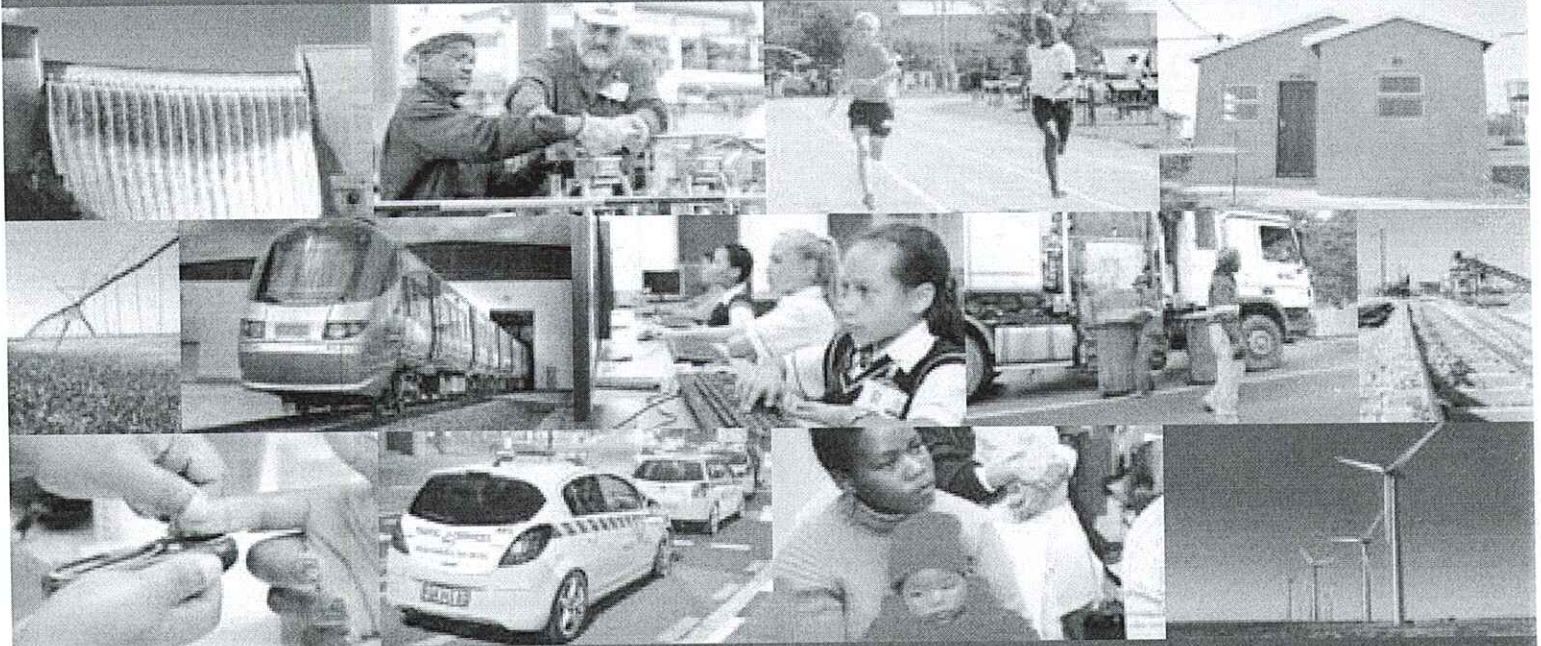


BUDGET 2013



ESTIMATES OF NATIONAL EXPENDITURE

VOTE 29: Energy



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2013

National Treasury

Republic of South Africa

27 February 2013



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The Estimates of National Expenditure 2013 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The 2013 Budget is set within the context of a prolonged and slow economic recovery globally and domestically; arising as an overhang from the global financial crisis of 2008, domestic structural constraints and recent supply side disruptions emanating from the mining sector. The fiscal stance underpinning this year's Budget balances support for the economy in the short term with the objective of rebuilding fiscal space in the medium to long term. This approach is informed by a growing belief that some of the slowdown in growth and revenue is in fact structural. Accordingly, strong measures have been instituted to contain government's consumption expenditure.

The 2012 medium term budget policy statement (MTBPS) presented an expenditure framework that kept the budget baselines for the first two years of the 2013 medium term expenditure framework (MTEF) unchanged since their publication in February 2012. Spending agencies had been advised to reprioritise spending within their baseline allocations to accommodate new priorities or the expansion of existing programmes. However, in response to the cumulative effects of the slowdown in growth and revenue, government has appropriately decided to reduce aggregate spending by R10.4 billion relative to the 2013 MTEF announced in the 2012 MTBPS. In addition, R52.1 billion has been shifted from within institutional baselines for reprioritisation to key government priority programmes. All of this has been done in a manner that does not compromise the attainment of the priorities set out in the MTBPS.

In guiding departments on how to approach the 2013 Budget, the Ministers' Committee on the Budget stated: 'In response to difficult global economic circumstances, we have expanded government's contribution to the economy. ... Financing this expansion at the same time as declining government income has meant a significant increase in borrowing. Since 2008/09, our stock of debt has more than doubled, and with it, the cost of servicing our debt has also accelerated. Higher borrowing and interest costs have meant that fiscal space is being eroded and our economy will have to finance a relatively larger government interest bill for many years. This means less money will be available for other purposes.' (2012 Medium Term Expenditure Framework Guidelines)

Indeed, departments and spending agencies do have to learn to do more with less. In the period ahead, improvements in outcomes have to come from qualitative improvements in the use of available budgets and other inputs. All institutions need to increase their efficiency and effectiveness in terms of service delivery, particularly in relation to infrastructure development. The National Development Plan 2030 sets out the planning framework for improving delivery in the public sector. The National Development Plan is the first long term plan for South Africa. Future budgets will therefore facilitate stronger alignment of institutional planning with the National Development Plan.

With our well established budgeting processes and practices, we have a good basis for the changes we need to make into the future in order to continue to ensure fiscal sustainability, while simultaneously increasing government performance in line with the expectations of South Africans. In the 2012 Open Budget Index Survey, conducted independently by the International Budget Partnership, South Africa was rated second out of the 100 countries participating in this assessment of budget transparency. South Africans can be proud of the comprehensiveness of the budget information that is available and should strive to make good use of the information in discussions with government regarding its policies and practices.

The expenditure estimates on the votes are the product of extensive consultative processes of policy review at the technical and executive level, designed to ensure the efficient allocation of public funds. These took place under difficult economic circumstances. I am grateful to our colleagues in national departments and agencies for their partnership, contributions and advice, during both the budget process and the finalisation of this publication. Special appreciation goes out to the team at National Treasury, who worked tirelessly to produce a document, the substance and quality of which are a source of great pride.



Lungisa Fuzile
Director-General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. In pursuit of an ever-improving representation of information, many changes have been introduced in the 2013 ENE publications. In terms of the non-financial information, it is noted in these publications how vote activities are envisaged to align with the National Development Plan 2030 over the long term, and how they are contributing to government's 12 outcomes and other key service delivery goals. Performance information has been further emphasised and in the 2013 ENE publications forms an integral part of the discussion of the financial information in the expenditure trends section of every programme within each of the votes. The personnel information has also been disaggregated and moved to the programme level. This allows for a more holistic discussion of budget plans at the programme level and gives greater effect to South Africa's Programme Budgeting by function approach.

Essentially, performance, personnel and finances are discussed together in respect of the impact they have on the programme plans. The analyses of the average growth of different categories of personnel and expenditure over time, as well as the magnitude this represents relative to the total, are now shown in the publication tables. This makes the narrative in the text less cluttered and more specifically focused on performance and related discussions. Expenditure information is in addition now shown for selected subprogrammes by economic classification, together with tables showing personnel numbers according to salary level for these subprogrammes. Progress made on the implementation of key existing and new infrastructure projects is discussed with all infrastructure projects shown in an additional table.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

Energy

**National Treasury
Republic of South Africa**



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Vote 29

Energy

Budget summary

R million	2013/14				2014/15	2015/16
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	221.0	215.7	0.4	4.9	230.4	239.6
Energy Policy and Planning	51.2	51.2	–	–	53.4	51.5
Energy Regulation	49.7	49.7	–	–	52.0	47.0
Electrification and Energy Programme Management	3 942.8	75.6	3 867.0	0.3	4 224.5	5 916.9
Nuclear Energy	710.0	36.1	673.9	–	657.0	679.5
Clean Energy	1 623.6	40.6	1 583.0	–	1 997.3	1 036.0
Total expenditure estimates	6 598.2	468.8	6 124.2	5.2	7 214.6	7 970.6
Executive authority	Minister of Energy					
Accounting officer	Director General of Energy					
Website address	www.energy.gov.za					

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

Aim

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 by all South Africans.

Mandate

The Department of Energy is mandated to ensure the secure and sustainable provision of energy for socioeconomic development. This is achieved by developing an integrated energy plan, regulating the energy industries, and promoting electric power investment in accordance with the integrated resource plan. A number of acts regulate the energy sector and reflect the legislative measures the department has instituted to govern the energy sector. Key among these are:

- the National Energy Act (2008)
- the Petroleum Products Act (1977)
- the Electricity Regulation Act (2006)
- the Central Energy Fund Act (1977).

The National Energy Act (2008) sets out the core aspects of the department's mandate. These are 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
- plan for 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

- collect data and information regarding energy demand, supply and generation
 - promote the efficient generation and consumption of energy, electricity regulation and energy research.
- The department is also mandated to regulate the petroleum industry at the manufacturing, wholesale and retail levels, through the implementation of the Petroleum Products Act (1977). The Petroleum and Liquid Fuels Charter is annexed to the Petroleum Products Amendment Act (2003), and is an important part of the department's strategy to effect the transformation of the industry.
- In terms of its policy mandates, the department is working with a range of documents and legislation which support the long term vision for South Africa to use as much renewable energy as possible; create the necessary conditions for the introduction of an independent systems operator and independent power producers in the electricity market; and position 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, power reactors, and nuclear fuel cycle systems.

Strategic goals

The department's strategic goals over the medium term are to:

- ensure that energy supply is secure and demand is well managed
- facilitate an efficient, competitive and responsive energy infrastructure network
- ensure that there is improved energy regulation and competition
- ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector
- ensure that environmental assets and natural resources are protected and continually enhanced by cleaner energy technologies
- implement policies that adapt to and mitigate the effects of climate change
- implement good corporate governance for effective and efficient service delivery.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support and management services to the ministry and the department.

Programme 2: Energy Policy and Planning

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

Programme 3: Energy Regulation

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

Programme 4: Electrification and Energy Programme Management

Purpose: Manage, coordinate and monitor programmes and projects focused on access to energy.

Programme 5: Nuclear Energy

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

Programme 6: Clean Energy

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

Selected performance indicators

Table 29.1 Energy

Indicator	Programme	Outcome to which it contributes	Past			Current	Projections		
			2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of new operational integrated energy centres established per year	Energy Policy and Planning	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	2	2	2	2	2	2	2
Number of new petroleum retail site inspections per year	Energy Regulation	Outcome 6: An efficient, competitive and responsive economic infrastructure network	1 200	3 360	1 500	1 500	1 500	1 500	1 500
Number of additional petroleum licence applications approved per year	Energy Regulation		13 800	1 800	1 200	1 000	1 000	800	800
Number of additional households electrified per year	Electrification and Energy Programme Management	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	145 157	191 469	151 390	180 000	200 000	215 000	230 000
Number of new bulk substations built per year	Electrification and Energy Programme Management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	4	4	7	6	6	6	6
Number of additional substations upgraded per year	Electrification and Energy Programme Management		3	3	10	10	10	10	10
Kilometres of new medium voltage power lines constructed per year	Electrification and Energy Programme Management		310km	350km	350km	350km	350km	350km	450km
Kilometres of existing medium voltage power lines upgraded per year	Electrification and Energy Programme Management		241km	200km	200km	200km	220km	220km	220km
Number of non-grid connections per year ¹	Electrification and Energy Programme Management	Outcome 11: Create a better South Africa and contribute to a better and safer Africa and world	-1	-1	-1	10 000	15 000	20 000	30 000
Value of expenditure on black economic empowerment and small, medium and micro enterprises per year	Electrification and Energy Programme Management	Departmental mandate	R689m	R933m	R933m	R933m	R1 000m	R1 100m	R1 300m
Megawatt reduction in electricity demand per year	Clean Energy	Outcome 10: Environmental assets and natural resources that are valued, protected and continually enhanced	100MW	100MW	100MW	100MW	100MW	100MW	100MW
Number of terawatts per hour of energy savings realised in energy efficiency and demand side management and verified from energy efficiency and demand side management projects ¹	Clean Energy		-1	-1	1 TWh	5 TWh	12 TWh	20 TWh	30 TWh
Number of solar water heating units installed in residential and commercial sectors per year ¹	Clean Energy		-1	55 000	242 000	250 041	129 679	169 700	69 138

1. No past data as the indicator is new.

The national development plan

The national development plan envisages that by 2030 South Africa will have an adequate supply of electricity and liquid fuels to ensure that economic activity and welfare are not disrupted, and that at least 95 per cent of the population should have access to grid or off grid electricity. The plan proposes that gas and other renewable resources like wind, solar and hydro-electricity will be viable alternatives to coal and will supply at least 20 000MW of the additional 29 000MW of electricity needed by 2030. Other recommendations of the plan include diversifying power sources and ownership in the electricity sector, supporting cleaner coal technologies, and investing in human and physical capital in the 12 largest electricity distributors. The department will continue to address these proposals through a combination of new and existing programmes. Funds will continue to be allocated to the South African National Energy Development Institute for research and development into a carbon capture and storage project, and for a hydraulic fracturing pilot to assess the potential for shale gas. The department aims to bring independent power producers into the market when the Independent System and Market Operator Bill (2012) is signed into law. The department will also continue to implement the pilot approach to the distribution asset management programme, by providing capital subsidies to 9 municipalities to address the maintenance, refurbishment and backlog concerns in order to improve the quality of electricity supply.

Personnel information

Table 29.3 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2011/12			2012/13			2013/14			2014/15			2015/16					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2012/13 - 2015/16		
Energy																			
Salary level	546	14	560	184.8	0.3	560	209.4	0.4	576	247.6	0.4	585	271.9	0.5	585	285.4	0.5	1.5%	100.0%
1-6	103	14	145	19.8	0.1	146	22.0	0.2	143	27.8	0.2	143	33.4	0.2	143	33.8	0.2	-0.7%	24.9%
7-10	265	-	249	63.7	0.3	250	72.4	0.3	252	86.1	0.3	256	92.9	0.4	256	97.8	0.4	0.8%	44.0%
11-12	99	-	88	40.8	0.5	89	48.5	0.5	94	52.3	0.6	96	56.5	0.6	96	59.6	0.6	2.6%	16.3%
13-16	79	-	78	60.6	0.8	75	66.6	0.9	87	81.4	0.9	90	89.2	1.0	90	94.2	1.0	6.3%	14.8%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on expanding the electrification programme to increase the number of households with connections to the grid, providing substation infrastructure and promoting energy efficiency through the expansion of the solar water geyser programme. 93.3 per cent of the department's budget is transferred to the implementing municipalities, agencies, and the state owned company Eskom.

Between 2009/10 and 2012/13, significant spending is evident in the *Energy Policy and Planning* programme as a result of allocations to Transnet of R4.5 billion for the construction of the multi-products pipeline from 2010/11 to 2012/13. Spending in the *Electrification and Energy Programme Management* programme increased over the same period to increase the number of households connected to the grid. 5.5 million households have been electrified through the programme since its inception in 1994. The high spending in compensation of employees in 2012/13 is due to additional funds approved in the adjusted budget for remuneration of staff appointed in addition to the establishment.

Over the medium term, expenditure in the *Electrification and Energy Programme Management* programme is projected to grow significantly to provide for the expansion of electrification programmes, additional funding to pilot the approach to the distribution asset management programme, and additional funding for research and development related to the carbon capture storage and hydraulic fracturing projects of the South African National Energy Development Institute. Over the same period, expenditure on current payments is expected to increase due to additional funding for improved conditions of service, allocations to capacitate the independent power producers unit within the *Electrification and Energy Programme Management* programme, and funding allocated for the department's office accommodation costs.

As part of Cabinet approved budget reductions over the medium term, spending reductions will be made of R27.9 million in 2013/14, R61.7 million in 2014/15 and R33.9 million in 2015/16. These reductions will mainly be made on non-core goods and services items such as travel and subsistence and catering, and will be managed by introducing efficiency measures across all programmes.

The department has a funded establishment of 546 posts, and 14 posts are filled in addition to this establishment. 560 positions were filled at the end of September 2012, the majority of which were at salary levels 7 to 10. The department reviewed its organisational structure and has been allocated additional funding to increase the approved establishment to 585 in 2015/16 in line with the resources required for the department to carry out its mandate. The ratio of support staff to line function staff is 1.2:1.

Consultants provide planning for the nuclear build, development of monitoring and reporting systems to improve the electrification planning and monitoring process, and strengthening of the monitoring capacity to ensure compliance with the Petroleum and Liquid Fuels Charter. The spike in spending on consultants in 2012/13 is due to a once-off allocation for research in preparation for the nuclear build.

Infrastructure spending

Mega project: Integrated national electrification programme

The department makes transfer payments to Eskom and municipalities through the integrated national electrification programme. These transfers are used to fund infrastructure for the electrification of households and the building of substations. Between 2009/10 and 2012/13, R11.1 billion was spent by the integrated national electrification programme on electricity infrastructure, R4.2 billion went to municipalities and R6.9 billion to Eskom. As a result of the spending over this period, 475 157 households received electricity connections.

Over the medium term, infrastructure spend is expected to increase from R3.5 billion in 2012/13 to R5.7 billion in 2015/16, which will be used to electrify 200 000 households in 2013/14, 215 000 in 2014/15 and 230 000 in 2015/16. 18 new bulk substations will also be built and 30 substations will be upgraded. R3.5 billion is allocated to Eskom over the medium term to fund the installation of high and low pressure solar water geysers. Municipalities receive an allocation of R538 million over the medium term to install energy efficient lighting and technologies.

