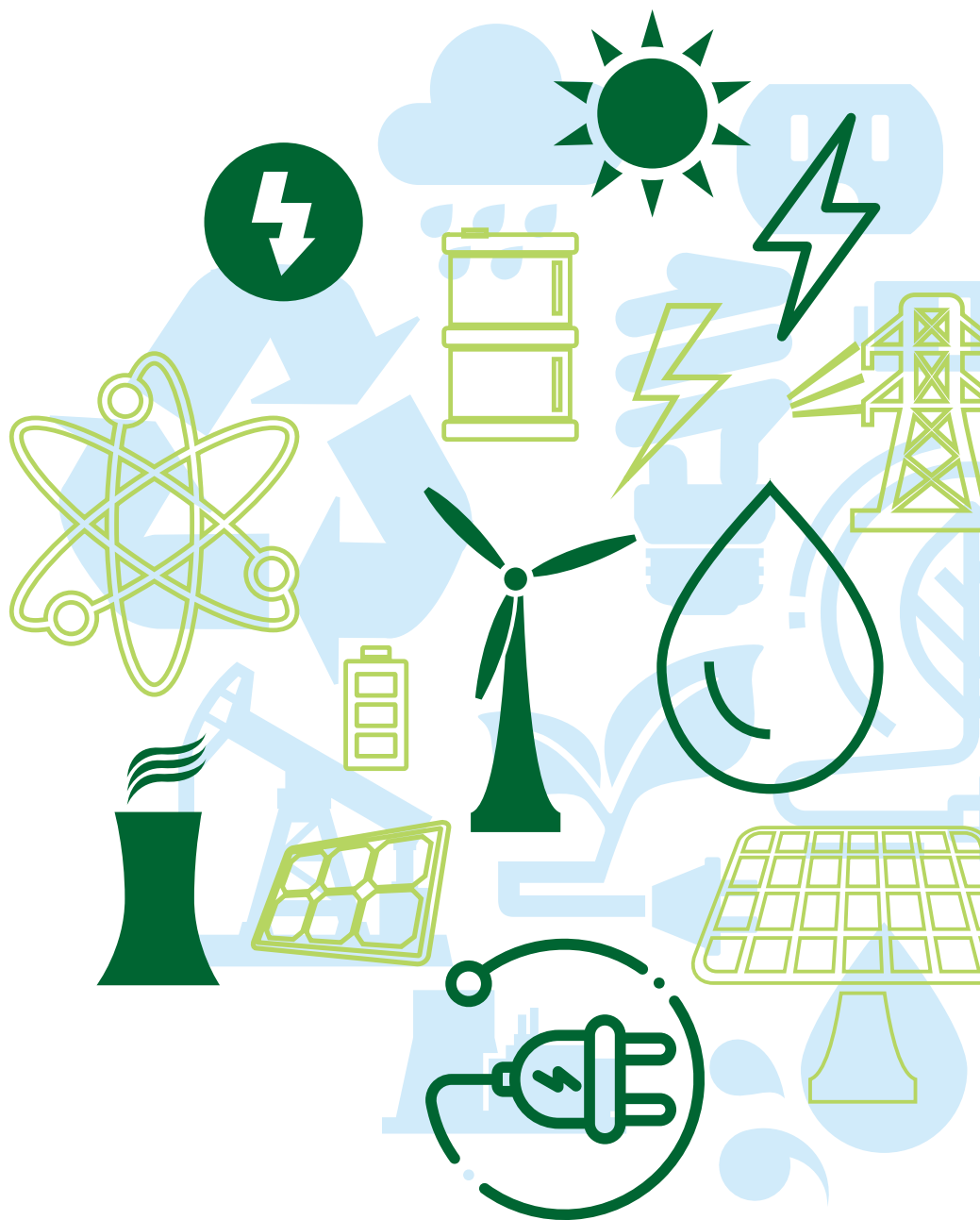




# ANNUAL REPORT 2017/18



**energy**

Department:  
Energy  
**REPUBLIC OF SOUTH AFRICA**



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Department:  
Energy  
**REPUBLIC OF SOUTH AFRICA**

# ANNUAL REPORT 2017/18

## VOTE 26







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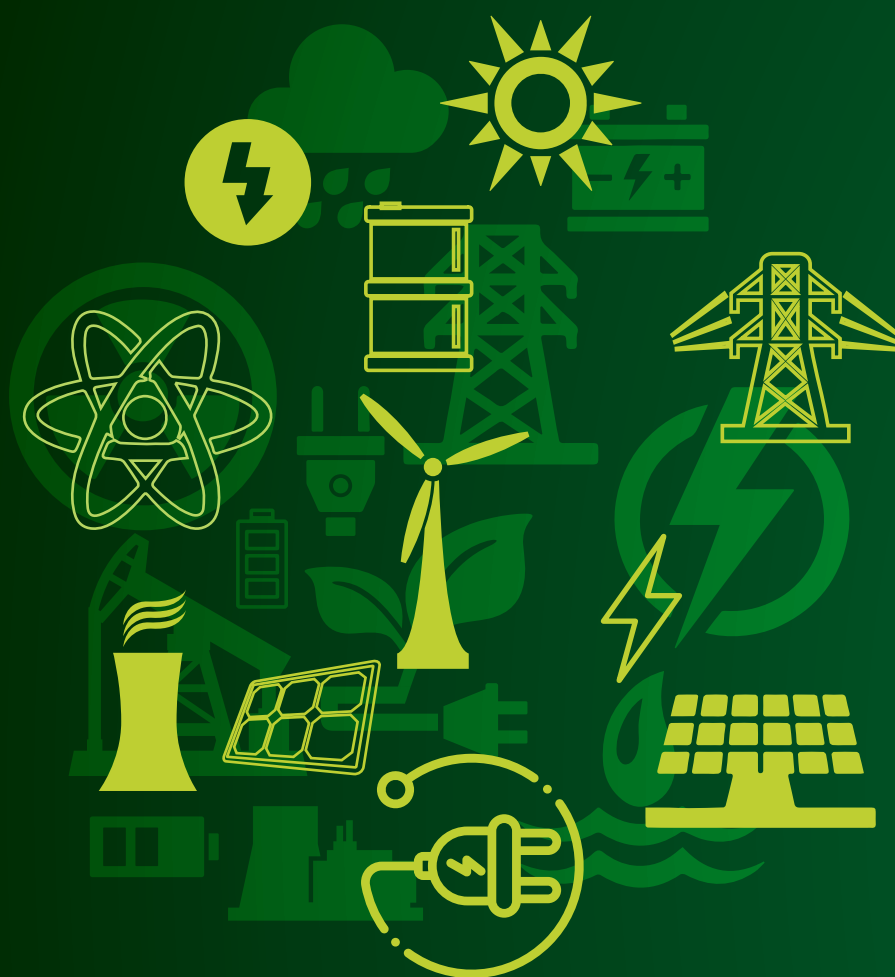
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## PART A

## GENERAL INFORMATION

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# 1.1 DEPARTMENT OF ENERGY **GENERAL INFORMATION**

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## 1.2 LIST OF ABBREVIATIONS/ACRONYMS

|                 |  |
|-----------------|--|
| <b>20YRLFIR</b> | 20 Year Liquid Fuels Infrastructure Roadmap                  |
| <b>AEEP</b>     | Africa-EU Energy Partnership                                 |
| <b>AG</b>       | Auditor-General  |
| <b>AGSA</b>     | Auditor-General of South Africa                              |
| <b>APP</b>      | Annual Performance Plan                                      |
| <b>APPO</b>     | African Petroleum Producer Organisation                      |
| <b>ASSAf</b>    | Academy of Science of South Africa                           |
| <b>AU</b>       | African Union  |
| <b>B-BBEE</b>   | Broad-Based Black Economic Empowerment                       |
| <b>BEE</b>      | Black Economic Empowerment                                   |
| <b>BFP</b>      | Basic Fuel Price   |
| <b>BRICS</b>    | Brazil, Russia, India, China and South Africa                |
| <b>BRRR</b>     | Budgetary Review and Recommendation Report                   |
| <b>BW</b>       | Bid Window   |
| <b>CEF</b>      | Central Energy Fund  |
| <b>CEM</b>      | Clean Energy Ministerial                                     |
| <b>CHIETA</b>   | Chemical Industries Education and Training Authority         |
| <b>COD</b>      | Commercial Operation Date                                    |
| <b>CoGTA</b>    | Department of Cooperative Governance and Traditional Affairs |
| <b>DDG</b>      | Deputy Director-General                                      |
| <b>DG</b>       | Director-General   |
| <b>DIRCO</b>    | Development of International Relations and Cooperation       |
| <b>DM</b>       | Deputy Minister  |
| <b>DoE</b>      | Department of Energy   |
| <b>DoRA</b>     | Division of Revenue Act                                      |
| <b>DPME</b>     | Department of Monitoring and Evaluation                      |
| <b>DPSA</b>     | Department of Public Service and Administration              |
| <b>DST</b>      | Department of Science and Technology                         |
| <b>EE</b>       | Energy Efficiency  |
| <b>EEDSM</b>    | Energy Efficiency and Demand Side Management                 |
| <b>EHWP</b>     | Employee Health and Wellness Programme                       |
| <b>EU</b>       | European Union   |
| <b>EVTs</b>     | Evacuated Vacuum Tubes                                       |
| <b>EWSETA</b>   | Energy Water Service Sector Education and Training Authority |
| <b>EXCO</b>     | Executive Management Committee                               |
| <b>FOSAD</b>    | Forum of South African Directors-General                     |
| <b>FPB</b>      | Film and Publication Board                                   |
| <b>GDP</b>      | Gross Domestic Product                                       |
| <b>GHG</b>      | Green House Gas  |
| <b>HDI</b>      | Historically Disadvantaged Individual                        |

|                |   |
|----------------|---|
| <b>HDSA</b>    | Human Development in South Africa                 |
| <b>HR</b>      | Human Resources                                   |
| <b>IAEA</b>    | International Atomic Energy Agency                |
| <b>IBT</b>     | Inclining Block Tariff                            |
| <b>ICT</b>     | Information and Communication Technology          |
| <b>IEC</b>     | Integrated Energy Centre                          |
| <b>IEP</b>     | Integrated Energy Plan                            |
| <b>INEP</b>    | Integrated National Electrification Programme     |
| <b>IOP</b>     | Institutional Operations Plan                     |
| <b>IPP</b>     | Independent Power Producer                        |
| <b>IRBA</b>    | Independent Regulatory Board for Auditors         |
| <b>IRENA</b>   | International Renewable Energy Agency             |
| <b>IRP</b>     | Integrated Resource Plan                          |
| <b>ISC</b>     | Interim Steering Committee                        |
| <b>IT</b>      | Information Technology                            |
| <b>ITAC</b>    | International Trade Administration Commission     |
| <b>IYM</b>     | In-year Management                                |
| <b>JODI</b>    | Joint Oil Data Initiative                         |
| <b>LPG</b>     | Liquefied Petroleum Gas                           |
| <b>M&amp;E</b> | Monitoring and Evaluation                         |
| <b>MANCO</b>   | Management Committee                              |
| <b>MISA</b>    | Municipal Infrastructure Support Agent            |
| <b>MoA</b>     | Memorandum of Agreement                           |
| <b>MoU</b>     | Memorandum of Understanding                       |
| <b>MP</b>      | Member of Parliament                              |
| <b>MPAT</b>    | Management Performance Assessment Tool            |
| <b>MTSF</b>    | Medium-Term Strategic Framework                   |
| <b>MV</b>      | Medium Voltage                                    |
| <b>MW</b>      | Megawatts   |
| <b>NDP</b>     | National Development Plan                         |
| <b>Necsa</b>   | Nuclear Energy Corporation of South Africa        |
| <b>NEDLAC</b>  | National Economic, Development and Labour Council |
| <b>NEES</b>    | National Energy Efficiency System                 |
| <b>NERSA</b>   | National Energy Regulator of South Africa         |
| <b>NFC</b>     | Nuclear Fuel Cycle                                |
| <b>NNBP</b>    | Nuclear New Build Programme                       |
| <b>NNR</b>     | National Nuclear Regulator                        |
| <b>NRWDI</b>   | National Radioactive Waste Disposal Institute     |
| <b>NSWHP</b>   | National Solar Water Heater Programme             |
| <b>NTI</b>     | New-To-Industry                                   |
| <b>PASA</b>    | Payments Association of South Africa              |
| <b>PCE</b>     | Portfolio Committee on Energy                     |



## 1.2 LIST OF ABBREVIATIONS/ACRONYMS

|                |  |
|----------------|--|
| <b>PDP</b>     | Personal Development Plan                                  |
| <b>PetroSA</b> | Petroleum Oil & Gas Corporation South Africa (SOC) Limited |
| <b>PFMA</b>    | Public Finance Management Act                              |
| <b>PIC</b>     | Public Investment Corporation                              |
| <b>PICC</b>    | Presidential Infrastructure Coordinating Commission        |
| <b>PMDS</b>    | Performance Management and Development System              |
| <b>PMO</b>     | Project Management Office                                  |
| <b>PPA</b>     | Power Purchase Agreement                                   |
| <b>PPP</b>     | Public Participation Programme                             |
| <b>PSA</b>     | Public Service Association                                 |
| <b>R&amp;D</b> | Research and Development                                   |
| <b>REEEP</b>   | Renewable Energy and Energy Efficiency Partnership         |
| <b>REIPP</b>   | Renewable Energy Independent Power Producer                |
| <b>RET</b>     | Renewable Energy Technologies                              |
| <b>SADC</b>    | Southern African Development Community                     |
| <b>SALGA</b>   | South African Local Government Association                 |
| <b>SANAS</b>   | South African National Accreditation System                |
| <b>SANDF</b>   | South African National Defence Force                       |
| <b>SANEDI</b>  | South African National Energy Development Institute        |
| <b>SARS</b>    | South African Revenue Service                              |
| <b>SCM</b>     | Supply Chain Management                                    |
| <b>SCOA</b>    | Standard Chart of Account                                  |
| <b>SCOPA</b>   | Standing Committee on Public Accounts                      |
| <b>SE4ALL</b>  | Sustainable Energy for All                                 |
| <b>SETA</b>    | Sector Education and Training Authority                    |
| <b>SETRM</b>   | Solar Energy Technology Roadmap                            |
| <b>SFF</b>     | Strategic Fuel Fund  |
| <b>SIP</b>     | Strategic Integrated Project                               |
| <b>SMS</b>     | Senior Management Service                                  |
| <b>SO</b>      | Strategic Objective  |
| <b>SOC</b>     | State-Owned Company  |
| <b>SOE</b>     | State-Owned Entity   |
| <b>SSAC</b>    | State System of Accounting & Control                       |
| <b>SWH</b>     | Solar Water Heating  |
| <b>TWh</b>     | TeraWatt Hour  |
| <b>UIF</b>     | Unemployment Insurance Fund                                |
| <b>UN</b>      | United Nations   |
| <b>UNFCCC</b>  | United Nations Framework Convention on Climate Change      |
| <b>USA</b>     | United States of America                                   |
| <b>WASA</b>    | Wind Atlas for South Africa                                |
| <b>WINSA</b>   | Women in Nuclear South Africa                              |
| <b>WSP</b>     | Workplace Skills Plan                                      |

## 1.3 FOREWORD BY THE MINISTER OF ENERGY



**Mr Jeff Radebe, MP**  
Honourable Minister of the Department of Energy

*I undertake to intensify engagements with my counterparts in oil producing countries with a view to obtaining favourable terms for crude oil allocations for South Africa.*

### Introduction

The *National Development Plan, 2030: Our Future – Make it Work (NDP)* is our nation's overarching plan that seeks to fulfil the aspirations of the majority of South Africans, and black people in particular. It underpins our developmental endeavours and informs the policies and strategies spearheaded by government. It is the blueprint and programme to build on our achievements, and to decisively confront our challenges, especially the triple threat of poverty, unemployment and inequality. I would like to address each of these as they relate to energy.

### Poverty

Since January 2017, the Organization of the Petroleum Exporting Countries (OPEC) has withdrawn almost 2% of the world's oil production from the international market with the intention of reducing global crude oil inventories, resulting in higher crude oil and refined petroleum product

prices. This Annual Report is an opportunity to remind all South Africans that the reality for non-oil producing countries like ours is that we have to accept the price of crude oil as determined by international markets. Accordingly, the Department of Energy (DoE/Department) wishes to call upon all sectors to be circumspect prior to increasing the prices of goods and services as a result of the prevailing high fuel prices, so as to moderate the cyclical nature of these prices. In particular, the government calls upon retailers and food processors to take into consideration the negative impact that their product price increases may have on the most vulnerable.

Consumers of liquid fuels are advised to use all possible options available to them to contain costs. Among these options is the decision to change our driving habits as motorists, ensure correct tyre pressure, balancing and wheel alignment; plan and combine trips to avoid unnecessary travel time and petrol, and drive below the speed limit. All these actions help to save fuel and contain costs.

As the responsible Minister, I undertake to intensify engagements with my counterparts in oil producing countries with a view to obtaining favourable terms for crude oil allocations for South Africa. Similarly, the Ministers in the Economic Cluster have resolved to engage various stakeholders, as a matter of urgency, including those in the transport sector, civil society organisations and social partners in the National Economic Development and Labour Council (NEDLAC), with a view to finding a common approach to this challenge in the best interests of South Africa.

### Unemployment

Through the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) the DoE has shown that sustainable clean electricity at an affordable price can be provided to our communities and the people living around these projects. The programme is delivering real economic growth through direct investment; creation of direct and indirect jobs; and by stimulating the green economy. Through this procurement, 58 000 new jobs will be created for South African citizens, mostly for the youth. The majority of these jobs will be created during the construction period and entail the utilisation of labour in the vicinity of the projects. Furthermore, jobs will be available across the entire value chain with an additional 1 500 jobs in the manufacturing sector alone.

### Inequality

As noted in the Medium-Term Strategic Framework (MTSF), high levels of inequality contribute to demands for rapid wage increases, pressures on household incomes due to the rising cost of living, dependence on the wages of those in employment and a rising sense of frustration in communities. Specific measures to support growth include building enough energy generation capacity to power the economy. For example, the continued and equitable expansion of information and communication

## 1.3 FOREWORD BY THE MINISTER OF ENERGY

technology depends on electricity. The real divide over the next decade will be between those who have access to reliable electricity to power these devices and those who do not. This is why we consider our Integrated National Electrification Programme (INEP) to be our flagship programme. In 2017/18 the Department facilitated the connection of 275 830 households to the grid via the funding and oversight of our main implementing partners, namely, Eskom and the municipalities. In addition, 16 875 solar home systems were installed. These achievements bear testimony to the fact that the DoE is on course to meet the MTSF target of 1 355 000 households for both grid and non-grid connections by 2019. Most of the remaining households requiring electrification are concentrated in remote areas that are far from the grid and other infrastructure. The installation of additional bulk infrastructure is needed to connect these areas.

The REIPPPP has also been tasked to help reduce inequality. In Bid Windows 3.5 and 4, South Africans own the majority share of 57.8% (R11.90 billion) in the project companies, of which an average of 64.2% (R7.64 billion) is held by black shareholders.

From January to December 2017 South Africa imported 92% of the total crude oil (approximately 113 million barrels per day) through the major oil companies operating in the country. The remaining 8% was sourced by independent wholesalers and other crude oil distributors. In addition, three new electricity bulk substations were built; four additional substations were upgraded; 161.49 km of new Medium Voltage (MV) power lines were constructed; and 31.5 km of existing MV power lines were upgraded.

In pursuit of energy co-operation, the DoE hosted 31 multilateral engagements in the energy sector in Africa and globally, and undertook 35 bilateral inter-governmental engagements.

### Promulgation of the revised Integrated Energy Plan (IEP), Integrated Resource Plan (IRP) Liquid Fuels and Gas Master Plans

Considerable work has been done on the finalisation of the above policy documents, however, due to public interest in holding further consultation on the IRP and IEP, these policy documents could not be finalised as envisaged.

Public consultation will be carried out in the next financial year. When considering responses to this consultation, the DoE will give greater weight to responses that are based on argument and evidence, rather than simple expressions of support or opposition.

The DoE will also, in the next financial year, prioritise the finalisation of all pending legislative issues to create much needed policy certainty, transformation and promotion of sustained economic development.

### Conclusion

Having taken stock of this past year, it is also important to look forward. South Africa has committed itself to a low-carbon energy transition, as outlined in Chapter 5 of the National Development Plan (NDP). This will entail choosing the most appropriate transition fuels mix in the medium to long term to meet both South Africa's energy security needs, as well as the triple threat of poverty, unemployment, and inequality.

### Appreciation

I would like to express my gratitude to the Deputy Minister, Ambassador Thembisile Majola, the Director General, Mr Thabane Zulu, Team Energy, State-Owned Entities reporting to the DoE and all other stakeholders for working together in ensuring that we all contribute to the well-being of all South Africans.

As the sub-title of the NDP reminds us it is *Our Future – let's make it work!*



Mr Jeff Radebe, MP

Honourable Minister of the Department of Energy



## 1.4 DEPUTY MINISTER'S STATEMENT



**Ambassador Thembisile Majola, MP**  
Deputy Minister of the Department of Energy

*The Department of Energy  
has done considerable  
work in promoting women  
economic empowerment in the  
energy sector.*

It is with the greatest appreciation and honour that I present this statement as we table the Department's annual achievements for the period 2017/18. In the upcoming financial year, the Department will continue the Department's pursuit of realising its mission of ensuring access to secure, sustainable, accessible and affordable energy for all.

### Electrification Programme

The DoE has been mandated to ensure and secure sustainable provision of energy for socio-economic development. The Integrated National Electrification Programme (INEP) is the Department's programme responsible for achieving universal electrification in the country. Through INEP, the Department delivered over 292 705 connections against the 235 000 target set in the Annual Performance Plan utilising both grid and non-grid technologies within 2017/18 budget cycle.

The non-grid programme is now also being considered for implementation in urban and rural areas of the country, with a view to increasing the basic electricity services in informal settlements. The Department is in

line with NDP (2030) in anticipating and ensuring that universal access to electricity is reached by 2025, through its own departmental strategy.

### Energy Efficiency and Demand Side Management (EEDSM) Programme

The Department has intensified efforts to close the regulatory gaps on energy efficiency measures, especially in finalising the Regulations on the amendment of the Provision of Mandatory Data as well as submitting the Post 2015 National Energy Efficiency Strategy (NEES) to Cabinet for consideration before the end of this financial year. We will continue to encourage municipalities to participate actively in the Energy Efficiency and Demand Side Management Programme, through which energy consumption will be reduced in municipal infrastructure.

### Skills Development

The ANC manifesto identified access to reliable energy supply in all its forms as a priority for this administration. If we are to achieve the energy vision, as contained in the NDP, skills development in the energy sector is of critical importance. Given planned energy infrastructure investments, the country will require substantial investment in technical skills such as engineers, technicians, artisans and project managers. This demand for technical skills is a global demand. Critical skills development in South Africa must be the business of all stakeholders, not government alone. The Department contributed to these objectives by employing 43 young people in the Internship and Learnership Programme for the year to help up-skill youth.

The Department also offered 21 new bursaries to current employees with effect from the beginning of the 2018 academic year. This brings the total number of employees studying part-time at various institutions to 52.

Through its Internship Programme, the Department provides recently qualified and unemployed graduates with work experience to help them obtain gainful employment. During the period under review, the Department appointed a total of 22 interns and 16 students for the Learnership Programme.

### Community Upliftment

The DoE has done considerable work in promoting women economic empowerment in the energy sector. In the year under review, the Department focused on gender equality in the energy sector through, among other things, the sharing of information on business opportunities in the energy sector, addressing issues of capacity building, access to funding, and developing a solid implementation framework for the energy sector to promote and support women as entrepreneurs, investors, experts, business owners, small medium and micro businesses and major stakeholders. The Department also initiated a number of youth

## 1.4 DEPUTY MINISTER'S STATEMENT

and women empowerment programmes as a way of promoting the gender equality agenda.

A number of workshops were held to share information on opportunities in the energy sector and guide the development of an Energy Policy on Women Empowerment and Gender Equality (WEGE), Draft Energy Sector WEGE Strategy (commonly known as Gender Strategy). The Gender Policy was approved in 2016 and sets out the broad framework which enables the Department to actively develop and implement strategies, plans and instruments that will create a conducive environment to empower women in the energy space.

A Women's Dialogue was hosted, in partnership with the Minister of Energy and the Mayor of eThekweni Municipality on 11 August 2017 in Durban, and launched the Women in Energy Excellence Awards. This provided women with opportunity to discuss business opportunities in the energy sector and how to access them; the challenges they are facing as women; and how the Department, together with women can reinforce and support each other in transforming the sector and moving forward. The Women in Energy Excellence Awards aims to honour individuals and organisations that have made a substantial contribution in the energy sector. Various other initiatives, committed to advancing and empowering women in the workplace and the sector, were held.

### Integrated Energy Centres

An Integrated Energy Centre (IeC) is a one-stop energy centre aimed at enhancing accessibility and affordability of energy to rural areas; job creation; poverty alleviation and stimulating the rural economy. The IeC Programme is an initiative of the Department in response to the White Paper on Energy Policy, which advocates for increased affordable energy services to disadvantaged communities; stimulation of economic development by creating an investor-friendly climate; and securing energy supply by encouraging diversity of energy supplies and energy carriers.

