. The following additional matter paragraphs will be included in our auditor's report to draw the users' attention to the matters regarding the audit, the auditor's responsibilities, and the auditor's report:

Achievement of planned targets

16. Refer to the annual performance report on page(s) 60 to 109 for information on the achievement of the planned targets for the year.

Compliance with legislation

17. I performed procedures to obtain evidence that the Department of Energy had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

18. I considered internal control relevant to my audit of the financial statements, information on predetermined objectives and compliance with laws and regulations. I did not identify any significant deficiencies in internal control

Auditor-General
Pretoria
29 July 2015



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

APPROPRIATION STATEMENTS

for the year ended 31 March 2015

Appropriation per programme	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	257,290	-	3,311	260,601	257,168	3,433	98.7%	233,142	232,558
2. Energy Policy & Planning	57,553	-	-4,500	53,053	41,749	11,304	78.7%	47,989	47,756
3. Petroleum and Petroleum Products Regulation	84,531	-	-6,321	78,210	64,548	13,662	82.5%	39,865	25,836
4. Electrification and Energy Programme and Project Management	4,208,616	-	8,711	4,217,327	4,180,973	36,354	99.1%	3,967,700	3,958,525
5. Nuclear Energy	843,829	-	2,700	846,529	845,418	1,111	99.9%	723,998	722,501
6. Clean Energy	1,985,975	-	-3,901	1,982,074	830,257	1,151,817	41.9%	1,490,550	1,489,887
Subtotal	7,437,794	-	-	7,437,794	6,220,113	1,217,681	83.6%	6,503,244	6,477,063
TOTAL	7,437,794	-	-	7,437,794	6,220,113	1,217,681	83.6%	6,503,244	6,477,063

APPROPRIATION STATEMENTS for the year ended 31 March 2015

	2014/15		2013/14	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)	7,437,794	6,220,113	6,503,244	6,477,063
Reconciliation with statement of financial performance				
ADD				
Departmental receipts			43,472	
NRF Receipts	5,277		72,810	
Aid assistance	139,371			
Actual amounts per statement of financial performance (total revenue)	7,582,442		6,619,526	
ADD				
Aid assistance		135,072		
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (total expenditure)		6,355,185		6,477,063

Appropriation per economic classification		2014/15						2013/14		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments		530,710	-260	-13,123	517,327	473,607	43,720	91.5%	430,244	414,785
Compensation of employees		286,021	-4,464	-8,311	273,246	264,266	8,980	96.7%	230,312	228,545
Goods and services		244,689	4,204	-4,812	244,081	209,341	34,740	85.8%	199,932	186,240
Interest and rent on land		-	-	-	-	-	-	-	-	-
Transfers and subsidies		6,901,889	228	13,122	6,915,239	5,742,710	1,172,529	83.0%	6,060,826	6,050,595
Provinces and municipalities		1,241,563	-	-	1,241,563	1,241,563	-	100.0%	1,815,494	1,815,490
Departmental agencies and accounts		197,257	-	-	197,257	197,194	63	100.0%	202,504	202,504
Foreign governments and international organisations		12,055	-	9,759	21,814	21,275	539	97.5%	40,077	38,903
Public corporations and private enterprises		5,450,640	-	-	5,450,640	4,278,715	1,171,925	78.5%	4,002,333	3,993,429
Households		374	228	3,363	3,965	3,963	2	99.9%	418	269
Payments for capital assets		5,195	-	-	5,195	3,763	1,432	72.4%	12,173	11,682
Machinery and equipment		5,195	-	-	5,195	3,763	1,432	72.4%	11,693	11,334
Intangible assets		-	-	-	-	-	-	-	480	348
Software and other intangible assets		-	-	-	-	-	-	-	-	-
Payments for financial assets		-	32	1	33	33	-	100.0%	1	-
Total		7,437,794	-	-	7,437,794	6,220,113	1,217,681	83.6%	6,503,244	6,477,063

APPROPRIATION STATEMENTS for the year ended 31 March 2015

	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 1: Administration									
Sub programme									
1. Ministry	30,427	11,351	-	41,778	41,767	11	100.0%	32,878	35,536
2. Departmental Management	51,265	-5,161	-	46,104	45,787	317	99.3%	46,638	43,271
3. Finance Administration	35,551	-4,450	-	31,101	29,390	1,711	94.5%	32,194	27,204
4. Audit Services	5,592	1,300	26	6,918	6,754	164	97.6%	5,293	4,564
5. Corporate Services	105,257	1,650	3,285	110,192	109,053	1,139	99.0%	116,139	121,983
6. Office Accommodation	29,198	-4,690	-	24,508	24,417	91	99.6%	-	-
Total for sub programmes	257,290	-	3,311	260,601	257,168	3,433	98.7%	233,142	232,558
Economic classification									
Current payments	250,846	-232	-278	250,336	248,394	1,942	99.2%	221,472	221,077
Compensation of employees	136,564	-4,437	-	132,127	131,521	606	99.5%	112,947	112,637
Goods and services	114,282	4,205	-278	118,209	116,873	1,336	98.87%	108,525	108,440
Transfers and subsidies	1,249	228	3,589	5,066	5,007	59	98.8%	356	170
Departmental agencies and accounts	875	-	-	875	812	63	92.8%	-	-
Foreign governments and international organisations	-	-	278	278	282	-4	101.4%	-	-
Households	374	228	3,311	3,913	3,913	-	100.0%	356	170

Programme 1: Administration									
2014/15					2013/14				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	5,195	-	-	5,195	3,763	1,432	72.4%	11,313	11,311
Machinery and equipment	5,195	-	-	5,195	3,763	1,432	72.4%	11,233	11,311
Software and other intangible assets	-	-	-	-	-	-	-	80	-
Payments for financial assets	-	4	-	4	4	-	100.0%	1	-
Total	257,290	-	3,311	260,601	257,168	3,433	98.7%	233,142	232,558
1.1 Ministry									
2014/15					2013/14				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	30,427	11,351	-	41,778	41,767	11	100.0%	32,878	35,536
Compensation of employees	17,080	3,841	-	20,921	20,920	1	100.0%	15,081	16,417
Goods and services	13,347	7,510	-	20,857	20,847	10	100.0%	17,797	19,119
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	30,427	11,351	-	41,778	41,767	11	100.0%	32,878	35,536

APPROPRIATION STATEMENTS for the year ended 31 March 2015

1.2 Departmental Management		2014/15							2013/14	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments		51,265	-5,161	-278	45,826	45,505	321	99.3%	46,638	43,264
Compensation of employees		35,993	-1,700	-	34,293	34,140	153	99.6%	30,144	28,013
Goods and services		15,272	-3,461	-278	11,533	11,365	168	98.5%	16,494	15,251
Interest and rent on land		-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	278	278	282	-4	101.4%	-	-
Provinces and municipalities		-	-	-	-	-	-	-	-	-
Foreign governments and international organisations		-	-	278	278	282	-4	101.4%	-	-
Payments for capital assets		-	-	-	-	-	-	-	-	7
Payments for financial assets		-	-	-	-	-	-	-	-	-
Total		51,265	-5,161	-	46,104	45,787	317	99.3%	46,638	43,271

1.3 Finance Administration		2014/15							2013/14	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments		33,629	-4,450	-	29,179	28,322	857	97.1%	30,381	26,170
Compensation of employees		21,295	-1,000	-	20,295	20,040	255	98.7%	18,761	17,617
Goods and services		12,334	-3,450	-	8,884	8,282	602	93.2%	11,620	8,553
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Payments for capital assets		1,922	-	-	1,922	1,068	854	55.6%	1,813	1,034
Buildings and other fixed structures		-	-	-	-	-	-	-	-	-
Machinery and equipment		1,922	-	-	1,922	1,068	854	55.6%	1,813	1,034
Payments for financial assets		-	-	-	-	-	-	-	-	-
Total		35,551	-4,450	-	31,101	29,390	1,711	94.5%	32,194	27,204

APPROPRIATION STATEMENTS for the year ended 31 March 2015

1.4 Audit Services	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5,592	1,300	-	6,892	6,728	164	97.6%	5,293	4,564
Compensation of employees	4,356	-550	-	3,806	3,679	127	96.7%	4,025	3,787
Goods and services	1,236	1,850	-	3,086	3,049	37	98.8%	1,268	777
Transfers and subsidies	-	-	26	26	26	-	100.0%	-	-
Households	-	-	26	26	26	-	100.0%	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	5,592	1,300	26	6,918	6,754	164	97.6%	5,293	4,564

1.5 Corporate Services	2014/15							2013/14		
	Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	100,735	1,418	-	-	102,153	101,655	498	99.5%	106,282	111,542
Compensation of employees	57,840	-5,028	-	-	52,812	52,742	70	99.9%	44,936	46,802
Goods and services	42,895	6,446	-	-	49,341	48,913	428	99.1%	61,346	64,740
Transfers and subsidies	1,249	228	3,285	-	4,762	4,699	63	98.7%	356	170
Provinces and municipalities										
Departmental agencies and accounts	875	-	-	-	875	812	63	92.8%	-	-
Households	374	228	3,285	-	3,887	3,887	-	100.0%	356	170
Payments for capital assets	3,273	-	-	-	3,273	2,695	578	82.3%	9,500	10,271
Machinery and equipment	3,273	-	-	-	3,273	2,695	578	82.3%	9,420	10,271
Software and other intangible assets	-	-	-	-	-	-	-	-	80	-
Payments for financial assets	-	4	-	-	4	4	-	100.0%	1	-
Total	105,257	1,650	3,285	-	110,192	109,053	1,139	99.0%	116,139	121,983

APPROPRIATION STATEMENTS for the year ended 31 March 2015

1.6 Office Accommodation		2014/15							2013/14	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29,198	-4,690	-	24,508	24,417	91	99.6%	-	-	
Compensation of employees										
Goods and services	29,198	-4,690	-	24,508	24,417	91	99.6%	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Payments for capital assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	29,198	-4,690	-	24,508	24,417	91	99.6%	-	-	

Programme 2: Energy Policy and Planning		2014/15						2013/14		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub programme		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Policy Analysis and Research		3,486	-	-1,200	2,286	475	1,811	20.8%	3,127	2,337
2. Energy Planning		32,112	-	-2,300	29,812	23,134	6,678	77.6%	21,349	18,380
3. Hydrocarbon Policy		13,900	-	-1,000	12,900	11,695	1,205	90.7%	15,704	15,402
4. Electricity, Energy Efficiency and Environmental Policy		8,055	-	-	8,055	6,445	1,610	80.0%	7,809	11,637
Total for sub programmes		57,553	-	-4,500	53,053	41,749	11,304	78.7%	47,989	47,756
Economic classification										
Current payments		57,553	-	-4,542	53,011	41,708	11,303	78.7%	47,980	47,748
Compensation of employees		33,148	-	-2,742	30,406	28,754	1,652	94.6%	28,529	28,347
Goods and services		24,405	-	-1,800	22,605	12,954	9,651	57.3%	19,451	19,401
Transfers and subsidies		-	-	42	42	41	1	97.6%	9	8
Households		-	-	42	42	41	1	97.6%	9	8
Payments for capital assets		-	-	-	-	-	-	-	-	-
Payments for financial assets		-	-	-	-	-	-	-	-	-
Total		57,553	-	-4,500	53,053	41,749	11,304	78.7%	47,989	47,756

APPROPRIATION STATEMENTS for the year ended 31 March 2015

2.1 Policy Analysis and Research	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3,486	-	-1,200	2,286	475	1,811	20.8%	3,127	2,337
Compensation of employees	1,970	-	-1,200	770	474	296	61.6%	1,859	1,870
Goods and services	1,516	-	-	1,516	1	1,515	0.1%	1,268	467
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	3,486	-	-1,200	2,286	475	1,811	20.8%	3,127	2,337

2.2 Energy Planning	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	32,112	-	-2,342	29,770	23,093	6,677	77.6%	21,340	18,372
Compensation of employees	14,223	-	-1,042	13,181	12,908	273	97.9%	11,158	11,642
Goods and services	17,889	-	-1,300	16,589	10,185	6,404	61.4%	10,182	6,730
Transfers and subsidies	-	-	42	42	41	1	97.6%	9	8
Households	-	-	42	42	41	1	97.6%	9	8
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	32,112	-	-2,300	29,812	23,134	6,678	77.6%	21,349	18,380