Mega project: Construction of the new multi-products pipeline by Transnet

The department received a budget allocation of R4.5 billion between 2010/11 and 2012/13, earmarked to be transferred to Transnet for the construction of the new multi-products pipeline. Transfer payments to Transnet have been effected in accordance with the funding agreement, with the final payment being made during the last quarter of 2012/13. The full construction work on the pipeline, inclusive of support infrastructure, which was initially planned for completion by the end of December 2011, will be concluded in December 2013.

Departmental Receipts

Table 29.4 Receipts

Receipt	Audited outcome		Adjusted estimate		Revised estimate		Average Receipt		Average growth total		Average Receipt	
	2009/10	2010/11	2011/12	2012/13	2009/10	2012/13	2009/10	2012/13	2009/10	2012/13	2015/16	2012/13 - 2015/16
Departmental receipts	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Sales of goods and services produced by department	4 429	3 705	2 872	3 905	3 905	3 905	3 905	3.7%	-4.1%	2 305	2 429	-13.1%
Sales by market establishments of which:	-	169	255	-	-	-	-	0.1%	-	-	-	-
Sales by market establishment	-	169	255	-	-	-	-	0.1%	-	-	-	-
Administration fees	4 384	3 484	2 549	3 858	3 858	3 858	3 858	3.5%	-4.2%	2 257	2 381	-13.3%
Administration fees of which:	4 384	3 484	2 549	3 858	3 858	3 858	3 858	3.5%	-4.2%	2 257	2 381	-13.3%
Administration fees	4 384	3 484	2 549	3 858	3 858	3 858	3 858	3.5%	-4.2%	2 257	2 381	-13.3%
Other sales	45	52	68	47	47	47	47	1.5%	1.5%	48	48	0.7%
Other sales of which:	45	52	68	47	47	47	47	1.5%	1.5%	48	48	0.7%
Other sales	45	52	68	47	47	47	47	1.5%	1.5%	48	48	0.7%
Interest, dividends and rent on land	14	14	14	14	14	14	14	-	-	14	15	2.3%
Interest	14	14	14	14	14	14	14	-	-	14	15	2.3%
Transactions in financial assets and liabilities	-	-	341	199	14	14	14	0.2%	-	200	203	0.7%
Extraordinary receipts of which:	-	-	-	-	-	-	-	96.1%	-	-	-	-
Extraordinary receipts	-	-	-	-	-	-	-	96.1%	-	-	-	-
Central Energy Fund	-	-	-	-	-	-	-	96.1%	-	-	-	-
Total	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
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Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-	-	-	0.1%	-	-	-	-
Average Receipt	4 429	3 917	3 381	4 118	4 118	3 905	4 118	3.9%	-2.4%	2 519	2 647	-12.3%
Average growth total	-	-	-	-	-							

Programme 1: Administration

Expenditure estimates

Table 29.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
R thousand											
Ministry	11 217	17 946	28 510	21 926	25.0%	12.2%	23 827	25 288	26 632	6.7%	10.5%
Departmental Management	11 424	18 614	25 770	33 242	42.8%	13.6%	45 375	44 883	47 079	12.3%	18.3%
Finance Administration	28 566	20 792	39 358	49 573	20.2%	21.1%	37 014	42 823	43 328	-4.4%	18.5%
Audit Services	2 240	2 346	4 471	9 444	61.5%	2.8%	5 364	5 667	5 944	-14.3%	2.8%
Corporate Services	44 756	54 834	69 320	92 325	27.3%	39.9%	73 369	75 590	78 554	-5.2%	34.3%
Office Accommodation	11	7 070	25 260	35 937	1383.8%	10.4%	36 009	36 137	38 083	2.0%	15.7%
Total	98 214	121 602	192 689	242 447	35.1%	100.0%	220 958	230 388	239 620	-0.4%	100.0%
Change to 2012 Budget estimate				63 619			40 736	40 783	4 966		

Economic classification

Current payments	91 873	118 209	188 472	230 295	35.8%	96.0%	215 701	224 819	233 798	0.5%	96.9%
Compensation of employees	35 841	57 938	82 526	99 632	40.6%	42.1%	115 317	126 378	131 813	9.8%	50.7%
Goods and services	56 032	60 271	105 946	130 663	32.6%	53.9%	100 384	98 441	101 985	-7.9%	46.2%
<i>of which:</i>											
Administration fees	462	1 279	1 206	1 120	34.3%	0.6%	1 355	1 402	1 451	9.0%	0.6%
Advertising	247	1 848	1 398	2 995	129.7%	1.0%	3 233	3 347	3 476	5.1%	1.4%
Assets less than the capitalisation threshold	1 157	739	210	2 127	22.5%	0.6%	260	270	279	-49.2%	0.3%
Audit cost: External	1 032	1 879	4 104	6 973	89.1%	2.1%	2 146	2 255	2 335	-30.6%	1.5%
Bursaries: Employees	555	416	837	670	6.5%	0.4%	30	30	31	-64.1%	0.1%
Catering: Departmental activities	141	1 131	1 301	545	56.9%	0.5%	759	787	814	14.3%	0.3%
Communication	3 223	2 995	4 451	4 832	14.5%	2.4%	4 327	4 482	4 641	-1.3%	2.0%
Computer services	3 092	2 830	6 599	3 605	5.2%	2.5%	3 000	3 147	3 292	-3.0%	1.4%
Consultants and professional services: Business and advisory services	9 402	2 460	20 064	9 107	-1.1%	6.3%	5 516	1 569	1 625	-43.7%	1.9%
Consultants and professional services: Legal costs	-	46	767	4 500	-	0.8%	-	-	-	-100.0%	0.5%
Contractors	960	1 012	1 421	3 550	54.6%	1.1%	1 211	1 252	1 297	-28.5%	0.8%
Agency and support / outsourced services	99	56	423	64	-13.5%	0.1%	63	66	69	2.5%	-
Entertainment	9	61	119	40	64.4%	-	115	118	123	45.4%	-
Housing	3	-	-	-	-100.0%	-	-	-	-	-	-
Inventory: Fuel, oil and gas	4	9	16	8	26.0%	-	8	8	8	-	-
Inventory: Learner and teacher support material	19	11	1	11	-16.7%	-	19	20	20	22.1%	-
Inventory: Materials and supplies	116	150	123	464	58.7%	0.1%	238	247	256	-18.0%	0.1%
Inventory: Medicine	-	-	24	10	-	-	-	-	-	-100.0%	-
Inventory: Other consumables	98	66	385	88	-3.5%	0.1%	38	38	39	-23.8%	-
Inventory: Stationery and printing	1 378	918	2 064	2 434	20.9%	1.0%	3 863	2 964	3 144	8.9%	1.3%
Operating leases	5 094	16 186	25 831	49 732	113.7%	14.8%	41 254	41 568	43 706	-4.2%	18.9%
Property payments	743	607	472	13 977	166.0%	2.4%	181	187	194	-76.0%	1.6%
Travel and subsistence	25 230	19 069	23 912	16 418	-13.3%	12.9%	24 296	25 385	26 282	17.0%	9.9%
Training and development	1 113	1 283	2 274	350	-32.0%	0.8%	225	232	240	-11.8%	0.1%
Operating payments	1 035	732	2 708	4 366	61.6%	1.3%	4 633	3 881	3 292	-9.0%	1.7%
Venues and facilities	820	4 488	5 234	2 677	48.3%	2.0%	3 614	5 186	5 371	26.1%	1.8%
Rental and hiring	-	-	2	-	-	-	-	-	-	-	-
Transfers and subsidies	135	79	129	370	39.9%	0.1%	356	374	388	1.6%	0.2%
Households	135	79	129	370	39.9%	0.1%	356	374	388	1.6%	0.2%
Payments for capital assets	5 981	3 314	4 029	11 782	25.4%	3.8%	4 901	5 195	5 434	-22.7%	2.9%
Machinery and equipment	5 589	3 314	4 029	11 111	25.7%	3.7%	4 901	5 195	5 434	-21.2%	2.9%
Software and other intangible assets	392	-	-	671	19.6%	0.2%	-	-	-	-100.0%	0.1%
Payments for financial assets	225	-	59	-	-100.0%	-	-	-	-	-	-
Total	98 214	121 602	192 689	242 447	35.1%	100.0%	220 958	230 388	239 620	-0.4%	100.0%
Proportion of total programme expenditure to vote expenditure	2.7%	2.2%	3.1%	3.6%			3.3%	3.2%	3.0%		

As part of the Cabinet approved budget reductions, this programme has identified cost savings of R6.1 million over the medium term on various non-core goods and services items, particularly for travel and subsistence, and communications.

The programme has a funded establishment of 268 posts, and 22 posts are filled in addition to this establishment. A total of 290 positions were filled at the end of September 2012, the majority of which were in salary levels 7 to 10. Over the medium term, it is expected that the establishment will increase to 295 posts, which also accounts for the strong growth in the compensation of employees budget.

Programme 2: Energy Policy and Planning

Objectives

- Improve energy security by:
 - regulating demand and introducing a diversified mix of energy generation technologies
 - improving efficiency through competition in the energy sector
 - developing key indicators to effectively monitor the energy sector policies on an ongoing basis
 - planning interventions to expand energy infrastructure by developing a policy framework for the integrated energy plan, the integrated resource plan, the liquid fuels infrastructure roadmap, the transmission development plan and the major distribution infrastructure plan over the medium term
 - publishing an annual energy statistics report to facilitate information based decision making.
- Address current and envisaged energy supply and distribution constraints by developing the approach to distribution asset management plan for the rehabilitation of critical municipal electricity distribution infrastructure.
- Develop and implement the liquid fuels 20-year infrastructure plan over the medium term to improve liquid fuels energy security.

Subprogrammes

- *Policy Analysis and Research* is discussed in more detail below.
- *Energy Planning* manages energy data and information; develops and maintains an energy modelling system to simulate energy supply and distribution; identifies energy supply and distribution constraints and addresses them through the integrated energy plan; manages the overall collection, collation, validation, integrity and quality of energy data; analyses and interprets economic and statistical data; and is responsible for managing the development of energy plans and strategic interventions for generation, refining, distribution and transmission of energy sources for demand and supply optimisation. Over the medium term, the focus will be on the development of standardised tools for connecting data, centralising the collection and storage of energy data collected within the unit, and automating the submission of energy data by the oil industry. This subprogramme had a staff complement of 29 in 2012/13.
- *Hydrocarbon Policy* ensures secure energy supply, well managed demand, enhanced access to hydrocarbons, and 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. In 2012/13, R1.5 billion was transferred to Transnet for the construction of the national multi-products pipeline. This subprogramme had a staff complement of 26 in 2012/13.
- *Electricity and Alternative Energy Policy* ensures secure energy supply, well managed demand, enhanced access to hydrocarbons, and a transformed sector; and that energy regulation and competition is improved through the development, promulgation and maintenance of a statutory framework for electricity over the medium term. This subprogramme had a staff complement of 13 in 2012/13.

Expenditure estimates

Table 29.7 Energy Policy and Planning

Subprogramme	Audited outcome		Adjusted appropriation		Average growth rate total: Expenditure (%)		Medium-term expenditure estimate		Average growth rate total: Expenditure (%)
	2009/10	2010/11	2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16	
R thousands	83 477	69 739	3 443	-43.1%	8 596	8 576	8 472	-18.0%	2.4%
Policy Analysis and Research	19 663	20 546	17 120	-7.3%	22 556	23 683	22 091	12.2%	4.9%
Energy Planning	38 732	1 512 856	1 515 456	240.6%	12 691	13 346	12 788	-79.7%	90.9%
Hydrocarbon Policy	4 999	4 104	5 901	22.5%	7 313	7 762	8 178	-3.8%	1.9%
Electricity and Alternative Energy Policy	146 871	1 607 245	1 541 920	120.3%	51 156	53 367	51 529	-68.0%	100.0%
Change to 2012 Budget estimate	30 692				(1 198)	(2 163)	(56 703)		

Economic classification											
Current payments	73 886	45 657	41 920	70 041	-1.8%	4.8%	51 156	53 367	51 529	-9.7%	13.1%
Compensation of employees	35 716	31 340	30 390	37 721	1.8%	2.8%	34 200	36 233	38 278	0.5%	8.5%
Goods and services	38 170	14 317	11 530	32 320	-5.4%	2.0%	16 956	17 134	13 251	-25.7%	4.6%
of which:											
Administration fees	263	289	259	513	24.9%		665	682	1 168	31.6%	0.2%
Advertising	273	318	159	377	11.4%		73	77	276	-9.9%	
Assets less than the capitalisation threshold											
Catering: Departmental activities	982	124	74	144	-47.3%		47	48	276	-9.9%	
Communication	774	460	235	659	-5.2%		341	351	660	0.1%	0.1%
Consultants and professional services:	12 452	5 025	6 681	24 776	25.8%	1.0%	2 123	2 127	1 078	-64.8%	1.7%
Business and advisory services	8 153	2 076		137	-74.4%	0.2%	8	8	8	-61.2%	
Agency and support / outsourced services											
Entertainment											
Inventory: Fuel, oil and gas											
Inventory: Learner and teacher support material	91	24	2	285	46.3%		295	306	316	3.5%	0.1%
Inventory: Materials and supplies											
Inventory: Other consumables											
Inventory: Stationery and printing	179	349	285	542	44.7%	0.1%	1 164	1 203	1 253	32.2%	0.2%
Operating leases	7 208	13	1		-100.0%						
Travel and subsistence	5 699	3 829	3 334	4 010	-11.1%	0.3%	9 037	9 107	7 798	24.8%	1.7%
Training and development	87	40	123	117	10.4%		23	24	24	-41.0%	
Operating payments	1 705	1 667	1 07	132	-57.4%	0.1%	13	14	15	-51.6%	
Venues and facilities	304	63	244	573	23.5%		18	19	19	-67.9%	
Transfers and subsidies	72 214	1 561 582	1 500 000	1 500 000	174.9%	95.2%					86.9%
Departmental agencies and accounts	72 214	61 582			-100.0%	2.7%					
Public corporations and private enterprises			1 500 000	1 500 000		92.5%					86.9%
Payments for capital assets	771	6		132	-44.5%						
Machinery and equipment	771	6		132	-44.5%						
Total	146 871	1 607 245	1 541 920	1 570 173	120.3%	100.0%	51 156	53 367	51 529	-68.0%	100.0%
Proportion of total programme expenditure to vote expenditure	4.0%	29.2%	25.0%	23.3%			0.8%	0.7%	0.6%		

Details of transfers and subsidies										
Departmental agencies and accounts	72 214	61 582			-100.0%	2.7%				
Current	72 214	61 582			-100.0%	2.7%				
Departmental agencies (non-business entities)										
Electricity Distribution Industry Holding Company	72 214	61 582			-100.0%	2.7%				
Public corporations and private enterprises										
Public corporations										
Public corporations - subsidies on products and production			1 500 000	1 500 000		92.5%				
Capital										
Transfert			1 500 000	1 500 000		92.5%				

Personnel information

Table 29.8 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2011/12			2012/13			2013/14			2014/15			2015/16					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2012/13 - 2015/16
Energy Policy and Planning																			
Salary level	51	26	72	30.4	0.4	77	37.7	0.5	70	34.2	0.5	70	36.2	0.5	70	38.3	0.5	-3.1%	100.0%
1-6	-	15	14	1.9	0.1	15	2.5	0.2	12	2.7	0.2	12	2.9	0.2	12	3.1	0.3	-7.2%	17.8%
7-10	27	6	30	9.2	0.3	33	12.7	0.4	30	11.4	0.4	30	12.1	0.4	30	12.8	0.4	-3.1%	42.9%
11-12	13	3	15	8.9	0.6	16	12.2	0.8	15	8.8	0.6	15	9.3	0.6	15	9.9	0.7	-2.1%	21.3%
13-16	11	2	13	10.4	0.8	13	10.4	0.8	13	11.2	0.9	13	11.9	0.9	13	12.6	1.0	-	18.1%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The medium term will see the completion of the construction of the national multi-products pipeline by Transnet. The pipeline will secure the supply of petroleum products to the inland market over the long term. Expenditure in the *Hydrocarbon Policy* subprogramme and the related transfers and subsidies are consequently expected to decrease significantly over the medium term as a result of the discontinuation of transfers to Transnet. The final payment of R1.5 billion was made at the end of 2012/13, meaning R4.5 billion will have been transferred to Transnet from the project's inception to 2012/13. The focus of the *Hydrocarbons Policy* subprogramme over the medium term will be on monitoring the Transnet pipeline operations.

Expenditure on goods and services is expected to decrease over the medium term, driven mainly by a decrease in spending on consultants and professional services due to the finalisation of projects, such as the development of the energy modelling systems, the audit of refineries as an extension of scope under the 20-year liquid fuels infrastructure road map, the regulatory framework review and the integrated energy plan. R11.8 million was spent in 2012/13 on the initiation of the asset rehabilitation multi-phase project. The pilot phase of the project begins in 2013/14 and will be led by the Integrated National Electrification programme in the *Electrification and Energy Programme Management* programme. Expenditure on travel and subsistence is expected to increase over the medium term for various international engagements. There will also be growth in spending on monitoring and evaluation, particularly for electrification projects that form part of the integrated national electrification programme.

R4 million in savings over the medium term has been identified as part of Cabinet approved budget reductions, and will be effected through cost saving measures on certain controllable costs, such as catering, venues and facilities, and administrative fees.

The programme has a funded establishment of 51 posts and 26 posts are filled additional to the establishment. There were 77 filled posts at the end of September 2012, mostly at salary levels 7 to 10, for policy research and data collection and analysis for energy modelling and publications. The number of employees drops to 70 to match the budget for compensation of employees over the medium term.

Subprogramme: Policy Analysis and Research

This subprogramme develops key indicators and monitors the impact of energy sector policies, planning and interventions; analyses all energy policies and their impact on access to energy and on the security of energy supply; conducts research and analyses policies in relation to other countries; and researches and analyses national and international trends or developments that impact on the demand and supply of energy.