In the year under review, the Department has strengthened its cross-sector partnership to discuss challenges hindering IeCs from becoming sustainable businesses and jointly come up with solutions to the existing problems.

### Youth Development

The Department has ensured that its Youth Development initiatives are aligned with the priorities of the NDP Vision 2030 and the National Youth Policy 2020 as well as the energy sector mandate.

In this regard, the Department has:

- Produced a Draft Youth Policy in December 2017, which is still undergoing public consultation;
- Hosted the Learners' Focus Week Programme which is aimed at empowering South Africa's Learners, particularly from poor and disadvantaged backgrounds, with optimal scientific, mathematical, technology, engineering and life skills to access and succeed in STEM-based careers;
- Launched the solar-powered computer laboratory at Phagamang Secondary School in Blouberg on 2 March 2018; and
- Co-ordinated the National Youth in Energy Dialogue on 23 June 2017, aimed at creating a platform for young people in energy businesses to discuss opportunities and challenges in the energy sector and come up with solutions and interventions to deal with them.

In addition to awareness workshops on career opportunities within the sector to young people, the Department will continue to strengthen youth-specific programmes and expenditure and roll out programmes as a solution to narrow the socio-economic divide for those from previously disadvantaged backgrounds.

### Conclusion

I would like to thank the Minister, the Portfolio Committee on Energy and all our stakeholders for their concerted effort and support in assisting the Department in implementing the 2017/18 Programme of Action. We have made remarkable progress in improving provision of energy services to our people, particularly in providing access to grid and off-grid electricity and improving our energy efficiency targets.

More work needs to be done to address our socio-economic challenges, but together we will move South Africa forward. We will continue to draw strength and inspiration from our icons, whose centenary birthdays we are celebrating: President Nelson Mandela, the Father of the Nation, and Mama Albertina Sisulu, a woman of fortitude who never wavered in her struggle for our freedom in the face of imprisonment, sustained harassment and brutalisation by the apartheid system. We dare not fail them.



**Ambassador Thembisile Majola, MP**  
**Deputy Minister, Department of Energy**

# 1.5 REPORT OF THE ACCOUNTING OFFICER



**Mr Thabane Zulu**  
Director-General, Department of Energy

*Energy security is the Department's main priority because it is necessary to promote and sustain economic growth and development*

I am pleased to present the Department of Energy's Annual Report for the 2017/18 financial year.

Energy security is the Department's main priority because it is necessary to promote and sustain economic growth and development. In the year under review, the Department continued to strengthen and improve State-Owned Entities (SOEs), promote transformation of the energy sector, pursue regulatory and structural reforms, as well as carry out policies and programmes to help achieve its vision and mission.

The Department's appropriation for the year under review was R8.145 billion and its budget was prioritised for:

- Acceleration of the electrification programme to ensure and secure sustainable provision of energy for socio-economic development;
- Policy review and realignment to create policy certainty and unlock necessary investment in energy infrastructure;

- Conclusion of 27 Renewable Energy Independent Power Producer Procurement Projects (REIPPPs) through the signing of Power Purchase Agreements with Eskom;
- Fast tracking the implementation of the Solar Water Heating Programme through the signing of implementation agreements with municipalities;
- Maintenance of effective nuclear security measures in respect of all nuclear and other radioactive material, in accordance with national and international obligations;
- Strengthening the physical protection of nuclear material and nuclear facilities in the country; and
- Intensifying bilateral co-operation with a wide variety of partners.

The 2017/18 financial year was a challenging year for the Department. DoE faced extraordinary challenges to deliver on committed goals, objectives and government's desired outcomes. In spite of these challenges, the performance of the Department against set targets did not change from the previous financial year and stood at 42% at year end. This is attributable to a number of vacant positions which led to a leadership vacuum in those areas and protracted public consultation of legislative matters. Much needs to be done to improve planning and performance monitoring within the DoE, as we forge ahead.

## 1.5.1 Overview of the Operations of the Department

Performance is comprised of both financial and non-financial performance. I provide an overview of these two aspects of performance here, and more detailed information in Part E of the report, which contains the Department's audited financial statements, and Part B which details the Department's actual performance against its 2017/18 Annual Performance Plan.

In carrying out its mandate, the Department formulates energy specific policies, legislation, regulations, programmes, projects, and oversees their implementation to ensure energy security, promotion of environmentally friendly energy carriers, and access to affordable and reliable energy for all South Africans. The Department executes its mandate by means of six budgetary programmes: (1) Administration; (2) Energy Policy and Planning; (3) Petroleum and Petroleum Products Regulation; (4) Electrification and Energy Programme and Project Management; (5) Nuclear Energy; and (6) Clean Energy.

Out of a total of 67 Annual Performance Plan (APP) targets in 2017/18, the Department achieved 28 (42%), partially achieved 13 (19%), and did not achieve 26 (39%). Table 1: Summary of DoE Annual Performance Plan Results below is a summary of the annual targets achieved, partially achieved, and not achieved during the 2017/18 fiscal year at the short-term output level.



# 1.5 REPORT OF THE ACCOUNTING OFFICER

Table 1: Summary of DoE Annual Performance Plan Results – 2017/18

| Branches/Units  | Number of Annual Targets in the APP | Achieved Annual Targets | Partially Achieved Annual Targets | Not Achieved Annual Targets |
|---|-------------------------------------|-------------------------|-----------------------------------|-----------------------------|
| Energy Policy and Planning                                  | 23                                  | 3                       | 4                                 | 16                          |
| Petroleum and Petroleum Products Regulation                 | 5                                   | 4                       | -                                 | 1                           |
| Nuclear Energy  | 5                                   | -                       | 2                                 | 3                           |
| Clean Energy  | 13                                  | 6                       | 4                                 | 3                           |
| Electrification and Energy Programme and Project Management | 8                                   | 7                       | 1                                 | -                           |
| Corporate Services (Administration)                         | 4                                   | 3                       | -                                 | 1                           |
| Financial Management Services (Administration)              | 2                                   | 1                       | -                                 | 1                           |
| Governance and Compliance (Administration)                  | 4                                   | 3                       | -                                 | 1                           |
| Office of the Director-General (Administration)             | 3                                   | 1                       | 2                                 | -                           |
| <b>Total</b>  | <b>67</b>                           | <b>28</b>               | <b>13</b>                         | <b>26</b>                   |

Key to Table 1 – Standards for Annual Targets

| Progress Description   | Percentage Attained | Annual Report Status |
|--|---------------------|----------------------|
| Activity not initiated on time or progress slower than planned | 0-49%               | Not Achieved         |
| In-year progress slower than planned                           | 50-79%              | Partially Achieved   |
| Annual delivery on track to meet 5-year target                 | 80-100%             | Achieved             |

According to the Department of Monitoring and Evaluation (DPME), departments should strive for 100% achievement of the planned targets in the APP. If achievement is lower than 80%, it is indicative of the quality of plans the department may have and brings doubt as to whether the department is using the plan to guide implementation. Although this guidance is useful, it should be noted that both annual and five-year targets are relevant to get a more accurate picture of overall progress and prospects for success.

The Institutional Operations Plan (IOP) of the Department supplements its APP at the activity level of operations. Out of a total of 153 IOP targets, the Department achieved 99 (65%), partially achieved 25

(16%), and did not achieve 29 (19%) of its planned quarterly targets in 2017/18.

Being mindful of the considerable room for improvement, the Department has initiated an Annual Improvement Plan. Its purpose is to monitor service delivery so as to improve past under-performance. These areas are identified primarily from previous Annual Reports, the Management Performance Assessment Tool (MPAT) process, past Budgetary Review and Recommendation Reports (BRRR) of Parliament's Portfolio Committee on Energy (PCE), as well as previously approved internal audit and Monitoring and Evaluation (M&E) recommendations.

## 1.5.2 Overview of the Financial Results of the Department

### 1.5.2.1 Departmental Receipts

Table 2 highlights receipts collected by the Department in the financial year 2017/18 and in the previous financial year (2016/17).

Table 2: Departmental receipts

| Departmental Receipts                                | 2017/2018         |                                     |                                       | 2016/2017         |                                     |                                       |
|--|-------------------|-------------------------------------|---------------------------------------|-------------------|-------------------------------------|---------------------------------------|
|  | Estimate<br>R'000 | Actual Amount<br>Collected<br>R'000 | (Over) / Under<br>Collection<br>R'000 | Estimate<br>R'000 | Actual Amount<br>Collected<br>R'000 | (Over) / Under<br>Collection<br>R'000 |
| Sale of goods and services other than capital assets | 3,822             | 3,998                               | (176)                                 | 3,820             | 4,210                               | (390)                                 |
| Transfers received                                   | 1,750             | 2,226                               | (476)                                 | 1,750             | 1,745                               | 6                                     |
| Fines, penalties and forfeits                        | -                 | -                                   | -                                     | -                 | -                                   | -                                     |
| Interest, dividends and rent on land                 | 45                | 27                                  | 18                                    | 130               | 649                                 | (519)                                 |
| Sale of capital assets                               | -                 | -                                   | -                                     | -                 | -                                   | -                                     |
| Transactions in financial assets and liabilities     | 385               | 1,743                               | (1,358)                               | 275               | 950,302                             | (950,027)                             |
| <b>Total</b>   | <b>6,002</b>      | <b>7,994</b>                        | <b>(1,992)</b>                        | <b>5,975</b>      | <b>956,905</b>                      | <b>(950,930)</b>                      |

The Department mainly derives its revenue from administration fees for petroleum licence applications and petroleum licence fees, processed in terms of the Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003). The annual collection target for administrative fees for petroleum licences was R3.55 million which represented 59.15% of the total 2017/18 revenue target.

The 2017/18 revenue collection target of R6.00 million was exceeded by R1.99 million, mainly due to the revenue generated by the Department from transactions in financial assets and other liabilities, i.e. commission on Persal transactions, interest received from a deposit account held with a commercial bank, payments of bursary debts by officials, and other recoverable expenditure. Grants received from affiliated energy SETAs of R2.23 million against a target of R1.75 million also contributed to the over-collection of revenue. The Department is participating in several learner programmes that are funded by SETAs and the funding received from the SETAs is used to implement learner and training programmes.

The significant variance in Departmental revenue generated in the reporting period of R7.99 million against that generated in 2016/17 of R956.91 million, is due to project funds of R950 million that were returned to the Department by Eskom, following the termination of the DoE-Eskom Memorandum of Agreement (MoA) in respect of the implementation of the National Solar Water Heater Programme (NSWHP) and the subsequent approval of a revised contracting model by Cabinet in the 2016/17 financial year.

### 1.5.2.2 Programme Expenditure

The Department's appropriation for the year under review was R8.145 billion, compared to R7.550 billion in 2016/17. The 7.88% increase was due to budget increases in transfer payments to public corporations (Eskom) and private enterprises. Table 3 shows budget and actual expenditure per Programme for the financial year under review (2017/18) and the previous financial year (2016/17).

Table 3: Programme expenditure

| Programme Name  | 2017/18                         |                                |                                       | 2016/17                         |                                |                                       |
|---|---------------------------------|--------------------------------|---------------------------------------|---------------------------------|--------------------------------|---------------------------------------|
|   | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | (Over)/ Under<br>Expenditure<br>R'000 | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | (Over)/ Under<br>Expenditure<br>R'000 |
| Administration  | 278,060                         | 272,381                        | 5,679                                 | 247,018                         | 282,762                        | (35,744)                              |
| Energy Policy and Planning                                  | 43,119                          | 41,707                         | 1,412                                 | 40,164                          | 39,878                         | 286                                   |
| Petroleum and Petroleum Products Regulation                 | 78,748                          | 74,639                         | 4,109                                 | 79,001                          | 78,991                         | 10                                    |
| Electrification and Energy Programme and Project Management | 6,219,580                       | 6,152,173                      | 67,407                                | 5,714,645                       | 5,678,659                      | 35,986                                |
| Nuclear Energy  | 795,425                         | 794,191                        | 1,234                                 | 879,834                         | 872,451                        | 7,383                                 |
| Clean Energy  | 730,490                         | 609,555                        | 120,935                               | 589,894                         | 560,101                        | 29,793                                |
| <b>Total</b>  | <b>8,145,422</b>                | <b>7,944,646</b>               | <b>200,776</b>                        | <b>7,550,556</b>                | <b>7,512,842</b>               | <b>37,714</b>                         |

# 1.5 REPORT OF THE ACCOUNTING OFFICER

The Department's original appropriation for the 2017/18 financial year was R8.113 billion. This included a total of R7.551 billion or 93.07% earmarked for Transfer Payments to public entities reporting to the Minister of Energy, municipalities and implementing agents.

During the 2017 Adjustment Budget process, the allocation for the Department was increased by R31.97 million as approved roll-over funds to non-grid service providers to enable the finalisation of off-grid electricity connections to households started in the 2016/17 financial year.

The Department's final appropriation for 2017/18, as reflected in the 2017 Adjusted Estimates of National Expenditure (AENE), is R8.145 billion of which R7.532 billion or 92.47% was in respect of transfer payments. As reported in the Appropriation Statement for the 2017/18 financial year, the total expenditure defrayed against the Vote is R7.945 billion. This represents an expenditure of 97.54% and a budget underspending of R200.776 million or 2.46%.

The major contributors to this budget underspending were the transfer payments and current payments economic classifications, with budget underspending of R177.53 million or 2.36% and R21.89 million or 3.6% respectively.

## 1.5.2.3 Reasons for underspending per programme

### 1.5.2.3.1 Programme 1: Administration

The programme reported a net-budget underspending of R5.68 million or 2.04% mainly because:

- Compensation of Employees reflected an underspending due to delays in filling of four (4) DDG positions that were funded through a budget reprioritisation during the AENE; and
- Capital Assets underspent as a result of delayed procurement of an official vehicle. A roll-over of funds to 2018/19 was submitted to National Treasury for approval.

### 1.5.2.3.2 Programme 2: Energy Policy and Planning

The programme underspent by R1.41 million or 3.27% due to savings in travel and subsistence, consulting and advisory services as well as venues and facilities as a result of implementation of cost containment measures.

### 1.5.2.3.3 Programme 3: Petroleum and Petroleum Products Regulation

The underspending of R4.11 million or 5.22% is mainly attributable to compensation of employees due to vacant positions for Regional

Petroleum Controllers. The filling of these positions awaited the finalisation of the reprioritisation of vacant positions.

Goods and Services underspent due to delayed receipt of invoices for payments of Retail Audit as well as Fuel Sampling and Testing Projects. A roll-over of these funds to the 2018/19 financial year was submitted to National Treasury for consideration.

### 1.5.2.3.4 Programme 4: Electrification and Energy Programme and Project Management

The underspending of R67.41 million or 1.08% by this programme is mainly due to underspending on goods and services funds earmarked for the oversight, monitoring and evaluation (M&V) of the Non-Grid Programme. The process to improve internal controls in the allocation phase of the programme negatively affected the implementation of the M&V project.

Transfers and Subsidies - (INEP Non-grid): The delayed allocation of work to Non-grid service providers affected the signing of contracts with these service providers which resulted in delayed commencement of the programme. A roll-over of these funds to the 2018/19 financial year was submitted to National Treasury for consideration.

### 1.5.2.3.5 Programme 5: Nuclear Energy

The underspending of R1.23 million or 0.16% is mainly due to vacancies within the branch under compensation of employees; goods and services due to implementation of cost containment measures; as well as the foreign currency exchange rate which was less than anticipated for international membership fees.

### 1.5.2.3.6 Programme 6: Clean Energy

The underspending of R120.94 million is mainly due to goods and services as a result of delayed appointment of service providers for the Energy Efficiency and Demand Side Management (EEDSM) monitoring and evaluation (M&V) project – the appointment process was only finalised in February 2018. Furthermore, in Transfers and Subsidies under the Solar Water Heater Programme (SWHP), there were delays in confirmation of installation areas by municipalities; consequently installation of units could not be implemented and the retention fees payable to service providers could not be released. A proposal for the roll-over of these funds to the 2018/19 financial year was submitted to National Treasury for consideration.

## 1.5.2.4 Virement Approvals

The following virement approvals were granted after the conclusion of the 2017 AENE process and included in the Department's final appropriation for the 2017/18 financial year:



### 1.5.2.4.1 Approvals Granted by National Treasury

National Treasury granted virement approvals on 22 March 2018 as follows:

- 1.5.2.4.1.1 To reclassify and shift funds between economic classifications and between programmes in order to increase and introduce new transfer payments to international/multilateral organisations totalling R7.945 million for the payment of annual membership fees as listed in Table 4:

Table 4: Transfer funds for membership fees

| From Programme / Item  | Amount R         | To Programme / Item   | Amount R         |
|--|------------------|---|------------------|
| Programme 6: Clean Energy, Item: Goods and Services (Consulting: Business & Advisory Services) | 5,850,000        | Programme 1: Administration, Transfers & Subsidies (IEF Fees)                         | 300,000          |
|  |                  | Programme 5: Nuclear Energy, Transfers & Subsidies (AFFRA Fees)                       | 5,550,000        |
| Programme 6: Clean Energy, Item: Transfers and subsidies (NSWHP)                               | 2,095,000        | Programme 6: Clean Energy, Transfers & Subsidies (IRENA Fees)                         | 1,020,000        |
|  |                  | Programme 3: Petroleum & Petroleum Products Regulation, Transfer Payments (APPA fees) | 1,075,000        |
| <b>Total from</b>  | <b>7,945,000</b> | <b>Total to</b>   | <b>7,945,000</b> |

For the 2017/18 financial year, R17.91 million was allocated to international membership fees to enable the payment of subscription fees to various multilateral organisations. This allocation was insufficient for discharging South Africa's 2017/18 obligation to all international organisations that the country is a member to. Therefore, an additional amount of R7.945 million was required for the payment of international membership fees that was not included in the existing baseline allocation.

- 1.5.2.4.1.2 Reclassified and shifted funds within Programme 6: Clean Energy between economic classifications from earmarked funds in transfers and subsidies to goods and services to provide funding for and storage for solar water heater units reflected in Table 5.

Table 5: Reclassified funds in Programme 6

| From Programme / Item  | Amount R           | To Programme / Item                                 | Amount R          |
|--|--------------------|---|-------------------|
| Programme 6: Clean Energy, Item: Transfers and subsidies (NSWHP) | -42,000,000        | Programme 6: Clean Energy, Goods & Services (NSWHP) | 42,000,000        |
| <b>Total from</b>  | <b>-42,000,000</b> | <b>Total to</b>                                     | <b>42,000,000</b> |

The adjusted budget for the NSWHP was allocated as follows, R51.48 million under goods and services and R394.09 million under transfers and subsidies. By 28 February 2018, payments totalling R205.18 million had been made in the transfers and subsidies classification for the manufacturing of SWH units resulting in a balance of R188.91 million. In comparison, payments totalling R61.53 million were made in the goods and services classification for accrued storage

fees for the procured units until November 2017, resulting in an overspending of R10.01 million. This, combined with the R31.66 million payment for storage from December 2017 to March 2018, would result in a total overspending of R41.67 million by year-end in the goods and services classification. Thus, funds were moved from the transfers and subsidies classification to the goods and services classification.

# 1.5 REPORT OF THE ACCOUNTING OFFICER

## 1.5.2.4.2 Approvals Granted by the Accounting Officer

**1.5.2.4.2.1** On 27 November 2017, the Accounting Officer granted a virement approval to utilise savings from other programmes to defray excess expenditure in Programme 1: Administration reflected in Table 6.

Table 6: Virement granted 27 November 2017

| From Programme / Item   | Amount R         | To Programme / Item  | Amount R         |
|---|------------------|--|------------------|
| Programme 2: Energy Policy and Planning<br>Item: Goods and Services | 2,000,000        | Programme 1: Administration<br>Sub-Programme: Ministry; Goods and Services                                   | 2,000,000        |
| Programme 6: Clean Energy Item: Goods and Services                  | 1,500,000        | Programme 1: Administration<br>Sub-Programme: Deputy Ministry; Goods and Services                            | 500,000          |
|   |                  | Programme 1: Administration<br>Sub-Programme: Departmental Management (Office of the DG); Goods and Services | 1,000,000        |
| <b>Total from</b>   | <b>3,500,000</b> | <b>Total to</b>  | <b>3,500,000</b> |

**1.5.2.4.2.2** On 13 April 2017, the Accounting Officer granted a final virement approval for the 2017/18 financial year to utilise savings in other programmes towards the defrayment of excess expenditure under Programme 1: Administration as reflected in Table 7.

Table 7: Virement granted 13 April 2017

| From Programme / Item   | Amount R          | To Programme / Item  | Amount R          |
|---|-------------------|--|-------------------|
| Programme 3: Petroleum & Petroleum Products Regulation<br>Item: Compensation of Employees   | 3,000,000         | Programme 1: Administration<br>Compensation of Employees                 | 3,400,000         |
| Programme 4: Electrification & Energy Programme & Project Management<br>Item: Compensation of Employees   | 400,000           |  |                   |
| Programme 2: Energy Policy & Planning<br>Item: Goods and Services (Travel and Subsistence)  | 1,000             | Programme 2: Energy Policy & Planning Payments for Financial Assets      | 1,000             |
| Programme 2: Energy Policy & Planning<br>Item: Goods and Services (Consulting: Business & Advisory Services, Travel and Subsistence)                  | 1,549,000         | Programme 1: Administration<br>Goods and Services (Operational spending) | 7,299,000         |
| Programme 3: Petroleum & Petroleum Products Regulation<br>Item: Goods and Services (Consulting: Business & Advisory Services)                         | 1,155,000         |  |                   |
| Programme 6: Clean Energy<br>Item: Goods and Services (Consulting: Business & Advisory services, advertising, property payments, venues & facilities) | 3,595,000         |  |                   |
| Programme 5: Nuclear Energy<br>Item: Goods and Services (Advertising)   | 1,000,000         |  |                   |
| <b>Total from</b>   | <b>10,700,000</b> | <b>Total to</b>  | <b>10,700,000</b> |

### 1.5.2.5 2017/18 Roll-Over Funds

At the end of the 2016/17 financial year, the Department reported a budget underspending of R37.71 million. From this, R37.32 million was motivated to Treasury as a roll-over to the 2017/18 financial year as reflected in Table 8.

Table 8: Roll-over of funds

| Programme   | Roll-over Purpose                      | Amount Requested R'000 | Amount Approved R'000 |
|---|--|------------------------|-----------------------|
| Electrification and Energy Programme & Project Management (INEP Non-grid) | Non-grid electrification installations | 31,972                 | 31,972                |
| Clean Energy (NSWHP)  | SWH Programme                          | 5,344                  | -                     |
|   |  | <b>37,316</b>          | <b>31,972</b>         |

The Minister of Finance granted approval for R31.97 million to be rolled over to the 2017/18 financial to enable payments to non-grid electrification service providers to finalise connections to households.

### 1.5.2.6 Unauthorised Expenditure

No unauthorised expenditure was incurred by the Department during the 2017/18 financial year.

In the 2016/17 financial year, Programme 1: Administration reflected a budget overspending or unauthorised expenditure of R35.74 million. This was reported and included in the 2016/17 Annual Report and is awaiting presentation for condonation by the Standing Committee on Public Accounts (SCOPA).

### 1.5.2.7 Supply Chain Management

The Department did not have any unsolicited bid proposals for the year under review.

Supply Chain Management (SCM) processes and systems in the Department are designed with internal control measures to prevent irregular expenditure. In the year under review there was one incident that resulted in an irregular expenditure. Other transactions reported in this reporting period relate to previous years and have a recurring effect for ensuing years. Control measures are continuously improved and enhanced to minimise the occurrence of irregular expenditure. On discovery the irregular expenditure is recorded, reported and followed up. The Department is constantly working with end users to enforce adherence to SCM prescripts in order to improve compliance.

### 1.5.2.8 Future Plans

Table 9: Future initiatives/plans

| Future Initiatives/Plans   | Purpose   | Financial Implications   |
|--|---|--|
| In consultation with the Department of Transport and other stakeholders, the DoE would like to research the feasibility and desirability of establishing regulations for fuel-economy standards. | To increase the overall efficiency of public and private transportation and realise imported crude oil savings, as well as contribute to climate change mitigation.   | Cost of study tours and specialty studies                                    |
| The DoE intends to produce a Green Paper on the electricity end-state to inform future planning  | To assist in comprehensive problem identification, garner stakeholder inputs, enhance buy-in, and help in planning a feasible restructuring of the South African energy sector, taking into account technological and other developments. | Cost of study tours and sectoral studies                                     |
| The DoE intends to research and report on the feasibility of establishing an independent Energy Ombudsman.   | To create an independent body to facilitate pro-poor and universal access to modern forms of energy.  | Compensation of Employee budget if proposal is deemed feasible and desirable |

# 1.5 REPORT OF THE ACCOUNTING OFFICER

## 1.5.2.9 Public-Private Partnerships

The main partnership programme of the Department is the REIPPPP. It is discussed extensively throughout this report and is summarised in terms of the electricity capacity that it has enabled for the South African grid in Table 10.