2.3 Hydrocarbon Policy		2014/15							2013/14	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments		13,900	-	-1,000	12,900	11,695	90.7%	15,704	15,402	
Compensation of employees		11,018	-	-500	10,518	9,895	94.1%	9,854	10,653	
Goods and services		2,882	-	-500	2,382	1,800	75.6%	5,850	4,749	
Transfers and subsidies		-	-	-	-	-	-	-	-	
Payments for capital assets		-	-	-	-	-	-	-	-	
Payments for financial assets		-	-	-	-	-	-	-	-	
Total		13,900	-	-1,000	12,900	11,695	90.7%	15,704	15,402	

APPROPRIATION STATEMENTS for the year ended 31 March 2015

2.4 Electricity, Energy Efficiency and Environmental Policy									
2014/15							2013/14		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8,055	-	-	8,055	6,445	1,610	80.0%	7,809	11,637
Compensation of employees	5,937	-	-	5,937	5,477	460	92.3%	5,658	4,182
Goods and services	2,118	-	-	2,118	968	1,150	45.7%	2,151	7,455
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	8,055	-	-	8,055	6,445	1,610	80.0%	7,809	11,637

Programme 3: Petroleum and Petroleum Products Regulation									
2014/15							2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Petroleum Compliance, Monitoring and Enforcement	18,147	-	-	18,147	13,541	4,606	74.6%	12,221	6,797
2. Petroleum Licensing and Fuel Supply	21,013	-	-	21,013	19,400	1,613	92.3%	15,571	15,473
3. Fuel Supply	14,874	-	-	14,874	9,158	5,716	61.6%	12,073	3,566
4. Regional Petroleum Regulation Office	30,497	-	-6,321	24,176	22,449	1,727	92.9%	-	-
Total for sub programmes	84,531	-	-6,321	78,210	64,548	13,662	82.5%	39,865	25,836
Economic classification									
Current payments	84,531	-	-8,537	75,994	62,236	13,758	81.90%	39,812	25,783
Compensation of employees	49,106	-	-4,821	44,285	41,927	2,358	94.68%	20,022	19,084
Goods and services	35,425	-	-3,716	31,709	20,309	11,400	64.05%	19,790	6,699
Transfers and subsidies	-	-	2,216	2,216	2,312	-96	104.3%	53	53
Foreign governments and international organisations	-	-	2,216	2,216	2,312	-96	104.3%	-	-
Non-profit institutions	-	-	-	-	-	-	-	53	53
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	84,531	-	-6,321	78,210	64,548	13,662	82.5%	39,865	25,836

APPROPRIATION STATEMENTS for the year ended 31 March 2015

3.1 Petroleum Compliance, Monitoring and Enforcement		2014/15							2013/14	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments		18,147	-	-2,216	15,931	11,229	4,702	70.5%	12,197	6,773
Compensation of employees		4,171	-	-	4,171	2,251	1,920	54.0%	4,249	2,699
Goods and services		13,976	-	-2,216	11,760	8,978	2,782	76.3%	7,948	4,074
Transfers and subsidies		-	-	2,216	2,216	2,312	(96)	104.3%	24	24
Foreign governments and international organisations		-	-	2,216	2,216	2,312	(96)	104.3%	-	-
Households		-	-	-	-	-	-	-	24	24
Payments for capital assets		-	-	-	-	-	-	-	-	-
Payments for financial assets		-	-	-	-	-	-	-	-	-
Total		18,147	-	-	18,147	13,541	4,606	74.6%	12,221	6,797

3.2 Petroleum Licensing and Fuel Supply

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	21,013	-	-	21,013	19,400	1,613	92.3%	15,542	15,444
Compensation of employees	18,311	-	-	18,311	18,147	164	99.1%	13,362	13,734
Goods and services	2,702	-	-	2,702	1,253	1,449	46.4%	2,180	1,710
Transfers and subsidies	-	-	-	-	-	-	-	29	29
Households	-	-	-	-	-	-	-	29	29
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	21,013	-	-	21,013	19,400	1,613	92.3%	15,571	15,473

APPROPRIATION STATEMENTS for the year ended 31 March 2015

3.3 Fuel Supply	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14,874	-	-	14,874	9,158	5,716	61.6%	12,073	3,566
Compensation of employees	3,819	-	-	3,819	3,759	60	98.4%	2,411	2,651
Goods and services	11,055	-	-	11,055	5,399	5,656	48.8%	9,662	915
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	14,874	-	-	14,874	9,158	5,716	61.6%	12,073	3,566

3.4 Regional Petroleum Regulation Office	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	30,497	-	-6,321	24,176	22,449	1,727	92.9%	-	-
Compensation of employees	22,805	-	-4,821	17,984	17,770	214	98.8%	-	-
Goods and services	7,692	-	-1,500	6,192	4,679	1,513	75.6%	-	-
Interest and rent on land									
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets									
Total	30,497	-	-6,321	24,176	22,449	1,727	92.9%	-	-

APPROPRIATION STATEMENTS for the year ended 31 March 2015

Programme 4: Electrification and Energy Programme and Project Management									
2014/15					2013/14				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Integrated National Electrification Programme	4,175,122	425	2,600	4,178,147	4,142,550	35,597	99.1%	3,918,013	3,907,895
2. Energy Regional Offices	7,831	3,979	6,111	17,921	17,581	340	98.1%	33,572	33,204
3. Programme and Projects Management Office	9,138	-1,570	-	7,568	7,245	323	95.7%	5,318	5,926
4. Electricity Infrastructure/Industry Transformation	8,385	-1,804	-	6,581	6,575	6	99.9%	2,916	4,262
5. Community Upliftment Programmes and Projects	8,140	-1,030	-	7,110	7,022	88	98.8%	7,881	7,238
Total for sub programmes	4,208,616	-	8,711	4,217,327	4,180,973	36,354	99.1%	3,967,700	3,958,525
Economic classification									
Current payments	50,396	-28	8,700	59,068	58,240	828	98.6%	72,157	72,010
Compensation of employees	33,810	-27	2,700	36,483	36,224	259	99.3%	46,160	46,051
Goods and services	16,586	-1	6,000	22,585	22,016	569	97.5%	25,997	25,959
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	4,158,220	-	10	4,158,230	4,122,704	35,526	99.1%	3,895,023	3,886,158
Provinces and municipalities	1,104,658	-	-	1,104,658	1,104,658	-	100.0%	1,634,772	1,634,772
Public corporations and private enterprises	3,053,562	-	-	3,053,562	3,018,037	35,525	98.8%	2,260,251	2,251,347
Households	-	-	10	10	9	1	90.0%	-	39

APPROPRIATION STATEMENTS for the year ended 31 March 2015

4.2 Energy Regional Office		2014/15						2013/14		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments		7,831	3,970	6,100	17,901	17,562	339	98.1%	33,562	33,158
Compensation of employees		7,831	2,770	2,700	13,301	13,044	257	98.1%	27,903	27,266
Goods and services		-	1,200	3,400	4,600	4,518	82	98.2%	5,659	5,892
Interest and rent on land		-	-	-	-	-	-	-	-	-
Transfers and subsidies		-	-	10	10	9	1	90.0%	-	37
Provinces and municipalities		-	-	-	-	-	-	-	-	-
Households		-	-	10	10	9	1	90.0%	-	37
Payments for capital assets		-	-	-	-	-	-	-	10	9
Machinery and equipment		-	-	-	-	-	-	-	10	9
Payments for financial assets		-	9	1	10	10	-	100.0%	-	-
Total		7,831	3,979	6,111	17,921	17,581	340	98.1%	33,572	33,204

APPROPRIATION STATEMENTS for the year ended 31 March 2015

4.4 Electricity Infrastructure/Industry Transformation	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8,385	-1,805	-	6,580	6,574	6	99.9%	2,916	4,262
Compensation of employees	7,475	-1,844	-	5,631	5,638	-7	100.1%	2,576	3,894
Goods and services	910	39	-	949	936	13	98.6%	340	368
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	1	-	1	1	-	100.0%	-	-
Total	8,385	-1,804	-	6,581	6,575	6	99.9%	2,916	4,262

4.5 Community upliftment Programme and Projects

	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8,140	-1,030	-	7,110	7,022	88	98.8%	7,881	7,236
Compensation of employees	4,244	-1,190	-	3,054	3,047	7	99.8%	3,124	2,535
Goods and services	3,896	160	-	4,056	3,975	81	98.0%	4,757	4,701
Transfers and subsidies	-	-	-	-	-	-	-	-	2
Households	-	-	-	-	-	-	-	-	2
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	8,140	-1,030	-	7,110	7,022	88	98.8%	7,881	7,238

APPROPRIATION STATEMENTS for the year ended 31 March 2015

Programme 5: Nuclear Energy		2014/15							2013/14	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme										
1. Nuclear Safety and Technology		828,481	1,710	2,748	832,939	832,274	665	99.9%	714,475	712,386
2. Nuclear Non-Proliferation and Radiation Security		6,782	187	-800	6,169	6,156	13	99.8%	5,872	5,461
3. Nuclear Policy		8,566	-1,897	752	7,421	6,988	433	94.2%	3,651	4,654
Total for sub programmes		843,829	-	2,700	846,529	845,418	1,111	99.9%	723,998	722,501
Economic classification										
Current payments		37,399	-	-2,885	34,514	34,040	474	98.6%	23,579	23,249
Compensation of employees		17,427	-	3,448	13,979	13,446	533	96.2%	10,172	10,058
Goods and services		19,972	-	563	20,535	20,594	-59	99.6%	13,407	13,191
Transfers and subsidies		806,430	-	5,585	812,015	811,378	637	99.9%	700,419	699,252
Departmental agencies and accounts		33,697	-	-	33,697	33,697	-	100.00%	68,160	68,160
Foreign governments and international organisations		12,055	-	5,585	17,640	17,003	637	96.39%	40,077	38,910
Public corporations and private enterprises		760,678	-	-	760,678	760,678	-	100.00%	592,182	592,182
Payments for capital assets		-	-	-	-	-	-	-	-	-
Payments for financial assets		-	-	-	-	-	-	-	-	-
Total		843,829	-	2,700	846,529	845,418	1,111	99.9%	723,998	722,501

5.1. Nuclear Safety and Technology	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22,051	1,710	-2,837	20,924	20,896	28	99.9%	14,056	13,134
Compensation of employees	9,223	-	-2,200	7,023	7,007	16	99.8%	5,089	4,495
Goods and services	12,828	1,710	-637	13,901	13,889	12	99.9%	8,967	8,639
Transfers and subsidies	806,430	-	5,585	812,015	811,378	637	99.9%	700,419	699,252
Departmental agencies and accounts	33,697	-	-	33,697	33,697	-	100.0%	68,160	68,160
Foreign governments and international organisations	12,055	-	5,585	17,640	17,003	637	96.4%	40,077	38,910
Public corporations and private enterprises	760,678	-	-	760,678	760,678	-	100.0%	592,182	592,182
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	828,481	1,710	2,748	832,939	832,274	665	99.9%	714,475	712,386

APPROPRIATION STATEMENTS for the year ended 31 March 2015

5.2. Nuclear Non-Proliferation and Radiation Security	2014/15							2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	6,782	187	-800	6,169	6,156	13	99.8%	5,872	5,461	5,461
Compensation of employees	6,271	-	-800	5,471	5,410	61	98.9%	5,083	4,397	4,397
Goods and services	511	187	-	698	746	-48	106.9%	789	1,064	1,064
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-	-
Total	6,782	187	-800	6,169	6,156	13	99.8%	5,872	5,461	5,461

5.3. Nuclear Policy	2014/15							2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	8,566	-1,897	752	7,421	6,988	433	94.2%	3,651	4,654	4,654
Compensation of employees	1,933	-	-448	1,485	1,029	456	69.3%	-	1,166	1,166
Goods and services	6,633	-1,897	1,200	5,936	5,959	-23	100.4%	3,651	3,488	3,488
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-	-
Total	8,566	-1,897	752	7,421	6,988	433	94.2%	3,651	4,654	4,654