Expenditure estimates

Table 29.9 Policy Analysis and Research

Economic classification	2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16	
	Expenditure	Average growth rate (%)	Expenditure	Average growth rate (%)	Expenditure	Average growth rate (%)	Expenditure	Average growth rate (%)	Expenditure	Average growth rate (%)	Expenditure	Average growth rate (%)	Expenditure	Average growth rate (%)	Expenditure	Average growth rate (%)
Current payments	11 263	8 157	3 443	15 365	10.9%	22.2%	8 596	8 576	8 472	-18.0%	100.0%					
Compensation of employees	4 787	5 325	2 809	3 300	-11.7%	9.4%	6 628	7 016	7 409	30.9%	59.4%					
Goods and services	6 476	2 832	634	12 065	23.0%	12.8%	1 968	1 580	1 063	-55.5%	40.6%					
of which:																
Administration fees	28	30	19	8	-34.1%	-	38	39	41	72.4%	0.3%					
Advertising	22	17	41	-	-100.0%	-	-	-	-	-	-					
Catering: Departmental activities	6	7	2	1	-45.0%	-	15	16	16	152.0%	0.1%					
Communication	5 919	300	30	11 758	25.7%	10.5%	60	63	65	59.6%	0.5%					
Consultants and professional services:																
Business and advisory services	3	2 074	-	-	-100.0%	1.2%	-	-	-	-	-					
Contractors	3	2 074	-	-	-100.0%	1.2%	-	-	-	-	-					
Inventory: Learner and teacher support material	-	-	1	-	-	-	-	-	-	-	-					
Inventory: Stationery and printing	11	9	4	61	77.0%	-	68	71	73	6.2%	0.7%					
Operating leases	-	2	-	-	-	-	-	-	-	-	-					
Travel and subsistence	352	283	470	221	-14.4%	0.8%	1 787	1 371	888	57.8%	10.4%					
Training and development	30	22	66	-	-100.0%	0.1%	-	-	-	-	-					
Operating payments	51	-	1	-	-100.0%	-	-	-	-	-	-					
Venues and facilities	4	-	-	-	-100.0%	-	-	-	-	-	-					
Transfers and subsidies	72 214	61 582	-	-	-100.0%	77.8%	-	-	-	-	-					
Departmental agencies and accounts	72 214	61 582	-	-	-100.0%	77.8%	-	-	-	-	-					
Total	83 477	69 739	3 443	15 365	-43.1%	100.0%	8 596	8 576	8 472	-18.0%	100.0%					
Proportion of total subprogramme expenditure to programme expenditure	58.8%	4.3%	0.2%	1.0%			16.8%	16.1%	16.4%							

Personnel information

Table 29.10 Details of approved establishments and personnel numbers according to salary level¹

Post status as at 30 September 2012	Number of posts	Number of posts funded additional to the establishment	2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16			
			Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Unit	Unit		
Policy Analysis and Research	11	-	10	4.0	9	3.3	14	6.6	14	7.0	14	7.4	0.5	15.9%	100.0%	
Salary level																
1-6	-	-	3	0.3	3	0.3	3	0.7	3	0.7	3	0.8	0.2	-	23.5%	
7-10	8	-	4	1.9	4	1.9	5	1.9	5	2.0	5	2.1	0.4	71.0%	31.4%	
11-12	2	-	4	2.2	4	2.2	4	2.4	4	2.6	4	2.7	0.7	-	31.4%	
13-16	1	-	2	1.3	0.6	1	0.9	2	1.6	2	1.7	0.9	0.9	26.0%	13.7%	

¹ Data has been provided by the department and may not necessarily reconcile with official government personnel data.

² Rand million

³ As at 30 September 2012

Expenditure trends

The spending focus over the medium term will be on analysis and research activities in support of the integrated energy plan.

The significant decrease in expenditure over the seven-year period is due to the discontinuation of funding to EDI Holdings, following a Cabinet decision in December 2010 to wind up the company. This is reflected in transfers and subsidies, where there is no expenditure after 2011/12. In terms of this decision, EDI Holdings ceased to exist on 31 March 2011, and the functions relating to the restructuring of the electricity distribution industry reverted to the Department of Energy with effect from 1 April 2011. Transfer payments to EDI Holdings were reprofiled in 2012/13, in accordance with Cabinet's decision, to provide for consulting and professional services costs to initiate the implementation of the asset rehabilitation multi-phase project. Expenditure on goods and services consequently increased from R6.5 million in 2009/10 to R12.1 million in 2012/13.

Over the medium term, expenditure on compensation of employees is expected to increase to provide capacity within the subprogramme for critical posts for operational work such as publishing the annual energy indicator report and the application of the policy analysis framework for the integrated energy plan. It also includes salary adjustments for improved conditions of service. Expenditure is expected to decrease over the medium term. This is due to spending reductions of R3.3 million, part of Cabinet approved budget reductions, to be effected, mostly on travel and subsistence, the review of the department's organisational structure, and the once-off allocation of R11.8 million in 2012/13 for the approach to distribution asset management programme. This also explains the significant decrease in expenditure on goods and services from 2013/14 onwards.

This subprogramme has a staff establishment of 11, of which 9 are filled. Over the medium term, the number of filled posts is expected to increase to 14, which accounts for the strong increase in the compensation of employees budget.

Programme 3: Energy Regulation

Objectives

- Enforce and monitor technical, economic, and legal compliance to legislation, specification, standards as well as license conditions in each year of the medium term.
- Facilitate the improved participation of historically disadvantaged individuals in the petroleum sector by licensing 25 per cent of all petroleum license applications by historically disadvantaged individuals in each year of the medium term.
- Strengthen the regulatory framework in the liquid fuels petroleum industry by implementing the regulatory accounting system to have a transparent fuel pricing mechanism for rewarding investment in the liquid fuels sector throughout the value chain by 2013/14.

Subprogrammes

- *Petroleum Compliance* ensures compliance by all petroleum holders to the conditions of their license through monitoring and enforcement. The subprogramme also processes the arbitration requests, promotion of access to information requests on behalf of the Controller of Petroleum Products and assist in finalising the appeals on decisions of the controller. On an annual basis, 1 500 retail site inspections are conducted for petroleum manufacturers, wholesalers and retailers to ensure compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions.
- *Petroleum Licensing and Permitting* manages the petroleum licensing process; regulates the permitting of the export and import of petroleum products; monitors compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions; monitors fuel stock levels; and coordinates corrective actions to avoid distribution shortages. This entails conducting licence analyses, and ensuring permit and charter compliance and hydrocarbons supply. Wholesale and retail licence applications are managed by renewing 95 per cent of licences issued within 90 days and issuing new licences to the retail industry within 60 days. This subprogramme had a staff complement of 27 in 2012/13.
- *Petroleum Pricing* regulates the pricing of petroleum products in accordance with the legislative framework. This entails the determination, review, update and maintenance of fuel levies and margins, and the process of paying fuel levies. Fuel price administration includes developing, evaluating and monitoring price models; updating elements of the basic fuel price; and ensuring secure audit services for the auditing of fuel prices to ensure internationally competitive pricing of petroleum products, thereby enabling investment in the sector. This is a newly created subprogramme and its capacity will be built over the medium term. This subprogramme had a staff complement of 13 in 2012/13.

Expenditure estimates

Table 29.11 Energy Regulation

Subprogramme	Audited outcome		Appropriation		Medium-term expenditure estimate		Change to 2012 Budget estimate	
	2009/10	2010/11	2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16
R thousand	1 606	2 607	2 697	18.9%	14 876	15 369	9 820	53.8%
Petroleum Compliance	1 606	2 607	2 697	18.9%	14 876	15 369	9 820	53.8%
Petroleum Licensing and Permitting	8 909	11 549	13 423	14.6%	13 517	14 242	13 738	0.8%
Petroleum Pricing	-	-	2 429	-	21 330	22 436	23 436	112.9%
Total	10 515	14 156	18 549	20.8%	49 723	52 047	46 994	36.3%
Total	10 515	14 156	18 549	20.8%	49 723	52 047	46 994	36.3%

Economic classification									
Current payments	10 513	14 156	18 539	20.8%	49 723	52 047	46 994	36.3%	100.0%
Compensation of employees	9 209	11 769	14 102	15.3%	26 111	27 659	29 197	27.5%	58.0%
Goods and services	1 304	2 387	4 437	50.4%	23 612	24 388	17 797	58.9%	42.0%
of which:									
Administration fees	39	57	92	33.1%	333	346	341	54.8%	0.7%
Advertising	-	43	3	0.1%	688	719	740	527.1%	1.3%
Assets less than the capitalisation threshold	-	-	102	0.2%	23	24	24	-38.3%	0.1%
Audit cost: External	-	-	300	0.5%	-	-	-	-100.0%	0.2%
Catering: Departmental activities	26	9	49	23.5%	155	162	153	46.2%	0.3%
Communication	99	99	149	43.0%	1 221	1 268	1 248	103.1%	2.3%
Computer services	-	-	(190)	-0.3%	1 200	1 200	-	-100.0%	1.3%
Consultants and professional services:	516	1 617	2 388	66.6%	2 309	2 406	2 723	4.5%	5.9%
Business and advisory services	-	-	-	-	-	-	-	-	-
Consultants and professional services:	201	-	-	-100.0%	4 008	4 191	4 309	-	7.5%
Laboratory services	-	-	-	-	-	-	-	-	-
Legal costs	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	52	55	56	-	0.1%
Agency and support/ outsourced services	-	1	1	0.1%	6 116	6 137	233	-	7.5%
Inventory: Materials and supplies	-	-	1	0.1%	1	1	-	-100.0%	-
Inventory: Other consumables	-	3	6	0.2%	-	-	-	-100.0%	-
Inventory: Stationery and printing	1	16	43	250.3%	27	27	1	-71.5%	0.1%
Travel and subsistence	439	582	702	16.9%	7 474	7 847	7 834	123.5%	14.3%
Training and development	-	-	593	1.2%	5	5	49	-56.4%	0.4%
Operating payments	29	7	(373)	-334.3%	-	-	27	-141.7%	-0.2%
Venues and facilities	-	-	572	1.0%	-	-	59	-53.1%	0.4%
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	10	0.1%	-	-	-	-100.0%	-
Machinery and equipment	-	-	10	0.1%	-	-	-	-100.0%	-
Payments for financial assets	2	-	-	-100.0%	-	-	-	-	-
Total	10 515	14 156	18 549	20.8%	49 723	52 047	46 994	36.3%	100.0%
Proportion of total programme expenditure to vote expenditure	0.3%	0.3%	0.3%		0.8%	0.7%	0.6%		

Details of transfers and subsidies

Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-
Employee social benefits	-	-	-	-	-	-	-	-	-

Personnel information

Table 29.12 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2011/12			2012/13			2013/14			2014/15			2015/16					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2012/13 - 2015/16
Energy Regulation																			
Salary level	34	22	50	13.8	0.3	50	14.1	0.3	61	26.1	0.4	61	27.7	0.5	61	29.2	0.5	6.9%	100.0%
1-6	5	-	9	1.1	0.1	11	1.3	0.1	8	1.8	0.2	8	1.9	0.2	8	2.0	0.3	-10.1%	15.0%
7-10	15	22	33	8.1	0.2	31	7.9	0.3	38	14.4	0.4	38	15.3	0.4	38	16.2	0.4	7.0%	62.2%
11-12	7	-	4	1.6	0.4	4	1.8	0.4	10	5.6	0.6	10	5.9	0.6	10	6.2	0.6	35.7%	14.6%
13-16	7	-	4	3.0	0.7	4	3.2	0.8	5	4.3	0.9	5	4.5	0.9	5	4.8	1.0	7.7%	8.2%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on increasing staff capacity and oversight over the petroleum industry, and this subprogramme will conduct 1 500 petroleum retail site inspections per year.

The increase in expenditure on compensation of employees is due to an increase in personnel to cater for petroleum licensing, petroleum inspections and fuel price administration services, and accounts for the increase in posts to 61 across all subprogrammes over the medium term.

Expenditure in the *Petroleum Pricing* subprogramme over the medium term is projected to increase significantly as the subprogramme is newly founded and expects to build its personnel capacity. The increased spending in the *Petroleum Compliance* subprogramme projected over the medium term will go towards strengthening the monitoring capacity to ensure compliance with the Petroleum and Liquids Fuels Charter and with the relevant legislation. The emphasis will also be on the testing of fuel samples collected from licence holders, hence the expected increase in expenditure on consultants and professional services for laboratory services and travel costs associated with the collection of samples over the medium term, which also accounts for the increased expenditure on goods and services. This is reflected in the increase in expenditure on agency and support services and in the *Petroleum Compliance* subprogramme in 2013/14 and 2014/15.

This programme will make savings of R1.1 million over the medium term as part of Cabinet approved budget reductions, mostly on savings related to travel and subsistence.

This programme employed 50 staff members in 2012/13, most of whom were on salary levels 7 to 10.

Programme 4: Electrification and Energy Programme Management

Objectives

- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which aims to electrify an additional 710 000 (grid and non-grid) households by 2015/16.
- Improve the quality of electricity distribution by addressing the rehabilitation of municipal electricity distribution assets through ongoing monitoring and evaluation of distribution asset management.
- Ensure the efficient management of electricity supply by:
 - enhancing the application of project management business principles to assist programme and project managers on an ongoing basis
 - continuously coordinating, monitoring and reporting on the implementation of programmes and projects focused on the development, improvement and transformation of the energy generation, refinement, transmission and distribution industry and infrastructure.

Subprogrammes

- *Integrated National Electrification Programme* oversees and manages the finance and implementation processes for the electrification programme, manages the annual planning processes including electrification infrastructure plans, and also manages and coordinates technical audits for the programme. This subprogramme had a staff complement of 37 in 2012/13.

- *Energy Regional Offices* provides advice on integrated energy services, develops appropriate interventions to enhance and promote universal access to energy, manages and coordinates regional electrification planning and ensures economic and technical compliance with relevant legislation. This subprogramme will capture and analyse all annual information submitted by licence holders. This subprogramme had a staff complement of 40 in 2012/13.

- *Programme and Projects Management Office* provides specialised assistance to programme and project managers, and management in general, to apply management principles, coordinate project information and report on projects. The focus will be on capacitating this subprogramme over the medium term through the development of a project management platform, the appointment and training of staff, and meeting with stakeholders to conduct planning sessions. This subprogramme will have a staff complement of 7 by 2014/15.

- *Electricity Infrastructure/Industry Transformation* oversees programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector and independent power producers. In 2013/14, R320 million has been allocated to pilot an approach to asset distribution management, which aims to support 9 municipalities facing serious electricity provision challenges. This entails establishing an independent power producer unit with minimal support from external experts by 2013/14. This is a newly created subprogramme and will have a staff complement of 14 in 2013/14.

- *Community Upliftment Programmes and Projects* ensures the mainstreaming of government's priorities for broad transformation in the work of the department and the energy sector, and supports departmental special programmes and projects. This entails drafting youth and gender policies for the department and the monitoring of job creation in projects. This subprogramme had a staff complement of 6 in 2012/13.

Expenditure estimates

Table 29.13 Electrification and Energy Programme Management

Subprogramme	Audited outcome		Adjusted appropriation		Average expenditure/total: Adjusted rate (%)	Average expenditure/total: Appropriation rate (%)	Average dilution/growth rate (%)	Average dilution/growth rate (%)	
	2009/10	2010/11	2012/13	2009/10 - 2012/13					
R thousand	2 009 110	2 010 111	2 012 113	2009/10 - 2012/13	99.3%	2013/14	2014/15	2015/16	2012/13 - 2015/16
Integrated National Electrification Programme	2 542 934	2 763 146	3 264 539	3 145 451	7.3%	3 890 235	4 173 922	5 863 026	23.1%
Energy Regional Office	12 737	15 660	17 981	17 981	12.2%	25 995	27 551	28 897	17.1%
Programme and Projects Management Office	-	-	2 743	-	-	13 882	8 567	9 663	52.2%
Electricity Infrastructure/Industry Transformation	349	929	-	-	-	7 685	9 208	9 866	-
Community Upliftment Programmes and Projects	3 245	2 314	3 808	3 808	5.5%	4 972	5 245	5 485	12.9%
Total	2 558 916	2 782 049	3 286 489	3 169 983	7.4%	3 942 769	4 224 493	5 916 937	23.1%
Change to 2012 Budget estimate			30 772			528 756	514 300	2 016 734	

Economic classification	41 754	18 955	43 208	52 772	8.1%	75 568	75 177	79 737	14.7%
Current payments	28 207	15 945	31 832	34 600	7.0%	46 294	51 753	54 565	16.4%
Compensation of employees	13 547	3 010	11 376	18 172	10.3%	29 274	23 424	25 172	11.5%
Goods and services	213	69	659	318	14.3%	308	321	338	2.1%
Administration fees	147	81	471	75	70.2%	348	253	214	-33.4%
Advertising	-	3	7	13	-	164	65	76	80.1%
Assets less than the capitalisation threshold	-	-	-	-	-	-	-	-	-
Audit cost: External	50	43	130	163	48.3%	169	172	185	4.3%
Catering: Departmental activities	302	220	596	353	5.3%	365	380	398	4.1%
Communication	-	-	-	-	-	-	-	-	-

Table 29.13 Electrification and Energy Programme Management (continued)

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Computer services	-	-	-	2	-	-	9 250	2 900	3 350	1087.6%	0.1%
Consultants and professional services: Business and advisory services	717	-	-	10 400	143.9%	0.1%	-	-	-	-100.0%	0.1%
Consultants and professional services: Infrastructure and planning	-	-	-	-	-	-	1 800	1 300	1 360	-	-
Contractors	-	23	57	42	-	-	44	45	47	3.8%	-
Agency and support / outsourced services	-	-	-	2	-	-	2	2	2	-	-
Entertainment	-	19	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	1	1	-	-	-	-	-	-100.0%	-
Inventory: Other consumables	-	3	6	10	-	-	39	79	89	107.2%	-
Inventory: Stationery and printing	1	267	55	73	317.9%	-	56	58	60	-6.3%	-
Travel and subsistence	8 201	1 931	8 241	4 664	-17.1%	0.2%	12 211	13 026	13 907	43.9%	0.3%
Training and development	-	-	6	69	-	-	3	3	3	-64.8%	-
Operating payments	2 888	287	72	91	-68.4%	-	53	55	57	-14.4%	-
Venues and facilities	1 028	64	1 075	1 246	6.6%	-	4 112	4 315	4 466	53.0%	0.1%
Transfers and subsidies	2 517 158	2 763 094	3 243 281	3 117 211	7.4%	98.7%	3 866 951	4 149 316	5 837 200	23.3%	98.4%
Provinces and municipalities	899 554	1 033 382	1 096 611	1 151 443	8.6%	35.4%	1 634 772	1 564 658	2 056 090	21.3%	37.1%
Public corporations and private enterprises	1 617 604	1 729 712	2 146 670	1 965 768	6.7%	63.2%	2 232 179	2 584 658	3 781 110	24.4%	61.2%
Payments for capital assets	-	-	-	-	-	-	250	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	250	-	-	-	-
Payments for financial assets	4	-	-	-	-100.0%	-	-	-	-	-	-
Total	2 558 916	2 782 049	3 286 489	3 169 983	7.4%	100.0%	3 942 769	4 224 493	5 916 937	23.1%	100.0%
Proportion of total programme expenditure to vote expenditure	69.3%	50.5%	53.2%	47.1%			59.8%	58.6%	74.2%		