Table 10: Number of public-private projects and contracted electricity capacity

| Bid Window Phases | Contracted Capacity (MW) | No. of Projects/Sites that have reached COD |
|-------------------|--------------------------|---|
| Bid Window 1      | 1,425.34                 | 28  |
| Bid Window 2      | 1,040.42                 | 19  |
| Bid Window 3      | 1,451.56                 | 15  |
| Bid Window 3.5    | 200                      | -   |
| Bid Window 4      | 2,205.415                | -   |
| Smalls BW 1       | 49                       | -   |
| Smalls BW 2       | 50                       | -   |
| <b>Totals</b>     | <b>6,421.735</b>         | <b>62</b>                                   |

Note: MW = Megawatts; COD = Commercial Operations Date

## 1.5.2.10 Events after the Reporting Date

There is a dispute on the size in square metres (m<sup>2</sup>) of the building which currently houses the Department's head office. The variance is between the actual square metres and the indicated square metres in the lease contract.

The matter is under investigation. The outcome of the investigation might lead to an overpayment which could result in a debt with the Department of Public Works and could affect future disclosure of Note 23 to the Financial Statements.

In addition the machinery and equipment lease commitments include a leased vehicle which has not been in the possession of the Department with effect from 18 May 2018. The matter is under investigation.

## 1.5.2.11 Other

A Memorandum of Agreement (MoA) was entered into by the Department of Energy, National Treasury, and the Development Bank of South Africa in November 2010 to undertake an Independent Power Producers (IPP) Procurement Programme for a 5-year term. Subsequent to expiry a second agreement was entered into, effective from May 2016 to April 2019. The IPP Office was initially established to assist the Department in implementing renewable energy procurement initiatives and other interventions in support of energy security and the diversification of South Africa's energy mix.

In terms of Section 34 of the Electricity Regulations Act (Act 4 of 2006) and associated electricity regulations on new generation capacity,

the Minister may issue procurement directives for new electricity generation capacity. Once the Minister has issued such directives, and has determined that such new capacity shall be procured from independent power producers, the IPP Office is thereafter mandated to ensure implementation. In executing such a directive, the IPP Office is required to follow its internal protocols relating to the procurement of service providers (transactional advisors) and all other necessary activities to effect a Section 34 Determination. The operational expenditure of the IPP Office is funded through contributions by successful project developers and is not linked to the Department's voted funds.

## 1.5.2.12 Acknowledgements

I would like to express my sincere appreciation to the Minister, the Deputy Minister and the Portfolio Committee for the leadership and support they have given to me and the Department during this reporting period.

My appreciation also goes to the Executive and Team Energy for their hard work, dedication and sacrifices in pursuing the objectives of the Department. I also wish to acknowledge the support and contributions of all our stakeholders in particular the Portfolio Committee on Energy, the Select Committee on Economic and Business Development and the Executive – your efforts have helped the Department immensely in delivering energy services to the people of South Africa.



**Mr Thabane Zulu,**  
**Director General, Department of Energy**

## 1.6 VISION, MISSION AND VALUES

Our *vision* is to improve our energy mix by having 30% clean energy by 2025 within a transformed and sustainable energy sector, with universal access to modern energy carriers for all.

Our *mission* is to regulate and transform the energy sector for the provision of secure, sustainable and affordable energy.

Our *values* are: Batho-Pele; ethics; honesty; integrity; accountability; professionalism; *Ubuntu*, and “My Public Servant – My Future” (we belong, we care, we serve).

## 1.7 LEGISLATIVE AND OTHER MANDATES

The Department derives its founding mandate from the *White Paper on Energy Policy* of December 1998, as well as from other policy and legislative sources. The Department is responsible for energy security within the country and achieves this by undertaking integrated energy planning, regulating energy industries, and promoting electric power investment in accordance with the IRP for electricity, as well as other activities.

The Department’s mandate is implemented in accordance with the following legislation:

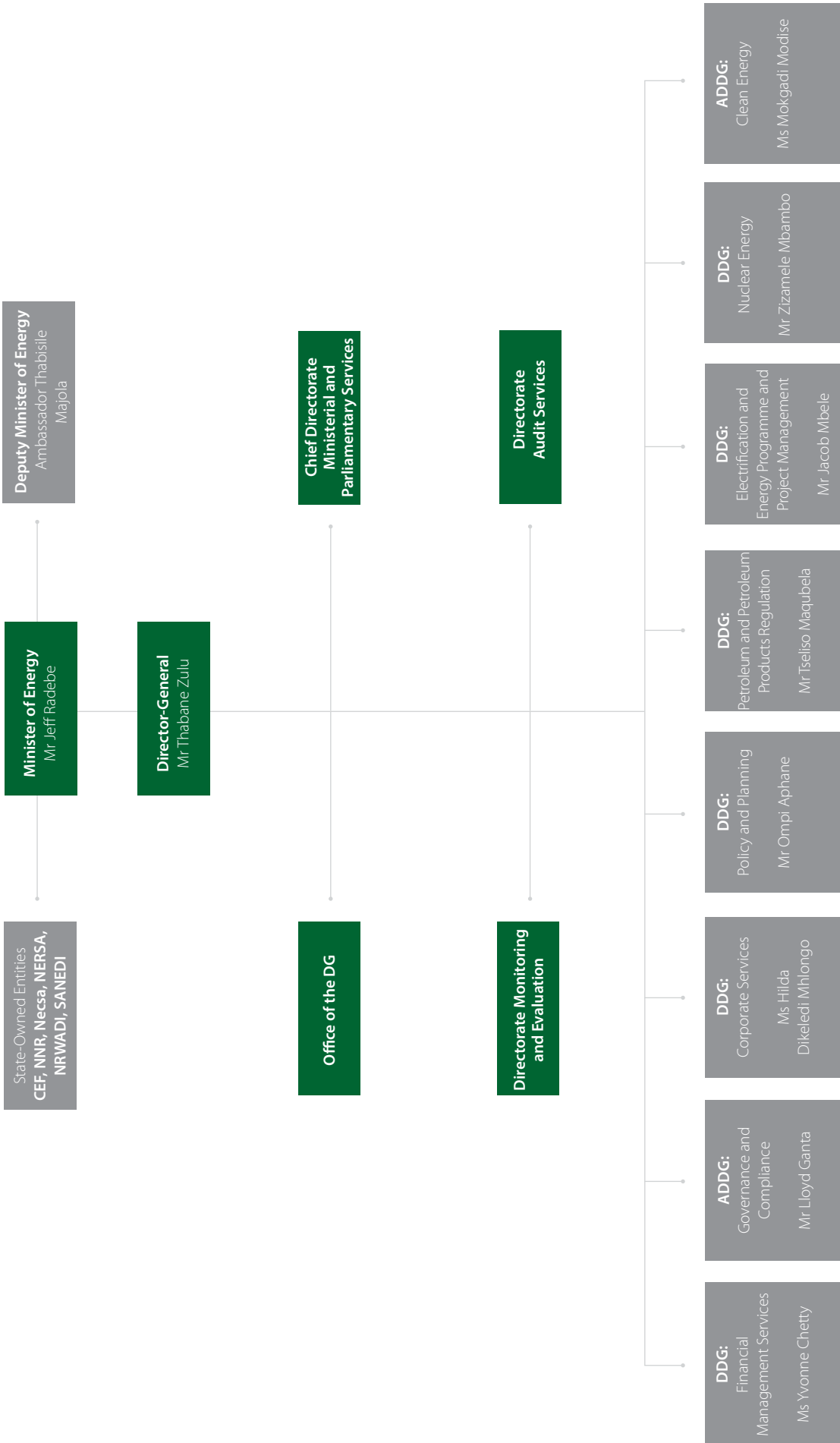
- National Energy Act, 2008 (Act No. 34 of 2008);
- Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended;
- Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended;
- Central Energy Fund Act, 1977 (Act No. 38 of 1977), as amended;
- Nuclear Energy Act, 1999 (Act No. 46 of 1999);
- National Nuclear Regulatory Act, 1999 (Act No. 47 of 1999);
- National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008);
- Petroleum Pipelines Act, 2003 (Act No. 60 of 2003);
- Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004);
- Gas Act, 2001 (Act No. 48 of 2001);
- Gas Regulator Levies Act, 2002 (Act No. 75 of 2002);
- National Energy Regulator Act, 2004 (Act No. 40 of 2004); and
- Abolition of the National Energy Council Act, 1991 (Act 95 of 1991).

In addition to the aforementioned Acts, the following laws affect the energy sector:

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



# 1.8 ORGANISATIONAL STRUCTURE



## 1.9 ENTITIES REPORTING TO THE MINISTER

Table 11: Entities reporting to the Minister of Energy

| Name of Entity                      | Legislative Mandate  | Financial Relationship  | Nature of Operations   |
|-------------------------------------|--|---|--|
| National Nuclear Regulator (NNR)    | <p>The NNR is established in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999).</p> <p>The act establishes the regulator as a competent authority for nuclear regulation in South Africa.</p> <p>The purpose of the NNR, as outlined in Section 5 of the National Nuclear Regulator Act, is to provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.</p> | <p>Government grant (transfer payment) for the 2017/18 financial year amounted to R38.57 million.</p> <p>Revenue is also generated through authorisation fees and levies and through application fees from nuclear authorisation holders.</p> <p>The total revenue, inclusive of the government grant for the 2017/18 financial year, amounted to R250.73 million.</p>  | <ol style="list-style-type: none"> <li>Regulatory control over the siting, design, construction, operation, decontamination, decommissioning and closure of nuclear installations;</li> <li>Granting of nuclear authorisations;</li> <li>Providing assurance of compliance with the conditions of nuclear authorisations through a system of compliance inspections;</li> <li>Fulfilling national obligations in respect of international legal instruments concerning nuclear safety; and</li> <li>Ensuring that provisions for nuclear emergency planning are in place.</li> </ol>   |
| Central Energy Fund (SOC) Ltd (CEF) | <p>To finance and promote the acquisition of, research into and exploitation of oil, gas and renewable/clean energy-related products and technology.</p>   | <p>The CEF Group generates its revenue from commercial activities undertaken by its various subsidiaries.</p> <p>Government from time to time provides financial guarantees in support of the Group's activities as and when they are required.</p> <p>The CEF Group's total revenue amounted to R1 1.65 billion.</p> <p>The total revenue is made up of revenue from subsidiaries:</p> <p>PetroSA R10.42 billion;<br/>Strategic Fuel Fund R639.57 million;<br/>African Exploration R458.42 million; and<br/>Payments Association of South Africa (PASA) R132.19 million.</p> | <ol style="list-style-type: none"> <li>Search for appropriate energy solutions to meet the future energy needs of South Africa, including oil, gas electricity, solar energy, low smoke fuels, biomass, wind and renewable energy sources;</li> <li>Management of the operation and development of the oil and gas assets of the South African Government;</li> <li>Finance, marketing, and promotion of the acquisition of coal, the exploitation of deposits, and the manufacture of liquid fuel, oil and other products from coal;</li> <li>Management of the Equalisation Fund, which collects levies from the retail sales of petroleum products to eliminate unnecessary fluctuations in the retail price of liquid fuel and to provide tariff protection to the synthetic fuel industry; and</li> <li>Acquisition, generation, manufacture, marketing or distribution of any other forms of energy and research connected therewith.</li> </ol> |

| Name of Entity  | Legislative Mandate  | Financial Relationship   | Nature of Operations  |
|---|--|--|---|
| South Africa Nuclear Energy Corporation (Necsa)         | <p>Necsa is established in terms of Section 3(1) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999).</p> <p>The act provides for the commercialisation of nuclear and related products and services, and delegates specific responsibilities to the corporation, including the implementation and execution of national safeguards and other international obligations.</p> <p>The Nuclear Energy Policy of 2008 reinforced Necsa's mandate relating to R&amp;D and Nuclear Fuel Cycle (NFC) responsibilities.</p> | <p>Government grant (transfer payment) for mandated activities during the 2017/18 financial year amounted to R599,34 million.</p> <p>Necsa also generates income from various commercial activities undertaken by its subsidiaries.</p> <p>The total revenue, including the government grant for the 2017/18 financial year, amounted to R2,980 billion.</p> | <ul style="list-style-type: none"> <li>a) Undertaking and promoting research and development in the field of nuclear energy;</li> <li>b) Processing source material, including uranium, and co-operating with other institutions on nuclear-related matters and;</li> <li>c) Developing and capitalising on new technology, products and services.</li> </ul>   |
| Nuclear Radioactive Waste Development Institute (NRWDI) | <p>NRWDI is established in terms of Section 3 of the National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008).</p> <p>The act provides for the establishment of NRWDI to manage radioactive waste disposal on a national basis and provides for its functions and how it is to be managed.</p>   | <p>The government grant for the 2017/18 financial year was R30 million.</p> <p>Retention of previous year surplus amounted to R6.6 million.</p> <p>NRWDI utilised the funds to finalise establishment of the organisation and meet committed activities.</p> <p>(refer to entity annual report for more details)</p>   | <ul style="list-style-type: none"> <li>a) Developing radioactive waste acceptance and disposal criteria in compliance with regulatory health, safety and environmental requirements;</li> <li>b) Assessing, managing, operating, and monitoring of operational radioactive waste disposal facilities, as well as closed facilities including related storage and predispposal sites;</li> <li>c) Assessing the need for new radioactive waste disposal facilities, site selection, design, and construction of such facilities;</li> <li>d) Research and planning for the long-term management of radioactive waste storage and disposal;</li> <li>e) Maintaining a national radioactive waste database and publishing a report on the inventory and location of all radioactive waste;</li> <li>f) Managing the disposal of any ownerless radioactive waste on behalf of the State;</li> <li>g) Assisting generators of small quantities of radioactive waste in all technical aspects relating to the disposal of such waste; and</li> <li>h) Providing information about radioactive waste disposal to the public, and particularly to those living in the vicinity of radioactive waste disposal facilities.</li> </ul> |

| Name of Entity   | Legislative Mandate   | Financial Relationship   | Nature of Operations   |
|--|---|--|--|
| National Energy Regulator of South African (NERSA)           | <p>NERSA is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004).</p> <p>NERSA's mandate is to regulate the electricity, piped-gas and petroleum pipeline industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).</p> | <p>Revenue is generated from tariffs and levies paid by the regulated industries.</p> <p>The total revenue for the 2017/18 financial year amounted to R316.72 million.</p> <p>(refer to entity annual report for more details)</p> | <ul style="list-style-type: none"> <li>a) Setting and approval of energy tariffs and prices;</li> <li>b) Setting of rules, guidelines and codes for the regulation of the three (3) industries; and</li> <li>c) Compliance monitoring and enforcement.</li> </ul>  |
| South African National Energy Development Institute (SANEDI) | <p>SANEDI is an applied energy research institute established in terms of Section 7(1) of the National Energy Act, 2008 (Act No. 34 of 2008).</p>   | <p>The total income for the 2017/18 financial year amounted to R124.85 million of which R59.77 million was government grants</p> <p>(refer to entity annual report for more details)</p>   | <ul style="list-style-type: none"> <li>a) Undertaking measures to promote energy efficiency throughout the economy;</li> <li>b) Promoting diversity of supply of energy sources;</li> <li>c) Promoting energy conservation and facilitating management of energy demand;</li> <li>d) Undertaking and promoting energy research;</li> <li>e) Researching and promoting appropriate standards and specifications for the equipment, systems and processes used to produce and consume energy ;</li> <li>f) Providing for certain safety, health and environmental matters that pertain to energy;</li> <li>g) Promoting energy access to improve the quality of life of the people of the Republic;</li> <li>h) Facilitating the commercialisation of energy related technologies; and</li> <li>i) Supporting effective energy planning for sustainable energy development.</li> </ul> |

## 1.10 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed throughout the Annual Report are consistent. The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines for annual reports as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by National Treasury.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The External Auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2018.

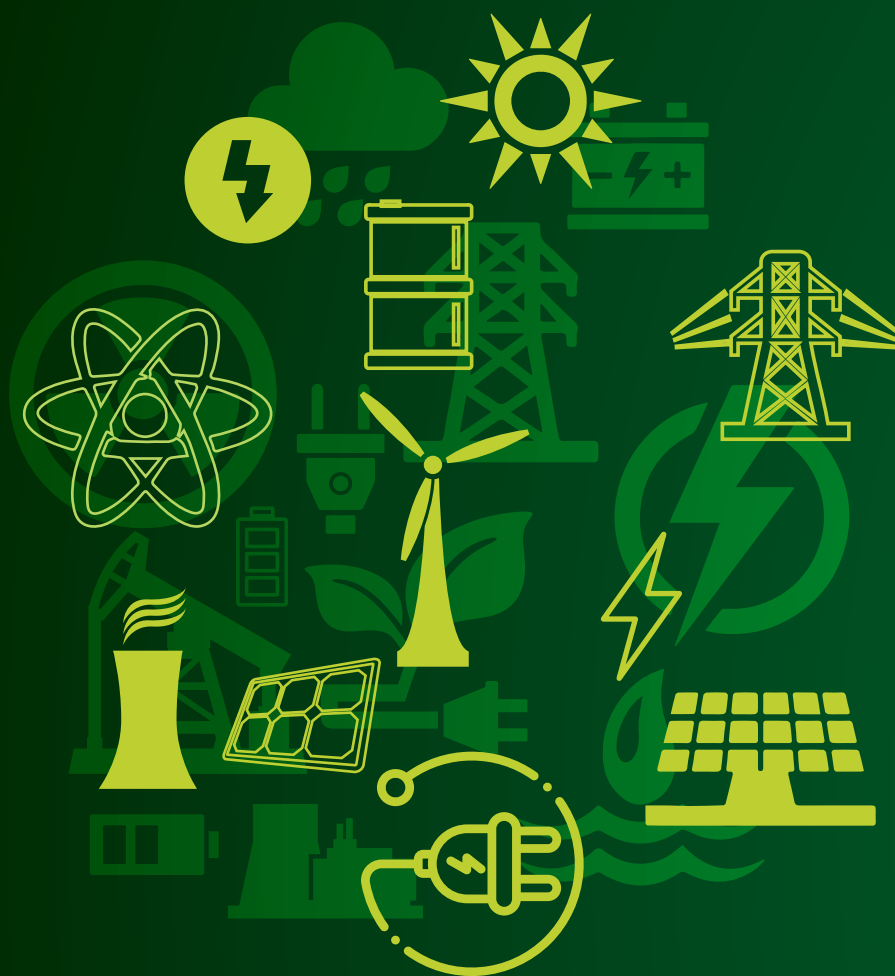
Yours faithfully



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**Mr Thabane Zulu**  
**Accounting Officer**  
**4 December 2018**





## PART B

## PERFORMANCE INFORMATION

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## 2.1 PERFORMANCE INFORMATION

The National Development Plan (NDP) is South Africa's overarching public policy, including for energy, up to 2030. The NDP is operationalised primarily through the Medium-Term Strategic Framework (MTSF), as supported by the Medium-Term Expenditure Framework (MTEF). The Department's 5-year Strategic Plan provides the main linkage to the MTSF and is further refined by DoE's Annual Performance Plan (APP). This part of the Annual Report accounts for Department's pre-determined objectives performance against its 2017/18 APP.

In carrying out its mandate, the DoE formulates energy specific policies, legislation, regulations, programmes and projects, and oversees their implementation to ensure energy security, promotion of

environmentally friendly energy carriers, and access to affordable and reliable energy for all South Africans. The DoE executes its mandate by means of six budgetary programmes: (1) Administration; (2) Energy Policy and Planning; (3) Petroleum and Petroleum Products Regulation; (4) Electrification and Energy Programme and Project Management; (5) Nuclear Energy; and (6) Clean Energy.

In addition, the following six state-owned enterprises: South African Nuclear Energy Corporation (NERSA); National Nuclear Regulator (NNR); National Radioactive Waste Disposal Institute (NRWDI); South African Nuclear Energy Corporation (Necsa); Central Energy Fund (CEF); and South African National Energy Development Institute (SANEDI) contribute to the Department's objectives as implementation agents.

## 2.2 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with material findings being reported under

the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the Auditor's Report.

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

## 2.3 OVERVIEW OF DEPARTMENTAL PERFORMANCE

In addition to 5-year and annual target planning, other factors that affect overall performance include, international relations and agreements in the energy space, SOE performance, number and quality of public-private partnerships, and stakeholder involvement, amongst others.

By means of the Department's planning documents, Service Delivery Improvement Plan, Monitoring and Evaluation (M&E), and other mechanisms, the Department continuously addresses both emerging opportunities, and existing challenges.

### 2.3.1 Service Delivery Environment

The DoE, like its sister government departments and affiliated state-owned entities, operates in a dynamic global and African context. South Africa faces the triple threat of poverty, unemployment, and inequity in a complex policy environment, and aims to transition to a low-carbon future and a more diverse and inclusive economy.<sup>1</sup> These

challenges are counterbalanced by a global scenario that is promising and improving. Contributing to this scenario is a worldwide virtual circle comprising of five elements in the energy sector: (1) abundant energy availability; (2) better energy storage technologies; (3) more efficient distribution via smart grids and other innovations; (4) intelligence in the form of the "internet of things"; and (5) progressive business models and finance.<sup>2</sup>

Clearly, the DoE operates in a dynamic global and regional environment. This creates both great opportunities, as well as challenges. The NDP (p.174) has perhaps described this best by noting that "it is difficult for the Department of Energy, on its own, to deal effectively with cross-cutting issues, which encompass institutional capacity, governance, competition, regulation, investment, spatial planning, linkages to transport, water and ICT infrastructure and economic, social and environmental impacts" (p.174). Within this context, the Department aims at producing sufficient energy to support industry at competitive prices, ensuring

1. NDP, 2012, pp. 75-96, 197-98

2. The Economist, "Let there be light", Special Report, 17-23 January 2015

access for poor households, and reducing carbon emissions per unit of power in line with government policy.<sup>3</sup>

The electricity crisis of 2008 and other recent developments exposed institutional weaknesses related to state-owned companies responsible for power generation and transmission infrastructure. To help avert such problems in the future, clear institutional arrangements, transparent shareholder compacts, and clean lines of accountability and sound financial models are required to ensure sustainability. Power cuts alone have been estimated to have cost the South African economy more than US\$25 billion since 2007, amounting to more than 1 million lost job opportunities.<sup>4</sup> The NDP's envisioned critical actions of public infrastructure investment at 10% of GDP financed through tariffs; public-private partnerships; taxes and loans focused on transport, energy and water; as well as interventions to ensure environmental sustainability and resilience to future shocks, gain additional importance under such circumstances.

On the hydrocarbons side of the energy supply equation, the Department continued to co-ordinate and monitor petroleum products supply to ensure energy security. The supply situation in the country was constrained, especially with regard to Liquefied Petroleum Gas. The age of refining and supply logistics infrastructure contributed to current supply challenges, which are compounded by an increase in demand for petroleum products. There was a 16.06% decrease in crude oil imports in 2017 as compared to the year 2016. This decrease can be directly associated with planned maintenance

shutdown of Single Buoy Mooring, which took place from 1–20 May 2017, during which there was no receipt of crude oil. A significant amount of crude oil was sourced from African countries; however, the Middle East was also an important source of crude oil for South Africa. About 48% of crude oil requirements were met by African countries (about 59 million barrels per day), down from 51% in the previous financial year. The crude oil imported by the major oil companies from January to December 2017 was 92% of the total crude oil imported (approximately 113 million barrels per day) down 16.06% as compared to 2016. The remaining 8% was sourced by independent wholesalers and other crude oil distributors.

To capitalise more intensively on some of the positive world-wide trends, such as storage technology, the Department together with SANEDI, needs to accelerate Research and Development (R&D) given that it underpins the growth and sustainability of the energy sector, and, in turn, the broader economy. Among the BRICS countries, R&D intensity is above 1% in Brazil, China and the Russian Federation and below 1% in South Africa and India (2007 data). In consequence, it has been recommended that at least 1.5% of South Africa's fiscal appropriation be earmarked for R&D, with a higher proportion of this going to energy than is currently the case. Intelligent use of "matching funding" instruments will also encourage greater private sector co-investment.<sup>5</sup> This requires better use of existing resources and more nimble organisations that facilitate innovation and greater co-operation between public science and technology institutions and the public sector.<sup>6</sup>



3. NDP Executive Summary

4. Pollet, *et al.*, 2015. Current energy landscape in the Republic of South Africa. *International Journal of Hydrogen Energy* 40, 16685–16701

5. ASSAf, *The state of Energy Research in South Africa*, August 2014, p. 76

6. NDP Executive Summary

## 2.3.2 Service Delivery Improvement Plan

The Department has completed a Service Delivery Improvement Plan. The tables below highlight the improvements identified and the achievements to date.