Programme 6: Clean Energy		2014/15						2013/14		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme										
1. Energy Efficiency		1,808,757	-	-2,000	1,806,757	658,657	1,148,100	36.5%	1,480,214	1,481,891
2. Renewable Energy		170,689	-	-1,901	168,788	167,419	1,369	99.2%	4,620	3,194
3. Climate Change and Designated National Authority		6,529	-	-	6,529	4,181	2,348	64.0%	5,716	4,802
Total for sub programmes		1,985,975	-	-3,901	1,982,074	830,257	1,151,817	41.9%	1,490,550	1,489,887
Economic classification										
Current payments		49,985	-	-5,581	44,404	28,989	15,415	65.30%	25,244	24,918
Compensation of employees		15,966	-	-	15,966	12,394	3,572	77.60%	12,482	12,369
Goods and services		34,019	-	-5,581	28,438	16,595	11,843	58.40%	12,762	12,549
Transfers and subsidies		1,935,990	-	1,680	1,937,670	801,268	1,136,402	41.40%	1,464,966	1,464,955
Provinces and municipalities		136,905	-	-	136,905	136,905	-	100.0%	180,722	180,718
Departmental agencies and accounts		162,685	-	-	162,685	162,685	-	100.0%	134,344	134,344
Foreign governments and international organisations		-	-	1,680	1,680	1,678	2	99.9%	-	(7)
Public corporations and private enterprises		1,636,400	-	-	1,636,400	500,000	1,136,400	30.6%	1,149,900	1,149,900
Payments for capital assets		-	-	-	-	-	-	0.0%	340	14
Machinery and equipment		-	-	-	-	-	-	0.0%	340	14
Payments for financial assets		-	-	-	-	-	-	-	-	-
Total		1,985,975	-	-3901	1,982,074	830,257	1,151,817	41.9%	1,490,550	1,489,887

APPROPRIATION STATEMENTS for the year ended 31 March 2015

6.1. Energy Efficiency	2014/15							2013/14		
	Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	35,452	-	-3,680	31,772	20,074	10,795	14,918	66.0%	14,918	16,922
Compensation of employees	6,546	-	-	6,546	4,703	1,843	3,330	71.8%	3,330	5,727
Goods and services	28,906	-	-3,680	25,226	15,371	8,952	11,588	64.5%	11,588	11,195
Interest and rent on land										
Transfers and subsidies	1,773,305	-	1,680	1,774,985	638,583	1,137,305	1,464,966	35.9%	1,464,966	1,464,955
Provinces and municipalities	136,905	-	-	136,905	136,905	-	180,722	100.0%	180,722	180,718
Departmental agencies and accounts	-	-	-	-	-	-	134,344	0.0%	134,344	134,344
Foreign governments and international organisations	-	-	1,680	1,680	1,678	2	-	99%	-	(7)
Public corporations and private enterprises	1,636,400	-	-	1,636,400	500,000	1,136,400	1,149,900	30.6%	1,149,900	1,149,900
Payments for capital assets	-	-	-	-	-	-	330	-	330	14
Machinery and equipment	-	-	-	-	-	-	330	-	330	14
Payments for financial assets	-	-	-	-	-	-	-	-	-	-
Total	1,808,757	-	-2,000	1,806,757	658,657	1,148,100	1,480,214	36.5%	1,480,214	1,481,891

6.2. Renewable Energy		2014/15							2013/14	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments		8,004	-	-1,901	6,103	4,734	1,369	77.6%	4,610	3,194
Compensation of employees		3,961	-	-	3,961	3,900	61	98.5%	3,949	2,490
Goods and services		4,043	-	-1,901	2,142	834	1,308	38.9%	661	704
Transfers and subsidies		162,685	-	-	162,685	162,685	-	100.0%	-	-
Provinces and municipalities										
Departmental agencies and accounts		162,685	-	-	162,685	162,685	-	100.0%	-	-
Payments for capital assets		-	-	-	-	-	-	-	10	-
Machinery and equipment		-	-	-	-	-	-	-	10	-
Payments for financial assets		-	-	-	-	-	-	-	-	-
Total		170,689	-	-1,901	168,788	167,419	1,369	99.2%	4,620	3,194

NOTES TO THE APPROPRIATION STATEMENTS

for the year ended 31 March 2015

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1	260,601	257,168	3,433	1.32%

The R3.43 million or 1.32% budget under-spending includes R1.94 million under spending in current payments attributable to unfilled positions (R606 thousand), implemented cost reduction measures resulting in operational savings (R1.34m) in a number of items amongst others are consultants, contractors and outsourced services, travel and subsistence and office consumables/stationary and R1.43 million under spending in the procurement of capital assets due to the incomplete procurement of furniture for regional offices due to the delayed relocation to new office accommodation premises.

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 2	53,053	41,749	11,304	21.31%

The budget under-spending of R11.30 million or 21.31% is entirely in the current payments category attributable to unfilled positions (R1.65m) and a combination of; savings on some projects due to the cost of services rendered coming to lower than anticipated, an operational saving (R3.6m) on the item travel and subsistence due to cost reduction measures implemented and budget under

spending due to delays in finalizing the project to review and enhance energy data collection and management tools, process and systems (R2.03m) and the study and data collection on the energy footprint and energy savings potential in heavy industry (R3.03m) undertaken to support evidence based policy development for the Integrated Energy Plan. The mentioned projects could not be completed by year end as envisaged as a result of operational delays in the appointment of service providers.

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 3	78,210	64,548	13,662	17.47%

The R13.66 million or 17.47% budget under-spending is mainly attributable to the following items in the current payments category, unfilled positions (R2.36m), operational savings (R2.55m) in travel and subsistence, travel agency fees, computer services, and venues and facilities due to cost reduction measures implemented and projects which were not finalized by year end as anticipated mainly due to operational delays in procuring services. The delayed projects include the sampling and testing of petroleum products in the South African Petroleum Industry in terms of regulations regarding Petroleum Products Specifications and Standards no. R. 627 project (R6.8m), the review of the application of magisterial district zone (MDZ) system to determine the transport tariffs included in the price structures of petrol, diesel and illuminating paraffin (R1.25m) and a project to determine the asset base (Value) of four secondary storage depot sizes and that of a benchmark service station (R1.6 million).

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 4	4,217,327	4,180,973	36,354	0.86%

The operational expenditure for the year is on par with the expenditure drawing target. The budget under-spending of R36.35 million or 0.86% is mainly due to the under spending in the INEP Non-grid project (R35.5m) for the installation of solar home systems as a result of operational delays in finalizing contracts with service providers and the subsequent late commencement of projects. During the 2014/15 financial year, the Department was allocated a total of R105.53 million for the implementation of the Non-grid Electrification Project. As at 31 March 2015, payments totalling R70 million had been disbursed to non-grid service providers leaving an unspent budget of R35.53 million. A request has been submitted to the National Treasury to roll this balance of R35.53 million over to the 2015/16 financial year to enable service providers to complete work in their designated areas and also to allow proper evaluation of work performed prior to final payments.

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 5	846,529	845,418	1,111	0.13%

Included in the R1.11 million or 0.13% budget under-spending is unfilled positions (R533 thousand) and an international membership fee payment (R637 thousand) to the Generation IV International Forum (GIF), an international body which researches and promotes development of next generation of nuclear systems, which was paid in April due to the processing time required by National Treasury and the Reserve Bank for the processing of international payments.

	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 6	1,982,074	830,257	1,151,817	58.11%

The R1.15 billion or 58.11% budget under-spending is mainly as a result of unfilled positions (R3.57m), and R1.14 billion in respect of the Solar Water Heater Programme's implementation which could not be transferred to Eskom due to challenges in implementing the project by Eskom in the current financial year. Also, some projects which could not be finalized before year-end as anticipated due to the pending finalization of the procurement process, namely, an independent technical audit, measurement and verification (M&V) of energy savings achieved from the implementation of the municipal energy efficiency and demand side programme (R5.26m), the appointment of a service provider for the management and coordination of South Africa's International renewable energy conference (SAIREC) to be hosted from 3-6 October 2015 (R3m) and Energy Efficiency awareness campaigns which did not take place as anticipated resulting in a budget balance under the venues and facilities and advertising items (R2.6m).

Since the advent of the national solar water heater programme (NSWHP) in 2009, the Department of Energy (DoE) appointed, through a memorandum of Agreement (MoA), Eskom as the programme's implementation agent. The MoA also specified a framework of funding conditions. At the close of the 2014/15 financial year, the Eskom Solar Water Heater Programme reflected an under spending of R1.14 billion attributable to a number of implementation challenges faced by Eskom as it accelerated its other critical deliverables.

On account of the aforementioned challenges, a re-engineering of the programme was undertaken by the Department during the financial year under review. This culminated in the termination of the DoE-Eskom MoA (by mutual agreement) in November 2014 followed by the preparation of the request to Cabinet for approval of the Revised Contracting Model. A request has also been submitted to the National Treasury to roll funding of R1.14 billion over to the 2015/16 financial year to implement Solar Water Heater Projects at municipalities across all nine regions which will assist in balancing the electricity system.

4.2 Per economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments	517,327	473,607	43,720	8.5%
Compensation of employees	273,246	264,266	8,980	3.3%
Goods and services	244,081	209,341	34,740	14.2%
Interest and rent on land				
Unauthorised expenditure approved				
Transfers and subsidies	6,915,239	5,742,710	1,172,529	17.0%
Provinces and municipalities	1,241,563	1,241,563	-	0%
Departmental agencies and accounts	197,257	197,194	63	0%
Higher education institutions	-	-	-	
Public corporations and private enterprises	5,450,640	4,278,715	1,171,925	21.5%
Foreign governments and international organisations	21,814	21,275	539	2.5%
Non-profit institutions	-	-	-	

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Households	3,965	3,963	2	0.1%
Payments for capital assets	5,195	3,763	1,432	27.6%
Buildings and other fixed structures				
Machinery and equipment	5,195	3,763	1,432	27.6%
Intangible assets	-	-	-	-
Payments for financial assets	33	33	-	0%
Total	7,437,794	6,220,113	1,217,681	16.4%

Compensation of Employees

The budget under-spending in this economic classification accumulated to R8.98 million by year-end due to the high rate of attrition during the financial year as well as the delayed filling of some vacant positions due to delays associated with work study processes that had to be finalized before positions could be filled.

Goods and Services

The under-spending of R34.74 million or 14.23% of the total adjusted budget for goods and services for the 2014/15 financial year. The under-spending is mainly attributable to the delayed appointment of service providers, hence the late commencement of projects resulting in incomplete projects at year-end as well as operational savings brought about by cost reduction measures implemented during the financial year. The under-spending related to incomplete projects is as follows:

- R2.03 million for the review and enhancement of energy data collection and management tools, process and systems for the Department;
- R3.03 million for a study and data collection on the energy footprint and energy savings potential in heavy industry;
- R6.80 million remaining under the sampling and testing of petroleum products in the South African Petroleum Industry in terms of regulations regarding Petroleum Products Specifications and Standards no. R. 627 project;
- R1.25 million for a project to review the application of magisterial district zone (MDZ) system to determine the transport tariffs included in the price structures of petrol, diesel and illuminating paraffin;
- R712 thousand for the collation of detailed operating expenses of a selected number of service station, retail sites and to determine the average operating costs of benchmark service station;
- R1.6 million for determining the asset base (Value) of four secondary storage depot sizes and that of a benchmark service station (BSS);
- R5.26 million for undertaking an independent technical audit, measurement and verification (M&V) of energy savings achieved from the implementation of municipal energy efficiency and demand side
- R3.0 million for the appointment of a service provider for the management and coordination of South Africa's International renewable energy conference (SAIREC) to be hosted from 3-6 October 2015 at the (CTICC).