Details of transfers and subsidies

Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Capital	-	-	281 000	-	-	2.4%	-	-	-	-	-
Local Organising Committee for the 2010 FIFA World Cup	-	-	281 000	-	-	2.4%	-	-	-	-	-
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Capital	1 616 315	1 719 810	1 737 810	1 879 368	5.2%	58.9%	2 141 027	2 488 037	3 680 043	25.1%	59.0%
Eskom-Integrated National Electrification Programme	1 616 315	1 719 810	1 737 810	1 879 368	5.2%	58.9%	2 141 027	2 488 037	3 680 043	25.1%	59.0%
Public corporations and private enterprises											
Private enterprises											
Private enterprises - subsidies on products and production											
Capital	1 289	9 902	127 860	86 400	306.2%	1.9%	91 152	96 621	101 067	5.4%	2.2%
Integrated National Electrification Programme Grant (Non Grid)	1 289	9 902	127 860	86 400	306.2%	1.9%	91 152	96 621	101 067	5.4%	2.2%
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Capital	899 554	1 033 382	1 096 611	1 151 443	8.6%	35.4%	1 634 772	1 564 658	2 056 090	21.3%	37.1%
Integrated national electrification programme grant (Municipalities)	899 554	1 033 382	1 096 611	1 151 443	8.6%	35.4%	1 314 772	1 564 658	2 056 090	21.3%	35.3%
Integrated national electrification programme (ADAM)	-	-	-	-	-	-	320 000	-	-	-	1.9%

Personnel information

Table 29.14 Details of approved establishments and personnel numbers according to salary level¹

Post status as at 30 September 2012	Number of posts additional to the establishment	Actual	Revised estimate ²			Medium-term expenditure estimate			Average level: growth rate (%)	Average level: Salary rate (%)									
			Number	Cost	Unit	Number	Cost	Unit											
Number and cost ³ of personnel posts filled / planned for on funded establishment			2011/12	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16											
			Number	Cost	Unit	Number	Cost	Unit	Number	Cost	Unit								
Salary level	152	-	94	31.8	0.3	97	36.6	0.4	99	46.3	0.5	104	51.8	0.5	104	54.6	0.5	2.3%	100.0%
Programme Management			94	31.8	0.3	97	36.6	0.4	99	46.3	0.5	104	51.8	0.5	104	54.6	0.5	2.3%	100.0%
Electrification and Energy			3	0.4	0.1	4	0.5	0.1	3	0.7	0.2	3	0.7	0.2	3	0.8	0.3	-9.1%	3.2%
	9	-	3	0.4	0.1	4	0.5	0.1	3	0.7	0.2	3	0.7	0.2	3	0.8	0.3	-9.1%	3.2%
	1-6		3	0.4	0.1	4	0.5	0.1	3	0.7	0.2	3	0.7	0.2	3	0.8	0.3	-9.1%	3.2%
	7-10		58	13.4	0.2	59	15.2	0.3	58	19.4	0.3	61	21.6	0.4	61	22.7	0.4	1.1%	59.2%
	11-12		18	7.2	0.4	18	7.6	0.4	19	10.3	0.5	20	11.4	0.6	20	12.1	0.6	3.6%	19.1%
	13-16		15	10.8	0.7	16	13.4	0.8	19	16.0	0.8	20	18.0	0.9	20	19.0	0.9	7.7%	18.6%

3. As at 30 September 2012

2. Rand million

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

Expenditure trends

The spending focus over the medium term will be on the expansion of the electrification programmes being implemented by Eskom and municipalities, as well as the establishment of the programme and projects management office and the independent power producers unit within the *Electricity Infrastructure/Industry Transformation* subprogramme. As a result, this programme will electricity 645 000 households by 2015/16 and support 9 municipalities facing serious electricity provision challenges.

The increased spending in the *Integrated National Electrification Programme* between 2009/10 and 2012/13 was due to additional allocations to municipalities and Eskom, which implement electrification projects, to support the target of universal access to electricity by 2014. Transfers to Eskom in this period grew from R1.6 billion to R1.9 billion, while transfers to municipalities increased from R899.6 million to R1.2 billion. In the same period, expenditure on compensation of employees increased to provide for sufficient capacity for the new *Programmes and Projects Management Office*.

Expenditure is expected to increase significantly over the medium term due to additional funding for the *Integrated National Electrification Programme* as follows: R2.1 billion for Eskom, R577 million for the municipalities, and R320 million for municipalities to pilot the approach to distribution asset management programme. Spending on consultants is projected to shift from business and advisory services to infrastructure and planning over the medium term as a result of the development of the monitoring and reporting systems to enhance the electrification planning and monitoring processes. This relates to the department's responsibility to monitor progress and conduct technical audits of completed electrification projects.

The spike in spending on computer services in 2013/14 is a result of the once-off allocation for the development of reporting systems to enhance the electrification planning and monitoring processes. The process is expected to be finalised by the end of 2013/14. Savings of R1 million will be made over the medium term to give effect to the Cabinet approved budget reductions, mostly on travel and subsistence expenditure related to non-delivery. The programme currently has 97 filled posts and this is expected to increase to 104 posts over the medium term as capacity is enhanced to manage the electrification programme.

Programme 5: Nuclear Energy

Objectives

- Regulate the security of nuclear material and facilities for the physical protection of nuclear material by developing and publishing appropriate regulations by 2013/14.
- Strengthen the control of and accounting for nuclear materials and related equipment by enforcing the relevant regulations and facilitating the installation of monitoring equipment at identified ports of entry in conjunction with the South African Revenue Service by 2013/14.

- Promote the safe management and disposal of radioactive waste by establishing and ensuring the full operation of the National Radioactive Waste Disposal Institute, as provided for in the radioactive waste management policy and strategy, by 2014/15.

Subprogrammes

- 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, which was approved in 2008 as a national nuclear programme in line with the integrated resource plan requirements; and administers all matters related to nuclear safety, liability and emergency management with the aim to improve the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. In 2012/13, R610.2 million was transferred to the National Nuclear Regulator and the South African Nuclear Energy Corporation. This subprogramme had a staff complement of 11 in 2012/13.
- 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. This subprogramme will standardise security measures at ports of entry, and install portal radiation monitors at the main ports of entry. This subprogramme had a staff complement of 9 in 2012/13.
- Nuclear Policy* develops and reviews policies as required by international agreements and governance of the nuclear sector in South Africa; undertakes research and development; and reviews and monitors nuclear safety, nuclear technology, nuclear non-proliferation and nuclear radiation security policies and provides advice accordingly. This subprogramme will oversee the process of making amendments to the National Nuclear Regulator Act (1999). This subprogramme is projected to have a staff complement of 4 in 2014/15.

Expenditure estimates

Table 29.15 Nuclear Energy

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2009/10	2010/11	2011/12		2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16	
R thousand											
Nuclear Safety and Technology	601 037	607 314	637 985	637 624	2.0%	99.1%	693 280	636 653	658 223	1.1%	97.6%
Nuclear Non-proliferation and Radiation Security	2 234	2 550	519	3 284	13.7%	0.3%	7 874	8 328	8 784	38.8%	1.1%
Nuclear Policy	6 643	2 480	3 762	2 070	-32.2%	0.6%	8 838	12 058	12 535	82.3%	1.3%
Total	609 914	612 344	642 266	642 978	1.8%	100.0%	709 992	657 039	679 542	1.9%	100.0%
Change to 2012 Budget estimate				44 623			33 826	(20 882)	(14 045)		
Economic classification											
Current payments	21 977	18 280	20 781	32 462	13.9%	3.7%	36 073	40 609	41 336	8.4%	5.6%
Compensation of employees	16 338	11 356	7 522	9 515	-16.5%	1.8%	12 898	16 433	17 342	22.2%	2.1%
Goods and services	5 639	6 924	13 259	22 947	59.7%	1.9%	23 175	24 176	23 994	1.5%	3.5%
of which:											
Administration fees	205	201	139	110	-18.7%	-	213	225	228	27.5%	-
Advertising	218	139	150	42	-42.2%	-	205	219	218	73.1%	-
Assets less than the capitalisation threshold	-	-	-	-	-	-	1	1	1	-	-
Bursaries: Employees	-	-	-	-	-	-	1 000	1 000	-	-	0.1%
Catering: Departmental activities	56	47	35	35	-14.5%	-	70	76	75	28.9%	-
Communication	214	399	104	51	-38.0%	-	187	200	202	58.2%	-
Computer services	-	4	-	6	-	-	12	12	12	26.0%	-
Consultants and professional services: Business and advisory services	70	12	495	14 571	492.6%	0.6%	8 435	8 735	9 042	-14.7%	1.5%
Contractors	17	3	2	-	-100.0%	-	1	1	1	-	-
Agency and support / outsourced services	-	357	-	913	-	0.1%	1 617	1 712	1 772	24.7%	0.2%
Entertainment	-	1	-	-	-	-	-	-	-	-	-
Inventory: Other consumables	-	-	8	219	-	-	210	218	227	1.2%	-
Inventory: Stationery and printing	12	42	-	13	2.7%	-	67	4	5	-27.3%	-
Travel and subsistence	4 603	4 666	1 408	1 312	-34.2%	0.5%	5 219	5 475	5 664	62.8%	0.7%
Training and development	8	-	236	10	7.7%	-	34	161	256	194.7%	-
Operating payments	181	743	10 624	5 078	203.9%	0.7%	27	28	27	-82.5%	0.2%
Venues and facilities	55	310	58	587	120.2%	-	5 877	6 109	6 264	120.2%	0.7%

Table 29.15 Nuclear Energy (continued)

Economic classification	Audited outcome		Appropriation		Medium-term expenditure estimate		Expenditure/total: Average growth rate (%)	Expenditure/total: Average growth rate (%)
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15		
Transfers and subsidies	587 937	594 064	621 485	610 491	673 919	616 430	638 206	94.4%
Departmental agencies and accounts	23 793	19 954	35 430	42 912	68 160	33 697	34 887	6.7%
Foreign governments and international organisations	-	-	-	-	13 577	12 055	12 481	1.4%
Public corporations and private enterprises	564 144	574 110	586 034	567 579	592 182	570 678	590 838	86.3%
Households	-	-	21	-	-	-	-	-
Payments for capital assets	-	-	-	25	-	-	-	-100.0%
Machinery and equipment	-	-	-	25	-	-	-	-100.0%
Total	609 914	612 344	642 266	642 978	709 992	657 039	679 542	1.9%
Proportion of total programme expenditure to vote expenditure	16.5%	11.1%	10.4%	9.5%	10.8%	9.1%	8.5%	

Details of transfers and subsidies

Departmental agencies and accounts	Current	National Nuclear Regulator	Capital	Institute	National Radio Active Waste Disposal	Capital	National Nuclear Regulator	853	861	470	365	-24.6%	0.1%	348	366	378	1.2%	0.1%
Public corporations and private enterprises	853	861	470	365	-24.6%	0.1%	348	366	378	1.2%	0.1%							
Public corporations	475 425	490 508	505 798	489 122	1.0%	78.2%	502 666	491 881	509 257	1.4%	74.1%							
Public corporations - subsidiaries on products and production	475 425	490 508	505 798	489 122	1.0%	78.2%	502 666	491 881	509 257	1.4%	74.1%							
Current	475 425	490 508	505 798	489 122	1.0%	78.2%	502 666	491 881	509 257	1.4%	74.1%							
Capital	88 719	83 602	80 236	78 457	-4.0%	13.2%	89 516	78 797	81 581	1.3%	12.2%							
South African Nuclear Energy Corporation Limited	88 719	83 602	80 236	78 457	-4.0%	13.2%	89 516	78 797	81 581	1.3%	12.2%							
Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee social benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign International Atomic Energy Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign International Renewable Energy Agency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Personnel information

Table 29.16 Details of approved establishment and personnel numbers according to salary level

Post status as at 30 September 2012	Number of posts funded to the establishment	Actual		Revised estimate ²		Medium-term expenditure estimate		Average salary level: total: Average growth rate (%)	Average salary level: total: Average growth rate (%)
		Number	Cost	Number	Cost	Number	Cost		
20	1	20	7.5	21	9.5	30	16.4	0.5	100.0%
1-6 level	-	1	0.4	3	0.5	4	0.9	0.2	10.1%
7-10	12	6	1.4	6	1.7	9	3.1	0.3	14.5%
11-12	4	7	2.7	7	3.3	10	6.0	0.6	12.6%
13-16	4	4	3.1	5	4.0	7	6.5	0.9	11.9%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

Expenditure in the Nuclear Safety and Technology subprogramme is expected to increase over the medium term to establish the National Radioactive Waste Disposal Institute in 2013/14, and for the payment of International Atomic Energy Agency membership fees. This is evident in the increases in transfers and subsidies in these

periods. The institute will be established in accordance with the National Radioactive Waste Disposal Institute Act (2008), with a mandate to fulfil the institutional obligation of managing the disposal of radioactive waste on a national scale which is vested in the Minister of Energy. The expected increase in spending on compensation of employees between 2012/13 and 2015/16 is due to reprioritised funding of R5.7 million for improved conditions of service and added human resource capacity, mainly from the integrated national electrification programme in the *Electrification and Energy Programme Management* programme.

Spending in this programme is dominated by transfers to the nuclear departmental agencies, such as the South African Nuclear Energy Corporation and the National Nuclear Regulator. The South African Nuclear Energy Corporation receives an additional allocation of R14.2 million in 2013/14 to build the waste processing facility, as well as a once-off allocation in 2013/14 of R33.5 million, shifted mostly from the solar water geyser project which was experiencing slow take up at the time, to assist with the research and development facilities attached to the Safari-1 nuclear reactor. The National Nuclear Regulator receives R116.9 million over the medium term, which includes a once-off allocation of R17 million to cater for the emergency preparedness centre, as well as an ICT infrastructure upgrade. Expenditure on travel and subsistence is expected to increase over the medium term due to an increase in the number of nuclear safeguards, compliance inspections, audits and investigations over the medium term, while spending on venues and facilities increases due to the public consultation process for amendments to the National Nuclear Regulator Act (1999).

Spending on consultants increased significantly between 2009/10 and 2012/13 due to a once-off allocation in 2012/13 for the conducting of research in preparation for the nuclear build. Spending on consultants is expected to decrease over the medium term as less planning is required around the nuclear build. Reductions of R40.3 million will be made over the medium term as part of Cabinet approved budget reductions, mostly in transfers to entities such as the South African Nuclear Energy Corporation and the National Nuclear Regulator. The programme will absorb these reductions by implementing efficiency measures, and by reducing the size and number of delegations to meetings and conferences.

This programme has a staff complement of 21 in 2012/13, which is expected to increase to 30 by 2015/16 as the human resource capacity of the programme is strengthened in line with the department's mandate on nuclear energy policy. Expenditure on compensation of employees thus grows significantly over the medium term.

Programme 6: Clean Energy

Objectives

- Manage climate change and environmental matters through regulations and monitoring to mitigate the risk of environmental impact by:
 - publishing strategies and plans by 2014/15
 - developing a regulatory framework that supports carbon capture and storage test injection by 2016.
- Promote and facilitate energy efficiency and demand management by:
 - monitoring and reporting on energy savings on an ongoing basis
 - coordinating, monitoring and reporting on the progress and impact of energy efficiency and demand management strategies by 2015
 - reviewing the energy efficiency tax incentive and energy conservation schemes by 2014/15.
- Improve demand management by facilitating the development of an energy management plan by 2014/15.
- Ensure the integration of renewable energy into the mainstream energy supply of South Africa by planning and coordinating initiatives and interventions focused on the development and improvement of the renewable energy market through:
 - improving the generation capacity of renewable energy to at least 42 per cent in 2030
 - facilitating approval of the Renewable Energy White Paper by 2013/14
 - implementing awareness campaigns from 2013/14 onwards.

Subprogrammes

- **Energy Efficiency** advances energy efficiency in South Africa by planning and coordinating initiatives and interventions focused on developing and improving the energy efficiency market; and ensures integration and coordination of energy efficiency initiatives and interventions with relevant associated institutions. In 2012/13, the bulk of this subprogramme's total budget (99.6 per cent) was used for transfer payments to Eskom and municipalities for implementing the energy efficiency demand and side management programme. This subprogramme had a staff complement of 9 in 2012/13.
- **Renewable Energy** is discussed in more detail below.
- **Climate Change and Designated National Authority** ensures that climate change and environment response measures, in terms of mitigation and adaptation, are implemented within the energy sector; and fulfils international energy commitments and obligations under the United Nations Framework Convention on Climate Change pertaining to the Kyoto Protocol. This subprogramme will develop an energy and climate change strategy, and measure and report on energy related carbon emission reductions. This subprogramme had a staff complement of 7 in 2012/13.