Table 12: Main services and standards

| Main Services                             | Beneficiaries   | Current/actual Standard of Service   | Desired Standard of Service  | Actual Achievement  |
|---|---|--|--|---|
| Petroleum Licensing                       | South African citizens<br>Manufacturers,<br>wholesalers and retailers | 95% compliance rate by the Controller on finalising all applications within 90 days, excluding site and retail NTI applications<br><br>90% compliance rate by the Controller on finalising site and retail NTI applications within 60 days         | 50% of licence applications approved have 50% BEE ownership  | 82.78% of licence applications approved have more than 50% HDI ownership  |
| Compliance with the Petroleum Product Act | South African citizen<br>Manufacturers,<br>wholesalers and retailers  | 100 retail site compliance inspections conducted 750 fuel samples tested   | 1 500 retail site compliance inspections conducted<br><br>1 892 fuel samples tested  | Cumulative target of 1 515 retail site inspections achieved   |
| Fuel stock levels and corrective actions  | South African citizens  | Fuels stock levels monitored and corrective action taken to avoid distribution shortages co-ordinated  | Fuels stock levels monitored and corrective action taken to avoid distribution shortages co-ordinated  | Proper monitoring of fuel stocks is conducted by the Department in collaboration with oil companies through heads of supply meetings and logistics planning meetings, 2 of which are held once in every 2 months and 1 weekly, respectively   |
| Universal access to energy                | South African citizens  | To electrify 235 000 households through grid connections and 20 000 households through non-grid connections throughout the country<br><br>To build 3 new substations throughout the country<br><br>To upgrade 4 substations throughout the country | 4 quarterly reports on allocation of funding and monitoring of progress on additional households to be electrified with grid electrification to meet the 2017/18 target of 235 000 in the National Electrification Plan<br><br>4 quarterly reports on electrification infrastructure projects planned/built to meet the 2017/18 targets:<br><ul style="list-style-type: none"><li>• 3 new bulk substations built</li><li>• 4 additional substations upgraded</li><li>• 95 km new Medium Voltage (MV) power lines constructed</li><li>• 95 km of existing MV power lines upgraded</li></ul> | 4 reports on allocation of funding and monitoring of progress were submitted (Eskom electrifying 215 519 and Municipalities 60 311 households with a cumulative figure of 275 830)<br><br>4 reports on electrification of non-grid households projects were submitted (16 875 non-grid connections achieved)<br><br>4 reports on electrification infrastructure projects were submitted<br><ul style="list-style-type: none"><li>• 3 new bulk substations built</li><li>• 4 additional substations upgraded</li><li>• 161.49 km new MV power lines constructed</li><li>• 31.5 km existing MV power lines upgraded</li></ul> |

Table 13: Batho Pele arrangements with beneficiaries (Consultation access etc.)

| Current/Actual Arrangements  | Desired Arrangements  | Actual Achievements  |
|--|---|--|
| Managers and other employees of the Department are responding to complaints and concerns received from the public  | Citizens should be told what quality of service they will receive and this should be treated with courtesy<br><br>Regional offices exist to support beneficiaries with information, resolution of queries and general electrification assistance; access to the head office is also possible at all times | All the queries were responded to by the Department, State-Owned Entities and Local Government |
| Website management is to be enhanced on a regular basis to optimise the correctness and accuracy of information  | Citizens should be given full, accurate information about services they are entitled too. Information posted on website   | Department website is updated on a regular basis   |
| Managers and other employees of the Department are responding to complaints and concerns received from the public  | If the promised standard is not delivered, citizens should be offered apology   | Explanation and responses offered to complaints and enquiries received                         |
| Citizens are told how the Department is running its business operations, how much they cost and who is in charge. Information with regard to offerings is posted on the website, address: info@energy.gov.za | People's needs must be responded to. Contact with the Department is currently done via the website address, email, telephone and or face-to-face consultation   | Full and accurate information posted on the website of the Department                          |

Table 14: Service delivery information tool

| Current/Actual Information Tools   | Desired Information Tools  | Actual Achievements  |
|--|--|--|
| Workshops, Izimbizo/Public participation programmes, Community engagements | Workshops, Izimbizo/Public participation programmes, Community engagements | Workshops, Izimbizo and community engagements were conducted |

Table 15: Complaints mechanism

| Current/Actual Complaints Mechanism  | Desired Complaints Mechanism  | Actual Achievements                                 |
|--|---|---|
| Media, Presidential Anti-Corruption Hotline, Telephone enquiries, Correspondence, Face-to-face meetings, Stakeholder engagements during Izimbizo | Enquiries received through Media, Presidential Anti-Corruption Hotline, Telephone enquiries, Correspondence, Face to face meetings, Questions raised during stakeholder engagements/ Izimbizo are responded to accurately and timeously | Enquiries and complaints received were responded to |



## 2.4 ORGANISATIONAL ENVIRONMENT

In terms of management functions, the Management Performance Assessment Tool (MPAT) is a national and provincial government assessment tool, designed to measure management practices annually in four key performance areas, namely Strategic Management; Governance and Accountability; Human Resources; and Financial Management. MPAT is administered by the Department of Monitoring and Evaluation (DPME). The average scores of the four key management performance areas are derived by means of more detailed assessments in 23 sub-performance areas.

The questionnaire on which the MPAT depends is administered online by the DPME in three main stages. In the first stage national and provincial departments self-assess their progress in the previous calendar year against set standards on a scale of 1 (lowest) to 4 (highest). In the second stage the DPME moderates these self-assessments and opens a “challenge window” for departments to provide explanations

and supplementary evidence for a limited number of moderated scores. In the final stage, the DPME calculates the final results for each entity and distributes them to Cabinet, participating departments, and the public. The DoE’s management performance in the last six years has been variable as shown in .

More specifically for 2017/18, the suspension of two Deputy Directors-General and several vacancies at the Senior Management Service (SMS) level negatively affected the Department’s ability to deliver on its Strategic Plan and Annual Performance Plan. Restructuring efforts have also been delayed due to significant changes in leadership during the performance period. Advertisements for key vacancies were placed, but the process was also affected by the change in leadership. Acting senior managers were appointed to fill these positions, but the resultant uncertainty did not create the necessary enabling environment.

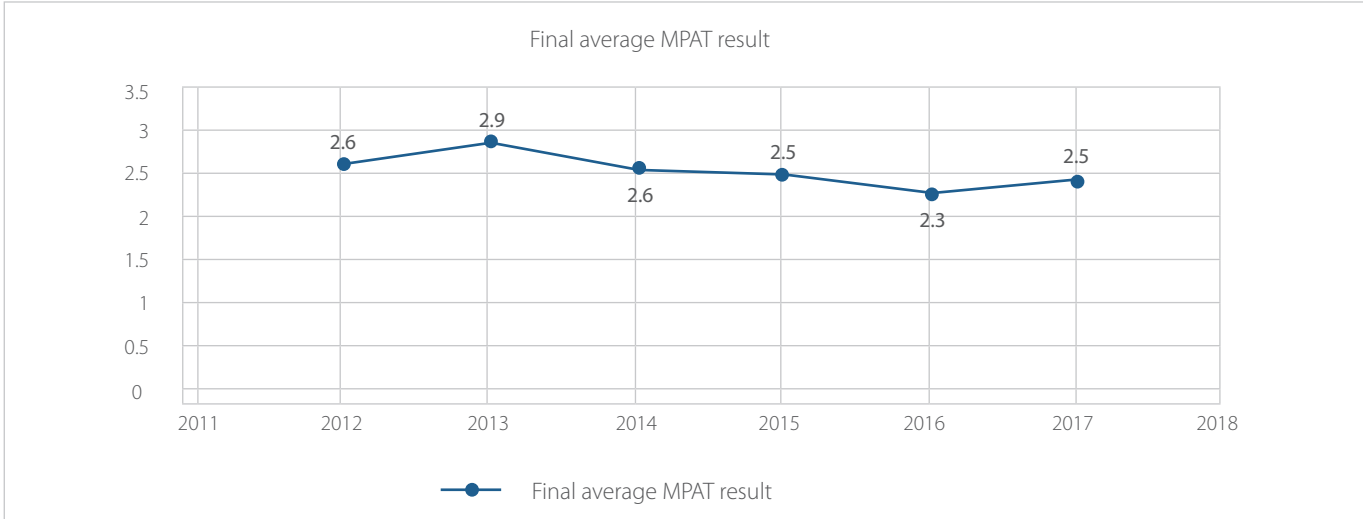


Figure 1: Average DoE MPAT Scores, 2012–2017

### 2.4.1 Key policy developments and legislative changes

There were no major policy or legislative changes during the period under review.



## 2.5 STRATEGIC OUTCOME ORIENTED GOALS

The medium- to long-term goals of the Department are guided by the following NDP objectives:

- The proportion of people with access to the electricity grid should rise to at least 90 percent by 2030, with non-grid options available for the rest;
- An additional 29 000 MW of electricity capacity should be provided by 2030. About 10 900 MW of existing capacity should be retired, implying a new build of more than 40 000 MW, at least 20 000 MW of which should come from renewable resources;
- An economy-wide carbon price should be embedded by 2030;
- Zero emission building standards should come into force by 2030;
- Relations between national, provincial and local government should be improved by a more proactive approach to managing the inter-governmental system; and
- Clear governance structures and stable leadership should enable state-owned enterprises to achieve their developmental potential.

These six overarching NDP objectives translate into four MTSF Outcomes (6, 7, 9, and 10) with respect to the energy sector and are summarised together with major Departmental achievements as follows:

### Outcome 6:

An efficient, competitive and responsive economic infrastructure network.

#### Sub-outcome 1:

Regulation, funding and investment improved;

- Indicator: Amend the National Energy Regulator Act and the Electricity Regulation Act; and
- Indicator: Reviewed Electricity Pricing Policy issued.

#### Sub-outcome 2:

Reliable generation, transmission and distribution of energy ensured through Strategic Integrated Project (SIPs) 1, 8, 9 and 10.

- Indicator: Solar Water Heater installations;
- Indicator: Renewable Energy IPP Bid Window 1, 2, 3 and 4;
- Indicator: Review bulk electrical infrastructure required for universal access to electricity, prepare an Implementation Plan, and implement;
- Indicator: Publication of approved Integrated Energy Plan (IEP);
- Indicator: Refine, update and implement the Integrated Resource Plan and investigate market share (%) completed against the plan;
- Indicator: Publication of approved Gas Infrastructure Master Plan and regulations for economically recoverable shale gas reserves;
- Indicator: Resolve infrastructure backlogs and implement Cabinet approved proposals for ring-fencing the electricity distribution business of the 12 largest municipalities;
- Indicator: Demand savings measured in MW in line with the National Energy Efficiency Strategy and Action Plan; and

- Indicator: Approved funding mechanisms implemented for upgrading of existing refineries to ensure they meet new fuel-quality standards and decision on expanding oil refining capacity.

### Outcome 7:

Vibrant, equitable, sustainable rural communities contributing towards food security for all.

#### Sub-outcome 5:

Increased access to quality infrastructure and functional services, particularly in education, healthcare, and public transport in rural areas.

- Indicator: Number of households linked to grid or micro scheme (electricity) and number connected with off-grid technology;
- Indicator: Number of Integrated Energy Centres established and operational.

### Outcome 9:

Responsive, accountable, effective and efficient developmental local government system.

#### Sub-outcome 1:

Members of society have sustainable and reliable access to basic services.

- Indicator: 1.4 million additional households connected to the grid; and
- Indicator: 105 000 additional households with non-grid electricity.

### Outcome 10:

Protect and enhance our environmental assets and natural resources.

#### Sub-outcome 2:

An effective climate change mitigation and adaptation response.

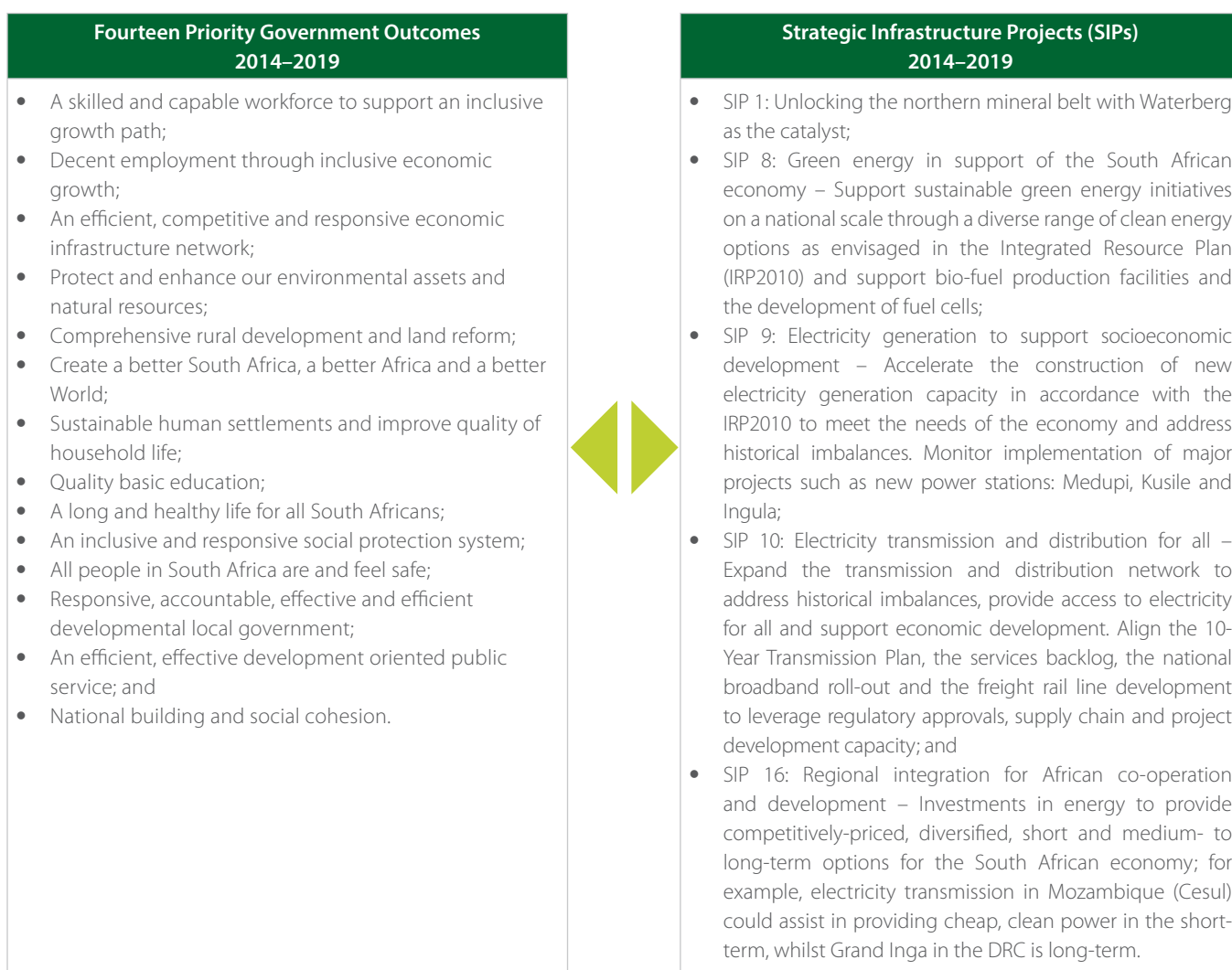
- Indicator: Percentage of new build that is renewable power generation (to incorporate off-grid energy);
- Indicator: Percentage of energy efficiency improvement;
- Indicator: Annual energy balances provided to support compilation of the Green House Gas (GHG) inventory; and
- Indicator: Biennial calorific value for all energy carriers published.

#### Sub-outcome 5:

Sustainable human communities.

- Indicator: Megawatts of renewable energy deployed off-grid.

## 2.5.1 Relationship between Priority Government Outcomes and Energy Related Strategic Infrastructure Projects (SIPs)



## 2.5.2 Major DoE Contributions

Through the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) it has been shown that sustainable clean electricity at an affordable price can be provided to our communities and the people living around these projects. The programme is delivering real economic growth through direct investment, creation of direct and indirect jobs, and stimulating a green economy as per the Green Economy Accord of 2011. Twenty-seven IPP projects that were in the pipeline were recently approved and are expected to offset 8.1 million tonnes of CO<sub>2</sub> per annum. Importantly, they represent a total of R56 billion in investment and about 2 300 MW of generation capacity to be added to the electricity grid over the next five years. Through this procurement, 58 000 new jobs will be created for South African citizens, and mostly for the youth. Most of these jobs will be created during the construction period and entail the utilisation of labour in the vicinity of the projects. Furthermore, jobs will be available across the entire value chain with an additional

1 500 jobs just in the manufacturing sector. In Bid Windows 3.5 and 4, South Africans own the majority share of 57.8% (R11.90 billion) in the project companies, of which an average of 64.2% (R7.64 billion) is held by black shareholders. The balance of the shareholding is mostly with institutional investors such as the Public Investment Corporation (PIC) and Old Mutual as well as state-owned companies. As the Honourable Minister Radebe has noted: "With the signing of the agreements we are not only re-confirming government's commitment to renewable energy but, also to a solid partnership with the private sector in the generation of electricity, which includes among others coal and gas, while pursuing our energy transition objectives for the future."

The DoE's annual performance target of 0.5 TWh for 2017/18 has been exceeded amounting to 5.8 TWh through the implementation of energy efficiency projects under the Income Tax (12L) Allowance for Energy Efficiency, EEDSM projects in municipal facilities, and energy efficiency projects in government school buildings. The Income Tax (12L) Allowance for energy efficiency is based on

the Income Tax Act, 1962 (Act No. 58 of 1962) and provides an allowance for businesses to implement projects that will achieve the required energy savings. The savings allow for tax deduction of 95c/kWh saved on energy consumption. The incentive allows tax deduction for all energy carriers (not just electricity) with the exception of renewable energy sources. For the eligibility to claim the deductions, measurements must be in kWh equivalent. The verified and measured energy efficiency saving is over a period of 12 months, known as the implementation/assessment period, which is compared to 12 months of baseline measurement. The baseline measurement and savings are verified and measured by a South African National Accreditation System (SANAS) accredited Measurement and Verification (M&V) Body which assigns an M&V professional.

In addition, the energy efficiency projects that were implemented in five different government school buildings were part of the Energy and Climate Change Response Strategy for buildings. The strategy recommended a pilot phase on the installation of different energy

efficient and renewable energy technologies. These projects aimed at demonstrating that energy efficiency, demand response and demand management can be optimised by incorporating smart metering, building management systems and sensor technology to government school buildings. These projects will reduce energy consumption in public buildings. It should also be noted that the independent M&V energy savings are only for projects that are implemented through the 12L Tax Incentive and the Energy Efficiency in Government Schools. The municipal EEDSM projects under the 2017 Division of Revenue Act are currently being independently verified and the report will only be available at the end of the municipal financial year when all the projects have been completed.

### 2.5.3 Strategic Objectives and Five-year Targets, 2015–20

The Department's Strategic Outcome Oriented Goals, together with their associated five-year targets, are presented in Table 16 and provide the linkage between the MTSF and the Department's annual targets.

Table 16: Strategic Objectives and 5-year Targets, 2015–20

| DoE Strategic Objectives (SO)  | Five-year Targets from 2015–2020 Strategic Plan   |
|--|---|
| SO 1.1 Sound corporate governance practices  | Average Management Performance Assessment Tool (MPAT) score of at least 3.75 achieved for moderated assessment of 2019/20   |
| SO 1.2 Sound financial resource management   | 100% approved invoices paid within 30 days of receipt<br>Unqualified audit outcome for the Department   |
| SO 1.3 Sound corporate resource management   | Assess the impact and implement the HR Development Framework  |
| SO 1.4 Strategic support of energy security (re-establish new partnership/ bilateral agreements) | 50 Bilateral inter-governmental engagements or visits hosted in the energy sector, with African states (inbound and outbound), including Mozambique, Angola, Namibia, Tanzania and Algeria regarding shale gas; and DRC, Zimbabwe and Zambia regarding hydropower<br>90 Bilateral inter-governmental engagements or visits hosted in the energy sector, excluding African countries (inbound and outbound), including China, Russia, France, USA, South Korea, Japan, Canada, Brazil and Iran regarding the Nuclear Programme |
| SO 1.5 Executive support services provided to Ministry, DG and DDGs                              | 20 Quarterly Progress Reports which detail the implementation of the 2014–2019 MTSF Outcomes 6, 7, 9 and 10 submitted to Clusters   |
| SO 1.6 Executive and administration support services for Ministry, DG, DDGs                      | 100 Izimbizo Public Participation Programmes (PPPs) conducted   |
| SO 2.1 Improved energy security  | 5 Annual Energy Balances published by 2020<br>Finalised IEP<br>Socio-economic impact assessment of the Integrated Energy Plan<br>Gas Amendment Bill<br>LP Gas rollout model for the domestic, commercial and industrial sectors   |
| SO 2.2 Improved liquid fuels energy security   | Incorporate the 20-Year Liquid Fuels Infrastructure Roadmap (20YRLFIR) into the IEP to determine new refinery capacity<br>Introduce biofuels into the liquid fuels industry through mandatory blending<br>Develop Clean Coal Technologies<br>Gas Development Framework incorporated into the finalised IEP  |
| SO 2.3 Policy and regulations to ensure security of supply                                       | The National Energy Regulator Amendment Bill introduced for consideration and support its promulgation if approved by Cabinet<br>Electricity Regulation Amendment Bill<br>Licensing regulations under the Electricity Regulation Act  |

| DoE Strategic Objectives (SO)   | Five-year Targets from 2015–2020 Strategic Plan  |
|---|--|
| SO 2.4 Bulk electrical infrastructure required for universal access to electricity  | Municipal Infrastructure Rehabilitation Programme  |
| SO 2.5 Security of supply through additional power generation capacity  | Finalised Integrated Resource Plan   |
|   | Implementation of the updated IRP to increase generation capacity through the various technologies   |
|   | Grand Inga Project implementation  |
| SO 2.6 PSP Framework: Rands private investment and market share of the private ownership of baseload, renewable energy, fuels and gas | Development of a procurement process for the establishment of Solar Park as a partnership between a strategic partner as investor and state-owned company(s)   |
| SO 3.1 Compliance monitoring and enforcement in the petroleum sector  | 6 000 Retail site compliance inspections conducted   |
|   | 7 568 Fuel samples tested  |
|   | Number of retail site compliance inspections conducted   |
|   | Number of fuel samples tested  |
| SO 3.2 Promote petroleum licensing  | 50% of licence applications approved have 50% BEE ownership  |
| SO 3.3 Petroleum products market regulated  | 10 Publications of Petroleum Products Market Analysis Reports  |
| SO 3.4 Verification of fuel price adjustments (external auditors)   | 48 Audit Reports on fuel price adjustments (external auditors)   |
| SO 4.1 Access to electricity by households  | 12 Quarterly Reports on the allocation of funding and monitoring of progress of additional households to be electrified with grid electrification toward the 2019/20 target of 1.25 million in the National Electrification Plan   |
|   | 16 Quarterly Reports on building/upgrading of electrification infrastructure projects toward the 2019/20 target of: 17 new bulk substations built; 24 additional substations upgraded; 545 km new MV power lines constructed; 450 km of existing MV power lines upgraded |
|   | A total non-grid connection of 115 000 households by March 2019 of which 86 250 (75%) are in the rural areas   |
| SO 4.2 Enhanced programme and project management  | 16 Quarterly Progress Reports and 4 Annual Reports on energy infrastructure development covering INEP (challenges, mitigation plans and interventions)   |
| SO 4.3 Monitor energy infrastructure development  | 4 Annual Reports on IPP Programme and a close-out report on Bid Window 2, 3, 4 and 5 of REIPPP   |
|   | 5 Annual Reports on infrastructure monitoring and compliance with implementation of non-Renewable Energy Independent Power Producer Programme (REIPPP) generation – peaker stations  |
|   | 4 SIP Reports submitted to EXCO, MANCO and PICC secretariat on SIP 8 and 9   |
| SO 5.1 Improved security of energy supply   | Monitor and implement approved National Disaster Management Plan   |
|   | Ensure security of electricity supply through the procurement of 9.6 GW of nuclear energy by 2030  |
|   | Establish Nuclear Project Management Office (PMO) to expedite rollout of the Nuclear New Build Programme   |
| SO 5.2 Improved nuclear security  | Promulgated National Nuclear Reactor Amendment Act   |
| SO 5.3 Increased nuclear awareness (Nuclear Legislation Framework)  | Demystifying nuclear energy through a number of public awareness campaigns and 68 community outreach events per annum  |
| SO 6.1 Implementation of the EEDSM measures across all sectors co-ordinated and monitored   | Verified energy savings from EEDSM initiatives   |
|   | Energy consumption baselines for an additional 100 municipalities  |
|   | Implementation of the post-2015 energy efficiency targets and strategy   |



| DoE Strategic Objectives (SO)  | Five-year Targets from 2015–2020 Strategic Plan  |
|--|--|
| SO 6.2 Renewable energy  | Update Renewable Energy Implementation Report  |
|  | National Biogas and Biomass Strategy   |
|  | Developed repository of renewable energy information publically available  |
|  | Strategy to increase the uptake of solar technologies in the energy mix  |
|  | Solar Water Heating Programme Implementation   |
| SO 6.3 Implementation of energy-related climate change response measures and environmental compliance co-ordinated and monitored | Developed implementation plan for Energy and Climate Change Strategy in public buildings                               |
|  | 12% by 2015 (Energy efficiency target for 2019 to be finalised as outlined by the National Energy Efficiency Strategy) |
|  | International climate change engagements   |
| SO 6.4 Measurement, reporting and verification system of climate change parameters   | Efficiency Action Plan to be tabled for Cabinet consideration  |

## 2.6 PERFORMANCE RESULTS

### 2.6.1 Annual Performance Plan

Out of a total of 68 APP targets in 2017/18, the Department achieved 29 (43%), partially achieved 14 (21%), and did not achieve 25 (36%). Table 1 on page 14 is a summary of the annual targets achieved, partially achieved, and not achieved during the 2017/18 fiscal year at the short-term output level.