Transfers and Subsidies

The Department disbursed payments totalling R5.74 billion to public entities, municipalities and implementing agents during the year under review which resulted in a budget under-spending of R1.17 billion (16.96%) at year-end. The under-spend is mainly due to:

- R35.53 million balance from earmarked funds for transfer to INEP non-grid service providers that could not be transferred due to the late start of the project in the 2014/15 financial year due to delays in finalizing implementation agreements. This consequently impacted on time frames attached to implementation and verification of connections and subsequent late receipt of invoices.
- R1.14 billion earmarked for transfer to Eskom for the implementation of the Solar Water Heater Programme which could not be transferred due to challenges in implementing the project in the current financial year. The re-engineering of the programme by the Department became inevitable during the financial year and culminated in the termination of the DoE-Eskom MoA (by mutual agreement). The Department has commenced with the process of obtaining Cabinet's approval for the Revised Contracting Model.

Payment for Capital Assets

R1.43 million or 27.56% remained unspent at year-end in this economic classification. This is the result of challenges in the finalization of the procurement process for regional office space subsequently delaying the procurement of furniture for these new offices.

4.3 Per conditional grant

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Integrated National Electrification Programme	1,104,658	1,104,658	-	-
Energy Efficiency and Demand Side Management	136,905	136,905	-	-
Total	1,241,563	1,241,563	-	-

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
REVENUE			
Annual appropriation	1	7,437,794	6,503,244
Departmental revenue	2	5,277	43,472
Aid assistance	3	139,371	72,810
TOTAL REVENUE		7,582,442	6,619,526
EXPENDITURE			
Current expenditure			
Compensation of employees	4	264,266	228,545
Goods and services	5	209,341	186,240
Total current expenditure		473,607	414,785
Transfers and subsidies			
Transfers and subsidies	7	5,742,710	6,050,595
Aid assistance	3	135,072	-
Total transfers and subsidies		5,877,782	6,050,595
Expenditure for capital assets			
Tangible assets	8	3,763	11,335
Intangible assets	8	-	348
Total expenditure for capital assets		3,763	11,683
Payments for financial assets	6	33	-
TOTAL EXPENDITURE		6,355,185	6,477,063
SURPLUS FOR THE YEAR		1,227,257	142,463
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		1,217,681	26,181
Annual appropriation		1,217,681	26,181
Departmental revenue and NRF Receipts	16	5,277	43,472
Aid assistance	3	4,299	72,810
SURPLUS FOR THE YEAR		1,227,257	142,463

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
ASSETS			
Current assets		1,219,911	27,159
Unauthorised expenditure	9	14,860	14,860
Cash and cash equivalents	10	1,203,054	6,677
Prepayments and advances	11	1,686	1,699
Receivables	12	311	3,923
Non-current assets		2,205	2,205
Investments	13	2,205	2,205
Loans	14	-	-
TOTAL ASSETS		1,222,116	29,364
LIABILITIES			
Current liabilities		1,219,811	27,013
Voted funds to be surrendered to the Revenue Fund	15	1,217,681	26,180
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	16	1,666	648
Payables	17	464	185
TOTAL LIABILITIES		1,219,811	27,013
NET ASSETS		2,305	2,351
Represented by:			
Capitalisation reserve		2,205	2,205
Recoverable revenue		100	146
TOTAL		2,305	2,351

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2015

	2014/15 R'000	2013/14 R'000
Capitalisation Reserves		
Opening balance	2,205	2,205
Transfers:		-
Closing balance	<u>2,205</u>	<u>2,205</u>
Recoverable revenue		
Opening balance	146	-
Transfers:	(46)	146
Debt revised	(5)	34
Debts recovered (included in departmental receipts)	(481)	(353)
Debts raised	440	465
Closing balance	<u>100</u>	<u>146</u>
Retained funds	-	-
Revaluation Reserve	-	-
TOTAL	<u>2,305</u>	<u>2,351</u>

CASH FLOW STATEMENT

for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		7,582,442	6,619,526
Annual appropriated funds received	1.1	7,437,794	6,503,244
Departmental revenue received	2	5,230	43,448
Interest received	2.2	47	24
Aid assistance received	3	139,371	72,810
Net decrease / (increase) in working capital		3,904	(5,411)
Surrendered to Revenue Fund	15,16	(30,439)	(118,381)
Surrendered to RDP Fund/Donor	3	(4,299)	(71,800)
Current payments		(473,607)	(414,785)
Payments for financial assets		(33)	-
Transfers and subsidies paid		(5,877,782)	(6,050,595)
Net cash flow available from operating activities	18	1,200,186	(41,446)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(3,763)	(11,683)
Net cash flows from investing activities		(3,763)	(11,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) / Increase in net assets		(46)	146
Net cash flows from financing activities		(46)	146
Net increase/(decrease) in cash and cash equivalents		1,196,377	(52,983)
Cash and cash equivalents at beginning of period		6,677	59,660
Cash and cash equivalents at end of period	19	1,203,054	6,677

ACCOUNTING POLICIES

for the year ended 31 March 2015

Summary of significant accounting policies

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

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

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act (DoRA).

1 Basis of preparation

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

2 Going concern

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

3 Presentation currency

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

4 Rounding

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

5 Foreign currency translation

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

6 Comparative information

6.1 *Prior period comparative information*

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements.

6.2 *Current year comparison with budget*

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

7 Revenue

7.1 *Appropriated funds*

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

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

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

7.2 *Departmental revenue*

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

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

7.3 *Accrued departmental revenue*

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

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

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

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

8 Expenditure

8.1 *Compensation of employees*

8.1.1 **Salaries and wages**

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

8.1.2 **Social contributions**

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

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the Statement of Financial Performance on the date of payment.

8.2 *Other expenditure*

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the Statement of Financial Performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 *Accrued expenditure payable*

Accrued expenditure payable is recorded in the Notes to the Financial Statements when the goods are received or, in the case of services, when they are rendered to the department.

Accrued expenditure payable is measured at cost.

8.4 *Leases*

8.4.1 **Operating leases**

Operating lease payments made during the reporting period are recognised as current expenditure in the Statement of Financial Performance on the date of payment.

The operating lease commitments are recorded in the Notes to the Financial Statements.

8.4.2 **Finance leases**

Finance lease payments made during the reporting period are recognised as capital expenditure in the Statement of Financial Performance on the date of payment.

The finance lease commitments are recorded in the Notes to the Financial Statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9 **Aid Assistance**

9.1 *Aid assistance received*

Aid assistance received in cash is recognised in the Statement of Financial Performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the Statement of Financial Position.

9.2 *Aid assistance paid*

Aid assistance paid is recognised in the Statement of Financial Performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the Statement of Financial Position.

10 **Cash and cash equivalents**

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

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11 Prepayments and advances

Prepayments and advances are recognised in the Statement of Financial Position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12 Loans and receivables

Loans and receivables are recognised in the Statement of Financial Position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13 Investments

Investments are recognised in the Statement of Financial Position at cost.

14 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the Notes to the Financial Statements.

15 Payables

Loans and payables are recognised in the Statement of Financial Position at cost.

16 Capital Assets

16.1 Immovable capital assets

Immovable capital assets are initially recorded in the Notes to the Financial Statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Accountant General) may be recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that Department.

16.2 Movable capital assets

Movable capital assets are initially recorded in the Notes to the Financial Statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Accountant General) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that Department.

16.3 *Intangible assets*

Intangible assets are initially recorded in the Notes to the Financial Statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the Notes to the Financial Statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined, the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the Accountant General) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

17 Provisions and Contingents

17.1 *Provisions*

Provisions are recorded in the Notes to the Financial Statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 *Contingent liabilities*

Contingent liabilities are recorded in the Notes to the Financial Statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably

17.3 *Contingent assets*

Contingent assets are recorded in the Notes to the Financial Statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department

17.4 *Commitments*

Commitments are recorded at cost in the Notes to the Financial Statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash

18 **Unauthorised expenditure**

Unauthorised expenditure is recognised in the Statement of Financial Position until such time as the expenditure is either:

- approved by Parliament with funding and the related funds are received; or
- approved by Parliament without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19 **Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recorded in the Notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the Notes to the Financial Statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written off as irrecoverable.

20 **Irregular expenditure**

Irregular expenditure is recorded in the Notes to the Financial Statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21 **Changes in accounting policies, accounting estimates and errors**

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with Modified Cash Standards requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with Modified Cash Standards requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with Modified Cash Standards requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23 Departures from the Modified Cash Standards requirements

In the event of a departure from modified cash standards it will be indicated that management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.

24 Capitalisation reserve

The capitalisation reserve comprises of financial assets originating in a prior reporting period. Amounts are recognised in the capitalisation reserves are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received

25 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 transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

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:

	2014/15			2013/14
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	260,601	260,601	-	219,628
Energy Policy and Planning	53,053	53,053	-	47,201
Energy Regulation	78,210	78,210	-	43,315
Electricity and Energy Programme Management	4,217,327	4,217,327	-	3,978,028
Nuclear Energy	846,529	846,529	-	708,798
Clean Energy	1,982,074	1,982,074	-	1,506,274
Total	7,437,794	7,437,794	-	6,503,244

2. Departmental revenue

	Note	2014/15	2013/14
		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	3,133	2,760
Interest, dividends and rent on land	2.2	47	24
Transactions in financial assets and liabilities	2.3	510	418
Transfer received	2.4	1,587	40,270
Departmental revenue collected		5,277	43,472

2.1 Sales of goods and services other than capital assets

	Note	2014/15	2013/14
		R'000	R'000
Sales of goods and services produced by the department	2	3,132	2,758
Sales by market establishment		139	132
Administrative fees		2,896	2,536
Other sales		97	90
Sales of scrap, waste and other used current goods		1	2
Total		3,133	2,760

Revenue under sales of goods and services includes fees for parking.

Administrative fees consist of money for petroleum licences.

2.2 Interest, dividends and rent on land

Interest	2	47	24
Total		47	24

2.3 Transactions in financial assets and liabilities

Receivables	2	477	353
Other Receipts including Recoverable Revenue		33	65
Total		510	418

2.4 Transfers received

Other governmental units*	2	1,587	37,000
International organisations		-	16
Public corporations and private enterprises		-	3,254
Total		1,587	40,270

* Included in other governmental units in 2013/14 is an amount of R37 million that was transferred from EDI Holdings to the Department to surrender to National Treasury. This amount is the interest earned on the ADAM project funds collected by EDI Holdings.

3. Aid assistance

	Note	2014/15	2013/14
		R'000	R'000
Opening Balance		-	(1,010)
Revenue	Annex1G	139,371	72,810
Expenditure	Annex1G	(135,072)	-
Transfers to or from retained funds		-	-
Paid during the year	Annex1G	(4,299)	(71,800)
Closing Balance		-	-

3.1 Analysis of balance by source

	2014/15 R'000	2013/14 R'000
Aid assistance from RDP	-	-
Aid assistance from other sources	-	-
CARA	-	-
Closing balance	-	-

3.2 Analysis of balance

Aid assistance receivable		
Aid assistance prepayments	-	-
Aid assistance unutilised	-	-
Aid assistance repayable	-	-
Closing balance	-	-

3.3 Prior period error

Nature of prior period error Relating to 2013/14	4	-
Total		-

4. Compensation of employees

4.1 Salaries and Wages

	2014/15 R'000	2013/14 R'000
Basic salary	178,230	154,519
Performance award	4,104	3,387
Service Based	288	239
Compensative/circumstantial	7,903	4,649
Periodic payments	83	16
Other non-pensionable allowances	43,549	38,982
Total	234,157	201,792

4.2 Social contributions

Employer contributions

Pension	22,439	19,356
Medical	7,634	7,366
Bargaining council	36	31
Total	30,109	26,753

	2014/15	2013/14
	R'000	R'000
Total compensation of employees	264,266	228,545
Average number of employees	577	552
Compensative and Circumstantial includes:		
Overtime paid to employees	4,349	2,587
Compensative and Circumstantial payments	3,554	2,062
Circumstantial payments are payments to employees based on certain conditions or circumstances as provided for by the Department of Public Service and Administration.		
Other non-pensionable allowances includes:		
Capital Remuneration	420	283
Housing Allowance	7,262	6,291
Service Bonus	12,158	21,967
Other Non-Pensionable Allowance	23,709	10,441