Expenditure estimates

Table 29.17 Clean Energy

Subprogramme	Audited outcome		Adjusted appropriation		Average growth rate (%)		Average dilution (%)	
	2009/10	2010/11	2012/13	2012/13	2012/13	2012/13	2015/16	2012/13 - 2015/16
R thousands	253 372	339 327	418 839	1 025 753	59.4%	91.7%	1 478 285	1 823 023
Energy Efficiency	10 285	25 790	73 618	61 217	81.2%	7.7%	140 786	169 516
Renewable Energy	2 785	2 873	3 274	3 378	6.6%	0.6%	4 503	4 766
Climate change and Designated National Authority	266 442	367 990	495 731	1 090 348	60.0%	100.0%	1 623 574	1 997 305
Total	266 442	367 990	495 731	1 090 348	60.0%	100.0%	1 623 574	1 997 305
Change to 2012 Budget estimate			(214 717)				(371 261)	(301 424)
								780 978
								100.0%

Economic classification	11 395	18 603	31 640	13 609	6.1%	3.4%	40 608	42 805	44 901	48.9%	2.5%
Current payments	3 453	4 125	12 916	1 808	-19.4%	1.0%	27 866	29 315	30 663	156.9%	1.6%
Compensation of employees	7 942	14 478	18 724	11 801	14.1%	2.4%	12 742	13 490	14 238	6.5%	0.9%
Goods and services	of which:										
Administration fees	41	102	98	26	-14.1%	-	120	126	132	71.9%	-
Advertising	255	169	517	42	-45.2%	-	3 577	3 741	3 913	363.3%	0.2%
Assets less than the capitalisation threshold	1	-	3	-	-100.0%	-	1 944	2 033	2 127	-	0.1%
Catering: Departmental activities	7	81	70	31	64.2%	-	14	15	15	-21.5%	-
Communication	58	103	260	29	-20.6%	-	731	764	799	202.0%	-
Consultants and professional services:	694	677	8 036	-	-100.0%	0.4%	-	-	-	-	-
Business and advisory services	-	1	1	1	-	-	280	293	339	597.3%	-
Agency and support / outsourced services	399	14	-	2	-59.9%	-	-	-	2	-	-
Inventory: Learner and teacher support material	31	14	-	-	-100.0%	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	3	-	-	-	-
Inventory: Stationery and printing	1	100	38	26	196.2%	-	27	33	34	9.4%	-
Operating leases	-	1 085	52	52	-	0.1%	54	56	58	3.7%	-
Transport provided: Departmental activity	-	-	-	-	-	-	3 839	4 070	4 124	57.4%	0.2%
Travel and subsistence	1 162	1 743	2 256	846	-10.0%	0.3%	2 973	3 151	3 297	57.4%	0.2%
Training and development	-	2	15	15	-	-	-	-	-	-100.0%	-
Operating payments	714	11	137	667	-2.2%	0.1%	770	805	842	8.1%	0.1%
Venues and facilities	90	38	1 499	71	-7.6%	0.1%	13 532	14 226	14 981	495.3%	0.7%
Transfers and subsidies	255 032	349 387	464 091	1 076 739	61.6%	96.6%	1 582 966	1 954 500	991 068	-2.7%	97.5%
Provinces and municipalities	175 000	220 000	280 000	200 000	4.6%	39.4%	180 722	155 415	202 005	0.3%	12.8%
Departmental agencies and accounts	80 032	-	56 110	117.3%	-	3.4%	1 267 900	1 636 400	700 000	-5.2%	77.0%
Public corporations and private enterprises	15	-	820 629	-100.0%	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-	-	-
Total	266 442	367 990	495 731	1 090 348	60.0%	100.0%	1 623 574	1 997 305	1 035 969	-1.7%	100.0%
Proportion of total programme expenditure to vote expenditure	7.2%	6.7%	8.0%	16.2%			24.6%	27.7%	13.0%		

Table 29.17 Clean Energy (continued)

R thousand	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
Details of transfers and subsidies											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	–	–	20 100	56 110	–	3.4%	134 344	162 685	89 063	16.7%	7.7%
South African National Energy Development Institute	–	–	20 100	56 110	–	3.4%	134 344	162 685	89 063	16.7%	7.7%
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Current	74 475	108 900	118 800	820 629	122.5%	50.6%	1 267 900	1 636 400	700 000	-5.2%	77.0%
Eskom: National Energy Efficiency and Demand Side Management	74 475	108 900	118 800	820 629	122.5%	50.6%	1 267 900	1 636 400	700 000	-5.2%	77.0%
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	175 000	220 000	280 000	200 000	4.6%	39.4%	180 722	155 415	202 005	0.3%	12.8%
Energy efficiency and demand side management grant	175 000	220 000	280 000	200 000	4.6%	39.4%	180 722	155 415	202 005	0.3%	12.8%
Public corporations and private enterprises											
Private enterprises											
Other transfers to private enterprises											
Current	5 557	20 487	45 191	–	-100.0%	3.2%	–	–	–	–	–
South African National Energy Development Institute	–	20 000	25 000	–	–	2.0%	–	–	–	–	–
Renewable Energy Subsidy Scheme	5 557	487	20 191	–	-100.0%	1.2%	–	–	–	–	–

Personnel information

Table 29.18 Details of approved establishment and personnel numbers according to salary level¹

Clean Energy	Post status as at 30 September 2012	Number of funded posts	Number of posts additional to the establishment	Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimate ³			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16						
Salary level	21	4		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
1 – 6	–	4		30	18.7	0.6	25	11.8	0.5	25	12.7	0.5	25	13.5	0.5	25	14.2	0.6	–	100.0%
7 – 10	–	–		4	1.5	0.4	4	0.7	0.2	4	0.9	0.2	4	0.9	0.2	4	1.0	0.3	–	16.0%
11 – 12	–	–		11	5.4	0.5	9	3.1	0.3	9	3.5	0.4	9	3.7	0.4	9	3.9	0.4	–	36.0%
13 – 16	6	–		7	3.8	0.5	7	3.8	0.5	7	4.1	0.6	7	4.3	0.6	7	4.6	0.7	–	28.0%
	5	–		8	8.0	1.0	5	4.3	0.9	5	4.3	0.9	5	4.5	0.9	5	4.8	1.0	–	20.0%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The spending focus over the medium term will be on increasing transfer payments to the South African National Energy Development Institute to carry out research and development for two key projects: carbon capture and storage, and hydraulic fracturing. The department aims to conduct a carbon capture and storage test injection in 2016. The projected decrease in expenditure over the medium term is mainly due to a decrease in the national energy efficiency and demand side management grant to Eskom for the installation of solar water geysers, from R820.6 million in 2012/13 to R700 million in 2015/16, which is when the programme is scheduled to conclude.

Expenditure in the *Energy Efficiency* subprogramme increased between 2009/10 and 2012/13 as a result of the introduction of, and subsequent additional allocations made towards, the energy efficiency and demand side management programme implemented by both Eskom and selected municipalities, as well as spending on the solar water geyser programme. Over the same period, expenditure on compensation of employees increased due to capacity building necessitated by the separation of the department from the Department of Minerals and Energy.

Transfer payments to the South African National Energy Development Institute began in 2011/12 with an initial allocation of R20.1 million that increased to R56.1 million in 2012/13 due to a once-off allocation of R13 million for operational activities, and a baselining adjustment for operational activities, which also explains the increase in the *Renewable Energy* subprogramme. This entity also receives an additional R217 million over the medium term for research and development into the carbon capture and storage, and hydraulic fracturing projects.

Reductions in spending of R71.1 million will be made over the medium term as part of Cabinet approved budget reductions, mostly in transfers to municipalities.

The programme has a funded establishment of 21, and 4 posts are filled in addition to the establishment. There were no vacancies at the end of September 2012, and no significant changes are expected over the medium term.

Subprogramme: Renewable Energy

This subprogramme ensures the integration of renewable energy into South Africa's mainstream energy supply by planning and coordinating initiatives and interventions focused on the development and improvement of the renewable energy market; and ensures the integration and coordination of renewable energy initiatives and interventions with relevant associated institutions. The largest spending item is on transfers to the South African National Energy Development Institute for research and development into the carbon capture and storage, and hydraulic fracturing projects. In 2012/13, the bulk of this subprogramme's total budget (90.8 per cent) was transferred to the South African National Energy Development Institute.

Expenditure estimates

Table 29.19 Renewable Energy

Economic classification	Audited outcome		Adjusted appropriation		Average dilution/growth total: Expenditure		Medium-term expenditure estimate		Average dilution/growth rate: Expenditure	
	2009/10	2010/11	2012/13	2012/13	2009/10	2012/13	2013/14	2014/15	2012/13	2015/16
R thousand	2 877	3 477	4 004	11.6%	4 371	10.2%	4 636	4 890	6.9%	5.5%
Compensation of employees	1 851	1 826	1 103	-15.8%	2 071	3.5%	2 195	2 296	27.7%	1.6%
of which:										
Administration fees	20	32	11	-18.1%	12	0.1%	13	14	8.4%	-
Advertising	35	79	25	-10.6%	26	0.1%	27	28	3.8%	-
Catering: Departmental activities	3	2	1	-30.7%	1	-	1	1	-	-
Communication	18	9	9	-20.6%	9	0.1%	9	9	-	-
Consultants and professional services:	694	-	-	-100.0%	-	0.4%	-	-	-	-
Business and advisory services	-	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	3	-	-	-	-	-
Inventory: Stationery and printing	1	17	1	-	1	-	6	6	81.7%	-
Operating leases	-	1 085	-	-	-	0.6%	-	-	-	-
Travel and subsistence	395	602	389	-0.5%	2 019	1.4%	2 139	2 238	79.2%	1.5%
Training and development	-	2	-	-	-	-	-	-	-	-
Operating payments	625	-	667	2.2%	-	0.8%	-	-	-100.0%	-
Venues and facilities	60	-	-	-100.0%	-	-	-	-	-	-
Transfers and subsidies	5 557	20 487	56 110	116.1%	134 344	86.3%	162 685	89 063	16.7%	94.5%
Departmental agencies and accounts	-	-	56 110	-	134 344	44.6%	162 685	89 063	16.7%	94.5%
Public corporations and private enterprises	5 557	20 487	-	-100.0%	-	-	-	-	-	-
Total	10 285	25 790	61 217	81.2%	140 786	100.0%	169 516	96 249	16.3%	100.0%
Proportion of total subprogramme expenditure to programme expenditure	3.9%	7.0%	5.6%		8.7%		8.5%	9.3%		

Personnel information

Table 29.20 Details of approved establishment and personnel numbers according to salary level¹

Post status as at 30 September 2012		Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate ³			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2011/12			2012/13			2013/14			2014/15			2015/16					
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			2012/13 - 2015/16
Renewable Energy		9	4	0.4	9	4	0.4	9	4	0.5	9	5	0.5	9	5	0.5	-	100.0%	
Salary level	6	3																	
1-6	-	-	1	0	0.1	1	0	0.2	1	0	0.2	1	0	0.2	1	0	0.3	-	11.1%
7-10	2	-	3	0.7	0.2	3	0.8	0.3	3	1.0	0.3	3	1.1	0.4	3	1.1	0.4	-	33.3%
11-12	2	3	4	2.1	0.5	4	2.1	0.5	4	2.3	0.6	4	2.5	0.6	4	2.6	0.7	-	44.4%
13-16	2	-	1	0.8	0.8	1	0.9	0.9	1	0.8	0.8	1	0.9	0.9	1	0.9	0.9	-	11.1%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

3. As at 30 September 2012.

Expenditure trends

The increase in expenditure over the medium term is due to an increase in transfer payments to the South African National Energy Development Institute to fund its operations as well as to undertake specific research and development related to the carbon capture and hydraulic fracturing projects. This research will form the basis of policies to be developed which target climate change obligations and ensure the security of energy supply in the country. The institute will receive a total of R386.1 million over the medium term, consisting of R134.3 million in 2013/14, R162.7 million in 2014/15 and R89.1 million in 2015/16, including R217 million for the carbon capture and hydraulic fracturing projects.

Between 2009/10 and 2012/13, expenditure in this subprogramme increased significantly due to an increase in transfer payments to the South African National Energy Development Institute to fund its operations as well as to fund activities within the Working for Energy project. The operational grant to the institute started in 2011/12, following the institute's separation from the Central Energy Fund group of companies, with an initial allocation of R20.1 million, which increased to R56.1 million in 2012/13.

This subprogramme has a staff complement of 9 personnel, which is expected to remain constant over the medium term.

Cost savings of R132 000 have been identified over the medium term as part of the Cabinet approved reductions, from various non-core goods and services items such as consultants.

Public entities and other agencies

Central Energy Fund

Mandate and goals

The Central Energy Fund is listed in schedule 2A of the Public Finance Management Act (1999) and is a private company, which is governed by the Central Energy Fund Act (1977). The act requires the company to research, finance, develop and exploit appropriate energy solutions across the spectrum of energy sources to meet South Africa's future energy needs. In terms of its governing legislation, the company is also mandated to manage 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 to give tariff protection to the synthetic fuel industry.

Through its 10 operating subsidiaries, the Central Energy Fund is also mandated to finance and promote the acquisition of coal, the exploitation of coal deposits, the manufacture of liquid fuel, oil and other products from coal, and to market these products. The subsidiaries are: the Petroleum, Oil and Gas Corporation of South Africa; the South African Gas Development Company; the Petroleum Agency of South Africa; Oil Pollution Control South Africa; the Strategic Fuel Fund Association; African Exploration; ETA Energy; the South African Supplier Development Agency; the Central Energy Fund Carbon; and CCE Solutions.

The fund's strategic goals over the medium term are to:

- align operations and activities with the government's key outcomes and the minister's delivery agreement obligations
- ensure the long term profitability of the fund
- invest in alternative and cleaner energy technologies that will improve the quality of life for low income households through more affordable and safer energy sources
- manage investments in subsidiaries to ensure good governance and sustainability
- contribute towards South Africa's renewable energy targets
- improve energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure
- continue to develop projects in the clean and renewable energy sector.

Selected performance indicators

Indicator	Programme/Activity/Objective				Projections			
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2015/16
Number of crude oil barrels maintained as per ministerial directive per year, measured in millions of barrels (mbl)	10.3mbl	10.3mbl	10.3mbl	10.3mbl	10.3mbl	10.3mbl	10.3mbl	10.3mbl
	40 000	40 000	50 000	30 000	40 000	40 000	40 000	40 000
Number of demonstrations of Basa Njengo Magogo method for cleaner coal use in townships per year	500	-1	500	500	1 500	6 600	9 300	9 300
	500	-	500	500	1 500	6 600	9 300	9 300
Number of new solar water heating units installed per year	500	-	500	500	1 500	6 600	9 300	9 300
	500	-	500	500	1 500	6 600	9 300	9 300
Diversity of energy sources	500	-	500	500	1 500	6 600	9 300	9 300
	500	-	500	500	1 500	6 600	9 300	9 300
Diversity of energy sources	500	-	500	500	1 500	6 600	9 300	9 300
	500	-	500	500	1 500	6 600	9 300	9 300
Security of supply	500	-	500	500	1 500	6 600	9 300	9 300
	500	-	500	500	1 500	6 600	9 300	9 300
Number of tons (measured per thousands) of coal produced at Vaikontein by the African Exploration Mining And Finance Corporation ²	500	-	500	500	1 500	6 600	9 300	9 300
	500	-	500	500	1 500	6 600	9 300	9 300
Security of supply	500	-	500	500	1 500	6 600	9 300	9 300
	500	-	500	500	1 500	6 600	9 300	9 300

1. The target for 2010/11 was not achieved due to delays in the implementation process.
2. No activity in prior years as mining activity in Vaikontein began in February 2011.

Programmes/activities/objects

Table 29.22 Central Energy Fund

Statement of financial performance	Audited outcome		Revised estimate		2009/10 - 2012/13		Medium-term estimate		Expenditure total: Average growth rate (%)	Expenditure total: Average growth rate (%)
	2010/11	2011/12	2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16			
R thousand	2009/10	2010/11	2011/12	2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16	2012/13 - 2015/16
Effectively manage the finances	473 239	471 390	474 028	503 036	2.1%	3.5%	2 310 242	1 307 208	1 699 567	50.1%
Provide corporate services to subsidiaries	1 044 536	1 040 454	1 891 713	3 718 950	52.7%	12.6%	3 904 898	3 119 298	3 275 263	-4.1%
Manage and develop projects	6 932 694	7 670 380	11 008 606	14 099 933	26.7%	69.2%	15 222 949	20 967 131	22 342 338	16.6%
Develop human capital	2 477 103	2 508 772	1 200 916	1 235 204	-20.7%	14.7%	3 079 669	3 150 102	3 150 102	36.6%
Total expense	10 927 572	11 690 996	14 575 263	19 557 123	21.4%	100.0%	24 517 757	28 543 739	30 467 270	15.9%

Expenditure estimates

Table 29.23 Central Energy Fund

Statement of financial performance	Audited outcome		Revised estimate		2009/10 - 2012/13		Medium-term estimate		Expenditure total: Average growth rate (%)	Expenditure total: Average growth rate (%)
	2010/11	2011/12	2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16			
R thousand	2009/10	2010/11	2011/12	2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16	2012/13 - 2015/16
Non-tax revenue	10 561 786	12 672 270	16 402 031	19 047 004	21.7%	98.8%	26 303 553	31 904 189	34 152 535	21.5%
Sale of goods and services other than capital assets of which:	8 559 043	11 067 630	14 988 079	17 858 483	27.8%	87.4%	22 915 445	27 563 101	29 768 219	18.6%
Sales by market establishment	8 559 043	11 067 630	14 982 260	17 858 483	27.8%	87.3%	22 915 445	27 563 101	29 768 219	18.6%
Other sales	-	-	5 819	-	-	0.0%	-	-	-	-
Other non-tax revenue	2 002 743	1 604 640	1 413 952	1 188 521	-16.0%	11.4%	3 388 108	4 341 088	4 384 316	54.5%
Total revenue	10 853 453	12 947 250	16 412 337	19 047 004	20.6%	100.0%	26 303 553	31 904 189	34 152 535	21.5%

Table 29.23 Central Energy Fund (continued)