(65%), partially achieved 25 (16%), and did not achieve 29 (19%) in 2017/18.

### 2.6.2 Institutional Operations Plan

The Institutional Operations Plan (IOP) of the Department supplements its APP at the activity level of operations. Out of a total of 153 quarterly IOP targets, the Department achieved 99

### 2.6.3 Changes to Planned Targets

The Department's 2017/18 APP includes several revised components so as to reflect new leadership priorities as of June 2017. These are shown in italics in the programme performance tables below.

### 2.6.4 Previous Achievements

Previous levels and actual achievement details for the preceding three years may be accessed at [http://www.energy.gov.za/files/publications\\_frame.html](http://www.energy.gov.za/files/publications_frame.html)

## 2.7 PERFORMANCE INFORMATION BY PROGRAMME

### 2.7.1 Programme 1: Administration

#### 2.7.1.1 Programme Purpose

To provide strategic leadership, management and support services to the Department.

#### 2.7.1.2 Sub-Programme 1.1: Ministry

This sub-programme provides executive support to the Minister and Deputy Minister (DM) and provides a parliamentary service to the Minister, DM, the Department and the Energy Sector. No strategic objectives, performance indicators or targets were set for this sub-programme.

#### 2.7.1.3 Sub-Programme 1.2: Departmental Management

This sub-programme provides executive support to the Director-General (DG) and Deputy Directors-General (DDGs) in carrying out the Department's mandate and contributes to critical government programmes.

#### 2.7.1.4 Sub-Programme 1.3: Governance and Compliance

This sub-programme provides strategic direction and guidance on strategic planning, risk management, report monitoring and evaluation, State-Owned Entity (SOE) oversight as well as international co-ordination.

### **2.7.1.5 Sub-Programme 1.4: Finance Administration**

This sub-programme provides financial management, accounting and supply chain management (SCM) services to the Department.

### **2.7.1.6 Sub-Programme 1.5: Audit Services**

This sub-programme provides an audit and support service to the Department.

### **2.7.1.7 Sub-Programme 1.6: Corporate Services**

This sub-programme provides corporate support to the Department and ensures good corporate governance and compliance by the Department and SOEs.

### **2.7.1.8 Governance and Compliance Branch**

The Governance and Compliance Branch led the Department in completing the 2017 Management Performance Assessment Tool (MPAT) administered by DPME. It also produced the Department's inaugural Annual Improvement Plan together with its MPAT Improvement Plan. An annual improvement plan is a requirement for MPAT. The DoE's Improvement Plan was drafted in accordance with its Monitoring and Evaluation Standard Operating Procedures of 2017. Priority areas for improvement were identified based on five factors: (1) Management functions that attained either a score of 1 or 2 in the 2016 MPAT assessment cycle; (2) Areas of deviation in relation to planned targets identified in the DoE's 2016/17 Annual Report; (3) Recent Portfolio Committee on Energy (PCE) recommendations; (4) Recent DPME recommendations; and (5) A select number of related and previously approved M&E recommendations not addressed by any of the sources identified above.

### **2.7.1.9 International Relations**

Through its International Engagement Programme, the Department promotes access to technology, knowledge transfer, skills development, and economic opportunities. It pays annual membership fees to various multilateral organisations such as the African Petroleum Producer Organisation (APPO), International Partnership for Energy Efficiency Co-operation (IPEEC), International Renewable Energy Agency (IRENA), International Energy Forum (IEF) and International Atomic Energy Agency (IAEA).

The main priorities for South Africa arising out of its IRENA membership are human capital development in the field of renewable energy and the broader promotion of renewable energy as a result of technology, knowledge and skills transfer; training and awareness; research and development; projects funding; bursaries and scholarships; and the promotion of a renewable energy sector network.

South Africa is a member of the IEF and signed the IEF Charter in 2011. As a member South Africa, through the Department, makes annual financial contributions to the organisation. To date, the IEF

has a membership of 87 countries that account for around 90% of the world's oil and gas supply and demand. The Joint Oil Data Initiative (JODI) is a key initiative of the IEF and was established in response to a call for improved oil data transparency by Energy Ministers. The data from JODI provide some degree of market certainty and predictability. South Africa contributes data to this initiative which now has more than 70 countries providing information on both oil and gas. Information from JODI assists in the decision-making process with respect to investment, production and supply of oil and gas products

The co-operation between the Department and the IEA under their Memorandum of Understanding (MoU) benefits the Department in terms of attendance of seminars, workshops and conferences; exchange of information and data; exchange of experts; as well as participation in various IEA forums and committees. SANEDI plays a strategic role in terms of the ongoing engagement and exchange with the IEA. The Clean Energy Ministerial (CEM) is a platform that gives impetus to the development of the clean energy sector. The main objective of CEM is to demonstrate that governments through targeted policies can pave the way for investment in the clean energy sector and lead to reduction in greenhouse gas emissions. South Africa participates in a number of CEM initiatives and campaigns.

The IAEA is a multilateral body of the United Nations whose mandate is to promote the safe and peaceful uses of nuclear energy. South Africa's participation in the IAEA is in line with the national objectives of expanding nuclear power generation and other nuclear science and technology applications. The Department, DIRCO, NNR, Eskom and Necsa actively participate in the activities of the Agency. Other benefits extended to the Department, Necsa and DIRCO include training and capacity building. South African citizens are also given an opportunity to work for the Agency on 3–5 year contracts.

South Africa's benefit from the GEN IV Forum lies in participation at Policy Group and Expert Group meetings (twice per year), allowing the country to keep abreast of the latest technology developments. This also gives South Africa access to valuable information on studies regarding the high level technology options on nuclear.

Other important multilateral engagements during the course of the year included the SADC Energy Ministerial; activities related to the African Union (AU); the European Union (EU); the International Gas Union (IGU); BRICS; the G20; and the United Nations Sustainable Energy for All (SE4ALL).

### **2.7.1.10 Financial Management Services Branch**

The Financial Management Services Branch achieved its consolidated target according to the revised APP. For the period under review, the Financial Management Services Branch set out to achieve 100% of approved invoices paid within 30 days of receipt and this target was achieved. The Branch submitted monthly reports on compliance and exceptions regarding the 30-day payment period to National Treasury by the 7<sup>th</sup> of the following month. In so doing, a total of 12 Instruction Note 34 reports were submitted for the financial year.

### 2.7.1.11 Corporate Services

During the period under review, the Human Resources (HR) Unit implemented Phase 5 of the 2013–2018 Integrated HR Plan. The aim of the plan is to ensure that the right employees with the right mix of skills are placed in the right positions. The HR Unit developed a Workplace Skills Plan (WSP) for the Department, following the skills audit conducted through the submission of Personal Development Plans (PDPs). As part of the implementation of the WSP, a number of training and development interventions were identified (including workshops), and 419 employees were trained during 2017/18. The Department also offered 21 new bursaries to current employees, with effect from the beginning of the 2018 academic year. This brings the total number of employees studying part-time at various institutions to

52. The EHWP was implemented successfully. The Employment Equity component championed the representation of women in middle management and people with disabilities overall in Department.

The initiation of the Performance Management and Development System review led to proposals to better align the system to DPSA Directives. These will be fully implemented in the 2018/19 financial year. The compliance rate for the submission of performance agreements was maintained at well above 90%. The performance reviews for levels 1-12 were completed within the required timeframes and performance rewards were paid within budget. In 2017/2018 the Department received three awards from the National Skills Authority and CHIETA for its successful Skills Development Programmes, Internships and Learnership.

Table 17: Progress made in achieving Programme 1 pre-determined objectives for FY 2017/18

| Strategic Objective 1.1<br>(see Table 16)  |   |   |  |  |
|--|---|---|--|--|
| Programme 1: Administration  |   |   |  |  |
| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics)   | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics)   | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved") | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations   |
| <i>Number of bilateral inter-governmental engagements and visits hosted in the energy sector, excluding Africa (inbound and outbound) covering: Germany, Russian Federation, China, UK, Denmark, Switzerland, South Korea, Iran, France, USA, Canada, Japan, India, Sweden, Saudi Arabia, Turkey, Brazil, Norway, Finland, Indonesia and Australia</i> | <i>18 Bilateral inter-governmental engagements and visits hosted in the energy sector, excluding Africa (inbound and outbound) covering: Germany, Russian Federation, China, UK, Denmark, Switzerland, South Korea, Iran, France, USA, Canada, Japan, India, Sweden, Saudi Arabia, Turkey, Brazil, Norway, Finland, Indonesia and Australia</i> | <b>Achieved</b><br>35 Bilateral inter-governmental engagements                      | +17  | Additional bilateral inter-governmental engagements were requested or became necessary |
| <i>Number of foreign participants (Advancement of the African Agenda in the energy sector) to promote the use of cleaner, safer energy carriers; reduce greenhouse gas emissions; promote knowledge transfer; and enhance the energy sector as agreed with foreign partners</i>  | <i>10 Foreign participants (Advancement of the African Agenda in the energy sector) to promote the use of cleaner, safer energy carriers; reduce greenhouse gas emissions; promote knowledge transfer; and enhance the energy sector as agreed with foreign partners</i>  |   |  |  |

**Strategic Objective 1.1**  
(see Table 16)

Programme 1: Administration

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics)  | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics)   | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")                    | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations   |
|---|---|--|--|--|
| Number of foreign participants (Advance Energy Agenda in the rest of the world) to promote the use of cleaner, safer energy carriers; reduce greenhouse gas emissions; promote knowledge transfer; and enhance the energy sector as agreed with foreign partners            | 18 Foreign participants (Advance Energy Agenda in the rest of the world) to promote the use of cleaner, safer energy carriers; reduce greenhouse gas emissions; promote knowledge transfer; and enhance the energy sector as agreed with foreign partners | <b>Achieved</b><br>21 Foreign Participants   | + 3  | Additional participation was requested or became necessary             |
| Number of bilateral intergovernmental engagements/visits (Botswana, DRC, Zimbabwe, Zambia/ Ghana/ Mozambique, Nigeria/ Namibia/ Angola/ Botswana/ Tanzania) hosted in the energy sector, with African states (inbound and outbound)   | 10 Bilateral intergovernmental engagements/visits (Botswana, DRC, Zimbabwe, Zambia/ Ghana/ Mozambique, Nigeria/ Namibia/ Angola/ Botswana/ Tanzania) hosted in the energy sector, with African states (inbound and outbound)                              |  |  |  |
| Number of multilateral engagements hosted in the energy sector in Africa and globally (inbound and outbound) aimed at EU, G20, IEF, BRICS, IORA, FOCAC, SE4ALL, WEF, CEM, UNFCCC, APPA, IPEEC, IAEA, SADC, IEA, IGU, Gen IV, AEEP, Power Africa, Africa Energy Forum, IRENA | 12 Multilateral engagements and visits hosted in the energy sector, targeting EU, G20, IEF, BRICS, IORA, FOCAC, SE4ALL, WEF, CEM, UNFCCC, APPA, IPEEC, IAEA, SADC, IEA, IGU, Gen IV, AEEP, Power Africa, Africa Energy Forum, IRENA                       | <b>Achieved</b><br>31 Multilateral Engagements were hosted in the energy sector in Africa and globally | +19  | Additional multilateral engagements were requested or became necessary |
| Number of Annual Reports on the implementation of international energy sector agreement   | 1 Annual Report on the implementation of international energy sector agreements   | <b>Not achieved</b><br>The Annual Report was not produced  | One Annual Report  | Other deliverables were prioritised in the period under review         |

**Strategic Objective 1.2**  
(see Table 16)

Programme 1: Administration

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics) | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics) | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved") | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations        |
|--|---|---|--|-------------------------------|
| Percentage of approved invoices paid within 30 days of receipt               | 100% approved invoices paid within 30 days of receipt                 | <b>Achieved</b><br>100% approved invoices were paid within 30 days of receipt       | None   | Calculation includes rounding |
| Results of the Annual Report   | Unqualified audit report by the AG achieved for 2016/17               | <b>Not achieved</b><br>Per the AG   | The Department got a qualified audit opinion in 2016/17        | See 2016/17 Annual Report     |

**Strategic Objective 1.3**  
(see Table 16)

Programme 1: Administration

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics)                                      | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics)                                     | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved") | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations   |
|---|---|---|--|--|
| % of vacancy rate per year  | Vacancy rate below 10% maintained as per DPSA directive   | <b>Not achieved</b><br>The vacancy rate stands at 17.9%                             | The vacancy rate is 7.9% above the target rate                 | Unable to fill posts due to the deficit on the Compensation of Employees budget and budget cuts by National Treasury |
| Number of Quarterly Progress Reports on the implementation of the HR Plan   | 4 Quarterly Progress Reports on the implementation of the HR Plan   | <b>Achieved</b><br>All 4 quarterly progress reports submitted                       | None   | None   |
| Number of Quarterly Progress Reports regarding 2% of people with disabilities employed as per Cabinet instruction | 4 Quarterly Progress Reports regarding 2% of people with disabilities employed as per Cabinet instruction | <b>Achieved</b><br>All 4 quarterly progress reports submitted                       | None   | 1.3% of people with disabilities employed in terms of the policy objective   |
| Number of Quarterly Progress Reports regarding 50% of women in SMS positions as per Cabinet instruction           | 4 Quarterly Progress Reports regarding 50% of women in SMS positions as per Cabinet instruction           | <b>Achieved</b><br>All four quarterly progress reports submitted                    | None   | 37% female representation in SMS positions in terms of the policy objective  |

**Strategic Objective 1.5**  
**(see Table 16)**

## Programme 1: Administration

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )   | Planned Targets from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )  | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")   | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations   |
|---|---|---|--|--|
| Number of Quarterly Progress Reports which detail the implementation of the 2014–2019 MTSF Outcomes, 6, 7, 9 and 10 submitted to Clusters | 4 Quarterly Progress Reports which detail the implementation of the 2014–2019 MTSF Outcomes, 6, 7, 9 and 10 submitted to Clusters | <b>Partially achieved</b><br>14 reports out of 16 reports were produced               | 2 of the 16 reports were not submitted                         | Challenges were experienced with the alignment of the reporting systems on Outcome 10. |
| Number of Izimbizo PPPs conducted   | 20 Izimbizo PPPs conducted  | <b>Achieved</b><br>22 Izimbizo held   | +2 unplanned Izimbizo  | None   |
| MPAT scores   | Average MPAT score of at least 2.8 achieved for moderated assessment of 2016/17   | <b>Partially achieved</b><br>The Department obtained an average score of 2.5 for 2017 | -0.3   | See earlier discussion of MPAT trends  |

### 2.7.1.12 Linking performance with budgets

Table 18: Sub-programme expenditure

| Administration          | 2017/18             |                    |                          | 2016/17             |                    |                          |
|-------------------------|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|                         | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
|                         | R'000               | R'000              | R'000                    | R'000               | R'000              | R'000                    |
| Ministry                | 42,097              | 44,405             | (2,308)                  | 28,499              | 39,313             | (10,814)                 |
| Departmental Management | 64,785              | 66,145             | (1,360)                  | 63,337              | 72,709             | (9,372)                  |
| Finance Administration  | 35,871              | 33,807             | 2,064                    | 36,480              | 34,695             | 1,785                    |
| Audit Services          | 6,172               | 6,299              | (127)                    | 7,196               | 6,934              | 262                      |
| Corporate Services      | 95,405              | 87,041             | 8,364                    | 81,437              | 98,509             | (17,072)                 |
| Office Accommodation    | 33,730              | 34,685             | (955)                    | 30,069              | 30,601             | (532)                    |
| <b>Total</b>            | <b>278,060</b>      | <b>272,381</b>     | <b>5,679</b>             | <b>247,018</b>      | <b>282,762</b>     | <b>(35,744)</b>          |

## 2.7.2 Programme 2: Energy Policy and Planning

### 2.7.2.1 Programme Purpose

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

### 2.7.2.2 Sub-Programme 2.1: Policy Analysis and Research

This sub-programme develops key indicators and monitors the impact of energy sector policies, planning and interventions; analyses all energy policies and their impact on access to energy and security

of energy supply; conducts research and analyses policies in relation to other countries; and conducts research and analyses national and international trends or developments that impact on the demand and supply of energy.

### 2.7.2.3 Sub-Programme 2.2: Energy Planning

This sub-programme 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 (IEP); manages the overall collection, collation, validation, integrity and quality of energy data; and is responsible for managing the development of energy plans and strategic interventions for the generation, refining, distribution and transmission of energy sources for demand and supply optimisation.



### 2.7.2.4 Sub-Programme 2.3: Hydrocarbon Policy

This sub-programme ensures a secure energy supply, well-managed demand, enhanced access to hydrocarbons and a transformed energy sector. It also ensures that energy regulation and competition are improved through the development, promulgation and maintenance of a statutory framework for petroleum, petroleum products, petroleum infrastructure, coal and gas.

### 2.7.2.5 Sub-Programme 2.4: Electricity, Energy Efficiency and Environmental Policy

This sub-programme ensures secure energy supply; well-managed demand and a transformed energy sector; and energy regulation and competition that is improved through the development, promulgation and maintenance of a statutory framework for electricity over the medium term. This includes reforming the electricity supply industry to introduce Independent Power Producers (IPPs) in support of electricity security.

The majority of the targets for the period 2017/18 were dependent on the Executive Authority tabling various reports to Cabinet for decisions. Due to a high number of Executive Authority turn-over,

there has been a negative impact on the number of reports tabled in Cabinet under Programme 2. The Policy and Planning Branch achieved targets relating to the Annual Energy Balances publication, Integrated Resource Plan submission to Cabinet and Promulgation of Embedded Generation Regulations.

The Integrated Resource Plan (IRP) is a policy instrument that sets out the country's energy mix for electricity generation for the next 20 years. This policy document has been revised in the current performance period and was submitted to Cabinet for approval in December 2017. Comments raised by Cabinet will be implemented in the next performance period and the Department is expected to finalise the IRP review during the 2018/19 fiscal year.

The Department recognised that the electricity supply landscape is changing; there have been many requests from electricity end users to procure and install their own generation with flexibility to revert to the grid when necessary. To accommodate such requests, the Department has promulgated regulations that exempt embedded generators of 1 MW and below. These generators are merely required to be registered with the respective grid owners in order to ensure that only technically sound equipment is connected to the electricity grid.

Table 19: Progress made in achieving Programme 2 pre-determined objectives for FY 2017/18

| Strategic Objectives 2.1–2.4<br>(see Table 16)                               |   |   |  |  |
|--|---|---|--|--|
| Programme: Energy Policy and Planning  |   |   |  |  |
| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics) | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics)             | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved") | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations   |
| Annual Energy Balances provided to support compilation of the GHG inventory  | Annual Energy Balance (2015) published by March 2018                              | <b>Achieved</b><br>Annual Energy Balance (2015) published by March 2018             | None   | None   |
| <i>Cabinet Memo on the IEP</i>   | <i>Table the Cabinet Memo on the IEP, taking into account the public comments</i> | <b>Partially achieved</b><br>IEP Cabinet Memorandum                                 | IEP Cabinet Memorandum   | Internal process still ongoing for approval of the final IEP and alignment with the IRP Cabinet memorandum will then be tabled |
| Incorporate public comments  | Promulgate the IEP, taking into account the public comments                       |   | Submitted for internal approval                                |  |
| Socio-economic impact assessment   | Socio-economic impact assessment of the Integrated Energy Plan                    | <b>Not achieved</b><br>No work done   | Work not commenced   | Lack of resources to achieve the target contributed significantly in not achieving the target                                  |

**Strategic Objectives 2.1–2.4**  
(see Table 16)

Programme: Energy Policy and Planning

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )  | Planned Targets from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )   | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")                                      | Deviations from Planned Targets to Actual Achievements 2017/18   | Comments on Deviations  |
|--|--|--|--|---|
| <p><i>Cabinet Memo on Gas Amendment Bill to unlock infrastructure development (gas pipelines, storage, regasification)</i></p> <p>Cabinet Memo to Minister on Gas Amendment Bill to unlock infrastructure development (gas pipelines, storage, regasification)</p>               | <p><i>Submit Cabinet Memo on Gas Amendment Bill to unlock infrastructure development (gas pipelines, storage, regasification)</i></p> <p>Submit Cabinet Memo to Minister on Gas Amendment Bill to unlock infrastructure development (gas pipelines, storage, regasification)</p> | <p><b>Not achieved</b></p> <p>Only a submission to apprise the Minister on the status of the GAB has been submitted.</p> | <p>Cabinet Memorandum on Gas Amendment Bill developed for internal approval. A need for further consultation with NEDLAC and stakeholders on additional gas to power sections.</p> | <p>There have been significant amendments to the Bill that was tabled at NEDLAC hence the need to re-table at NEDLAC.</p> |
| <p><i>Develop a regulatory model for LP Gas rollout and increase the use of LP Gas as a thermal solution for the residential sector</i></p> <p>Develop a regulatory model for LP Gas rollout and increase the use of LP Gas as a thermal solution for the residential sector</p> | <p><i>Revise regulatory model for LP Gas rollout and increase the use of LP Gas as a thermal solution for the residential sector</i></p> <p>Regulatory model for LP Gas rollout and increase the use of LP Gas as a thermal solution for the residential sector</p>              | <p><b>Not achieved</b></p> <p>Regulatory model for LP Gas rollout developed for internal approval</p>                    | <p>Revised regulatory model for LP Gas rollout</p>   | <p>New Executive Authority</p>  |
| <p><i>Cabinet Memo on the need for a new oil refinery and Clean Fuels 2</i></p> <p>Cabinet Memo to Minister</p>  | <p><i>Submit Cabinet Memo with a decision on the need for a new oil refinery</i></p> <p>Submit Cabinet Memo to Minister with a decision on the need for a new oil refinery</p>   | <p><b>Not achieved</b></p> <p>Cabinet Memorandum on new oil refinery developed for internal approval</p>                 | <p>A cabinet memorandum was drafted but not yet approved</p>   | <p>The internal process to approve the Cabinet Memo is ongoing requesting decision on the need for a new oil refinery</p> |
| <p><i>Submit Cabinet Memo with a recommendation on Clean Fuels 2</i></p> <p>Submit Cabinet Memo to Minister with a recommendation on Clean Fuels 2</p>   | <p><i>Submit Cabinet Memo with a recommendation on Clean Fuels 2</i></p> <p>Submit Cabinet Memo to Minister with a recommendation on Clean Fuels 2</p>   | <p><b>Not achieved</b></p> <p>Cabinet Memorandum on Clean Fuels 2 developed for internal approval</p>                    | <p>The internal process to approve the Cabinet Memo is ongoing<br/>A cabinet memorandum was drafted but not yet approved</p>   | <p>New Executive Authority</p>  |
| <p><i>Cabinet Memo on Biofuels</i></p> <p>Cabinet Memo</p>   | <p><i>Resubmit Biofuels Cabinet Memo, taking into consideration comments about the extent of fiscal incentives</i></p> <p>Resubmit Biofuels Cabinet Memo to the Minister, taking into consideration comments from Cabinet</p>  | <p><b>Partially achieved</b></p> <p>Cabinet Memorandum on Biofuels has undergone multiple revisions</p>                  | <p>Concerns regarding drought have delayed a final decision</p>  | <p>Comments about the extent of fiscal incentives need to be revisited</p>  |