5. Goods and services

	2014/15	2013/14
	R'000	R'000
Administrative fees	4,450	4,022
Advertising	8,652	15,969
Minor assets	367	389
Bursaries (employees)	761	696
Catering	1,033	2,642
Communication	7,844	6,849
Computer services	10,204	7,973
Consultants, contractors and agency/outsourced services	43,840	25,387
Legal services	847	504
Contractors	1,742	2,041
Agency and support / outsourced	270	995
Entertainment	22	68
Audit cost – external	3,578	4,460
Fleet services	1,129	304
Consumables	5,702	4,710
Operating leases	27,147	26,709

	Note	2014/15 R'000	2013/14 R'000
Property payments	5.6	3,849	6,181
Rental and hiring		15	28
Transport provided as part of the departmental activities		1	345
Travel and subsistence	5.7	56,345	58,033
Venues and facilities		19,708	11,114
Training and development		5,665	4,003
Other operating expenditure	5.8	6,170	2,818
Total		209,341	186,240
5.1 Minor assets	5		
Tangible assets			
Machinery and equipment		367	389
Total		367	389
5.2 Computer services	5		
SITA computer services		7,690	5,530
External computer service providers		2,514	2,443
Total		10,204	7,973
5.3 Consultants, contractors and agency/ outsourced services	5		
Business and advisory services		43,840	25,387
Legal costs		847	504
Contractors		1,742	2,041
Agency and support/outsourced services		270	995
Total		46,699	28,927
5.4 Audit cost – External	5		
Regularity audits		3,433	4,354
Performance audits		-	-
Computer audits		145	106
Total		3,578	4,460

5.5 Consumables

	Note	2014/15	2013/14
	5	R'000	R'000
Consumable supplies		1,582	798
Uniform and clothing		333	66
Household supplies		321	216
Building material and supplies		268	159
Communication accessories		-	2
IT consumables		510	114
Other consumables		150	241
Stationery, printing and office supplies		4,120	3,912
Total		5,702	4,710

5.6 Property payments

	Note	2014/15	2013/14
	5	R'000	R'000
Municipal services		1,756	3,666
Property management fees		-	-
Property maintenance and repairs		-	-
Other		2,093	2,515
Total		3,849	6,181

Included under other are the following:

Cleaning Services		1,226	1,180
Fumigation Services		-	3
Safeguard and Security		867	1,332

5.7 Travel and subsistence

	Note	2014/15	2013/14
	5	R'000	R'000
Local		41,040	37,750
Foreign		15,305	20,283
Total		56,345	58,033

5.8 Other operating expenditure

	Note	2014/15	2013/14
	5	R'000	R'000
Professional bodies, membership and subscription fees		3,732	446
Resettlement costs		373	272
Other		2,065	2,100
Total		6,170	2,818

Included under Other are the following:

	2014/15 R'000	2013/14 R'000
Laundry Services	7	1
Courier and Delivery Services	546	355
Competency Certificates and Licenses	1	20
Non-Life Insurance Premium	445	344
Printing and Publication Services	1,022	1,340
Roadworthy Tests	1	2
Storage of Files	43	14
Take-over of Contractual Obligation	-	24

6. Payments for financial assets

Other material losses write off Laptop lost and stolen

Debts written off

Total**6.1 Other material losses written off****Nature of losses**

Losses write off

Total**6.2 Debts written off**

Debt written off

Total debt written off

Note	2014/15 R'000	2013/14 R'000
6.1	32	-
6.2	1	-
Total	33	-
6		
6.1 Other material losses written off		
Nature of losses		
Losses write off	32	-
Total	32	-
6.2 Debts written off		
Debt written off	1	-
Total debt written off	1	-

7. Transfers and subsidies

Provinces and municipalities

Departmental agencies and accounts

Foreign governments and international organisations

Public corporations and private enterprises

Households

Gifts, donations and sponsorships made in cash

Total

Note	2014/15 R'000	2013/14 R'000
34	1,241,563	1,815,490
Annex 1B	197,194	202,504
Annex 1D	21,275	38,903
Annex 1C	4,278,715	3,993,429
Annex 1E	3,963	269
Annex 1H	-	-
Total	5,742,710	6,050,595

The 2013/14 comparative figures are for actual expenditure. The actual expenditure comparative figures are not reflected in the associated annexures. Only the 2013/14 budget figures are reflected in these annexures as comparatives.

8. Expenditure for capital assets

	Note	2014/15 R'000	2013/14 R'000
Tangible assets		3,763	11,335
Machinery and equipment	8.1	3,763	11,335
Intangible assets		-	348
Software	8.1	-	348
Total		3,763	11,683
The following amounts have been included as project costs in Expenditure for capital assets			
Compensation of employees			
Goods and services		-	-
Total		-	-

8.1 Analysis of funds utilised to acquire capital assets – 2014/15

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	3,763	-	3,763
Machinery and equipment	3,763	-	3,763
Intangible assets	-	-	-
Software	-	-	-
Total	3,763	-	3,763

8.2 Analysis of funds utilised to acquire capital assets – 2013/14

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	11,335	-	11,335
Machinery and equipment	11,335	-	11,335
Intangible assets	348	-	348
Software	348	-	348
Total	11,683	-	11,683

9. Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

	2014/15 R'000	2013/14 R'000
Opening balance	14,860	14,860
Unauthorised expenditure awaiting authorisation / written off	14,860	14,860

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

Transfers and subsidies	14,860	14,860
Total	14,860	14,860

9.3 Analysis of unauthorised expenditure awaiting authorisation per type

Expenditure incurred not in accordance with Vote 28 in the 2010/11 financial year	14,860	14,860
Total	14,860	14,860

During the 2010/11 financial year R14,8 million was disbursed from the incorrect vote. A request for condonation has been submitted to National Treasury for consideration. The Department was duly informed that the matter has to be presented to the Standing Committee on Public Accounts (SCOPA). The Department presented the matter to SCOPA on 12 November 2014 and is awaiting the committee's decision. No unauthorised expenditure was incurred in the 2014/15 financial year.

10. Cash and cash equivalents

	2014/15 R'000	2013/14 R'000
Consolidated Paymaster General Account	1,201,380	6,618
Cash on hand	46	46
Cash with commercial banks (Local)	1,628	13
Total	1,203,054	6,677

11. Prepayments and advances

	2014/15 R'000	2013/14 R'000
Travel and subsistence	7	97
Advances paid (to National departments)	1,679	1,602
Total	1,686	1,699

11.1 Advances paid

	Note	2014/15	2013/14
	11	R'000	R'000
National departments	Annex 6	1,679	1,602
Total		1,679	1,602

12. Receivables

	Note	2014/15				2013/14
		R'000	R'000	R'000	R'000	
		Less than one year	One to three years	Older than three years	Total	
Claims recoverable	12.1 Annex 4	8	-	-	8	3,660
Recoverable expenditure	12.2	127	-	-	127	97
Staff debt	12.3	158	3	-	161	166
Fruitless and wasteful expenditure	12.4	15	-	-	15	-
Total		308	3	-	311	3,923

12.1 Claims recoverable

	Note	2014/15	2013/14
	12	R'000	R'000
National departments	Annex 4	8	3,660
Total		8	3,660

12.2 Recoverable expenditure (disallowance accounts)

	Note	2014/15	2013/14
Disallowed damages and losses	12	2	63
Disallowance Miscellaneous		124	34
Salary Income Tax		1	-
Total		127	97

12.3 Staff debt

	Note	2014/15	2013/14
Staff debtors	12	161	166
Total		161	166

12.4 Fruitless and Wasteful Expenditure

	Note	2014/15	2013/14
Interest Paid on International Membership Fee	27.1	15	-
Total		15	-

13. Investments

	2014/15 R'000	2013/14 R'000
<i>Note</i>		
Non-Current		
Shares and other equity		
Nuclear Energy Corporation of South Africa	2,205	2,205
Total	2,205	2,205
Analysis of non-current investments		
Opening balance	2,205	2,205
Closing balance	2,205	2,205

The Departments holds 2 205 shares of R1 each in its entity, The South African Nuclear Corporation Limited (NECSA). Investments are recorded at cost in terms of the accounting policy. Refer to Annexure 2A for the net asset value as at 31 March 2015.

14. Loans

The amount is R1 (one Rand) only. The loan to the Portuguese Government towards the Hydro Electrica de Cahora Bassa Scheme was written down from R 347 million to R1 (one Rand) during the 2003/04 financial year. This amount includes capitalised interest of R 308 million, while the capital amount in respect of the loan was R 39 million.

15. Voted funds to be surrendered to the Revenue Fund

	2014/15 R'000	2013/14 R'000
<i>Note</i>		
Opening balance	26,180	75,494
Transfer from statement of financial performance	1,217,681	26,181
Paid during the year	-26,180	-75,495
Closing balance	1,217,681	26,180

16. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	2014/15 R'000	2013/14 R'000
<i>Note</i>		
Opening balance	648	62
Transfer from Statement of Financial Performance	5,277	43,472
Paid during the year	-4,259	-42,886
Closing balance	1,666	648

17. Payables – current

	Note	2014/15 R'000	2013/14 R'000
Clearing accounts	17.1	208	94
Other payables	17.2	256	91
Total		464	185
17.1 Clearing accounts			
	17		
Salary: Pension Fund		207	1
Salary: Income Tax		1	93
Total		208	94
17.2 Other payables			
	17		
Licence fee received		256	91
Total		256	91

18. Net cash flow available from operating activities

	Note	2014/15 R'000	2013/14 R'000
Net surplus/(deficit) as per Statement of Financial Performance		1,227,257	142,463
Add back non cash/cash movements not deemed operating activities		(27,071)	(183,909)
(Increase)/decrease in receivables – current		3,612	(3,798)
Decrease / (increase) in prepayments and advances		13	(1,628)
Increase in payables – current		279	15
Expenditure on capital assets		3,763	11,683
Surrenders to Revenue Fund		(30,439)	(118,381)
Surrenders to RDP Fund/Donor		(4,299)	(71,800)
Net cash flow generated by operating activities		1,200,186	(41,446)

19. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2014/15 R'000	2013/14 R'000
Consolidated Paymaster General Account		1,201,380	6,618
Cash on hand		46	46
Cash with commercial banks (Local)		1,628	13
Total		1,203,054	6,677

20. Contingent liabilities and contingent assets

20.1 Contingent liabilities

	Note	2014/15 R'000	2013/14 R'000
Liable to Nature			
Other guarantees	Annex 3A	20,000	20,000
Claims against the department	Annex 3B	16,504	18,200
Intergovernmental payables (unconfirmed balances)	Annex 5	-	1,663
Other (Travel – corporate card)	Annex 3B	-	215
Total		36,504	40,078

21. Commitments

	Note	2014/15 R'000	2013/14 R'000
Current expenditure		73,312	70,882
Approved and contracted		73,312	70,882
Capital expenditure		834	10
Approved and contracted		834	10
Total Commitments		74,146	70,892

22. Accruals and payables not recognised

	2014/15 R'000			2013/14 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	9,302	-	9,302	10,838
Capital assets	-	-	-	-
Total	9,302	-	9,302	10,838

	Note	2014/15 R'000	2013/14 R'000
Listed by economic classification			
Programme 1: Administration		2,492	7,741
Programme 2: Energy policy and planning		434	409
Programme 3: Petroleum and Petroleum Products Regulation		417	392
Programme 4: Electrification and Energy Programme & Project Management		4,695	522
Programme 5: Nuclear Energy		946	247
Programme 6: Clean Energy		318	1,527
Total		9,302	10,838
Confirmed balances with other departments	Annex 5	2,645	731
Total		2,645	731

23. Employee benefits

	Note	2014/15 R'000	2013/14 R'000
Leave entitlement		6,560	6,749
Service bonus (Thirteenth cheque)		6,653	5,757
Performance awards		4,099	3,528
Capped leave commitments		1,910	2,493
Other		366	174
Total		19,588	18,701

The leave entitlement does not include leave credits with credit balances. The leave with credit balance amounts to R638 652. The performance awards amount is based on the allowed percentage of 1.5% of the total Compensation of Employee's budget.