R thousand	Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
Expenses											
Current expenses	10 926 719	11 681 795	14 575 263	19 557 123	21.4%	100.0%	24 517 758	28 543 740	30 467 270	15.9%	100.0%
Compensation of employees	1 323 972	1 392 223	1 169 347	1 202 057	-3.2%	9.5%	1 492 581	1 525 436	1 647 471	11.1%	5.7%
Goods and services	8 399 783	8 563 346	11 899 016	16 963 908	26.4%	79.6%	20 051 684	23 281 613	27 726 502	17.8%	85.3%
Depreciation	764 376	1 266 871	1 032 872	888 122	5.1%	7.4%	1 800 318	2 429 483	-	-100.0%	5.1%
Interest, dividends and rent on land	438 588	459 355	474 028	503 036	4.7%	3.4%	1 173 174	1 307 208	1 093 298	29.5%	3.9%
Total expenses	10 927 572	11 690 996	14 575 263	19 557 123	21.4%	100.0%	24 517 758	28 543 740	30 467 270	15.9%	100.0%
Surplus/(Deficit)	(74 119)	1 256 254	1 837 074	(510 119)	90.2%		1 785 796	3 360 449	3 685 265	-293.3%	
Statement of financial position											
Carrying value of assets	6 972 324	7 478 260	7 055 347	15 136 074	29.5%	24.3%	18 721 221	20 660 996	20 949 779	11.4%	38.8%
<i>of which:</i>											
Acquisition of assets	1 445 622	243 072	686 514	4 832 097	49.5%	4.5%	3 719 268	2 061 038	398 497	-56.5%	5.8%
Investments	674 410	740 226	756 188	19 233 072	205.5%	12.3%	19 120 266	19 139 302	19 615 178	0.7%	39.9%
Inventory	3 480 138	3 637 462	5 692 863	3 848 919	3.4%	11.5%	3 464 027	3 117 624	2 805 862	-10.0%	6.9%
Receivables and prepayments	3 616 457	2 185 333	2 429 262	2 296 635	-14.0%	7.4%	3 395 484	4 662 230	4 090 173	21.2%	7.4%
Cash and cash equivalents	15 303 085	17 531 732	19 144 932	2 941 617	-42.3%	40.0%	1 466 410	400 000	900 000	-32.6%	3.0%
Non-current assets held for sale	988 186	1 168 838	94	-	-100.0%	1.6%	-	-	-	-	-
Taxation	1 299 183	424 161	26 803	5 871	-83.5%	1.3%	5 871	5 871	5 871	-	0.0%
Derivatives financial instruments	463 345	428 052	26 786	1 626 401	52.0%	1.6%	1 838 521	2 073 147	2 304 139	12.3%	4.0%
Total assets	32 797 128	33 594 064	35 132 275	45 088 589	11.2%	100.0%	48 011 800	50 059 170	50 671 002	4.0%	100.0%
Accumulated surplus/(deficit)	23 285 804	24 532 857	26 370 698	24 828 457	2.2%	68.5%	25 588 385	27 895 090	29 981 068	6.5%	55.8%
Capital and reserves	(80 804)	(46 963)	74 103	78 646	-199.1%	-0.0%	80 720	83 083	85 732	2.9%	0.2%
Borrowings	431 494	263 274	-	11 483 000	198.6%	6.9%	12 961 000	11 931 000	9 583 000	-5.9%	23.8%
Deferred income	48 821	3 476	13 595	-	-100.0%	0.0%	-	-	-	-	-
Trade and other payables	3 140 799	1 580 301	2 174 638	886 704	-34.4%	5.6%	798 034	718 230	646 407	-10.0%	1.6%
Taxation	960 952	28 268	10 714	7 350	-80.3%	0.8%	1 491	1 491	1 491	-41.2%	0.0%
Provisions	5 010 062	7 232 851	6 654 400	7 793 617	15.9%	18.2%	8 572 978	9 430 276	10 373 304	10.0%	18.6%
Managed funds (e.g. poverty alleviation fund)	-	-	-	10 815	-	0.0%	9 192	-	-	-100.0%	0.0%
Total equity and liabilities	32 797 128	33 594 064	35 298 148	45 088 589	11.2%	100.0%	48 011 800	50 059 170	50 671 002	4.0%	100.0%

Personnel information

Table 29.24 Central Energy Fund

Salary level	Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost ¹ of personnel posts filled/planned for on funded establishment												Number			
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)		
				2011/12		Unit Cost	2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost			2015/16	
				Number	Cost		Number	Cost		Number	Cost		Number	Cost		Number	Cost	Number	Cost
2 058	-	-	2 520	1 169.3	0.5	2 058	1 202.1	0.6	2 851	1 492.6	0.5	2 531	1 525.4	0.6	2 651	1 647.5	0.6	8.8%	100.0%
1-6	280	-	280	38.2	0.1	280	41.4	0.1	280	44.7	0.2	280	47.4	0.2	280	50.2	0.2	-	11.3%
7-10	920	-	1 405	408.1	0.3	920	267.6	0.3	1 705	473.1	0.3	1 385	444.8	0.3	1 505	502.0	0.3	17.8%	54.0%
11-12	372	-	362	196.3	0.5	372	221.5	0.6	372	239.3	0.6	372	253.6	0.7	372	268.8	0.7	-	15.0%
13-16	409	-	403	385.2	1.0	409	490.8	1.2	417	540.3	1.3	417	572.7	1.4	417	607.1	1.5	0.6%	16.7%
17-22	77	-	70	141.6	2.0	77	180.8	2.3	77	195.3	2.5	77	207.0	2.7	77	219.4	2.8	-	3.1%

1. Rand million.

Expenditure trends

The spending focus over the medium term of the Central Energy Fund is on accelerating spending on infrastructure as well as the development of renewable and alternative energy sources. Projects incorporated over the medium term include Ikhwazi, with a total approved budget of R11.2 billion, Sabre Oil and Gas in the Jubilee Production Field, with a total budget of R4 billion, and Irene and other downstream acquisitions with a total estimated cost of R14 billion. Other projects to be undertaken are Project Mthombo, and projects in Venezuela and Equatorial Guinea. Project Mthombo is a PetroSA initiative to build a world-class crude refinery in the Coega Industrial Development Zone in the Eastern Cape. The initiative in Equatorial Guinea is a drilling project, while the project in Venezuela relates to the acquisition of a mature field opportunity. This accounts for the strong growth in acquisition of assets over the medium term.

The fund derives its revenue from the sale of energy products, services rendered, royalty receipts and tank rentals. Revenue is expected to increase over the medium term from R19 billion in 2012/13 to R34.2 billion in 2015/16 due to projected receipts from projects that will be implemented over the medium term. The improved turnover is mainly due to improved market conditions from 2011/12 and increases in oil prices, and the demand for storage.

The feasibility studies on the Solar Park project started in 2012/13, and due to capacity constraints, there will be significant reliance on the work of consultants to carry out the first phase of this project. This will result in higher consultancy costs but overall costs on other consultancy work unrelated to the project are expected to decrease. The current estimated cost of this project is R75 million inclusive of consulting, legal and travel and subsistence costs. Due to the above-mentioned projects, total expenditure increased from R10.9 billion in 2009/10 to R19.6 billion in 2012/13, and over the medium term is expected to grow to R30.5 billion in 2015/16. Expenditure on goods and services increased from R8.4 billion in 2009/10 to R17 billion in 2012/13. Expenditure on consultants amounted to R140 million in 2012/13, or 11.7 per cent of the compensation of employees budget. Over the medium term, expenditure is expected to increase to R27.7 billion in 2015/16 due to various infrastructure projects that are currently underway and due to be implemented.

Expenditure on compensation of employees decreased from R1.3 billion in 2009/10 to R1.2 billion in 2012/13, attributable to the number of vacant posts that remained unfilled for the major part of the financial year due to delays in recruitment processes, and some successful candidates declining offers, thereby necessitating the company to start the processes over again. Over the medium term, spending on compensation of employees is expected to increase to R1.6 billion mainly due to inflation, and provisions made for new positions to be created in addition to the current establishment.

Cost saving initiatives include the identification of budget monitoring as a key focus area, with the alignment of spending areas linked with a business plan. Deviations will be reported on a monthly basis and corrective action taken.

The fund had an establishment of 2 058 posts, all of which were funded, and of which 2 000 are permanent employees. There were no vacancies. The number of posts decreased from 2 520 in 2011/12 to 2 058 in 2012/13 due to the reduction of contracted staff, as most of the projects were completed. Over the medium term, filled posts are expected to increase to 2 651, which is attributed to the planned investment on infrastructure projects discussed earlier.

South African Nuclear Energy Corporation

Mandate and goals

The South African Nuclear Energy Corporation derives its mandate from the Nuclear Energy Act (1999), the nuclear energy policy of 2008, and directives conferred on it by the Minister of Energy. The corporation is responsible for nuclear energy research, development and innovation in South Africa, and the execution of nuclear fuel cycle activities.

Responsibilities also include: operating the SAFARI-1 research nuclear reactor for research and development purposes, and to provide irradiation services for the production of radioisotopes; the decommissioning and decontamination of nuclear facilities; and contributing to South Africa's obligations in terms of international nuclear treaties and agreements. The latter includes: the comprehensive safeguards agreement with the International Atomic Energy Agency; the Africa Regional Cooperative Agreement for research, development

and training related to nuclear science and technology; the Comprehensive Nuclear Test Ban Treaty; and the Pelindaba Treaty.

The corporation's strategic goals over the medium term are to:

- maintain and develop the capability to house nuclear programmes
- develop a strategy for the industrialisation of nuclear and associated technology
- provide research and development support to the nuclear power cluster, specifically relating to uranium process chemistry
- develop the production and commercial utilisation of radiation products and services.

Selected performance indicators

Table 29.25 South African Nuclear Energy Corporation

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Annual sales for the Nuclear Energy Corporation of South Africa as a per cent of total group annual sales per year	All	20.40% (R1 049 014)	5.5% (R1 107 135)	5.7% (R1 113 118)	9.11% (R1 137 400)	15.26% (R1 390 577)	14.05% (R1 588 834)	13.34% (R1 767 623)
Number of published scientific articles per year	Research and development	26	17	39	36	40	45	50
Number of products and process innovations per year	Research and development	8	31	11	12	14	17	21
Maximum allowable annual dose in terms of licence conditions (microSv)	Research and development	5.5	9	6.3	6.3	6	6	6
Performance percentage in terms of the annual safeguards activity plan objective	Nuclear power programme cluster	100%	100%	100%	100%	100%	100%	100%
Number of reactor days that are operationally available out of the days scheduled for operation	Nuclear power programme cluster	301/303	306/304	308/303	303/303	303/303	303/303	303/303

Programmes/activities/objectives

Table 29.26 South African Nuclear Energy Corporation

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Nuclear power programme cluster	–	347 077	441 729	329 495	–	16.7%	477 511	544 637	574 707	20.4%	23.6%
Radiation science and applications, programmes cluster	–	705 202	604 267	798 299	–	31.4%	868 064	914 442	995 954	7.7%	44.4%
The corporation as a host of nuclear programme cluster	–	331 262	343 431	357 406	–	15.4%	396 088	405 558	424 440	5.9%	19.7%
Support services	–	237 328	276 852	251 058	–	11.4%	229 765	245 046	263 490	1.6%	12.3%
Total amounts are disclosed due to restructuring	1 445 825	–	–	–	–	-100.0%	–	–	–	–	–
Total expense	1 445 825	1 620 869	1 666 279	1 736 258	6.3%	100.0%	1 971 428	2 109 682	2 258 590	9.2%	100.0%

Expenditure estimates

Table 29.27 South African Nuclear Energy Corporation

Statement of financial performance	Audited outcome		Revised estimate		Average growth rate		Average decline		Expenses		
	2009/10	2010/11	2011/12	2012/13	2009/10 - 2012/13	2012/13	2013/14	2014/15			
R thousand	2009/10		2010/11		2011/12		2012/13 - 2015/16				
Non-tax revenue	1 140 704	1 245 409	1 208 841	1 220 911	2.3%	70.4%	1 462 078	1 667 524	1 853 959	14.9%	73.5%
Sale of goods and services other than capital assets	1 049 014	1 107 135	1 113 118	1 137 400	2.7%	64.5%	1 390 577	1 588 834	1 767 623	15.8%	69.7%
of which:											
Sales by market establishment	1 049 014	1 107 135	1 113 118	1 137 400	2.7%	64.5%	1 390 577	1 588 834	1 767 623	15.8%	69.7%
Other non-tax revenue	91 690	138 274	95 723	83 511	-3.1%	6.0%	71 501	78 690	86 335	1.1%	3.9%
Transfers received	471 927	504 900	530 252	515 764	3.0%	29.6%	583 637	551 715	546 369	1.9%	26.5%
Total revenue	1 612 631	1 750 309	1 739 093	1 736 675	2.5%	100.0%	2 045 715	2 219 239	2 400 328	11.4%	100.0%
Expenses	1 398 039	1 506 052	1 574 410	1 654 118	5.8%	94.8%	1 895 477	2 007 581	2 130 842	8.8%	95.2%
Current expenses	596 982	651 069	710 909	701 123	5.5%	41.1%	786 454	833 610	883 594	8.0%	39.7%
Compensation of employees	732 667	767 760	771 616	864 256	5.7%	48.5%	1 008 705	1 065 767	1 140 359	9.7%	50.5%
Goods and services	47 435	72 406	79 557	83 224	20.6%	4.3%	92 642	96 296	93 073	3.8%	4.5%
Interest, dividends and rent on land	20 955	14 817	12 328	5 515	-35.9%	0.9%	7 676	11 907	13 816	35.8%	0.5%
Transfers and subsidies	-	43 912	29 331	31 328	-	1.6%	30 313	31 863	34 271	3.0%	1.6%
Total expenses	1 445 825	1 620 869	1 666 279	1 736 258	6.3%	100.0%	1 971 428	2 109 682	2 258 591	9.2%	100.0%
Surplus/(Deficit)	166 806	129 440	72 814	417	-86.4%		74 287	109 557	141 737	59.7%	
Statement of financial position											
Carrying value of assets	766 479	812 874	907 503	1 054 342	11.2%	47.8%	1 167 148	1 284 111	1 410 280	10.2%	48.9%
of which:											
Acquisition of assets	96 518	97 798	171 097	229 713	33.5%	7.8%	224 252	213 261	219 242	-1.5%	9.0%
Investments	62 138	69 059	105 552	118 335	24.0%	4.7%	153 567	200 314	251 093	28.5%	7.0%
Inventory	93 698	161 286	215 535	284 809	44.9%	9.9%	288 224	276 749	272 864	-1.4%	11.4%
Loans	-	998	1 026	180	-	0.0%	1 029	1 030	1 031	79.0%	0.0%
Receivables and prepayments	236 484	265 761	316 296	246 546	1.4%	14.5%	255 546	286 781	313 168	8.3%	11.0%
Cash and cash equivalents	326 372	482 732	462 541	361 640	3.5%	22.1%	496 893	583 409	689 521	24.0%	20.9%
Non-current assets held for sale	-	2 130	-	-	-	0.0%	-	-	-	-	-
Taxation	18 388	16 926	19 706	19 715	2.3%	1.0%	19 153	19 153	19 153	-1.0%	0.8%
Derivatives financial instruments	-	-	1 621	-	-	0.0%	-	-	-	-	-
Total assets	1 503 559	1 811 766	2 029 779	2 085 566	11.5%	100.0%	2 381 559	2 651 547	2 957 110	12.3%	100.0%
Accounted surplus/(deficit)	218 060	355 550	399 325	373 097	19.6%	17.9%	537 871	647 428	789 165	28.4%	22.9%
Capital and reserves	340 564	351 627	346 518	375 799	3.3%	19.3%	366 980	381 555	399 701	2.1%	15.3%
Capital reserve fund	222 022	340 941	296 325	386 258	20.3%	16.7%	357 627	379 764	418 505	2.7%	15.5%
Borrowings	6 882	17 688	28 935	36 918	75.1%	1.2%	119 572	199 043	268 144	93.7%	5.8%
Finance lease	9 575	10 637	7 218	6 264	-13.2%	0.5%	6 264	6 264	6 264	-	0.3%
Trade and other payables	218 082	169 075	305 582	279 818	8.7%	13.1%	379 218	392 638	406 817	13.3%	14.5%
Taxation	9 298	1 537	1 525	1 524	-45.3%	0.2%	1 525	1 525	1 525	0.0%	0.1%
Provisions	475 535	564 711	642 730	625 889	9.6%	31.1%	612 502	643 330	666 989	2.1%	25.6%
Derivatives financial instruments	3 541	-	-	-	-100.0%	0.1%	-	-	-	-	-
Total equity and liabilities	1 503 559	1 811 766	2 028 159	2 085 566	11.5%	100.0%	2 381 559	2 651 546	2 957 109	12.3%	100.0%

Personnel information

Table 29.28 South African Nuclear Energy Corporation

Salary level	Post status estimated for 31 March 2013		Number and cost ¹ of personnel posts filled/planned for on funded establishment															Number	
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2011/12			2012/13			2013/14			2014/15			2015/16				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	2 261	217	2 273	710.9	0.3	2 044	701.1	0.3	2 261	786.5	0.3	2 261	833.6	0.4	2 261	883.6	0.4	3.4%	100.0%
1 – 6	672	59	657	90.8	0.1	613	86.5	0.1	672	97.7	0.1	672	103.6	0.2	672	109.8	0.2	3.1%	29.8%
7 – 10	855	71	875	216.2	0.2	784	214.6	0.3	855	238.1	0.3	855	252.3	0.3	855	267.4	0.3	2.9%	38.0%
11 – 12	570	72	578	263.6	0.5	498	254.4	0.5	570	286.0	0.5	570	303.2	0.5	570	321.4	0.6	4.6%	25.0%
13 – 16	157	15	156	129.1	0.8	142	133.6	0.9	157	151.7	1.0	157	160.8	1.0	157	170.5	1.1	3.4%	6.9%
17 – 22	7	–	7	11.2	1.6	7	12.0	1.7	7	12.9	1.8	7	13.7	2.0	7	14.5	2.1	–	0.3%

1. Rand million.

Expenditure trends

The South African Nuclear Energy Corporation derives its revenue from the sale of nuclear technology products, chemical products, nuclear engineering services, and transfer payments received from government to fund the operation of the specific activities, namely the decommissioning of strategic plants, the production and conversion of low-enriched uranium fuel, and security. Between 2009/10 and 2012/13, the increase in revenue was due to inflationary increases in the transfer from government. The increase in expenditure in 2013/14 is due to an additional once-off allocation of R33.5 million to assist with the research outputs and development facilities attached to the Safari 1 reactor.