**Strategic Objectives 2.1–2.4**  
(see Table 16)

Programme: Energy Policy and Planning

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics)  | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics)  | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")   | Deviations from Planned Targets to Actual Achievements 2017/18  | Comments on Deviations   |
|---|--|---|---|--|
| <i>Cabinet Memo regarding Carbon Capture and Storage Pilot Project</i>  | <i>Submit Cabinet Memo on the Carbon Capture and Storage Pilot Project</i>   | <b>Partially achieved</b><br>Cabinet Memorandum on the Carbon Capture and Storage Pilot Project developed for internal approval | Development of the Grant Agreement was dependent on external factors beyond the Department's control                              | Conclusion of the World Bank Grant Agreement as a precursor to the compilation of the Cabinet Memo |
| Cabinet Memo regarding Carbon Capture and Storage Pilot Project   | Submit a Cabinet Memo to the Minister regarding an update on the Carbon Capture and Storage Pilot Project                        |   |   |  |
| <i>A Memorandum of Agreement with Mozambique regarding collaboration on gas</i>                                     | <i>Finalise the Gas Development Plan and initiate negotiations with Mozambique regarding gas infrastructure development</i>      | <b>Not achieved</b><br>Discussions with Mozambique initiated  | Negotiations with Mozambique regarding gas infrastructure development are ongoing   | Discussions with Mozambique initiated on gas as a part of energy mix                               |
| A Memorandum of Agreement with Mozambique regarding collaboration on gas  | Initiate negotiations with Mozambique regarding gas infrastructure development   |   |   |  |
| <i>Cabinet Memo regarding the National Energy Regulator Amendment Bill, taking into account comments by Cabinet</i> | <i>Resubmit the Cabinet Memo regarding the National Energy Regulator Amendment Bill, taking into account comments by Cabinet</i> | <b>Not achieved</b><br>Draft legislation developed for approval   | Awaiting final approval   | New Executive Authority  |
| Cabinet Memorandum to Minister regarding National Energy Regulator Act, 2004 (Act No. 40 of 2004)                   | Resubmit the Cabinet Memo to the Minister regarding the National Energy Regulator Bill, taking into account comments by Cabinet  |   |   |  |
| <i>Cabinet Memo regarding the 'end-state' electricity sector</i>  | <i>Submit proposals regarding the 'end-state' electricity sector</i>   | <b>Not achieved</b><br>Concept paper developed internally   | The process for drafting the Cabinet Memorandum will only begin as soon as the consultation with critical Ministries is completed | Proposals regarding the 'end-state' of the electricity sector need to be developed                 |
| Cabinet Memo regarding the 'end-state' electricity sector   | Submit a Cabinet Memo to Minister with proposals regarding the 'end-state' electricity sector                                    |   |   |  |
| Public comments regarding policy or regulations taken into account  | Publish policy or regulations on licensing and embedded generation   | <b>Achieved</b><br>Regulations promulgated  | None  | None   |
|   | <i>Promulgate regulations for licensing and embedded generation</i>  |   |   |  |

**Strategic Objectives 2.1–2.4**  
(see Table 16)

Programme: Energy Policy and Planning

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )  | Planned Targets from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )  | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")  | Deviations from Planned Targets to Actual Achievements 2017/18                             | Comments on Deviations  |
|--|---|--|--|---|
| Agreed rollout plan for Municipal Asset Management Programme   | <p><i>Undertake a phased Municipal Asset Management Programme, focusing on revenue management, energy efficiency, or asset rehabilitation as applicable</i></p> <p>Undertake a phased Municipal Asset Management Programme, focusing on either revenue management, energy efficiency, or asset rehabilitation</p> | <b>Not achieved</b><br>Draft Asset Management implementation framework developed and consulted upon with selected municipalities | Rollout will be dependent on the final approval of the implementation framework by Cabinet | None  |
| Cabinet Memo regarding the IRP update (Department-approved Draft IRP)  | <p><i>Submit a Cabinet Memo regarding the IRP update</i></p> <p>Submit a Cabinet Memo to the Minister regarding the updated IRP, taking into consideration public comments</p>  | <b>Achieved</b><br>Cabinet memo regarding IRP update submitted to Cabinet  | None   | None  |
| <p><i>Contracts for coal, cogeneration and gas IPPs for additional power capacity as per IRP</i></p> <p>Contracts for coal, cogeneration and gas IPPs for additional power capacity as per IRP</p> | Increase the generation capacity through coal in line with the updated IRP  | <b>Not achieved</b><br>Request for proposals for Coal IPPs issued  | Work still to be done will be informed by the revised IRP                                  | The approval and processing of the contracts relied on the approval of the IRP. IRP was submitted to Cabinet in December 2017                               |
| Contracts for coal, cogeneration and gas IPPs for additional power capacity as per IRP   | Increase the generation capacity through gas in line with the updated IRP   | <b>Not achieved</b><br>Marketing sounding exercise for Gas IPPs done   | Work still to be done will be informed by the revised IRP                                  | The approval and processing of the contracts relied on the approval of the IRP. IRP was submitted to Cabinet in December 2017                               |
| Contracts for coal, cogeneration and gas IPPs for additional power capacity as per IRP   | Increase the generation capacity through cogeneration in line with the updated IRP  | <b>Not achieved</b>  | The updated IRP is not yet approved  | The updated IRP not approved. The approval and processing of the contracts relied on the approval of the IRP. IRP was submitted to Cabinet in December 2017 |

**Strategic Objectives 2.1–2.4**  
(see Table 16)

Programme: Energy Policy and Planning

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics)                   | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics)   | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")                | Deviations from Planned Targets to Actual Achievements 2017/18   | Comments on Deviations  |
|--|---|--|--|---|
| Contracts for coal, cogeneration and gas IPPs for additional power capacity as per IRP         | Increase generation capacity through biomass in line with the updated IRP   | <b>Not achieved</b>  | The updated IRP is not yet approved  | The updated IRP not approved. The approval and processing of the contracts relied on the approval of the IRP. IRP was submitted to Cabinet in December 2017 |
| <i>Contracts for coal, cogeneration and gas IPPs for additional power capacity as per IRP</i>  | Increase generation capacity through renewable energy in line with the updated IRP  | <b>Not achieved</b>  | The updated IRP is not yet approved  | The updated IRP not approved. The approval and processing of the contracts relied on the approval of the IRP. IRP was submitted to Cabinet in December 2017 |
| <i>Increase generation capacity through cross-border projects in line with the updated IRP</i> | Increase generation capacity through cross-border projects in line with the updated IRP   | <b>Not achieved</b><br>Roadmap for the project(s) developed  | Increase generation capacity through cross-border projects in line with the updated IRP                                  | The updated IRP not approved. The approval and processing of the contracts relied on the approval of the IRP. IRP was submitted to Cabinet in December 2017 |
| <i>Transmission infrastructure solution</i>  | <i>Finalise the transmission infrastructure solution required to transfer power from the DRC over Zambia, Zimbabwe and Botswana into RSA</i><br><br><i>Finalise the transmission infrastructure solution required to transfer power over Zambia, Zimbabwe and Botswana into RSA</i> | <b>Partially achieved</b><br>Transmission infrastructure solution report developed for discussions | Transmission infrastructure solution required to transfer power from the DRC over Zambia, Zimbabwe and Botswana into RSA | DRC, Zambia, Zimbabwe and Botswana need to be consulted further prior to finalising the transmission infrastructure solution                                |
| <i>Renewable energy bidding rounds</i>   | <i>Launch new generation capacity bidding rounds in accordance with the pace and scale approved under the IRP</i><br><br><i>Launch the new capacity bidding rounds in accordance with the pace and scale approved under the IRP</i>   | <b>Not achieved</b><br>No work done  | Launch new generation capacity bidding rounds in accordance with the pace and scale approved under the IRP               | Launching of new generation capacity bidding rounds relied on the approval of the IRP. IRP was submitted to Cabinet in December 2017                        |

## 2.7.2.6 Linking performance with budgets

Table 20: Sub-programme expenditure

| Energy Policy and Planning                | 2017/18             |                    |                          | 2016/17             |                    |                          |
|---|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|   | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
|   | R'000               | R'000              | R'000                    | R'000               | R'000              | R'000                    |
| Policy Analysis and Research              | 1,998               | 1,736              | 262                      | 2,066               | 2,056              | 10                       |
| Energy Planning                           | 20,001              | 20,452             | (451)                    | 19,031              | 18,822             | 209                      |
| Hydrocarbons Policy                       | 12,751              | 12,053             | 698                      | 11,546              | 11,487             | 59                       |
| Electricity and Alternative Energy Policy | 8,369               | 7,466              | 903                      | 7,521               | 7,514              |                          |
| <b>Total</b>                              | <b>43,119</b>       | <b>41,707</b>      | <b>1,412</b>             | <b>40,164</b>       | <b>39,878</b>      | <b>286</b>               |

## 2.7.3 Programme 3: Petroleum and Petroleum Products Regulation

### 2.7.3.1 Programme Purpose

Regulate the petroleum and petroleum products industry to ensure the optimal and orderly functioning of the petroleum industry to achieve government's developmental goals.

### 2.7.3.2 Sub-Programme 3.1: Petroleum, Compliance, Monitoring and Enforcement

This sub-programme monitors compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. This includes compliance with import and export conditions, as well as the enforcement of the submission of data by the industry. The sub-programme also processes arbitration requests as well as promotion of access to information requests on behalf of the Controller of Petroleum Products.

### 2.7.3.3 Sub-Programme 3.2: Petroleum Licensing and Fuel Supply

This sub-programme manages the adjudication of petroleum licence applications, regulates the permitting of the export and import of petroleum products, monitors fuel stock levels, and co-ordinates corrective actions to avoid fuel shortages. This entails conducting licence analyses and ensuring permit and charter compliance and fuel supply. It also includes adjudication of different licence types in accordance with the Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended.

### 2.7.3.4 Sub-Programme 3.3: Fuel Pricing Regulation

This sub-programme 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 (BFP), 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.

### 2.7.3.5 Sub-Programme 3.4: Regional Petroleum Regulation Offices

This sub-programme provides advice on integrated energy services, develops appropriate interventions to enhance and promote universal access to energy, and ensures economic and technical compliance with relevant legislation. In addition, all annual information submitted by licence holders is captured and analysed.

### 2.7.3.6 Petroleum Compliance, Monitoring and Enforcement

Subsequent to the Constitutional Court decision (Business Zone 101 CC t/a Emerentia Convenience Centre vs Engen Petroleum Limited and Others [2017] ZACC 2), delivered in February 2017, which provided a final determination on the interpretation of section 12B of the Power Purchase Agreement (PPA), there was a resuscitation of the old arbitration matters which were previously refused under the now reversed Tlhamo case. This created a backlog in arbitrations which we are currently working on to ensure that we bring them to finality.

### 2.7.3.7 Sectorial Radical Economic Transformation

#### 2.7.3.7.1 Petroleum and Liquid Fuels Charter "LFC" Alignment to B-BBEE Policy Framework and Development of Sector-Specific Codes

The Department initiated the process of alignment of the LFC with the B-BBEE Act, 2003 as amended, towards ultimately developing a sector-specific Code of Good Practice to ensure compliance with the B-BBEE Act, 2003 as amended by Act 46/2013 and its Codes of Good Practice and the Statement 003: Amended guidelines for developing and gazetting of sector codes (Statement 003 Guideline). During



the 2017/18 financial year, an Interim Steering Committee (ISC) constituted of stakeholders having majority commercial interest in the petroleum sector was converted into an Interim Petroleum and Liquid Fuels Charter Council, in line with a resolution of the ISC, and held about 38 consultation sessions.

On 4 May 2017 a workshop targeting Historically Disadvantaged South Africans was convened with the non-aligned licensed wholesalers. The workshop provided a platform for empowerment of designated groups to address barriers to inclusive transformation in the petroleum and liquid fuels sector; misalignment of the LFC with the B-BBEE policy framework; and lack of participation or barriers to market access despite the licences issued by the Department. The outcome of the workshop was, amongst others, nomination of representatives to participate in the ISC in the following categories, namely Black Women; Youth and disabled; Emerging business; and Sector experts.

A Public Proclamation. *Gazette No 41110* was published on 13 September 2017 to:

- Inform the public of the Alignment and Sector Code development process;
- Highlight the objectives and rationale of the process; and
- Request major stakeholder interaction with the ISC in the said process.

### 2.7.3.7.2 Petroleum Compliance Random Inspections

The PPA and the Regulations promulgated thereunder provide for conditions in which the regulated activities may be conducted, the license conditions that licensees must comply with, and the manner in which inspections are conducted to ensure compliance therewith. Planned retail site compliance inspections for 2017/18 were 1 500. The Branch conducted 2 099 compliance inspections which exceeded the target by 599 compliance inspections, due to concurrently conducting inspections with fuel sampling and testing in November 2017. Enforcement notices were issued in 100% of cases where non-compliance was identified during routine compliance inspections and fuel sampling and testing.

### 2.7.3.7.3 Sampling and Testing of Petroleum Products

In terms of Section 12C (1) (e) of the Petroleum Products Act, (Act No. 58 of 2003) as amended, the Minister of Energy is mandated to make regulations regarding the specifications and standards of petroleum products. The Department is required to monitor and enforce compliance with these regulations by all manufacturers, wholesalers and retailers. Sampling and testing of petroleum products is therefore a critical part of meeting quality standards. As at 31 March 2018 a total of 1 080 fuel samples had been collected from retail sites and tested as per the service level agreement entered into by and between the Department and the service provider, as outlined in Table 21.

Table 21: Number of Fuel Samples and Outliers

| Province      | Number of Samples |            |            |          |           |              | Number of Outliers |          |           |           |          |           |
|---------------|-------------------|------------|------------|----------|-----------|--------------|--------------------|----------|-----------|-----------|----------|-----------|
|               | ULP 93            | ULP 95     | D 50 PPM   | D500 PPM | D 10 PPM  | Total        | ULP 93             | ULP 95   | D 50 PPM  | D 500 PPM | D 10 PPM | Total     |
| Gauteng       | 7                 | 78         | 75         | 2        | 8         | 170          | 1                  | 2        | 4         | -         | 1        | 8         |
| KwaZulu-Natal | -                 | 75         | 73         | 1        | 1         | 150          | -                  | -        | 3         | -         | -        | 3         |
| Limpopo       | 8                 | 52         | 56         | 1        | 3         | 120          | -                  | 3        | 7         | -         | 1        | 11        |
| Mpumalanga    | 11                | 55         | 51         | 1        | 6         | 124          | 1                  | 2        | 4         | -         | 1        | 8         |
| North West    | 9                 | 49         | 53         | 1        | 4         | 116          | -                  | 2        | 3         | -         | -        | 5         |
| Free State    | 5                 | 45         | 44         | -        | 6         | 100          | -                  | -        | 1         | -         | -        | 1         |
| Eastern Cape  | -                 | 50         | 50         | -        | -         | 100          | -                  | -        | -         | 1         | -        | 1         |
| Western Cape  | -                 | 65         | 65         | -        | -         | 130          | -                  | -        | 3         | -         | -        | 3         |
| Northern Cape | 6                 | 29         | 31         | -        | 4         | 70           | -                  | -        | -         | -         | -        | -         |
| <b>Total</b>  | <b>46</b>         | <b>498</b> | <b>498</b> | <b>6</b> | <b>32</b> | <b>1,080</b> | <b>2</b>           | <b>9</b> | <b>25</b> | <b>1</b>  | <b>3</b> | <b>40</b> |

### 2.7.3.8 Licensing

The Department processed 1 221 licence applications for petroleum products during the period under review. Of the 1 221 applications, 131 were for New-to-Industry (NTI) site and retail, which has a compliance finalisation stretch target of 60 days turnaround time versus a legislated timeframe of 90 days. Of the 131 applications processed, 25 were processed within the 60-day turnaround time. The 60 day stretch target is proving increasingly difficult to achieve due to insufficient information from applicants. The Department partially

achieved 77.24% compliance within the 90-day turnaround time for final decisions on all other licence applications, against a target of 95% compliance. The Department achieved 89.74% compliance with the 50% target for HDSA participation in all licence applications. The Department has continued its effort to improve the collection and recovery of outstanding Petroleum Licensing revenue.

The Department conducted eight public awareness campaigns across the country. During these campaigns information was shared on the petroleum licence application process, opportunities in the sector,

obligations of licence holders, and information on fuel pricing. These awareness campaigns have proved useful in encouraging licence holders to comply with the conditions of their licences, as well as making new applicants aware that their responses in providing information affects the speed at which the Department can process their applications.

### 2.7.3.9 Fuel Supply

During the period under review, the Department continued to co-ordinate and monitor fuel supply in the country to ensure the security of petroleum products supply. The Department co-ordinates

the refining schedules; processes and recommends applications for import and export to the International Trade Administration Commission (ITAC), and chairs the supply managers' meetings to co-ordinate logistics. The Department also participates in various industry forums that facilitate the efficient distribution of petroleum products in the country. The petroleum products supply situation in the country remains very tight, especially with regard to Liquefied Petroleum Gas (LPG) Products. The age of the refining and supply logistics infrastructure contributes to current supply challenges, which are further compounded by increased demand for petroleum products.

Table 22: Petroleum Products Imported in 2017

| Product      | Volume (litres)      | % of total |
|--------------|----------------------|------------|
| Diesel       | 5,997,468,616        | 70         |
| Petrol       | 2,035,083,516        | 23         |
| LPG          | 418,151,804          | 5          |
| Kerosene     | 162,538,958          | 2          |
| <b>Total</b> | <b>8,613,242,864</b> | <b>100</b> |

Source: South African Revenue Services

A total of 8.61 billion litres of refined products was imported in the calendar year January to December 2017, of which 5.99 billion litres were diesel, which accounted for 70% of the total products imported. There was an increase of about 36% on the diesel imports as compared to 2016. The increase may be due to companies building up stocks to eliminate supply disruptions during shutdowns for planned refinery maintenance during the year.

### 2.7.3.10 Pricing: Market Analysis Reports

The Department produced two (2) Market Analysis reports which provided an overview of the factors that led to fuel price changes throughout the year. The reports covered factors such as, amongst others, the price of petroleum products in the international market, shipping costs, insurance, offloading and operational expenses at coastal storages. The reports were published in September 2017 and March 2018, each covering a period of six (6) months. They provide an analysis of the movements in the Rand/US Dollar exchange rate and the price of crude oil throughout the year. These factors contribute to the magnitude of the monthly fuel price adjustments that the Department published during the year.

#### 2.7.3.10.1 Fuel Price Adjustments

The Department published 12 monthly fuel price adjustments during the financial year. The fuel price changes were verified by external auditors, OMA Consulting, prior to publication. Transnet Pipelines informed the Department that the Durban to Johannesburg (DJP) pipeline would be out of service from the 31 March 2018. This meant that Fuel Price Zones 5C, 6C, 7C and 8C would be supplied by

road instead of pipeline from 1 April 2018. The affected areas were Ladysmith, Bethlehem, Kroonstad and some parts of Mpumalanga. The transport costs for petrol and diesel increase by between 16.9cpl in 6C and 25.2cpl in 5C.



Table 23: Progress made in achieving Programme 3 pre-determined objectives for FY 2017/18

| Strategic Objectives 3.1–3.4<br>(see Table 16)  |   |   |  |  |
|---|---|---|--|--|
| Programme 3: Petroleum and Petroleum Products Regulation  |   |   |  |  |
| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics)  | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics) | Actual Achievement 2017/18 "Achieved", or "Partially achieved", or "Not achieved"   | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations   |
| <i>Number of petroleum retail site inspections per year</i><br><br>Number of retail site compliance inspections conducted | 1 500 Retail site compliance inspections conducted                    | <b>Achieved</b><br>2 099 retail site inspections conducted  | 599 more inspections conducted                                 | Target was achieved despite vacant posts in Northern Cape, Gauteng and KwaZulu-Natal |
| Number of fuel samples tested   | 1 080 Fuel samples tested   | <b>Achieved</b><br>1 080 fuel samples tested  | None   | None   |
| % of licence applications approved where BEE ownership is at least 50%  | 50% of licence applications approved have 50% BEE ownership           | <b>Not achieved</b><br>Current method of automated counting of BEE is not sufficient                                      | 89.74% when also counting HDSA ownership                       | None   |
| Number of publications of Petroleum Products Market Analysis Reports  | 2 Publications of the Petroleum Products Market Analysis Reports      | <b>Achieved</b><br>2 Petroleum Products Market Analysis Reports – completed in September 2017 and March 2018 respectively | None   | None   |
| Number of audit reports on fuel price adjustments (external auditors)   | 12 Audit reports on fuel price adjustments (external auditors)        | <b>Achieved</b><br>12 Audit Reports completed   | None   | None   |

### 2.7.3.11 Linking performance with budgets

Table 24: Sub-programme expenditure

| Petroleum and Petroleum Products Regulation      | 2017/18             |                    |                          | 2016/17             |                    |                          |
|--|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|  | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
|  | R'000               | R'000              | R'000                    | R'000               | R'000              | R'000                    |
| Petroleum Compliance, Monitoring and Enforcement | 14,941              | 13,337             | 1,604                    | 14,91               | 14,189             | 2                        |
| Petroleum Licensing and Fuel Supply              | 24,681              | 24,807             | -126                     | 24,156              | 24,152             | 4                        |
| Fuel Pricing                                     | 6,657               | 5,443              | 1,214                    | 7,369               | 7,367              | 2                        |
| Regional Petroleum Regulation Offices            | 32,469              | 31,052             | 1,417                    | 33,285              | 33,283             | 2                        |
| <b>Total</b>                                     | <b>78,748</b>       | <b>74,639</b>      | <b>4,109</b>             | <b>79,001</b>       | <b>78,991</b>      | <b>10</b>                |

## 2.7.4 Programme 4: Electrification and Energy Programme and Project Management

### 2.7.4.1 Purpose

Plan, manage, co-ordinate, implement and monitor energy programmes and projects.

### 2.7.4.2 Sub-programme 4.1: Integrated National Electrification Programme

This sub-programme oversees and manages the finance and implementation processes for this programme; manages the annual planning processes including electrification infrastructure plans; and manages and co-ordinates technical audits for the programme.

### 2.7.4.3 Sub-programme 4.2: Energy Regional Offices

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

### 2.7.4.4 Sub-programme 4.3: Programme and Projects Management Office

This sub-programme provides specialised assistance to programme and project managers, and management in general, to apply management principles, co-ordinate project information and report on projects and plans and organise, execute and oversee specific energy programmes and projects.

### 2.7.4.6 Sub-programme 4.4: Energy Infrastructure

This sub-programme oversees programmes and projects focused on the development, improvement and transformation of the electricity

generation, transmission and distribution sector, and Independent Power Producers (IPPs).

### 2.7.4.7 Sub-programme 4.5: Community Upliftment Programmes and Projects

This sub-programme fulfils government's priorities for broad transformation in the work of the Department and the energy sector, and supports Departmental special programmes and projects.

During the period under review, the Branch managed service providers so as to connect 275 830 households to the grid against a target of 235 000 resulting in an over achievement of 40 830 households. Out of a target of 15 000 non-grid connections (solar electrified), 16 875 were completed and verified, resulting in an over achievement of 1 875 connections. An additional, 3 125 connections were completed before the financial year end, but could not be reported as physical verification had not been conducted. These will be reported in financial year 2018/19 once they have been audited.

Through these achievements the Department is in line with meeting the Medium-Term Strategic Framework (MTSF 2014-2019) target of 1 355 000 households for both grid and non-grid household connections. Most of the remaining household connections are concentrated in remote areas and are part of the 27 Priority Districts. Most of these districts are far from the grid and other infrastructure, necessitating the installation of additional bulk infrastructure to connect them. In terms of the planned bulk infrastructure projects, three new bulk substations were built; four additional substations were upgraded; 161.49 km of new Medium Volt (MV) power lines were constructed, and 31.5 km of existing MV lines were upgraded. The only target that was partially achieved was the planned upgrading of 95 km of MV lines of which only 31.5 km was achieved. Delays were caused by changes in scope of projects as well as the procurement of service providers by municipalities.

The Branch continues to conduct workshops with municipalities regarding the Integrated National Electrification Programme (INEP), sharing information and educating applicants and potential applicants on the INEP process and how to access funding.