24. Lease commitments

24.1 Operating leases expenditure

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2014/15			
Not later than 1 year	28,720	2,696	31,416
Later than 1 year and not later than 5 years	180,872	2,455	183,327
Later than five years	52,594	-	52,594
Total lease commitments	262,186	5,151	267,337

2013/14	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	21,948	3,335	25,283
Later than 1 year and not later than 5 years	145,685	2,707	148,392
Later than five years	87,915	-	87,915
Total lease commitments	255,548	6,042	261,590

Included in Buildings and Other Fixed Structures is a building lease that was entered into in the 2010/11 financial year by the Department of Public Works on behalf of the Department of Energy for head office accommodation totalling 12 738 square metres. The lease agreement commenced from July 2012 for a period of 10 years. The balance of the lease is R233.6 million and the remaining period is 86 months.

25. Accrued departmental revenue

	Note	2014/15 R'000	2013/14 R'000
Sales of goods and services other than capital assets	25.1	2,544	1,966
Total		2,544	1,966

25.1 Analysis of accrued departmental revenue

	Note	2014/15 R'000	2013/14 R'000
Opening balance		1,966	1,247
Less: amounts received		-1,902	-1,551
Add: amounts recognised		2,480	2,270
Closing balance		2,544	1,966

26. Irregular expenditure

	Note	2014/15 R'000	2013/14 R'000
26.1 Reconciliation of irregular expenditure			
Opening balance		379	-
Add: Irregular expenditure – relating to current year		55	379
Less: Prior year amounts condoned		-379	-
Less: Current year amounts condoned		-55	-
Irregular expenditure awaiting condonation		-	379
Analysis of awaiting condonation per age classification			
Current year		-	379
Prior years		-	-
Total		-	379

26.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2014/15 R'000
Procurement process not followed	Disciplinary steps will be taken, if necessary, pending the outcomes of the investigation	55
Total		55

26.3 Details of irregular expenditure – condoned

Incident	Disciplinary steps will be taken pending the outcome of the investigation	2014/15 R'000
Procurement Process not followed	Disciplinary steps will be taken pending the outcome of the investigation	434
Total		434

26.4 Details of irregular expenditure under investigation

	Note	2014/15 R'000
Ex post Facto payment for training		11
Ex post Facto payment for advertising in newspaper an invitation for women in oil and gas energy workshop		29
Ex post Facto payment for conducting competency assessment		15
Total		55

27. Fruitless and wasteful expenditure**27.1 Reconciliation of fruitless and wasteful expenditure**

	Note	2014/15 R'000	2013/14 R'000
Opening balance		-	-
Add: fruitless expenditure – relating to current year		-	-
Less: Prior year amounts condoned		-	-
Less: Amount transferred to receivables for recovery	12.4	15	-
Fruitless and wasteful expenditure awaiting resolution		15	-

27.2 Analysis of awaiting resolution per economic classification

	Note	2014/15 R'000	2013/14 R'000
Current	12.4	15	-
Capital		-	-
Transfers and Subsidies		-	-
Total		15	-

Fruitless and wasteful expenditure is in respect of interest paid on international membership fees. Disciplinary steps will be taken pending the outcome of the investigation.

28. Related party transactions

	Note	2014/15 R'000	2013/14 R'000
Revenue received			
Tax revenue		-	-
Sales of goods and services other than capital assets		-	-
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		-	-
Sales of capital assets		-	-
Transactions in financial assets and liabilities		-	-
Transfers received		-	-
Total		-	-
Payments made			
Goods and services		-	-
Interest and rent on land		2,906	6,942
Expenditure for capital assets		-	-
Payments for financial assets		-	-
Transfers		957,060	794,686
Total		959,966	801,628
Year end balances arising from revenue/payments			
Receivables from related parties	Annex 4	8	10
Payables to related parties	Annex 5	-2,645	-731
Total		-2,637	-721

	Note	2014/15 R'000	2013/14 R'000
Loans to /from related parties			
Non-interest bearing loans to/(from)			
Interest bearing loans to/(from)		-	-
Total		-	-
Other			
Guarantees issued – NECSA	Annex 3A	20,000	20,000
Total		20,000	20,000

In kind goods and services provided/received

The Department of Energy received free accommodation from the related party (Department of Mineral Resources) for the financial year 2014/15. The accommodation service was rendered in order to accommodate Limpopo, Mpumalanga, Northern Cape and Kwazulu Natal regional offices. The Department of Mineral Resources has a contract with the Department of Public Works. It is not practical to quantify the rental in Rand value.

Related Party Relationships

Department /Entity	Relationship
Department of Mineral Resources	National Department
CEF	State Owned Entity of Dept. of Energy
NECSA	State Owned Entity of Dept. of Energy
NERSA	State Owned Entity of Dept. of Energy
NNR	State Owned Entity of Dept. of Energy
NRWDI	State Owned Entity of Dept. of Energy
SANEDI	State Owned Entity of Dept. of Energy

29. Key management personnel

	No. of Individuals	2014/15 R'000	2013/14 R'000
Political office bearers (provide detail below)			
Officials:	4	3,978	3,808
Level 15 to 16	14	17,286	13,318
Level 14 (incl. CFO if at a lower level)	21	19,130	14,280
Total		40,394	31,406

30. Provisions

	Note	2014/15 R'000	2013/14 R'000
Provision for disused past strategic nuclear facilities		3,643,364	3,527,216
Total		3,643,364	3,527,216

30.1 Reconciliation of movement in provisions – 2014/15

	Environmental Rehabilitation Liability R'000	Total provisions R'000
Opening balance	3,527,216	3,527,216
Change in provision due to change in estimation inputs	116,148	116,148
Closing balance	3,643,364	3,643,364

Reconciliation of movement in provisions – 2013/14

	Environmental Rehabilitation Liability R'000	Total provisions R'000
Opening balance	3,832,867	3,832,867
Change in provision due to change in estimation inputs	-305,651	-305,651
Closing balance	3,527,216	3,527,216

The Department has a potential liability arising from decontamination and decommissioning of past strategic nuclear facilities as per section 1 (xii) (a) of the Nuclear Energy Act, Act No.46 of 1999.

Disused past strategic nuclear facilities (Stage 1)

In terms of the Nuclear Liabilities Management Plan, that was approved by Cabinet, the liability was estimated at R1,796,000,000 in 2004, while the 2011/12 re-assessment estimate amounted to R3,703,373,000, which increased to R3,832,867,000 in 2012/13.

A comprehensive liability re-assessment was conducted in the 2013/14 financial year by an independent expert in this field. The total cost of carrying out the proposed liability discharge amounted to R3,527,216,000 over the remaining 20 year period. This estimate decreased by approximately R305,651,000 (including VAT) when compared with the 2012/13 liability estimate. The main aspects of the process are decommissioning, decontamination and waste management (which includes the eventual disposal of the waste).

The provision was adjusted to R3,643,364,000 in 2014/15 for CPIX of 5.3% and grants received of R62,100,000 excluding VAT.

Operational past strategic facilities (Stage 2)

The liability for the operational past strategic facilities is reflected as a contingent liability in the financial statements of NECSA. This liability is yet to be assessed in order to establish a reasonable estimate. The ultimate outcome of this assessment cannot presently be determined and therefore no provision for any liability that may result has been made in the financial statements of the Department.

31. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	222	-	-	222
Heritage assets	222	-	-	222
MACHINERY AND EQUIPMENT	37,690	5,524	1,006	42,208
Transport assets	1,630	1,450	45	3,035
Computer equipment	20,590	2,395	826	22,159
Furniture and office equipment	11,267	1,112	123	12,256
Other machinery and equipment	4,203	567	12	4,758
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	37,912	5,524	1,006	42,430

31.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	3,763	1,761	-	-	5,524
Transport assets	-	1,450			1,450
Computer equipment	2,213	182			2,395
Furniture and office equipment	1,089	23			1,112
Other machinery and equipment	461	106			567
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3,763	1,761	-	-	5,524

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
HERITAGE ASSETS				
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT		1,006	1,006	-
Transport assets		45	45	-
Computer equipment		826	826	-
Furniture and office equipment		123	123	-
Other machinery and equipment		12	12	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS		1,006	1,006	-

31.3 Movement for 2013/14

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
HERITAGE ASSETS	222	-	-	-	222
Heritage assets	222	-	-	-	222
MACHINERY AND EQUIPMENT	34,301		11,409	8,020	37,690
Transport assets	3,135	-	45	1,550	1,630
Computer equipment	17,331	-	7,616	4,357	20,590
Furniture and office equipment	9,074	-	2,809	616	11,267
Other machinery and equipment	4,761	-	939	1,497	4,203
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	34,523	-	11,409	8,020	37,912

31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	185	5,998	-	6,183
Additions	-	-	-	386	-	386
Disposals	-	-	-	-148	-	-148
TOTAL MINOR ASSETS	-	-	185	6,236	-	6,421

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	83	102	-	102
Number of minor assets at cost	-	-	-	4,269	-	4,352
TOTAL NUMBER OF MINOR ASSETS	-	-	83	4,371	-	4,454

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	185	5,778	-	5,963
Current Year Adjustments to Prior Year balances	-	-	-	139	-	139
Additions	-	-	-	389	-	389
Disposals	-	-	-	-308	-	-308
TOTAL MINOR ASSETS	-	-	185	5,998	-	6,183

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	106	-	106
Number of minor assets at cost	-	-	83	4,210	-	4,293
TOTAL NUMBER OF MINOR ASSETS	-	-	83	4,316	-	4,399

31.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2015

	Machinery and equipment R'000	Total R'000
Assets written off	244	244
TOTAL MOVABLE ASSETS WRITTEN OFF	244	244

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2014

	Machinery and equipment R'000	Total R'000
Assets written off	214	214
TOTAL MOVABLE ASSETS WRITTEN OFF	214	214

32. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	3,585	-	-	3,585
TOTAL INTANGIBLE CAPITAL ASSETS	3,585	-	-	3,585

32.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash R'000	Non-Cash R'000	(Develop-Received current ment work in year, not paid progress – progress – (Paid current current costs) year, received prior year)	Total R'000
SOFTWARE	-	-	-	-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	-	-	-	-

32.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
SOFTWARE	-	-	-	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	-	-	-

32.3 Movement for 2013/14

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Software	3,237	348	-	3,585
Services And Operating Rights	228	-	228	-
TOTAL INTANGIBLE CAPITAL ASSETS	3,465	348	228	3,585

33. Prior Period Errors

There are no prior period errors

34. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
ABAQULUSI MUNICIPALITY	9,000			9,000	9,000		
ALBERT LUTHULI MUNICIPALITY	10,400			10,400	10,400		
ALFRED NZO DIST MUNICIPALITY	4,000			4,000	4,000		
BA-PHALABORWA MUNICIPALITY	9,000			9,000	9,000		
BAVIAANS MUNICIPALITY	900			900	900		
BEAUFORT WEST MUNICIPALITY	31,500			31,500	31,500		
BERGRIVIER MUNICIPALITY	2,100			2,100	2,100		
BITOU MUNICIPALITY	5,000			5,000	5,000		
BLOUBERG MUNICIPALITY	3,000			3,000	3,000		
BLUE CRANE ROUTE MUNICIPALITY	-			-	-		
BREDE VALLEY MUNICIPALITY	-			-	-		
BUFFALO CITY MUNICIPALITY	27,000		(6,413)	20,587	20,587		
BUSHBUCKRIDGE MUNICIPALITY	5,200			5,200	5,200		
CAMDEBOO MUNICIPALITY	500			500	500		
CAPE AGULHAS MUNICIPALITY	2,000			2,000	2,000		
CAPRICORN DIST MUNICIPALITY	4,000			4,000	4,000		
CEDERBERG MUNICIPALITY	1,000			1,000	1,000		
CITY JOHANNESBURG MUNICIPALITY	31,000			31,000	31,000		
CITY OF CAPE TOWN MUNICIPALITY	15,000		(10,000)	5,000	5,000		
CITY OF MATLOSANA MUNICIPALITY	1,100			1,100	1,100		
CITY OF TSHWANE MUNICIPALITY	42,000		(7,000)	35,000	35,000		
DIKGATLONG MUNICIPALITY	-			-	-		
DIPALESENG MUNICIPALITY	1,500			1,500	1,500		
DITSOBOTLA MUNICIPALITY	558			558	558		
DR JS MOROKA MUNICIPALITY	-			-	-		
DRAKENSTEIN MUNICIPALITY	3,000			3,000	3,000		
EDUMBE MUNICIPALITY	8,000		2,000	10,000	10,000		
EHLANZENI DIST MUNICIPALITY	-			-	-		
EKURHULENI MUNICIPALITY	71,000		7,500	78,500	78,500		
ELIAS MOTSOLEDI MUNICIPALITY	-			-	-		
ELUNDINI MUNICIPALITY	-		5,200	5,200	5,200		
EMADLANGENI MUNICIPALITY	8,000			8,000	8,000		