The corporation's spending focus over the medium term will be on six items: radioisotope production, radiation applications, research and development, specialised nuclear manufacturing, the nuclear fuel cycle, and nuclear power generation support. The first three are the current priority focus areas and are aimed at expanding research and development programmes in support of the corporation's core activities, contributing to the national system of innovation, and strengthening the global market position in medical radioisotopes for NTP Radioisotopes, which is wholly owned by the corporation. The latter three are aligned with the integrated resource plan for electricity 2010-2030, and requirements for the building of new nuclear power reactors. These reactor building requirements include the manufacturing of specialised components to increase localisation opportunities that would arise out of South Africa's nuclear power expansion programme, and the commercial exploitation of the corporation's strategic fluorine technology platform. These activities account for the increase in goods and services over the medium term as well as the expenditure on acquisition of assets, and will assist the entity increase its sales as a proportion of group sales over the medium term.

The increase in expenditure between 2009/10 and 2012/13 was due to inflation adjustments, the appointment of staff for the Pebble Bed Modular Reactor, annual salary increases, and above inflation increases in electricity costs and licensing fees. Over the medium term, expenditure is expected to increase due to annual salary increases and above inflation increases in costs and licensing fees. Expenditure on goods and services increased from R732.7 million in 2009/10 to R864.3 million in 2012/13, and is expected to increase to R1.1 billion over the medium term as a result of an increase in the cost of repairs and maintenance and also contracted services.

In 2010/11, the corporation was required to respond to the downscaling of the Pebble Bed Modular Reactor programme by employing people with valuable and highly scarce nuclear skills who were being retrenched from this programme, in recognition of the impending nuclear power expansion programme. The corporation entered into a medical aid buyout agreement accepting post-retirement liability with all employees under the age of 45. In addition to this, the salary bill grew because of annual increases as well as the appointment of 422 staff in that year. This was offset by the departure of 356 personnel, but overall resulted in an increase in personnel expenditure. A process was initiated in terms of Section 189A of the Labour Relations Act (1995), aimed at organisational downsizing to reduce fixed costs. Cost reduction initiatives, which included the non-renewal of fixed term contracts, elimination of overtime where applicable, not filling vacant posts as a result of natural attrition, the departure of contract employees, and a moratorium on future appointments, have already been

implemented. The finalisation and outcome of the Section 189A process is not expected to yield any savings in 2013/14, as the severance packages will have to be funded with savings. Savings are therefore only expected from 2014/15 onwards. As part of Cabinet approved budget reductions, spending reductions of R5.6 million in 2013/14, R11.6 million in 2014/15 and R18.3 million in 2015/16 have been identified on non-core and slow spending goods and services items such as consultants, lease payments, and travel and subsistence items.

Expenditure on compensation of employees increased from R597 million in 2009/10 to R701.1 million in 2012/13 as a result of the inclusion of the estimated cost of the voluntary severance packages offered and accepted by the corporation's employees, and is expected to grow to R883.6 million over the medium term, due to annual increases as well as the appointment of staff. The number of posts filled decreased from 2 273 in 2011/12 to 2 044 in 2012/13 as a result of the acceptance of severance packages, as well as the resignation of some employees in anticipation of the Section 189A process. The effect of this has, however, not been included over the medium term as the process has not yet been finalised.

Consultants are employed to: review compliance with certain environmental permit applications; conduct ISO 9000 compliance audits; determine a capital funding model for NTP Radioisotopes SOC Limited; upgrade and customise the enterprise resource planning system; conduct reactor analysis work; conduct specialised engineering on the projects; and conduct environmental impact assessments to obtain approvals for expansions and new plants. Expenditure on this item in 2012/13 was R31.2 million, which amounts to approximately 4.2 per cent of the compensation of employees budget for 2012/13.

National Energy Regulator of South Africa

Mandate and goals

The National Energy Regulator of South Africa was established in terms of the National Energy Regulator Act (2004). Its mandate is to regulate the electricity, piped gas and petroleum pipelines industries in terms of the Electricity Regulation Act 2006, the Gas Act (2001) and the Petroleum Pipelines Act (2003).

To regulator's strategic goals over the medium term are to:

- facilitate the security of energy supply to support sustainable economic development in South Africa
- facilitate investment in infrastructure in the energy industry to support sustainable economic development
- promote competitive and efficient functioning of the energy industry to sustain economic development
- facilitate affordability and accessibility in the energy industry to balance the economic interests of all stakeholders in support of economic development
- position and establish the regulator as a credible and reliable regulator in support of regulatory certainty.

Selected performance indicators

Table 29.29 National Energy Regulator of South Africa

Indicator	Programme/Activity/Objective						
	Past			Current			
Number of new technical distribution and transmission audits completed per year	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	5	5	5	5	5	5	10
Number of new compliance audits completed per year	20	20	20	20	20	20	25
	Electricity regulation	Electricity regulation	Electricity regulation	Electricity regulation	Electricity regulation	Electricity regulation	Electricity regulation
Number of new generation audits completed on power stations per year	2	2	2	2	2	2	5
	Electricity regulation	Electricity regulation	Electricity regulation	Electricity regulation	Electricity regulation	Electricity regulation	Electricity regulation

Programmes/activities/objectives

Table 29.30 National Energy Regulator of South Africa

R thousand	Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%) 2009/10 - 2012/13	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%) 2012/13 - 2015/16
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
Electricity division	87 377	94 956	104 087	138 396	16.6%	58.3%	160 026	168 253	177 304	8.6%	58.4%
Piped gas division	29 675	34 381	37 687	51 025	19.8%	20.9%	57 941	60 209	63 250	7.4%	21.1%
Petroleum pipelines division	28 576	34 381	37 687	51 965	22.1%	20.8%	57 941	56 016	59 103	4.4%	20.5%
Total expense	145 628	163 717	179 461	241 386	18.3%	100.0%	275 907	284 478	299 657	7.5%	100.0%

Expenditure estimates

Table 29.31 National Energy Regulator of South Africa

Statement of financial performance											
R thousand	Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%) 2009/10 - 2012/13	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%) 2012/13 - 2015/16
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
Revenue											
Non-tax revenue	138 114	161 357	146 604	241 386	20.5%	100.0%	275 908	284 477	299 656	7.5%	100.0%
Sale of goods and services other than capital assets	127 027	155 197	141 636	236 286	23.0%	95.7%	271 767	280 584	297 102	7.9%	98.5%
of which:											
Administrative fees	–	–	–	23 326	–	2.4%	34 981	4 359	2 906	-50.1%	6.2%
Sales by market establishment	127 027	155 197	141 636	212 960	18.8%	93.2%	236 786	276 225	294 196	11.4%	92.3%
Other non-tax revenue	11 087	6 160	4 968	5 100	-22.8%	4.3%	4 141	3 893	2 554	-20.6%	1.5%
Total revenue	138 114	161 357	146 604	241 386	20.5%	100.0%	275 908	284 477	299 656	7.5%	100.0%
Expenses											
Current expenses	145 628	163 717	179 461	232 105	16.8%	100.0%	252 828	263 304	277 741	6.2%	100.0%
Compensation of employees	79 690	94 024	101 903	127 624	17.0%	56.0%	128 039	136 903	145 545	4.5%	52.5%
Goods and services	63 600	66 412	69 378	104 481	18.0%	42.0%	124 789	126 401	132 196	8.2%	47.5%
Depreciation	962	3 281	8 180	–	-100.0%	1.8%	–	–	–	–	–
Interest, dividends and rent on land	1 376	–	–	–	-100.0%	0.2%	–	–	–	–	–
Total expenses	145 628	163 717	179 461	232 105	16.8%	100.0%	252 828	263 304	277 741	6.2%	100.0%
Surplus/(Deficit)	(7 514)	(2 360)	(32 857)	9 281	-207.3%		23 080	21 173	21 915	33.2%	

Personnel information

Table 29.32 National Energy Regulator of South Africa

Salary level	Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost ¹ of personnel posts filled/planned for on funded establishment												Number				
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16						
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	Number	Cost	Unit Cost	
	146	–	–	144	76.1	0.5	146	108.0	0.7	146	108.8	0.7	161	115.3	0.7	169	123.9	0.7	5.0%	100.0%
1 – 6	2	–	–	2	0.2	0.1	2	0.3	0.1	2	0.3	0.1	2	0.3	0.1	2	0.3	0.2	4.7%	1.3%
7 – 10	23	–	–	21	4.5	0.2	23	6.4	0.3	23	6.4	0.3	25	6.8	0.3	25	7.3	0.3	4.7%	15.5%
11 – 12	57	–	–	58	21.3	0.4	57	30.8	0.5	57	31.0	0.5	63	32.9	0.5	66	35.4	0.5	4.7%	39.1%
13 – 16	64	–	–	63	50.1	0.8	64	70.6	1.1	64	71.0	1.1	71	75.3	1.1	76	80.9	1.1	4.7%	44.2%

1. Rand million.

Expenditure trends

The National Energy Regulator of South Africa derives its revenue mainly from imposing prescribed levies on the regulated industries, which comprise the electricity, piped gas and petroleum pipeline industries, and from interest earned from investments. Levies are charged by the regulator to recover the costs involved in administering and regulating these industries. Annual levies are based on a cost allocation methodology, which allocates direct and indirect costs involved in regulating each industry. Between 2009/10 and 2012/13, revenue increased as a result of the average annual increase from the electricity levy of 22.3 per cent, and over the medium term revenue is expected to increase to R299.7 million, since the regulator anticipates a stable level of increases in the production of electricity, piped gas and petroleum.

The regulator's spending focus over the medium term will be on improving oversight, with the number of compliance audits completed for electricity expected to grow by 2015/16. As a result, spending on travelling and subsistence is expected to increase from R15.6 million in 2012/13 to R20.1 million over the medium term as the regulator expects to conduct two generation audits per year. Spending on consultants is expected to increase to R27.8 million over the medium term due to the analysis of exploration activities carried out by Sasol Gas. The regulator will continue to focus on ensuring effective economic regulation, particularly in the electricity sector, by developing appropriate regulatory frameworks. This will help to rectify the existing electricity maintenance backlog and prevent future backlogs in South Africa, and promote efficiency and competition to lower the costs of energy provision. As a result, the number of new compliance audits completed per year is expected to increase to 25 in 2015/16, while the new generation audits completed on power stations will increase to 5 over the medium term.

Expenditure increased from R145.6 million in 2009/10 to R232.1 million in 2012/13 due to planned spending on capital items as the regulator will be undertaking refurbishments and replacement of furniture and equipment. There are also plans to acquire a new supply chain management system that will enable the regulator to automate its supply chain management process and perform more efficiently. A well coordinated supply chain management unit improves operations by removing functional barriers, speeds up the acquisition of goods and services and payment of suppliers, and prevents purchase orders being misplaced or lost. These efficiencies also explain the surplus over the medium term.

Expenditure on compensation of employees increased from R79.7 million in 2009/10 to R127.6 million in 2012/13, and is expected to increase to R145.5 million over the medium term mainly due to the increase in the salaries of temporary staff, which increase by 301 per cent from R3.5 million in 2012/13 to R14 million in 2013/14. This is due to an expected increase in the employment of temporary staff in the licensing and information resource management divisions, in line with the resources required to carry out compliance audits and the collection and updating of data from licence holders. The current organisational structure does not fully support the operations of these two divisions.

The increase in expenditure on goods and services from R104.5 million in 2012/13 to R132.2 million in 2015/16 is mainly due to the refurbishment of buildings, the acquisition of computer equipment, and the employment of consultants. Consultants will: conduct an analysis of exploration activities carried out by Sasol Gas; complete a business process analysis on the organisation; conduct market research on the electricity, piped gas and petroleum pipeline industries; assist with the implementation of the regulatory report systems and the regulatory impact assessment; and be involved in the outsourcing of certain information technology functions. The budgeted amount for consultants in 2012/13 was R24.7 million, which amounts to 22.9 per cent of the compensation of employees budget.

The regulator will enforce cost savings initiatives such as leasing printing equipment rather than purchasing, as this is a cheaper option. As a result, the entity anticipates saving R1.2 million over the medium term.

The regulator had an establishment of 146 posts in 2012/13, all of which are funded. The number of filled posts increased from 144 in 2009/10 to only 146 in 2012/13 due to high staff turnover in 2011/12 because of resignations and natural attrition, and because it takes between six months to a year to fill a position. Over the medium term, the number of filled posts is expected to increase to 169 due to the anticipated increase in the employment of temporary staff within the licensing and information resource management divisions, which will also result in an increase in computer hardware expenditure. The ratio of support staff to line function staff is 1:1.05.

National Nuclear Regulator

Mandate and goals

The National Nuclear Regulator derives its mandate from the National Nuclear Regulator Act (1999).

In terms of the act, the regulator is mandated to:

- provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices
- exercise regulatory control related to safety over the siting, design, construction, operation, manufacture of component parts, and decontamination, decommissioning and closure of nuclear installations
- exercise regulatory control through the granting of nuclear authorisations
- provide assurance of compliance with the conditions of nuclear authorisations by implementing a system of compliance inspections
- fulfil national obligations in relation to international legal instruments governing nuclear safety
 - ensure that provisions for nuclear emergency planning are in place.

The regulator's strategic goals over the medium term are to:

- provide an effective regulatory oversight framework to ensure nuclear safety and security
- strengthen stakeholder relations and enhance the corporate image
- create a high performance culture
- ensure the financial viability and sustainability of the organisation
- develop and maintain sound organisational infrastructure
- ensure good corporate governance
- institute the effective management of human capital.

Selected performance indicators

Table 29.33 National Nuclear Regulator

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of days taken to issue certificates of registration per year	Standards, authorisations, reviews and assessments	90 days	90 days	90 days	90 days	90 days	90 days	90 days
Number of compliance assurance inspections conducted at the Koeberg nuclear power station) per year	Compliance Assurance and Enforcement	57	45	43	58	55	55	55
Number of compliance assurance inspections conducted related to nuclear technology and waste products per year	Compliance Assurance and Enforcement	100	202	80	72	80	80	80
Number of compliance assurance inspections conducted related to naturally occurring radioactive materials per year	Compliance Assurance and Enforcement	190	260	200	252	200	200	200
Number of days taken to issue certificates of exemption per year	Compliance Assurance and Enforcement	180 days	180 days	180 days	180 days	180 days	180 days	180 days
Number of days taken to issue nuclear vehicle licence per year	Compliance Assurance and Enforcement	180 days	180 days	180 days	180 days	180 days	180 days	180 days

Table 29.34 National Nuclear Regulator Programmes/activities/objectives

Statement of financial performance	R thousand		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16		Expenditure/total: Average growth rate (%)	Expenditure/total: Average dilution (%)
	Audited outcome	Revised estimate	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)				
Process applications for nuclear authorisations in a timely and accurate manner	-	9 173	-	9 816	-	3.5%	12 048	12 408	12 847	9.4%	12 847	12 408	12 847	9.4%	12 847	12 847	7.1%	13.5%
Ensure effective implementation of nuclear security measures by holders	-	18 055	-	18 394	-	6.7%	23 959	24 589	21 843	5.9%	21 843	24 589	21 843	5.9%	21 843	21 843	13.3%	13.5%
Establish an independent verification capability for the regulator	-	17 723	-	19 615	-	6.8%	22 926	22 059	22 837	5.2%	22 837	22 059	22 837	5.2%	22 837	22 837	14.4%	13.3%
Provide assurance of safety performance of holders through inspections, audits, investigation and taking enforcement action for identified non-compliance	-	20 210	-	21 912	-	7.7%	23 417	24 317	25 175	4.7%	25 175	24 317	25 175	4.7%	25 175	25 175	14.4%	13.3%
Good governance	-	10 659	-	11 177	-	4.0%	12 644	13 130	13 593	6.7%	13 593	13 130	13 593	6.7%	13 593	13 593	7.7%	18.8%
Financial viability and sustainability	-	27 505	-	34 435	-	11.2%	29 842	30 423	27 880	-6.8%	27 880	30 423	27 880	-6.8%	27 880	27 880	8.7%	18.8%
High performance and culture effective human capital management	-	5 606	-	10 129	-	2.8%	15 213	15 799	16 356	17.3%	16 356	15 799	16 356	17.3%	16 356	16 356	8.7%	14.0%
Sound organisational infrastructure	-	13 861	-	19 440	-	6.0%	23 139	17 550	32 530	18.7%	32 530	17 550	32 530	18.7%	32 530	32 530	2.5%	14.0%
Stakeholder relations and corporate image	-	2 380	-	4 038	-	1.1%	5 520	3 482	3 250	-7.0%	3 250	3 482	3 250	-7.0%	3 250	3 250	2.5%	14.0%
Other objectives	104 625	112 266	901	-	50.2%	-	-	-	-	-	-	-	-	-	-	-	-	100.0%
Total expense	104 625	112 266	126 073	148 956	12.5%	100.0%	168 708	163 757	176 311	5.8%	176 311	163 757	176 311	5.8%	176 311	176 311	100.0%	100.0%