Table 25: Progress made in achieving Programme 4 pre-determined objectives for FY 2017/18

| Strategic Objectives 4.1–4.4<br>(see Table 16)   |   |   |  |   |
|--|---|---|--|---|
| Programme 4: Electrification and Energy Programme and Project Management   |   |   |  |   |
| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics)   | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics)   | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")                               | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations  |
| Number of Quarterly Reports of additional households to be electrified with grid electrification toward the 2017/18 target of 235 000 in the National Electrification Plan | 4 Quarterly Reports on the additional households to be electrified with grid electrification towards the 2017/18 target of 235 000 in the National Electrification Plan   | <b>Achieved</b><br>4 Quarterly Reports produced in terms of the portion of the target within DoE's direct control | + 40 830 in terms of the policy objective                      | A total of 275 830 grid connections additional to the base was achieved in terms of the policy objective  |
| <i>Number of quarterly progress reports on building/upgrading of electrification infrastructure projects toward the 2017/18 target</i>                                     | <i>4 Quarterly Reports on building/upgrading of electrification infrastructure projects toward the 2017/18 targets, as contracted with Eskom and municipalities</i>   | <b>Achieved</b><br>4 Quarterly Reports produced   | None   | 3 new bulk substations built; 4 additional substations upgraded; 161.49 km new Medium Volt (MV) power lines constructed, and 31.5 km of existing MV lines upgraded in terms of the policy objective |
| Number of quarterly progress reports on building/upgrading of electrification infrastructure projects toward the 2017/18 target  | 4 Quarterly Reports on the allocation of funding and monitoring of progress of building/ upgrading of electrification infrastructure projects towards the 2017/18 target of: 3 new bulk substations built; 4 additional substations upgraded; 95 km new MV power lines constructed; and 95 km of existing MV power lines upgraded |   |  |   |
| Number of quarterly reports on additional households electrified with non-grid electrification towards the 2017/18 target of 15 000 in the National Electrification Plan   | 4 Quarterly Reports on additional households electrified with non-grid electrification towards the 2017/18 target of 15 000 in the National Electrification Plan  | <b>Achieved</b><br>4 Quarterly Reports produced in terms of the portion of the target within DoE's direct control | + 1 875 in terms of the policy objective                       | A total of 16 875 connections additional to the base was achieved in terms of the policy objective  |
| Number of project dashboards per year  | 4 Project dashboards for each project (internal/ external)  | <b>Achieved</b><br>4 Project dashboards produced  | None   | None  |
| <i>Number of Quarterly Reports on progress made with regard to development of rural IECs</i>   | <i>4 Quarterly Reports and 1 Annual Report regarding the development of IECs</i>  | <b>Achieved</b><br>4 Quarterly and 1 Annual Report regarding the development of IECs produced                     | None   | None  |
| Number of quarterly reports on progress made with development of rural IECs  | 4 Quarterly Reports and one Annual Report regarding development of rural IECs   |   |  |   |

**Strategic Objectives 4.1–4.4**  
(see Table 16)

Programme 4: Electrification and Energy Programme and Project Management

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )  | Planned Targets from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )   | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")   | Deviations from Planned Targets to Actual Achievements 2017/18 | Comments on Deviations  |
|--|--|---|--|---|
| <i>Implementation Plan for IEC Strategy</i>  | <i>Approved Implementation Plan for IEC Strategy</i>   | <b>Partially achieved</b><br>IEC Strategy developed but not yet approved  | Approval outstanding   | The final Draft Strategy and Implementation Plan has been drafted and is in the process of approval |
| Developed IEC Strategy   | Approved IEC Strategy  |   |  |   |
| <i>Number of reports on interventions or support provided to municipalities struggling with electricity infrastructure rollout</i> | <i>2 Reports on interventions or support provided to municipalities struggling with electricity infrastructure rollout</i> | <b>Achieved</b><br>2 Reports on interventions or support provided to municipalities struggling with electricity infrastructure rollout produced | None   | None  |
| Number of Quarterly Reports on progress made on construction and operation phases of IPP project                                   | 4 Quarterly Reports on progress made on construction and operation phases of IPP projects                                  |   |  |   |
| <i>Number of reports on infrastructure development and rollout in the country (SIP 8 and 9)</i>                                    | <i>2 Reports on infrastructure development and rollout in the country (SIP 8 and 9)</i>                                    | <b>Achieved</b><br>2 Reports on infrastructure development and rollout in the country produced  | None   | None  |
| Number of SIP reports submitted to PICC secretariat on SIP 8 and 9   | 1 SIP Report submitted to PICC secretariat on SIP 8 and 9  |   |  |   |

### 2.7.4.7 Linking performance with budgets

Table 26: Sub-programme expenditure

| Electrification and Energy Programme and Project Management | 2017/18             |                    |                          | 2016/17             |                    |                          |
|---|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|   | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
|   | R'000               | R'000              | R'000                    | R'000               | R'000              | R'000                    |
| Integrated National Electrification Programme               | 6,177,471           | 6,111,174          | 66,297                   | 5,664,947           | 5,630,619          | 34,328                   |
| Energy Regional Office                                      | 16,557              | 18,271             | (1,714)                  | 19,941              | 19,650             | 291                      |
| Programme and Projects Management Office                    | 11,325              | 8,336              | 2,989                    | 13,934              | 13,491             | 443                      |
| Electricity Infrastructure/Industry Transformation          | 7,726               | 8,413              | (687)                    | 10,209              | 9,278              | 931                      |
| Community Upliftment Programmes and Projects                | 6,501               | 5,978              | 523                      | 5,614               | 5,621              | (7)                      |
| <b>Total</b>  | <b>6,219,580</b>    | <b>6,152,173</b>   | <b>67,407</b>            | <b>5,714,645</b>    | <b>5,678,659</b>   | <b>35,986</b>            |



## 2.7.5 Programme 5: Nuclear Energy

### 2.7.5.1 Programme Purpose

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

### 2.7.5.2 Sub-Programme 5.1: Nuclear Safety and Technology

This sub-programme manages and implements all matters relating to nuclear safety and technology as required by legislation and international agreements; implements the Nuclear Energy Policy in line with the requirements of the Integrated Resource Plan (IRP); and administers all matters relating to nuclear safety, liability and emergency management, with the aim of improving the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. This sub-programme also makes transfers to the National Radioactive Waste Disposal Institute (NRWDI), the South African Nuclear Energy Corporation SOC Limited (Necsa) and the National Nuclear Regulator (NNR).

### 2.7.5.3 Sub-Programme 5.2: Nuclear Non-Proliferation and Radiation Security

This sub-programme manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements. This includes standardising nuclear security measures at ports of entry and installing portal radiation monitors at main ports of entry.

### 2.7.5.4 Sub-Programme 5.3: Nuclear Policy

This sub-programme develops and reviews policies as required by the nuclear sector's international agreements and governance principles 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.

On 26 April 2017 the Judgment in the *Earthlife Africa and Another versus the Minister of Energy and Others* (Western Cape High Court) impacted the Nuclear New Build Programme.

The Court granted an order as follows:

1. The Minister's decision to table the Russian Inter-Government Agreement in terms of section 231(3) of the Constitution is unconstitutional and unlawful and is reviewed and set aside;
2. The Minister's decisions to table the USA and South Korea Inter-Government Agreements in terms of section 231(3) of the Constitution are unlawful and unconstitutional and are reviewed and set aside;
3. The 2013 Determination is unlawful and unconstitutional and is reviewed and set aside; and
4. The 2016 Determination is unlawful and unconstitutional and is reviewed and set aside

The Minister of Energy took a decision not to appeal the Western Cape High Court Judgement. Consequently the Department could not achieve some of its yearly targets associated with the Nuclear New Build Programme (NNBP) due to the Western Cape High Court Judgement. The Department is reviewing the NNBP to address the issues raised by the Western Cape High Court Judgement. Departmental strategies to overcome the underperformance include undertaking a process of analysing, reviewing and standardising all inter-governmental agreements entered into with potential nuclear vendor countries for renegotiation and tabling in Parliament within reasonable time for ratification. In addition most targets related to the NNBP are linked to the capacity stated in the Integrated Resource Plan (IRP2010–2030). Going forward the Department will revise the targets associated with the NNBP to align with the Integrated Resource Plan once it has been promulgated.

Table 27: Progress made in achieving Programme 5 pre-determined objectives for FY 2017/18

| Strategic Objectives 5.1–4.4<br>(see Table 16)  |  |   |  |  |
|---|--|---|--|--|
| Programme 5: Nuclear Energy   |  |   |  |  |
| Performance Indicators from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> ) | Planned Targets from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> ) | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")           | Deviations from Planned Targets to Actual Achievements 2017/18   | Comments on Deviations   |
| Amended National Nuclear Disaster Management Plan                                     | Amended National Nuclear Disaster Management Plan approved                     | <b>Partially achieved</b><br>Amended National Nuclear Disaster Management Plan Draft produced | Amended National Nuclear Disaster Management Plan drafted but needs to be aligned with newly issued suite of new Disaster Management Regulatory Guidelines | A new disaster management plan for all DoE functional areas is currently under development to replace the amended plan, which will be finalised as a contingency plan for nuclear and radiological emergencies |

**Strategic Objectives 5.1–4.4**  
(see Table 16)

Programme 5: Nuclear Energy

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )   | Planned Targets from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )  | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")  | Deviations from Planned Targets to Actual Achievements 2017/18   | Comments on Deviations   |
|---|---|--|--|--|
| <i>Governance Framework for Nuclear New Build Programme</i><br><br>Developed Governance Framework for Nuclear New Build Programme   | Nuclear Build Programme Governance Framework approved   | <b>Not achieved</b><br>The Nuclear Build Programme Governance Framework was drafted but was put on hold due to a Western Cape High Court (WCHC) ruling | Pending the promulgation of the updated IRP and conclusion of a legal analysis of the impact of the April 2017 WCHC ruling on the NNBP | The Nuclear Build Programme Governance Framework was incorporated into the APP only in 2017/18                       |
| <i>Inter-Governmental Implementation Protocol for Nuclear New Build Programme</i><br><br>Developed Inter-Governmental Implementation Protocol for Nuclear New Build Programme | <i>Inter-Governmental Implementation Protocol for Nuclear Build Programme approved</i><br><br>Inter-Governmental Implementation Protocol approved                       | <b>Not achieved</b><br>The Nuclear Build Programme Inter-Governmental Implementation Protocol was drafted but was put on hold due to WCHC ruling       | Pending the promulgation of the updated IRP and conclusion of a legal analysis of the impact of the April 2017 WCHC ruling on the NNBP | The Nuclear Build Programme Inter-Governmental Implementation Protocol was incorporated into the APP only in 2017/18 |
| <i>Draft National Nuclear Regulator Amendment Bill</i><br><br>Number of workshops with impacted stakeholders (NNR, DoH, SANDF and DPME) on the Draft NNR Amendment Bill       | <i>Submit the Amendment Bill to FOSAD Cluster for approval</i><br><br>4 Workshops with impacted stakeholders (NNR, DoH, SANDF and DPME) on the Draft NNR Amendment Bill | <b>Not achieved</b><br>Draft National Nuclear Regulator Amendment Bill in place  | Bill was not submitted to FOSAD  | The Amendment Bill was delayed due to the additional proposals submitted by the Regulator in December 2017Regulator  |
| <i>Approved Nuclear Communications and Stakeholder Engagement Strategy</i><br><br>Number of public awareness campaigns and community outreach events held                     | <i>Develop Nuclear Communications and Stakeholder Engagement Strategy</i><br><br>2 Public awareness campaigns and 2 community outreach events held                      | <b>Partially achieved</b><br>A Draft Nuclear Communications strategy has been developed.   | Document has not been approved by Nuclear Energy Working Group   | The Strategy will be amended and tabled again once the Nuclear Energy Working Group meetings resume                  |
| <i>This indicator was removed in the revised APP per Ministerial directive</i><br><br>Developed proposed funding model for the Nuclear New Build Programme                    | <i>This target was removed in the revised APP per Ministerial directive</i><br><br>Proposed funding model for Nuclear New Build Programme submitted to Minister         | This indicator was removed in the revised APP  | None   | None   |

## 2.7.5.5 Linking performance with budgets

Table 28: Sub-programme expenditure

| Nuclear Energy                                   | 2017/18             |                    |                          | 2016/17             |                    |                          |
|--|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|  | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
|  | R'000               | R'000              | R'000                    | R'000               | R'000              | R'000                    |
| Nuclear Safety and Technology                    | 775,710             | 780,818            | (5,108)                  | 865,071             | 859,004            | 6,067                    |
| Nuclear Non-Proliferation and Radiation Security | 9,253               | 8,414              | 839                      | 8,307               | 8,303              | 4                        |
| Nuclear Policy                                   | 10,462              | 4,959              | 5,503                    | 6,456               | 5,145              | 1,311                    |
| <b>Total</b>                                     | <b>795,425</b>      | <b>794,191</b>     | <b>1,234</b>             | <b>879,834</b>      | <b>872,451</b>     | <b>7,383</b>             |

## 2.7.6 Programme 6: Clean Energy

### 2.7.6.1 Programme Purpose

To manage and facilitate the development and implementation of clean and renewable energy initiatives, as well as Energy Efficiency and Demand-Side Management (EEDSM) initiatives.

### 2.7.6.2 Sub-Programme 6.1: Energy Efficiency

This sub-programme advances energy efficiency in South Africa by planning and co-ordinating initiatives and interventions that are focused on developing and improving the energy efficiency market, which ensures the integration and co-ordination of energy efficiency initiatives and interventions with relevant associated institutions.

### 2.7.6.3 Sub-Programme 6.2: Renewable Energy

This sub-programme ensures the integration of renewable energy into South Africa's mainstream energy supply by planning and co-

ordinating initiatives and interventions focused on the development and improvement of the renewable energy market. It also integrates and co-ordinates renewable energy initiatives and interventions with the associated local and international institutions. In addition, the sub-programme makes transfers to the South African National Energy Development Institute (SANEDI).

### 2.7.6.4 Sub-Programme 6.3: Climate Change and Designated National Authority

This sub-programme ensures that the energy sector's climate change and environment response measures, in terms of mitigation and adaptation, are implemented within the energy sector. It also ensures the fulfilment of international energy commitments and obligations under the United Nations Framework Convention on Climate Change pertaining to the Kyoto Protocol.

Table 29: Progress made in achieving Programme 6 pre-determined objectives for FY 2017/18

| Strategic Objectives 6.1–6.4<br>(see Table 16)                               |   |   |   |   |
|--|---|---|---|---|
| Programme 6: Clean Energy  |   |   |   |   |
| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics) | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics) | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved") | Deviations from Planned Targets to Actual Achievement 2017/18   | Comments on Deviations  |
| Number of energy savings realised and verified from EEDSM projects           | 0.5 TWh of energy savings realised and verified from EEDSM projects   | <b>Achieved</b><br>5.8 TWh energy savings were realised from EEDSM projects         | + 5.3 TWh additional energy savings were derived from other EEDSM projects such as Income Tax (12L) Allowance for Energy Efficiency and Energy Efficiency in government schools | The savings achieved for the municipal EEDSM programme will be verified in the 2018/19 financial year |

**Strategic Objectives 6.1–6.4**  
(see Table 16)

Programme 6: Clean Energy

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )   | Planned Targets from 2017/18 APP and Revised 2017/18 APP ( <i>in italics</i> )   | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")   | Deviations from Planned Targets to Actual Achievement 2017/18   | Comments on Deviations   |
|---|--|---|---|--|
| Number of additional municipalities for which energy consumption baselines have been developed annually   | Develop energy consumption baselines for 15 additional municipalities  | <b>Partially achieved</b><br>Energy consumption baselines were approved from 15 additional municipalities   | There were delays in the procurement of M&V bodies  | Independent Measurement and Verification (M&V) bodies not yet commenced with the verification of baselines   |
| <i>Submission of the post-2015 National Energy Efficiency Strategy</i><br><br>Submission of the post-2015 National Energy Efficiency Strategy                 | <i>Post-2015 National Energy Efficiency Strategy drafted and submitted for approval</i>  | <b>Achieved</b><br>Draft final post-2015 National Energy Efficiency Strategy was completed and submitted to Department of Planning, Monitoring for approval with respect to the Socio-Economic Impact Assessment System | None  | None   |
| Renewable Energy Implementation Report developed  | Update Renewable Energy Implementation Report  | <b>Partially achieved</b><br>Draft chapters in place  | Additional information was required as per the comments received on all the draft chapters  | Remaining comments are currently being reviewed to finalise the report and subsequent design and layout finalisation   |
| <i>Cabinet Memo on Biomass/Biogas</i><br><br>Cabinet Memo to Minister   | <i>Submit Cabinet Memo regarding the Biomass/ Biogas to Energy Strategy and Plan</i><br><br>Submit a Cabinet Memo to Minister regarding the Biomass/Biogas to Energy Strategy and Plan | <b>Not achieved</b>   | The Terms of Reference for development of the Renewable Energy Technology Roadmap are currently being developed, which will encompass the Biogas and Biomass initially planned for strategy | A decision was taken for the Directorate to develop a Renewable Energy Technology Roadmap. It was then recommended that Biogas and Biomass technology be incorporated as a chapter in the proposed Renewable Energy Technology Roadmap instead |
| <i>Developed repository of renewable energy information publicly available</i><br><br>Developed repository of renewable energy information publicly available | A functional Renewable Energy Data Information System<br><br>Renewable Energy Data Information System functional   | <b>Achieved</b>   | None  | None   |
| Energy Technology Roadmap   | <i>Solar Energy Technology Roadmap (SETRM) including the Integrated Energy Plan</i><br><br>Promulgation of the Solar Energy Technology Roadmap   | <b>Partially achieved</b><br>SETRM had to be aligned with the Integrated Energy Plan (IEP)  | Pending alignment with the Integrated Energy Plan   | A decision has been taken to incorporate the SETRM into the Renewable Energy Technology Roadmap.   |

**Strategic Objectives 6.1–6.4**  
(see Table 16)

Programme 6: Clean Energy

| Performance Indicators from 2017/18 APP and Revised 2017/18 APP (in italics)  | Planned Targets from 2017/18 APP and Revised 2017/18 APP (in italics)   | Actual Achievement 2017/18 ("Achieved", or "Partially achieved", or "Not achieved")  | Deviations from Planned Targets to Actual Achievement 2017/18  | Comments on Deviations   |
|---|---|--|--|--|
| Number of procured baseline systems in line with budget allocation; target youth trained under accredited programmes to install the systems at target municipalities  | Increase the number of procured baseline systems in line with budget allocation; target youth trained under accredited programmes to install the systems at target municipalities   | <b>Partially achieved</b><br>The baseline systems were procured  | The delay on installation is attributed to lack of confirmation of Designated Installation Areas by Municipalities | No training of installation assistants due to lack of confirmation of Designated Installation Areas                                  |
| Load Reduction Programme  | <i>Initiate the Load Reduction Programme through solar water heater installation</i><br><br>Initiate the Load Reduction Programme (subject to a fiscal subsidy to cover the difference in cost between a solar water heater and a normal electric geyser) | <b>Not achieved</b><br>Government Technical Advisory Agency was appointed  | Contractual arrangements could not be finalised by Department  | DoE to develop the financial model to roll out the Load Reduction Programme  |
| Implementation plan for Energy and Climate Change Strategy  | Developed implementation plan for Energy and Climate Change Strategy in public buildings  | <b>Not achieved</b><br>Delays in the appointment of the external service provider  | The implementation plan has been delayed due to late appointment of the external service provider                  | The actual Energy and Climate Change Strategy Implementation Framework will be completed in the first quarter of the 2018/19         |
| Developed Annual Compliance Report on the 3 <sup>rd</sup> Environmental Management Plan Edition   | Approved Annual Compliance Report on the 3 <sup>rd</sup> Environmental Management Plan Edition  | <b>Achieved</b><br>Annual Compliance Report on the 3 <sup>rd</sup> Environmental Management Plan Edition was approved  | None   | None   |
| International climate change engagements  | Project co-ordination services for the Danish, German, UK and other related clean energy programmes (i.e. VNAMA Facility, GEF, Green Global Fund, etc.)   | <b>Achieved</b><br>Co-ordination of Clean Energy programmes were implemented through active Memoranda of Agreement/ Understanding with Denmark, Germany, GEF, VNAMA among others | None   | None   |
| <i>Submission to Minister regarding Carbon Offset Administrative System to support the Carbon Tax Policy</i><br><br>Submission to Minister regarding Carbon Offset Administrative System to support Carbon Tax Policy | <i>Submission to Minister regarding Carbon Offset Administrative System to support the Carbon Tax Policy</i><br><br>Submission to Minister regarding Carbon Offset Administrative System to support Carbon Tax Policy                                     | <b>Achieved</b><br>Submission to Minister regarding Carbon Offset Administrative System to support the Carbon Tax Policy was submitted for internal approval                     | None   | Submission to Minister regarding Carbon Offset Administrative System to support the Carbon Tax Policy was submitted but not approved |

## 2.7.6.5 Linking performance with budgets

Table 30: Sub-programme expenditure

| Clean Energy                                     | 2017/18             |                    |                          | 2016/17             |                    |                          |
|--|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|  | Final appropriation | Actual expenditure | (Over)/under expenditure | Final appropriation | Actual expenditure | (Over)/under expenditure |
|  | R'000               | R'000              | R'000                    | R'000               | R'000              | R'000                    |
| Energy Efficiency                                | 717,602             | 597,288            | 120,314                  | 576,234             | 547,763            | 28,471                   |
| Renewable Energy                                 | 4,946               | 4,431              | 515                      | 5,529               | 4,616              | 913                      |
| Climate Change and Designated National Authority | 7,942               | 7,836              | 106                      | 8,131               | 7,722              | 409                      |
| <b>Total</b>                                     | <b>730,490</b>      | <b>609,555</b>     | <b>120,935</b>           | <b>589,894</b>      | <b>560,101</b>     | <b>29,793</b>            |

## 2.8 STRATEGY TO OVERCOME AREAS OF DEPARTMENTAL UNDER PERFORMANCE

In addition to the Service Delivery Improvement Plan, the Department formulates its strategy to overcome areas of under performance by means of its Annual Improvement Plan. The purpose of this tool is to monitor service delivery so as to improve the areas of past under performance. These are identified primarily from the preceding year's Annual Report, the most recent Management Performance Assessment Tool (MPAT), and the South African Parliament's Portfolio Committee on Energy past Budgetary Review and Recommendation

Reports, as well as previously approved M&E recommendations. The Annual Improvement Plan covers all six of the Department's budgetary programmes.

Another overarching consideration is for SOEs to develop their own individual improvement plans for inclusion in future Departmental Improvement Plans for the purposes of implementation monitoring by EXCO.

## 2.9 DEPARTMENT OF ENERGY PROGRAMME EXPENDITURE

Table 31: Total DoE expenditure per programme

| Total for Department of Energy                              | 2017/18             |                    |                          | 2016/17             |                    |                          |
|---|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
|   | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
|   | R'000               | R'000              | R'000                    | R'000               | R'000              | R'000                    |
| Administration  | 278,060             | 272,382            | 5,678                    | 247,018             | 282,762            | (35,744)                 |
| Energy Policy and Planning                                  | 43,119              | 41,707             | 1,412                    | 40,164              | 39,878             | 286                      |
| Petroleum and Petroleum Products Regulation                 | 78,748              | 74,639             | 4,109                    | 79,001              | 78,991             | 10                       |
| Electrification and Energy Programme and Project Management | 6,219,580           | 6,152,173          | 67,407                   | 5,714,645           | 5,678,659          | 35,986                   |
| Nuclear Energy  | 795,425             | 794,191            | 1,234                    | 879,834             | 872,451            | 7,383                    |
| Clean Energy  | 730,490             | 609,555            | 120,935                  | 589,894             | 560,101            | 29,793                   |
| <b>Total</b>  | <b>8,145,422</b>    | <b>7,944,647</b>   | <b>200,775</b>           | <b>7,550,556</b>    | <b>7,512,842</b>   | <b>37,714</b>            |



## 2.10 TRANSFER PAYMENTS

The Department transfers funds to entities and implementing agents in pursuit of its mandate. The transfer of payments to municipalities is made in accordance with the approved annual Division of Revenue Act of South Africa, 2003 (Act No. 7 of 2003) (DoRA) transfer requirements (Refer to note 7 to the Annual Financial Statements).

### 2.10.1 Transfers and Subsidies

The Department disbursed payments amounting to R7.35 billion to public entities, municipalities and implementing agents during the year under review, resulting in a net budget underspending of R177.53 million or 2.36% at year-end. This net budget underspending is mainly due to the results of the following projects:

- Integrated National Electrification Programme (INEP) – Non-grid electrification Programme: Underspending of R62.84 million due to the late signing of contracts with service providers.

The review of the allocation process as well as some of the process concerns raised by the Bid Adjudication Committee resulted in a delay in allocating installations to service providers, consequently delaying the start of installations in the reporting period. A proposal for the roll-over of these funds to the 2018/19 financial year has been submitted to the National Treasury for consideration.

- Solar Water Heater Project (SWHP): An underspending of R114.52 million represents the retention fee to service providers which is only payable once training is complete and the units are installed. Since installation was not possible in the year under review due to the delayed confirmation of installation areas by participating municipalities, the balance remained at year-end as committed funds. A proposal for the roll-over of these funds to the 2018/19 financial year has been submitted to the National Treasury for consideration.

Table 32: Major transfer payments from the DoE

| Transfer Payments   | Adjusted Budget<br>2017/18 | Year to Date Transfer<br>Payments up to<br>March 2018 | Available Balance at<br>31 March 2018 | Actual Spending<br>for the Year as %<br>of Total Budget<br>Allocation** |
|---|----------------------------|---|---------------------------------------|---|
|   | R'000                      | R'000   | R'000                                 | %   |
| South African National Energy<br>Development Institute (SANEDI) | 59,774                     | 59,774  | -                                     | 100.00%   |
| International Membership Fees                                   | 25,852                     | 25,622  | 230                                   | 99.11%  |
| Electricity Demand Side Management<br>(EEDSM)* – NSWHP          | 349,996                    | 235,472   | 114,524                               | 67.28%  |
| EEDSM – Municipalities  | 203,236                    | 203,236   | -                                     | 100.00%   |
| South African Nuclear Energy<br>Corporation (Necsa)             | 664,171                    | 664,171   | -                                     | 100.00%   |
| National Radioactive Waste Disposal<br>Institute (NRWDI)        | 30,000                     | 30,000  | -                                     | 100.00%   |
| National Nuclear Regulator (NNR)                                | 38,573                     | 38,573  | -                                     | 100.00%   |
| Integrated National Electrification<br>Programme (INEP) – Eskom | 3,846,154                  | 3,846,154   | -                                     | 100.00%   |
| INEP – Municipalities   | 2,087,048                  | 2,087,048   | -                                     | 100.00%   |
| INEP – Non-grid*  | 221,800                    | 158,960   | 62,840                                | 71.67%  |
| Households  | 4,688                      | 4,750   | (62)                                  | 101.31%   |
| SETAs   | 1,047                      | 1,048   | (1)                                   | 100.07%   |
| <b>Total transfer payments</b>                                  | <b>7,532,339</b>           | <b>7,354,808</b>                                      | <b>177,531</b>                        | <b>97.64%</b>   |

\* Under the "Public Corporations and Private Enterprises" line item in the Annual Financial Statements.