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
EMALAHLENI MUNICIPALITY (MP)	-			-	-		
EMALAHLENI MUNICIPALITY (EC)	10,000		1,000	11,000	11,000		
EMFULENI MUNICIPALITY	-			-	-		
EMNAMBITHI-LADYSMITH MUNICIPALITY	7,000			7,000	7,000		
EMTHANJENI MUNICIPALITY	-			-	-		
ENDUMENI MUNICIPALITY	8,000			8,000	8,000		
ENGCOBO MUNICIPALITY	8,000		3,000	11,000	11,000		
EPRAIM MOGALE MUNICIPALITY	-			-	-		
ETHEKWINI MUNICIPALITY	25,000		(10,000)	15,000	15,000		
GAMAGARA MUNICIPALITY	4,000		(500)	3,500	3,500		
GA-SEGONYANA MUNICIPALITY	1,000			1,000	1,000		
GEORGE MUNICIPALITY	8,900			8,900	8,900		
GREATER GIYANI MUNICIPALITY	10,000			10,000	10,000		
GREATER KOKSTAD MUNICIPALITY	5,000			5,000	5,000		
GREATER TAUNG MUNICIPALITY	2,200			2,200	2,200		
GREATER TZANEEN MUNICIPALITY	10,000		(4,000)	6,000	6,000		
HANTAM MUNICIPALITY	1,000			1,000	1,000		
HESSEQUA MUNICIPALITY	4,000			4,000	4,000		
HIBISCUS COAST MUNICIPALITY	6,000			6,000	6,000		
HLABISA MUNICIPALITY	8,000			8,000	8,000		
IKWEZI MUNICIPALITY	-			-	-		
IMPENDLE MUNICIPALITY	3,000			3,000	3,000		
INDAKA MUNICIPALITY	-			-	-		
INGWE MUNICIPALITY	5,000			5,000	5,000		
INKWANCA MUNICIPALITY	-			-	-		
INTSIKA YETHU MUNICIPALITY	6,000			6,000	6,000		
INXUBA YETHEMBA MUNICIPALITY	-			-	-		
JOZINI MUNICIPALITY	7,000			7,000	7,000		
KAI GARIB MUNICIPALITY	1,000			1,000	1,000		
KAMIESBERG MUNICIPALITY	-			-	-		
KANNALAND MUNICIPALITY	9,000			9,000	9,000		
KAROO HOOGLAND MUNICIPALITY	-			-	-		
KHAI-MA MUNICIPALITY	-			-	-		

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
KHARA HAIS MUNICIPALITY	7,000			7,000	7,000		
KING SABATA DALINDYEBO	15,300		(12,300)	3,000	3,000		
KNYSNA MUNICIPALITY	2,000			2,000	2,000		
KOPANONG MUNICIPALITY	-			-	-		
KOUGA MUNICIPALITY	3,000			3,000	3,000		
KWADUKUZA MUNICIPALITY	-			-	-		
LAINSBURG MUNICIPALITY	3,000			3,000	3,000		
LANGEBERG MUNICIPALITY	700		1,500	2,200	2,200		
LEKWA MUNICIPALITY	1,500			1,500	1,500		
LEKWA-TEEMANE MUNICIPALITY	7,200			7,200	7,200		
LEPELLE-NKUMPI MUNICIPALITY	-			-	-		
LEPHALALE MUNICIPALITY	4,000			4,000	4,000		
LESEDI MUNICIPALITY	7,000			7,000	7,000		
LUKHANJI MUNICIPALITY	3,000			3,000	3,000		
MADIBENG MUNICIPALITY	8,000			8,000	8,000		
MAFIKENG MUNICIPALITY	-		3,000	3,000	3,000		
MAFUBE MUNICIPALITY	3,000		4,000	7,000	7,000		
MAGARENG MUNICIPALITY	-			-	-		
MAKANA MUNICIPALITY	-			-	-		
MAKHADO MUNICIPALITY	7,000			7,000	7,000		
MAKHUDUTHAMAGA MUNICIPALITY	-			-	-		
MALETSWAI MUNICIPALITY	-			-	-		
MALUTI-A-PHOFUNG MUNICIPALITY	17,000		(5,700)	11,300	11,300		
MANDENI MUNICIPALITY	9,000			9,000	9,000		
MANGAUNG MUNICIPALITY	37,690			37,690	37,690		
MANTSOPA MUNICIPALITY	5,000			5,000	5,000		
MAPHUMULO MUNICIPALITY	-			-	-		
MARULENG MUNICIPALITY	-			-	-		
MATATIELE MUNICIPALITY	19,300		2,500	21,800	21,800		
MATJHBENG MUNICIPALITY	8,200			8,200	8,200		
MATZIKAMA MUNICIPALITY	1,500			1,500	1,500		
MBHASHE MUNICIPALITY	2,000		1,000	3,000	3,000		
MBIZANA MUNICIPALITY	24,400			24,400	24,400		
MBOMBELA MUNICIPALITY	10,000			10,000	10,000		

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
MERAFONG CITY MUNICIPALITY	10,000			10,000	10,000		
METSIMAHOLO MUNICIPALITY	7,000		1,000	8,000	8,000		
MFOLOZI MUNICIPALITY	5,000			5,000	5,000		
MHLONTLO MUNICIPALITY	4,000			4,000	4,000		
MIDVAAL MUNICIPALITY	-			-	-		
MKHAMBATHINI MUNICIPALITY	5,000			5,000	5,000		
MKHONDO MUNICIPALITY	5,000		(1,700)	3,300	3,300		
MNQUMA MUNICIPALITY	5,400			5,400	5,400		
MODIMOLLE MUNICIPALITY	5,000			5,000	5,000		
MOGALAKWENA MUNICIPALITY	-		-	-	-		
MOGALE CITY MUNICIPALITY	4,000			4,000	4,000		
MOHOKARE MUNICIPALITY	-			-	-		
MOQHAKA MUNICIPALITY	9,000			9,000	9,000		
MOSES KOTANE MUNICIPALITY	4,000			4,000	4,000		
MOSSEL BAY MUNICIPALITY	7,796		2,000	9,796	9,796		
MPOFANA MUNICIPALITY	5,000			5,000	5,000		
MSINGA MUNICIPALITY	8,000			8,000	8,000		
MSUKALIGWA MUNICIPALITY	10,000			10,000	10,000		
MSUNDUZI MUNICIPALITY	3,000		(1,000)	2,000	2,000		
MTHONJANENI MUNICIPALITY	3,000			3,000	3,000		
MTUBATUBA MUNICIPALITY	1,500			1,500	1,500		
NALA MUNICIPALITY	2,000			2,000	2,000		
NALEDI MUNICIPALITY (NW)	8,000			8,000	8,000		
NALEDI MUNICIPALITY (FS)	-			-	-		
NAMA KHOI MUNICIPALITY	1,000			1,000	1,000		
NDLAMBE MUNICIPALITY	-		1,000	1,000	1,000		
NDWENDWE MUNICIPALITY	8,000			8,000	8,000		
NELSON MANDELA BAY MUNICIPALITY	28,000			28,000	28,000		
NEWCASTLE MUNICIPALITY	4,000			4,000	4,000		
NGQUZA HILL MUNICIPALITY	5,000			5,000	5,000		
NGWATHE MUNICIPALITY	5,000			5,000	5,000		
NKANDLA MUNICIPALITY	4,000			4,000	4,000		
NKETOANA MUNICIPALITY	5,300			5,300	5,300		
NKOMAZI MUNICIPALITY	9,000			9,000	9,000		

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
NKONKOBE MUNICIPALITY	4,000		-	4,000	4,000		
NONGOMA MUNICIPALITY	6,000			6,000	6,000		
NQUTHU MUNICIPALITY	7,000		1,500	8,500	8,500		
NTABANKULU MUNICIPALITY	30,000		4,500	34,500	34,500		
NTAMBANANA MUNICIPALITY	-			-	-		
NXUBA MUNICIPALITY	-		1,413	1,413	1,413		
NYANDENI MUNICIPALITY	4,000		3,000	7,000	7,000		
OKHAHLAMBA MUNICIPALITY	6,000			6,000	6,000		
OUDTSHOORN MUNICIPALITY	4,000			4,000	4,000		
OVERSTRAND MUNICIPALITY	2,000			2,000	2,000		
PHOKWANE MUNICIPALITY	-		500	500	500		
PHUMELELA MUNICIPALITY	8,000			8,000	8,000		
PIXLEY KA SEME MUNICIPALITY	3,000			3,000	3,000		
POLOKWANE MUNICIPALITY	25,000		6,000	31,000	31,000		
PRINCE ALBERT MUNICIPALITY	2,000			2,000	2,000		
RAMOTSHERE MUNICIPALITY	5,000		500	5,500	5,500		
RANDFONTEIN MUNICIPALITY	-		5,000	5,000	5,000		
RENOSTERBERG MUNICIPALITY	-			-	-		
RICHTERSVELD MUNICIPALITY	-			-	-		
RUSTENBURG MUNICIPALITY	10,000		(7,000)	3,000	3,000		
SAKHISIZWE MUNICIPALITY	5,000			5,000	5,000		
SALDANHA BAY MUNICIPALITY	2,000			2,000	2,000		
SISONKE DISTRICT MUNICIPALITY	3,415		5,000	8,415	8,415		
SIYANCUMA MUNICIPALITY	1,500			1,500	1,500		
SIYATHEMBA MUNICIPALITY	500			500	500		
SOL PLAATJIE MUNICIPALITY	3,000			3,000	3,000		
STELLENBOSCH MUNICIPALITY	3,000			3,000	3,000		
STEVE TSHWETE MUNICIPALITY	-			-	-		
SUNDAYS RIVER VALLEY MUNICIPALITY	-			-	-		
SWARTLAND MUNICIPALITY	4,000		6,000	10,000	10,000		
THABA CHWEU MUNICIPALITY	1,000		(1,000)	-	-		
THE BIG FIVE FALSE BAY MUNICIPALITY	7,000			7,000	7,000		
THEEWATERSKLOOF MUNICIPALITY	3,900			3,900	3,900		

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
THEMBELIHLE MUNICIPALITY	-			-	-		
THEMBISILE MUNICIPALITY	-			-	-		
THULAMELA MUNICIPALITY	49,000			49,000	49,000		
TLOKWE MUNICIPALITY	-			-	-		
TOKOLOGO MUNICIPALITY	2,000			2,000	2,000		
TSOLWANA MUNICIPALITY	-			-	-		
TSWAING MUNICIPALITY	-			-	-		
TUBATSE MUNICIPALITY	66,000		(6,000)	60,000	60,000		
UBUHLEBEZWE MUNICIPALITY	8,000			8,000	8,000		
UBUNTU MUNICIPALITY	1,500			1,500	1,500		
ULUNDI MUNICIPALITY	5,000			5,000	5,000		
UMHLABUYALINGANA MUNICIPALITY	-		2,500	2,500	2,500		
UMHLATHUZE MUNICIPALITY	8,000			8,000	8,000		
UMJINDI MUNICIPALITY	5,300			5,300	5,300		
UMLALAZI MUNICIPALITY	7,000			7,000	7,000		
UMNGENI MUNICIPALITY	-			-	-		
UMSHWATHI MUNICIPALITY	3,000			3,000	3,000		
UMSOBOMVU MUNICIPALITY	1,500			1,500	1,500		
UMTSHEZI MUNICIPALITY	10,000			10,000	10,000		
UMUZIWABANTU MUNICIPALITY	-			-	-		
UMVOTI MUNICIPALITY	12,000			12,000	12,000		
UMZIMKHULUMUNICIPALITY	15,004			15,004	15,004		
UMZIMVUBU MUNICIPALITY	25,000		2,000	27,000	27,000		
UMZUMBE MUNICIPALITY	6,000			6,000	6,000		
UPHONGOLO MUNICIPALITY	12,000			12,000	12,000		
VENTERSDORP MUNICIPALITY	8,000			8,000	8,000		
VICTOR KHANYE MUNICIPALITY	3,300			3,300	3,300		
VULAMEHLO MUNICIPALITY	5,000			5,000	5,000		
WESTONARIA MUNICIPALITY	7,000			7,000	7,000		
WITZENBERG MUNICIPALITY	-		-	-	-		
	1,241,563	-	-	1,241,563	1,241,563		