Table 29.35 National Nuclear Regulator Expenditure estimates

Statement of financial performance	R thousand		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15		2015/16		Expenditure/total: Average growth rate (%)	Expenditure/total: Average dilution (%)
	Audited outcome	Revised estimate	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)	Average growth rate (%)	Average dilution (%)				
Non-tax revenue	90 333	94 649	91 899	106 044	5.5%	76.3%	120 348	130 060	141 424	10.1%	141 424	130 060	141 424	10.1%	141 424	141 424	75.5%	75.5%
Sale of goods and services other than capital assets of which:	84 882	89 856	88 480	102 115	6.4%	72.7%	118 773	129 492	141 042	11.4%	141 042	129 492	141 042	11.4%	141 042	141 042	74.5%	74.5%
Administrative fees	84 127	89 505	88 480	102 115	6.7%	72.5%	118 773	129 492	141 042	11.4%	141 042	129 492	141 042	11.4%	141 042	141 042	74.5%	74.5%
Sales by market establishment	75	351	-	-	-100.0%	0.2%	-	-	-	-	-	-	-	-	-	-	-	-
Other non-tax revenue	5 451	4 793	3 419	3 929	-10.3%	3.6%	1 575	568	382	-54.0%	382	568	382	-54.0%	382	382	1.0%	1.0%
Transfers received	23 793	19 954	35 430	42 912	21.7%	23.7%	48 360	33 697	34 887	-6.7%	34 887	33 697	34 887	-6.7%	34 887	34 887	24.5%	24.5%
Total revenue	114 126	114 603	127 329	148 956	9.3%	100.0%	168 708	163 757	176 311	5.8%	176 311	163 757	176 311	5.8%	176 311	176 311	100.0%	100.0%
Expenses	104 625	112 266	126 073	148 956	12.5%	100.0%	168 708	163 757	176 311	5.8%	176 311	163 757	176 311	5.8%	176 311	176 311	100.0%	100.0%
Current expenses	104 625	112 266	126 073	148 956	12.5%	100.0%	168 708	163 757	176 311	5.8%	176 311	163 757	176 311	5.8%	176 311	176 311	100.0%	100.0%
Compensation of employees	74 751	74 083	81 706	89 845	6.3%	65.6%	96 951	104 610	112 861	7.9%	112 861	104 610	112 861	7.9%	112 861	112 861	61.4%	61.4%
Goods and services	27 937	35 209	39 258	48 790	20.4%	30.5%	60 366	48 868	52 904	2.7%	52 904	48 868	52 904	2.7%	52 904	52 904	32.1%	32.1%
Depreciation	1 820	2 678	5 046	5 183	41.7%	2.9%	5 031	5 025	5 322	0.9%	5 322	5 025	5 322	0.9%	5 322	5 322	3.1%	3.1%
Interest, dividends and rent on land	117	296	63	5 138	252.8%	1.0%	6 360	5 254	5 223	0.6%	5 223	5 254	5 223	0.6%	5 223	5 223	3.3%	3.3%
Total expenses	104 625	112 266	126 073	148 956	12.5%	100.0%	168 708	163 757	176 311	5.8%	176 311	163 757	176 311	5.8%	176 311	176 311	100.0%	100.0%
Surplus/(Deficit)	9 501	2 337	1 255	-	-100.0%	-	-	-	-	-	-	-	-	-	-	-	-	100.0%

Personnel information

Table 29.36 National Nuclear Regulator

Salary level	Post status estimated for 31 March 2013		Number and cost ¹ of personnel posts filled/planned for on funded establishment															Number	
	Number of funded posts	Number of vacant posts	Actual 2011/12			Revised estimate 2012/13			2013/14			2014/15			2015/16			Average growth rate (%)	Salary level/total: Average (%)
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2012/13 - 2015/16	
	108	-	95	81.7	0.9	108	89.8	0.8	115	97.0	0.8	117	104.6	0.9	117	112.9	1.0	2.7%	100.0%
1-6	5	-	-	-	-	5	0.3	0.1	5	0.4	0.1	5	0.4	0.1	5	0.4	0.1	-	4.4%
7-10	12	-	11	2.7	0.2	12	3.4	0.3	12	3.6	0.3	12	3.7	0.3	12	3.9	0.3	-	10.5%
11-12	17	-	23	26.5	1.2	17	22.7	1.3	24	26.3	1.1	26	30.5	1.2	26	35.3	1.4	15.2%	20.3%
13-16	73	-	60	50.8	0.8	73	61.5	0.8	73	64.8	0.9	73	68.0	0.9	73	71.1	1.0	-	64.0%
17-22	1	-	1	1.7	1.7	1	1.9	1.9	1	2.0	2.0	1	2.1	2.1	1	2.2	2.2	-	0.9%

1. Rand million.

Expenditure trends

The National Nuclear Regulator's strategic focus over the medium term will be on the establishment of the emergency control centre, environmental samples testing facilities, the Koeberg nuclear power station, and a new steam generator project. The regulator will also undertake research to ensure that the regulatory regime is strengthened, and establish capacity to independently analyse environmental samples and ensure compliance by authorisation holders. The regulator will measure itself against the safety guarantees in the use of nuclear sites, and improve regulatory controls that are required for emergency plans. This will allow the entity to maintain standards by issuing registration certificates within 90 days and issuing nuclear vehicle licences within 180 days, both of which are personnel intensive activities. As a result, growth in spending on compensation of employees is projected over the medium term. In addition, the regulator's focus over the medium term will require the expanded use of consultants, and expenditure on this item is therefore expected to increase from R3.1 million in 2012/13 to R6.2 million in 2015/16, while spending on travel and subsistence is expected to increase to R7 million in 2015/16.

Revenue is generated mainly from authorisation fees, state grants and donations. Sales of goods and services are projected to grow above the inflation rate due to higher income from authorisation fees. Revenue increased from R114.1 million in 2009/10 to R149 million in 2012/13, and is expected to increase to R176.3 million over the medium term due to an increase in authorisation fees as well as a once-off allocation of R17 million in 2013/14 reprioritised to the entity from the department to cater for the emergency preparedness centre as well as an ICT infrastructure upgrade. The transfer from the department is expected to decrease to R34.9 million in 2015/16 due to a once-off allocation of R12 million in 2012/13 for the refurbishment of the Cape Town regional office.

Between 2009/10 and 2012/13, total expenditure increased as a result of growth in compensation of employees due to capacity that is needed for the steam generator replacement. Over the medium term, expenditure is expected to increase to R176.3 million due to the highly specialised skills needed in response to the projected nuclear industry expansion through the nuclear build programme and the advancement of emergency preparedness systems and facilities.

The increase in expenditure on goods and services between 2009/10 and 2012/13 is as a result of expenses related to the acquisition of an office building in 2012/13. Goods and services is expected to grow to R52.9 million in 2015/16 due to the growth in expenditure on consultants and contractors related to the establishment and commissioning of the environmental radio analytical laboratory project currently underway, as well as travelling and subsistence expenses.

Spending reductions of R517 000 in 2013/14, R687 000 in 2014/15 and R1.1 million in 2015/16, have been identified for non-core and slow spending items as part of Cabinet approved budget reductions. In this regard, the regulator has targeted internal catering for meetings and workshops, audit fees, printing and consumables as non-core items which need to be closely monitored with the aim of realising savings needed to reduce operational costs over the long term. Management has put measures in place to reduce external audit costs by

- promote the green economy and job creation in the country
- develop solutions for sustainable development in the future
- conduct research to inform government policy and its strategic energy plan
- address the country's rising energy demands in areas such as energy efficiency, green transport and advanced fossil fuels
- develop smarter grids to provide better services to South Africans
- help South Africa move towards a low carbon economy, as it is among the world's highest carbon gas emitters
- enable well informed and high confidence energy planning, decision making and policy development
- support accelerated transformation to an economy that is less energy and carbon intensive
- foster a culture of greater efficiency and more rational use of energy.

The institute's strategic goals over the medium term are to:

In terms of the act, the mandate of the South African National Energy Development Institute is to stimulate innovation in energy research and development, transform the gender and race profile of researchers in the sector, and improve South Africa's competitiveness in energy research internationally.

The National Energy Act (2008) makes provision for the establishment of the South African National Energy Development Institute as a successor to the South African National Energy Research Institute and the National Energy Efficiency Agency. The institute was listed as a new schedule 3A public entity on 31 December 2010, and came into operation on 1 April 2011.

Mandate and goals

South African National Energy Development Institute

A significant portion of expenditure on consultants relates to professional fees to be incurred on the design and layout of the emergency control centre, environmental samples testing facilities, the Koeberg nuclear power station and the new steam generator project. Some of these projects are once off ventures, while others are new developments, and the regulator does not possess the required skills to carry out design and architecture. The budgeted amount on consultancy for 2012/13 is R5.2 million, which is 5.8 per cent of the compensation of employees budget.

The regulator had an establishment of 108 posts, all of which were funded and there were no vacancies. The number of posts increased from 95 in 2011/12 to 108 in 2012/13 due to additional capacity needed for the establishment and commissioning of the environmental radio analytical laboratory project currently under way. Over the medium term, filled posts are expected to increase to 117 due to the additional capacity that is needed to adequately capacitate the regulator in preparation for the steam generator replacement project and early engagement in the nuclear build programme. The ratio of support staff to line function staff is 1:3.3.

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and these savings are expected to amount to R74 564, R80 000 and R100 000 over the next three years.

The anticipated budget savings to be realised on audit costs amount to R23 000 in 2013/14, R30 000 in 2014/15 and R45 000 in 2015/16. Management has also sensitised staff on the high cost of internal catering for meetings and workshops, and has implemented a strict approval process system. Savings amounting to R419 436, R577 000 and R955 000 are expected over the medium term. Costs for printing and consumables are expected to decrease over the next three years due to strict controls being implemented on the acquisition of stationery,

Selected performance indicators

Table 29.37 South African National Energy Development Institute

Indicator	Programme/Activity/Objective	Past ¹			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of new research projects funded per year ¹	Research and development	- ¹	- ¹	5	5	5	5	5
Number of new research projects completed per year ²	Research and development	13	- ²	- ²	- ²	2	3	3
Number of additional research papers published per year	Research and development	10	15	5	5	5	5	5
Number of new bursaries provided per year ^{1, 2}	Capacity building	- ^{1, 2}	- ^{1, 2}	6	4	4	4	4
Number of new bursaries provided to historically disadvantaged individuals per year ^{1, 2}	Capacity building	- ^{1, 2}	- ^{1, 2}	- ^{1, 2}	4	4	4	4
Number of energy efficiency tax applications processed per year ¹	Receive, process, review and report on applications received for energy efficiency tax incentives 12i and 12l	- ¹	3	35	40	50	100	100
Percentage of energy efficiency databases completed per year	Overall administration of energy efficiency database, including measurement and verification	- ¹	- ¹	20% complete	70% complete	100% operational	100% operational	100% operational
Number of energy clusters developed per year	Increase in the awareness of the working for energy programme	- ¹	- ¹	6	7	7	7	7
Number of hybrid renewable energy projects per year	Working for energy programme	- ¹	- ¹	6	7	8	9	9

1. No past data, as the institution only came into operation on 1 April 2011.

2. This was previously measured by the Central Energy Fund. It will now be measured by the South African National Energy Development Institute.

Programmes/activities/objectives

Table 29.38 South African National Energy Development Institute

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
Develop human capacity and investment in relevant energy research and development	35 344	36 997	53 300	-	-100.0%	71.0%	-	-	-	-	-
Effectively and efficiently manage the energy entity	2 103	2 091	2 855	16 022	96.8%	7.0%	17 800	19 000	10 905	-12.0%	10.6%
Energy research and development	-	-	-	119 885	-	22.1%	188 344	179 585	78 158	-13.3%	89.4%
Total expense	37 447	39 088	56 155	135 907	53.7%	100.0%	206 144	198 585	89 063	-13.1%	100.0%

Expenditure estimates

Table 29.39 South African National Energy Development Institute

Statement of financial performance											
R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
Revenue											
Non-tax revenue	1 853	1 313	3 017	1 997	2.5%	4.3%	-	-	-	-100.0%	0.4%
Other non-tax revenue	1 853	1 313	3 017	1 997	2.5%	4.3%	-	-	-	-100.0%	0.4%
Transfers received	32 500	25 654	53 138	133 910	60.3%	95.7%	206 144	198 585	89 063	-12.7%	99.6%
Total revenue	34 353	26 967	56 155	135 907	58.2%	100.0%	206 144	198 585	89 063	-13.1%	100.0%
Expenses											
Current expenses	37 074	39 088	55 934	135 907	54.2%	99.7%	206 144	198 585	89 063	-13.1%	100.0%
Compensation of employees	12 571	14 793	22 874	27 788	30.3%	33.1%	31 567	32 248	34 512	7.5%	22.7%
Goods and services	22 732	20 432	31 121	106 256	67.2%	61.6%	174 085	165 837	54 051	-20.2%	76.7%
Depreciation	547	392	306	479	-4.3%	0.8%	492	500	500	1.4%	0.4%
Interest, dividends and rent on land	1 224	3 471	1 633	1 384	4.2%	4.0%	-	-	-	-100.0%	0.3%
Transfers and subsidies	-	-	221	-	-	0.1%	-	-	-	-	-
Total expenses	37 447	39 088	56 155	135 907	53.7%	100.0%	206 144	198 585	89 063	-13.1%	100.0%
Surplus/(Deficit)	(3 094)	(12 121)	-	-	-100.0%		-	-	-	-	-

Additional tables

Table 29.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
	2011/12		2011/12	2012/13			2012/13
R thousand							
Administration	164 554	174 340	192 689	181 745	60 702	242 447	242 447
Energy Policy and Planning	1 544 891	1 601 382	1 541 920	1 548 627	21 546	1 570 173	1 570 173
Energy Regulation	74 158	15 166	15 167	15 663	2 886	18 549	18 549
Electrification and Energy Programme Management	3 210 472	3 287 476	3 286 489	3 158 083	11 900	3 169 983	3 169 983
Nuclear Energy	615 288	645 050	642 266	598 358	44 620	642 978	642 671
Clean Energy	480 539	477 495	495 731	1 303 427	(213 079)	1 090 348	1 089 714
Total	6 089 902	6 200 909	6 174 262	6 805 903	(71 425)	6 734 478	6 733 537

Economic classification							
Current payments	297 188	309 771	341 174	307 274	110 444	417 718	416 991
Compensation of employees	181 718	183 317	184 837	196 260	11 111	207 371	206 183
Goods and services	115 470	126 454	156 337	111 014	99 333	210 347	210 808
Transfers and subsidies	5 784 884	5 883 267	5 829 000	6 493 557	(188 746)	6 304 811	6 304 597
Provinces and municipalities	1 376 612	1 376 612	1 376 611	1 351 443	–	1 351 443	1 351 443
Departmental agencies and accounts	46 096	67 288	55 530	81 022	18 000	99 022	99 022
Public corporations and private enterprises	4 361 827	4 439 018	4 396 695	5 060 722	(206 746)	4 853 976	4 853 762
Households	349	349	164	370	–	370	370
Payments for capital assets	7 830	7 871	4 029	5 072	6 877	11 949	11 949
Machinery and equipment	7 830	7 871	4 029	5 072	6 206	11 278	11 278
Software and other intangible assets	–	–	–	–	671	671	671
Payments for financial assets	–	–	59	–	–	–	–
Total	6 089 902	6 200 909	6 174 262	6 805 903	(71 425)	6 734 478	6 733 537

Table 29.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Compensation of employees (R thousand)	133 253	142 826	184 837	207 371	247 562	271 946	285 433
Training expenditure (R thousand)	2 067	2 103	2 522	1 154	290	425	572
Training spend as percentage of compensation	1.6%	1.5%	1.4%	0.6%	0.1%	0.2%	0.2%
Total number trained (headcount)	84	–	262	77			
<i>of which:</i>							
Employees receiving bursaries (headcount)	20	24	42	68			
Internships (headcount)	84	55	65	65			
Households receiving bursaries (R thousand)	85	183	194	219	107	118	–
Households receiving bursaries (headcount)	2	4	3	3			

Table 29.C Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Conditional grants to municipalities							
Electrification and Energy Programme Management							
Integrated national electrification programme grant	899 554	1 033 382	1 096 611	1 151 443	1 314 772	1 564 658	2 056 090
Integrated national electrification programme - Approach to Distribution Asset Management	–	–	–	–	320 000	–	–
Clean Energy							
Energy efficiency and demand side management grant	175 000	220 000	280 000	200 000	180 722	155 415	202 005
Total	1 074 554	1 253 382	1 376 611	1 351 443	1 815 494	1 720 073	2 258 095

1. Detail provided in the Division of Revenue Act (2013).

Table 29.D Summary of donor funding

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome					Estimate 2012/13	Medium-term expenditure estimate 2013/14	Medium-term expenditure estimate 2014/15	Medium-term expenditure estimate 2015/16	
							2009/10	2010/11	2011/12	2012/13	2013/14					2014/15
R thousand																
Foreign																
In cash																
Norway	Petroleum sector policy capacity building	Energy Policy and Planning	1 April 2008 to 31 March 2011	25 397	Public corporations and private enterprises	Develop petroleum sector policies, conduct further research and build capacity	5 849	2 142	-	-	-	-	-	-	-	-
Switzerland	Support for energy efficiency monitoring and implementation project	Energy Regulation	1 August 2010 to 31 December 2013	13 950	Goods and services	Support energy efficiency monitoring and implementation project	-	3 400	3 400	5 465	1 685	-	-	-	-	-
Local																
In cash																
European Union	Smart metering implementation programme (general budget support)	Energy Regulation	1 April 2012 to 31 March 2015	179 500	Goods and services	Support to the renewable energy independent power producers programme	-	-	-	71 800	71 800	35 900	-	-	-	-
In kind																
Energy and Water Sector Education and Training Authority (EWS/ETA)	Appointment of 33 interns as part of 18 months in-service training programme within various municipalities under the integrated national electrification programme.	Electrification and Energy Programme Management	1 April 2012-31 October 2013	974	Goods and services	Offer training on electrification programmes	-	-	-	974	-	-	-	-	-	-
Total				219 821			5 849	5 542	3 400	78 239	73 485	35 900	-	-	-	-

Table 29.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome					Adjusted appropriation 2012/13	Medium-term expenditure estimate 2013/14	Medium-term expenditure estimate 2014/15	Medium-term expenditure estimate 2015/16
				2009/10	2010/11	2011/12	2012/13	2013/14				
Infrastructure transfers to other spheres, agencies and departments												
R thousand												
Integrated national electrification programme: Eskom	Provision of capital subsidies to Eskom to address electrification backlogs for permanently occupied residential dwellings, installation of bulk infrastructure and rehabilitate electrification infrastructure	Various	-	1 616 315	1 719 810	1 737 812	1 879 368	2 141 027	2 488 037	3 680 043		
Integrated national electrification programme: Municipalities	Provision of capital subsidies to municipalities to address electrification backlogs for permanently occupied residential dwellings, installation of bulk infrastructure and rehabilitate electrification infrastructure	Various	-	899 554	1 033 382	1 095 612	1 151 443	1 634 772	1 564 658	2 056 090		
Petronet/ Transnet pipelines	Construction of petroleum pipeline, branch lines and storage facilities	Various	-	-	1 500 000	1 500 000	1 500 000	-	-	-		
Total			-	2 515 869	4 253 192	4 334 424	4 530 811	3 775 799	4 052 695	5 736 133		



Private Bag X115, Pretoria, 0001, Tel: +27 12 395 6697, Fax: +27 12 315 5126

ESTIMATES OF NATIONAL EXPENDITURE
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