ANNEXURES



ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES (Note 7 and 34)

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT		2013/14 Division of Revenue Act R'000	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re- allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Energy Efficiency and Demand Side Management (EEDSM)	136,905	-	-	136,905	136,905	-	-	-	136,905	0%	180,722
Integrated National Electrification Programme	1,104,658	-	-	1,104,658	1,104,658	-	-	-	1,104,658	0%	1,634,772
	1,241,563	-	-	1,241,563	1,241,563	-	-	-	1,241,563	-	1,815,494

ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS (Note 7)

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2013/14 Appropriation Act
	Adjusted Appropriation	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
National Nuclear Regulator	33,697	-	-	33,697	33,697	100%	48,360
S.A National Energy Development Institute	162,685	-	-	162,685	162,685	100%	134,344
National Radio Active Waste Disposal Institution	-	-	-	-	-	-	19,800
Chemical industrial SETA	372	-	-	372	372	100%	-
Energy & Waste SETA	372	-	-	372	372	52%	-
Public sector SETA	131	-	-	131	68	-	-
	197,257	-	-	197,257	197,194		202,504

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES (Note 7)

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2013/14 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000		Current R'000
Public Corporations									
Eskom	4,584,437	-	-	4,584,437	3,448,037	75.2%	2,948,037	500,000	3,290,927
SA Nuclear Energy Corp	760,678	-	-	760,678	760,678	100.0%	268,797	491,881	592,182
SubTotal	5,345,115	-	-	5,345,115	4,208,715	78.7%	3,216,834	991,881	3,883,109
Private Enterprise									
Non grid households	105,525	-	-	105,525	70,000	66.3%	70,000	-	119,224
SubTotal	105,525	-	-	105,525	70,000	66.3%	70,000	-	119,224
TOTAL	5,450,640	-	-	5,450,640	4,278,715	78.5%	3,286,834	991,881	4,002,333

ANNEXURE 1D STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS (Note 7)

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
International Atomic Energy Agency (IAEA)	14,619	-	-	14,619	14,620	100%	27,800
The African Petroleum Producer Association (APPA)	2,216	-	-	2,216	2,312	104%	
Generation IV International Forum (GIF)	637	-	-	637	-	0%	2,158
African Regional Cooperation Agreement for Research Development and Training related to Nuclear Science and Technology (AFRA)	2,384	-	-	2,384	2,384	100%	6,422
International Partnership for Energy Efficiency Co-operation (IPEEC)	797	-	-	797	775	97%	
International Renewable Energy Agency (IRENA)	883	-	-	883	903	102%	862
International Energy Forum (IEF)	278	-	-	278	281	101%	1,174
International Partnership for Energy Efficiency Cooperation	-	-	-	-	-	-	1,661
TOTAL	21,814	-	-	21,814	21,275	97.5%	40,077

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS (Note 7)

	TRANSFER ALLOCATION				EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
HOUSEHOLDS							
Transfers							
Leave gratuity paid to employees	322	-	1,472	1,794	1,796	100%	356
Bursary non-employees	52	-	425	477	701	147%	-
Post Retirement Benefit	-	-	1,466	1,466	1,466	100%	-
TOTAL	374	-	3,363	3,737	3,963	106%	356

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

	NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2014/15	2013/14
			R'000	R'000
Received in kind				
Chemical Industries Sector Education & Training Authority (CHIETA)	Sponsor 5 students studying chemical engineering through CHIETA bursaries		-	150
International Atomic Energy Agency (IAEA)	IAEA expert assignment "review of latest status of Sudan's nuclear power and safety infrastructure development"		-	44
Deutsche Gesellschaft Fur Internationale Zusammenarbeit (GIZ)	Study Tour on municipal energy efficiency programmes in Germany 30 November 2013 to 8 December 2013		-	63
TOTAL			-	257

ANNEXURE 1G

STATEMENT OF AID ASSISTANCE RECEIVED (Note 3)

NAME OF DONOR	PURPOSE	OPENING	REVENUE	EXPENDI-	CLOSING
		BALANCE		TURE	BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
Swiss Agency for Development	Support for Energy Efficiency Monitoring and Implementation Project	-	2,970	2,970	-
Danish Government	South African- Danish Renewal Energy Development Programme	-	15,102	15,102	-
EU Commission (GBS Funding)	Smart metering in the South African Electricity Industry	-	117,000	117,000	-
	Interest earned on GBS Funding surrendered to RDP Fund *	-	4,299	4,299	-
Subtotal		-	139,371	139,371	-
TOTAL		-	139,371	139,371	-

Funds received from donors were transferred to SANEDI for project implementation.

* Interest of R4, 299,368 earned on the grant was surrendered to RDP Fund on 22 April 2014.

ANNEXURE 1H STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE (Note 7)

NATURE OF GIFT, DONATION OR SPONSORSHIP	2014/15	2013/14
	R'000	R'000
Paid in cash		
Donations made to deceased employee's family	-	-
Subtotal	-	-
Made in kind		
Donations made towards the deceased employee's funeral	40	40
Medals for Departmental sports day event that was held on the 5th of October 2013	-	2
Trophies / awards	-	11
Wheelchairs for Deputy Minister switch-on event	-	16
Electrical appliances for switch-on - Mathombi Zuma's house	-	1
Commemoration of Nelson Mandela Day in Vosloorus, Gugulethu & Kwa-Mashu - Emseni Community Project (100 x blankets) and Mthutuzeli Creche (100 x mattress)	-	22
Commemoration of Nelson Mandela Day in Vosloorus, Gugulethu & Kwa-Mashu - Emseni Community Project (100 x blankets) and Mthutuzeli Creche (100 x mattress)	-	28
Gifts to Creche during official switch-on in Ulundi	-	2
Gifts for Director-Generals counterpart, official visit to Russia	-	1
Flowers for Deputy Minister (sick)	-	1
Purchase of gifts for Prime Minister and Minister of Energy in the DRC (Ministerial visit)	-	2
Consol solarjar (solar panel, led lights) for PPP event	-	30
Electrical appliances for switch-on at Ndwendwe Municipality 8 November 2013	-	1
Trophies and engraving of trophies / awards	-	1
Trophies and engraving of trophies / awards	-	6
Trophies and engraving of trophies / awards	-	3
Corporate gifts for Minister of the DRC	-	2

Gifts for International Women's Day Celebration	-	2
Purchase of food parcels for members of community at switch-on in KZN	-	4
Purchase of gifts for Minister, Deputy Minister and Director-General - Official visit abroad	-	2
Purchase of food parcels for members of community at switch-on in Port Elizabeth area	-	2
Purchase of food parcels for members of community at switch-on at Mutubatuba Local Municipality KZN on 28 February 2014	-	2
Purchase of food parcels for members of community at switch-on event	-	1
Purchase of gifts for Minister, Deputy Minister and Director-General - Official visit abroad	-	2
Purchase of food parcels for members of community at switch-on in Port Elizabeth on 28 February 2014	-	2
Purchase of children's toys for Mandela Day in Vosloorus	-	2
To purchase gifts for international Women's day event.	1	-
To purchase groceries for switch on at Nkomazi Local Municipality in Mpumalanga on the 10th April 2014	2	-
To purchase flowers for Ms K Maponyane (Wings Travel) to sympathise with her for loss of her father.	1	-
To purchase gifts for Ministerial switch-on in the Kwa Zulu Natal	2	-
To purchase promotional items for switch-on at Tuliwane, Nkandla Local Municipality	2	-
To purchase food hampers for Ministerial Public Participating Programme as a gift to houses to be visited in Thohoyandou, Limpopo	2	-
Attendance of United Nations Framework convention on climate change meeting to be held in Boon, Germany	2	-
Donation of cleaning materials for Nelson Mandela day	2	-
Donation of cleaning materials for Nelson Mandela day in Mamelodi	2	-
Donation of cleaning materials for Nelson Mandela day in Soweto	2	-
To purchase gifts for the minister's counterpart in France and Equatorial Guinea	2	-
To purchase gifts for counterparts in Vienna	4	-
To purchase of gifts for the Deputy Management Office	2	-
To purchase gifts for Minister's counterparts	6	-
To purchase ministerial Christmas cards	46	-
To purchase medals for sports day event	2	-
To purchase kitchen equipment (spiral hotplate, cordless kettle, steam & spray iron)	1	-
To purchase cyberspace travel set & XD Design Sunshine solar charge	2	-
	123	188

Gifts, donations and sponsorships paid in cash are reflected in Note 7; Transfers and Subsidies.

ANNEXURE 2A STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES (Note 13)

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 14/15	% Held 13/14	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guarantee
				R'000		R'000		R'000		R'000		
				2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
National/Provincial Public Entity												
The South African Nuclear Corporation Limited Group	Schedule 2	100	100	2,205	2,205	2,205	2,205	861,830	911,113	-29,336	2,116	Yes
CEF (Pty) Ltd Group	Schedule 2	100	100	1	1	-	-	34,841,120	27,520,543	-11,295,817	-1,439,723	Yes
TOTAL				2,206	2,206	2,205	2,205	35,702,950	28,431,656	-11,325,153	-1,437,607	

ANNEXURE 2B STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Controlled entities Central Energy Fund (PTY) Ltd	Financing and promoting of the acquisition of, research into and exploitation of energy related products and technology	-	-	34,841,120	27,520,543	-	-	-	-
TOTAL		-	-	34,841,120	27,520,543	-	-	-	-

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2015 – LOCAL (Note 20)

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2014	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced/released during the year	Revaluations	Closing balance 31 March 2015	Guaranteed interest for year ended 31 March 2015	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	NECSA	20,000	20,000	-	-	-	20,000	-	-
TOTAL		20,000	20,000	-	-	-	20,000	-	-

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES (Note 20)

Nature of Liability	Opening Balance 1 April 2014	Liabilities incurred during the year	Liabilities cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2015
	R'000	R'000	R'000	R'000	R'000
Claims against the department	18,200	2,104	3,800	-	16,504
Claims against the Department	215	-	215	-	-
Travel – Corporate Card					
TOTAL	18,415	2,104	4,015	-	16,504

ANNEXURE 4
CLAIMS RECOVERABLE (Note 28)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2014/15	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Departments								
Department of Social Development	-	10	-	-	-	10	-	-
Statistics South Africa	8	-	-	-	8	-	-	-
National Treasury	-	-	-	685	-	685	-	-
National Treasury (PDF)	-	-	-	2,965	-	2,965	-	-
TOTAL	8	10	-	3,650	8	3,660	-	-

ANNEXURE 5
INTER-GOVERNMENT PAYABLES (Note 20 and 28)

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2014/15	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Departments								
Current								
Department of Mineral Resources	-	16	-	1,457	-	1,473		
Department of International Relations and Co-operation	-	715	-	205	-	920		
Department of Justice and Constitutional Development	-	-	-	1	-	1		
Department of Public Works	2,006	-	-	-	2,006	-		
Gauteng Provincial Government	639	-	-	-	639	-		
Total Intergovernmental	2,645	731	-	1,663	2,645	2,394		-

ANNEXURE 6
INTER-ENTITY ADVANCES PAID (Note 11)

	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	R'000	R'000	R'000	R'000	R'000	R'000
GOVERNMENT ENTITY						
DEPARTMENTS						
Department of International Relations and Co-ordination	1,679	1,542	-	-	1,679	1,542
Department of Communication and Information Systems	-	60	-	-	-	60
Total	1,679	1,602	-	-	1,679	1,602