\*\* Row totals.

Table 33: Transfer payments to public entities

| Name of Public Entity | Services Rendered by the Public Entity  | Amount Transferred to the Public Entity | Amount Spent by the Public Entity | Achievements of the Public Entity   |
|-----------------------|---|---|-----------------------------------|---|
|                       |   | R'000                                   | R'000                             | R'000   |
| Necsa                 | Responsible for: <ul style="list-style-type: none"> <li>- Undertaking and promoting research and the development in the field of nuclear science;</li> <li>- Processing source material, including uranium; and</li> <li>- Co-operating with other institutions on nuclear-related matters.</li> </ul>  | 664,171                                 | 664,171                           | Refer to general information of public entities reporting to the Minister |
| NNR                   | Responsible for: <ul style="list-style-type: none"> <li>- Providing for the protection of persons, property and the environment against nuclear damage;</li> <li>- Exercising regulatory control related to the siting, design, construction, operation, manufacture of component parts, and decontamination, decommissioning and closure of nuclear installations;</li> <li>- Exercising regulatory control over the actions, to which the Act applies, through the granting of nuclear authorisations;</li> <li>- Providing assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections;</li> <li>- Fulfilling national obligations in respect of international legal instruments concerning nuclear safety; and</li> <li>- Ensuring that provisions for nuclear emergency planning are in place.</li> </ul> | 38,573                                  | 38,573                            | Refer to general information of public entities reporting to the Minister |
| NRWDI                 | Responsible for: <ul style="list-style-type: none"> <li>- Plan, design, construct, operate, manage and monitor radioactive waste disposal facilities;</li> <li>- Design and implement disposal solutions for all classes of radioactive waste;</li> <li>- Maintain a national radioactive waste database and publish reports on the inventory and location of radioactive waste in South Africa</li> </ul>  | 30,000                                  | 30,000                            | Refer to general information of public entities reporting to the Minister |
| SANEDI                | Responsible for: <ul style="list-style-type: none"> <li>- Directing, monitoring and conducting energy research and development; and</li> <li>- Undertaking measures to promote energy efficiency throughout the economy.</li> </ul>   | 59,774                                  | 59,774                            | Refer to general information of public entities reporting to the Minister |

Table 34: Transfer payments by the DoE to all organisations other than public entities

| Name of Transferee   | Type of Organisation                                    | Purpose for which the Funds Were Used                             | Did the Dept. Comply with S38(1)(j) of the PFMA | Amount Budgeted | Amount Transferred | Reasons why Funds were not Transferred   |
|--|---|---|---|-----------------|--------------------|--|
|  |   |   |   | R'000           | R'000              |  |
| Non-Grid Service Providers   | Private enterprises                                     | Non-grid electricity connections                                  | N/A – Tender Contracts                          | 221,800         | 158,960            | Delayed start of installations due to the review of the allocation process   |
| Solar Water Heater Service Providers   | Private enterprises                                     | Production, installation, maintenance of SWH units                | N/A – Tender Contracts                          | 349,996         | 235,472            | Spending of funds was dependent on installations taking place. Installations were not possible as the Department awaited confirmation of designated installation areas from participating municipalities |
| Leave gratuity/Bursaries to non-employees  | Households (ex-employees/ learners not employed by DoE) | Leave gratuities, retirement benefits, bursaries to non-employees | N/A – Legislative payments                      | 4,688           | 4,750              | Payments for leave gratuity to ex-employees were higher than anticipated   |
| SETAs  | Training Authority                                      | Training (Annual contribution)                                    | N/A – Legislative payments                      | 1,047           | 1,048              |  |
| International Atomic Energy Agency (IAEA)  | International organisation                              | 2017/18 Membership Fees   | Membership rules /invoice                       | 16,807          | 16,798             | Foreign currency exchange rate less than anticipated   |
| Generation IV International Forum (GIF)  | International organisation                              |   |   | 700             | 567                |  |
| International Energy Forum (IEF)   | International organisation                              |   |   | 300             | 276                |  |
| International Renewable Energy Agency (IRENA)  | International organisation                              |   |   | 1,020           | 1,015              |  |
| African Regional Cooperation Agreement for research development and training related to nuclear science and technology (AFRA) Fund | International organisation                              |   |   | 5,950           | 5,893              |  |
| African Petroleum Producers Association (APPA)   | International organisation                              |   |   | 1,075           | 1,074              |  |

## 2.11 CONDITIONAL GRANTS

### 2.11.1 Conditional Grants and Earmarked Funds Paid

Tabled below are each of the conditional grants and earmarked funds paid by the Department.

Table 35: Conditional Grant 1 – National Electrification Programme (equitable share)

|  |                                      |
|--|--------------------------------------|
| <b>Department/ Municipality to whom the grant has been transferred</b> | Several municipalities               |
| <b>Purpose of the grant</b>  | Electricity connections              |
| <b>Expected outputs of the grant</b>                                   |                                      |
| <b>Actual outputs achieved</b>   |                                      |
| <b>Amount per amended DoRA</b>   | 2,087,048                            |
| <b>Amount transferred (R'000)</b>                                      | 2,087,048                            |
| <b>Reasons if amount as per DoRA not transferred</b>                   | N/A                                  |
| <b>Amount spent by the department/ municipality (R'000)</b>            |                                      |
| <b>Reasons for the funds unspent by the entity</b>                     |                                      |
| <b>Monitoring mechanism by the transferring department</b>             | Technical audits and monthly reports |

Table 36: Conditional Grant 2 – National Electrification Programme (Eskom)

|  |  |
|--|--|
| <b>Department/ Municipality to whom the grant has been transferred</b> | Eskom  |
| <b>Purpose of the grant</b>  | Electricity Connections                                    |
| <b>Expected outputs of the grant</b>                                   |  |
| <b>Actual outputs achieved</b>   |  |
| <b>Amount per amended DoRA</b>   | 3,486,154  |
| <b>Amount transferred (R'000)</b>                                      | 3,486,154  |
| <b>Reasons if amount as per DoRA not transferred</b>                   | N/A  |
| <b>Amount spent by the department/ municipality (R'000)</b>            |  |
| <b>Reasons for the funds unspent by the entity</b>                     |  |
| <b>Monitoring mechanism by the transferring department</b>             | Quarterly reports submitted by Eskom, verification reports |

Table 37: Conditional Grant 3 – Energy Efficiency and Demand Side Management Programme (equitable share)

|  |   |
|--|---|
| <b>Department/ Municipality to whom the grant has been transferred</b> | Several municipalities  |
| <b>Purpose of the grant</b>  | Implementation of energy efficiency technologies  |
| <b>Expected outputs of the grant</b>                                   |   |
| <b>Actual outputs achieved</b>   |   |
| <b>Amount per amended DoRA</b>   | 203,236   |
| <b>Amount transferred (R'000)</b>                                      | 203,236   |
| <b>Reasons if amount as per DoRA not transferred</b>                   | N/A   |
| <b>Amount spent by the department/ municipality (R'000)</b>            |   |
| <b>Reasons for the funds unspent by the entity</b>                     |   |
| <b>Monitoring mechanism by the transferring department</b>             | The Department developed a monitoring and evaluation tool indicating the pay-back period to achieve kWh savings; energy savings (kWh) achieved by each municipality; and R (million)/ kWh. The Department annually undertakes an independent technical audit, and measurement and verification (M&V) of energy savings achieved by implementing municipalities. |

Table 38: Conditional Grant 4 – Energy Efficiency and Demand Side Management Programme (NSWHP)

|  |   |
|--|---|
| <b>Department/ Municipality to whom the grant has been transferred</b> | Solar Water Heater Service Providers  |
| <b>Purpose of the grant</b>  | Implementation of the SWH Programme   |
| <b>Expected outputs of the grant</b>                                   |   |
| <b>Actual outputs achieved</b>   |   |
| <b>Amount per amended DoRA</b>   | 349,996   |
| <b>Amount transferred (R'000)</b>                                      | 235,472   |
| <b>Reasons if amount as per DoRA not transferred</b>                   |   |
| <b>Amount spent by the department/ municipality (R'000)</b>            | 235,472   |
| <b>Reasons for the funds unspent by the entity</b>                     | Installation of SWH units was not possible during 2017/18 as the Department awaited confirmation of designated installation areas from participating municipalities |
| <b>Monitoring mechanism by the transferring department</b>             | Quarterly progress reports, physical verification   |

### 2.11.1 Conditional Grants and Earmarked Funds Received

In 2017/18, the Department participated in the following training and development projects and learnership programmes:

- In-service training programme funded by the Energy and Water Sector Education and Training Authority (EWSETA) for electrical engineers which is aimed at ensuring that opportunities are created and promoted for unemployed students who have N6 or N4 qualifications, to gain practical experience in the workplace in order to obtain their qualifications;

- Several projects and programmes funded by the Chemical Industries Sector Education and Training Authority (CHIETA) including a Project Management learnership programme; Public Administration; Internal Audit; Petroleum Engineering Programme; and skills programme.

During the reporting period, R2.23 million (R1.74 million in 2016/17) was received by the Department from affiliated energy sector education and training authorities (SETAs). This budget was utilised to implement learner and training programmes as per agreement with the relevant SETAs. The increase in funding from 2016/17 to 2017/18 is attributable to the increased number of training and development projects approved and funded by the energy SETAs.



## 2.12 DONOR FUNDS

### 2.12.1 Donor Funds Received

Table 39: Donor Fund 1 – Implementation of 'Smart Metering' in South Africa

|   |   |
|---|---|
| Name of donor                             | EU Commission   |
| Full amount of the funding                | R179.4 million  |
| Period of the commitment                  | April 2013 to March 2018  |
| Purpose of the funding                    | Implementation of 'smart metering' in the South African electricity industry  |
| Expected outputs                          | Draft smart grid national policy document   |
| Actual outputs achieved                   | Still piloting projects to test certain policy priorities – 9 pilot projects are still under way  |
| Amount received in current period (R'000) | 18,970  |
| Amount spent by the Department (R'000)    | 10,504  |
| Reasons for the funds unspent             | <p>The Programme has two (2) major components, namely:</p> <ol style="list-style-type: none"> <li>1. The Smart Grid Programme with a budget allocation of R133,378 million; and</li> <li>2. The Energy Efficiency and Demand Side Management (EEDSM) Programme with a budget allocation of R28,000 million.</li> </ol> <p>The Smart Grid Programme, responsible for the current pilot projects to test certain policy priorities, has fully utilised its allocated budget.</p> <p>The EEDSM Programme has only utilised R10.5 million of its allocation. The funds were returned to SANEDI in January 2018 (R18.022 million). They have been fully allocated by officials responsible for this programme (DoE) to targets within the EEDSM programme for the 2018/19 financial year. The total fund is R18.970 million (R18.022 million plus R947 thousand which was omitted erroneously)</p> |
| Monitoring mechanism by the donor         | <ul style="list-style-type: none"> <li>• Project Facilitation Team (PFT) chaired by DoE</li> <li>• Programme Management Team (SANEDI Smart Grid Division)</li> <li>• Project Implementation Phase Report by participating municipalities</li> <li>• Financial structure of programme to pay in percentages of completion</li> <li>• Site visits for technical verification of work done</li> </ul>  |

The Smart Metering Implementation Programme's funding is governed by the Reconstruction and Development Programme (RDP) Fund Act, 1994 (Act No. 7 of 1994) as amended. Section 5 of this Act requires that, in the absence of any provision to the contrary in a technical assistance agreement, all funding not spent by the end of a financial year, must be paid back into the RDP Fund. The General Budget Support Technical Assistance Agreement with the EU does not make provision for the roll-over of funding. A total of R18.97 million was transferred to the South African National Energy Development Institute (SANEDI) during the 2017/18 financial year of

which an amount of R8.46 million remained unspent by 31 March 2018. The mentioned funds, plus interest earned of R225 thousand were subsequently surrendered to the RDP Fund.

The initial Programme timeline of two (2) years became unrealistic, as the complexity of aligning principal objects, close legal/council buy-in and maturity of participating municipalities was never factored in. A period extension was granted by National Treasury to the 2017/18 financial year to allow for the finalisation and achievement of the project's output/objective.



Table 40: Donor Fund 2 – Renewable Energy Development Programme

|  |  |
|--|--|
| <b>Name of donor</b>                     | Government of the Kingdom of Denmark   |
| <b>Full amount of the funding</b>        | R46.5 million  |
| <b>Period of the commitment</b>          | April 2013 to March 2018   |
| <b>Purpose of the funding</b>            | Technical assistance to the Department, further development of the Wind Atlas for South Africa (WASA) and technical assistance to Eskom for renewable energy integration in electricity supply.  |
| <b>Expected outputs</b>                  | Increased deployment of low carbon technologies in the energy sector:<br>1. (a) Energy Efficiency subcomponent – National Energy Efficiency Strategy (NEES); Energy Efficiency Campaign (Standards & Labelling); Energy Efficient schools pilot project<br>(b) Renewable Energy sub-component – Memorandum of Agreement between DoE, SANEDI and SARETEC; Renewable Energy Data and Statistics system; Grid codes for REIPP; Solar Water Heaters for Carbon offset.<br>2. Wind Atlas for South Africa extended to rest of the Eastern Cape and parts of the Free State and KwaZulu-Natal<br>3. Report on Eskom's System Adequacy and Reserves study |
| <b>Actual outputs achieved</b>           | Completed:<br>• DoE and Eskom components<br>In progress:<br>• WASA 2 Wind measurement masts that were installed in Rhodes (EC), Jozini, Eston (KZN) and Memel (FS) have completed 2 <sup>nd</sup> full year of wind measurements. Fast track (Interim) Wind Resource map covering all of South Africa completed  |
| <b>Amount received in current period</b> | R15 million  |
| <b>Amount spent by the Department</b>    | R9.6 million   |
| <b>Reasons for the funds unspent</b>     | The Advisory Board approved the extension of the WASA 2 component to December 2018 and maintenance support of the WASA 1 masts until December 2018. The unspent funds of R5.4 million are committed for WASA 2 (2018/19)   |
| <b>Monitoring mechanism by the donor</b> | Component Managers, Management Committee and Advisory Board  |

The Renewable Energy Development Programme funding is governed by the Reconstruction and Development Programme (RDP) Fund Act, 1994 (Act No. 7 of 1994) as amended. Section 5 of this Act requires that all funding not spent by the end of a financial year, must be paid into the RDP Fund. A total of R22.36 million was transferred to the South African National Energy Development Institute (SANEDI) during the 2016/17 financial year of which R5.5 million remained unspent by 31 March 2018. The mentioned funds are committed for WASA 2 contractual payments in the 2018/19 financial year. The interest earned of R0.659 million was subsequently surrendered to the RDP Fund.

## 2.12.2 Background to Donor Funded Projects

### 2.12.2.1 Implementation of 'Smart Metering' in South Africa

During the 2012/13 financial year, a total of R179.4 million, for disbursement over a three-year period, was made available through the EU Commission financing agreement and the National Development Policy Support Programme for the implementation of 'smart metering' in the South African electricity industry. The project was anticipated to consist of two (2) phases:

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

- The implementation of smart grid technologies.

The programme was successfully implemented through the 2014/15 financial year until 2017/18. The programme scope included addressing national policy objectives through the implementation of smart grid pilot projects. These policy objectives are broadly defined within the following areas:

#### a) Distributed Power Generation

This priority area focuses on the impact and implications of sparsely decentralised renewable energy generation plants across the country, and the implication to the grid and South Africa's energy mix. This priority area takes its bearing from the introduction of the Independent Power Producer (IPP) programme by the Department.

#### b) Enhanced Revenue Management

With the growing debt owed to Eskom by municipalities, the Department focused on revenue enhancement, using technology as an enabler for change. The present crisis Eskom finds itself in is a combination of issues. The outstanding debts owed by municipalities, and their inability to address the root cause and remain sustainable continues to put a strain on service delivery and the health of municipal assets.

**c) Energy Efficiency and Demand Side Management (EEDSM)**

Energy efficiency is one of the low hanging fruits in addressing climate change and South Africa's energy crisis. Public buildings and the reduction of their energy consumption is the main aim of this project. Three (3) types of public buildings have been identified for electricity usage monitoring and data analysis.

**d) Active Network Management**

There is a growing change in customer behaviour relative to the energy crisis faced by South Africa and the continuous increase in electricity tariffs. Embedded generation is real and will inevitably take place within the boundaries of municipalities. This has implications for the stability of the grid and affects the already depleting revenue of municipalities.

**e) Asset Management**

As at 2008, the estimated refurbishment and maintenance backlogs for municipalities stood at R27 billion with a projected R2.5 billion annual increase if not addressed. Electricity distribution assets are the

goose that lays the golden egg. This priority is key to turning around the present situation within municipalities, using data analytics to make informed decisions and thereby balance performance, cost and risk against shrinking budgets. In a study conducted by the DoE in 2014, the figure for maintenance had risen to R68 billion.

**f) Advanced Metering Infrastructure**

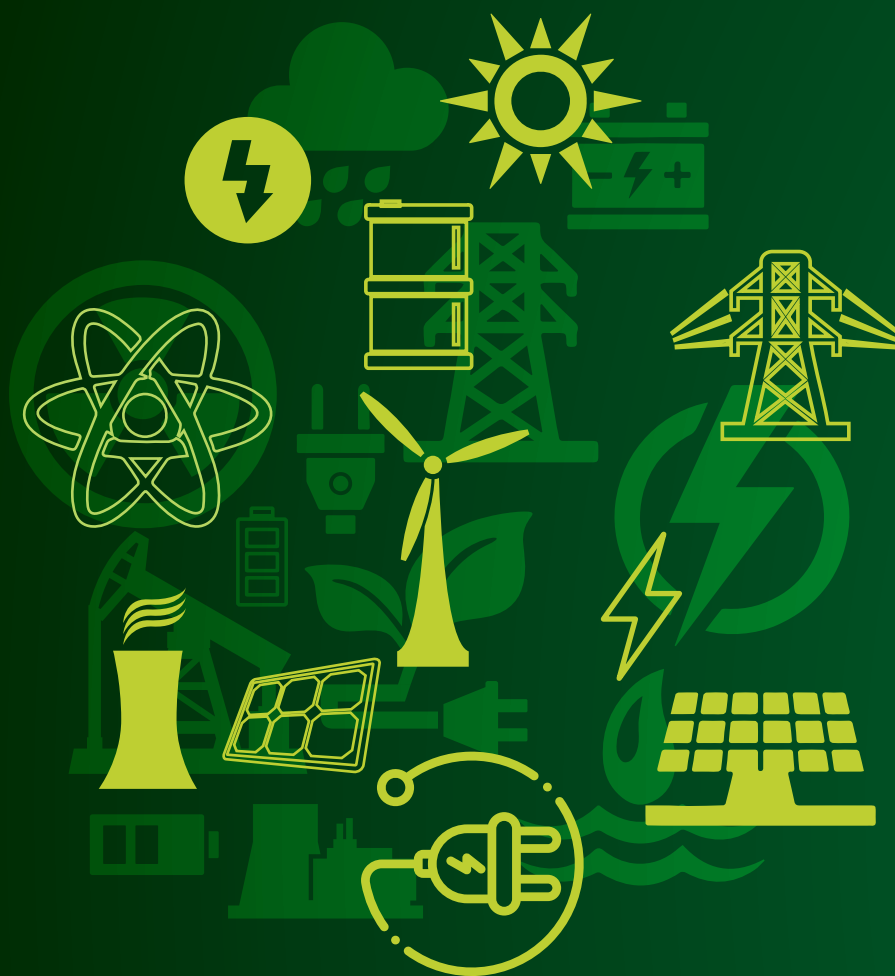
Advanced metering infrastructure is deployed with distribution networks to support the implementation of policies such as free basic electricity and the implementation of tariff structures, such as the inclining block tariff (IBT) and time of use tariff, as well as load limiting within the network, ultimately leading to improved financial viability for municipalities and the visibility and control of the network.

The programme is largely implemented through Collaboration Agreements with various municipalities. These municipalities have, in some cases, co-funded the full amount of the grant and therefore addressed broader issues peculiar to them.

## 2.13 CAPITAL INVESTMENT

The Department of Energy did not have any capital investments in the period under review.





## PART C

## GOVERNANCE

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## 3.1 INTRODUCTION TO GOVERNANCE

Section 38(i) (a) of the Public Finance Management Act (PFMA) stipulates that “the accounting officer for a department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal controls”. Section 45 of the PFMA assigns the responsibility of ensuring that the system of financial management and internal controls are established for the department for all officials within their areas of responsibility. Section 45(c) of the PFMA stipulates that “an official in a department, trading entity or constitutional institution is responsible for management, including the safeguarding of assets and the management of the liabilities within that official’s area of responsibility.”

A key governance undertaking is enterprise-wide risk management. This is the broad-based application of risk management across all major functions and activities, rather than only in selected areas. It represents a response to the dilemma that risks (including opportunities) are dynamic and often highly interdependent and need to be managed through a portfolio approach rather than as separate and static events, considering both internal and external risks. A key principle is to communicate timeously with other organs of state in instances where the identification, evaluation and management of risk requires their participation, and also to consider risks throughout the value chain. Further, the Department must comply with risk-specific legislation, such as the Occupational Health and Safety Act, Disaster Management Act, and Prevention of Fraud and Corruption Act.

## 3.2 RISK MANAGEMENT AT THE DOE

Table 41: Guiding risk management questions

| Guiding Risk Management Questions   | Yes/No | Comments  |
|---|--------|---|
| Does the Department have a risk management policy and strategy?   | Yes    | The following foundational documents are in place: Risk Management Policy; Risk Management Strategy; Risk Management Framework; Risk Management Committee Charter; Fraud Prevention Strategy; Fraud Prevention Policy and Response Action Plan; and Combined Assurance Framework.   |
| Does the Department have a Risk Management Committee that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk?                            | Yes    | Quarterly Risk Management Performance reports including anti-fraud and corruption were presented respectively at Risk Management Committee and Audit Committee meetings to consider management’s actions concerning the effectiveness of mitigation strategies and internal controls for those risks in the risk register.  |
| Does the Audit Committee advise the Department on risk management and independently monitor the effectiveness of the system of risk management?   | Yes    | An Audit Committee is in place guided by its Audit Charter. Internal Audit and Auditor-General of South Africa findings were responded to and presented to the Audit Committee for assessment of progress made in resolving findings within the prescribed timeline of 90 days.   |
| Does the Department conduct regular risk assessments to determine the effectiveness of its risk management strategy and to identify new and emerging risks?   | Yes    | A Global Risk Register and Branch Risk Registers reflecting risk owners and mitigation strategies to address residual risk exposures were produced and presented both at the Risk Management Committee and Audit Committee for oversight purposes.  |
| Does the Department see progress in the management of risks, and has this been transmitted into improvements in the Department’s performance, and if not, what does it plan on doing to address the matter? | No     | The Department has not seen clearly attributable improvements to overall performance due to better risk management primarily because of the low but improving level of risk maturity. The principal strategy to improve risk maturity, and by extension performance, revolves around developing an approved “Risk Appetite” and improving the Combined Assurance Framework. |

### 3.2.1 Progress on Risk Mitigation at DoE

According to the *Public Sector Risk Management Framework* “inherent risk” means the exposure arising from risk factors in the absence of deliberate management intervention(s) to exercise control over such factors. On the other hand, “residual risk” means the remaining exposure after the mitigating effects of deliberate management intervention(s) to control such exposure.

Table 42: Total number and average scores of inherent and residual branch risks

| Branches/Units                              | Total Number of Inherent Risks | Average Score of Inherent Risks (1–25) | Total Number of Residual Risks | Average Score of Residual Risks (1–25) |
|---|--------------------------------|--|--------------------------------|--|
| Policy and Planning                         | 3                              | 20                                     | 3                              | 13                                     |
| Petroleum and Petroleum Products Regulation | 5                              | 10.8                                   | 5                              | 8                                      |
| Nuclear Energy                              | 4                              | 23.75                                  | 4                              | 21.25                                  |
| Clean Energy                                | 6                              | 16.84                                  | 6                              | 12.84                                  |
| Programmes and Projects                     | 5                              | 13.8                                   | 5                              | 11.2                                   |
| Corporate Services                          | 5                              | 20.4                                   | 5                              | 16.8                                   |
| Financial Management Services               | 2                              | 14                                     | 2                              | 10                                     |
| Governance and Compliance                   | 1                              | 16                                     | 1                              | 12                                     |
| Office of the Director-General              | 3                              | 18.75                                  | 3                              | 14                                     |

Table 43: Key to levels of risk

| Risk Index | Risk Levels | Risk Acceptability      | Proposed Actions   |
|------------|-------------|-------------------------|--|
| 15–25      | High Risk   | Unacceptable            | Immediate implementation of corrective action plans                    |
| 6–14       | Medium Risk | Acceptable with caution | Implementation of improvement opportunities and validation of controls |
| 1–5        | Low Risk    | Acceptable              | Validation and 12 Optimisation of controls                             |

## 3.3 FRAUD AND CORRUPTION

The Department has developed a *Fraud Prevention Plan*, setting out actions to prevent fraud and corruption. The Fraud Prevention Plan sets out mechanisms to detect fraud and corruption and to enforce existing systems, policies and procedures aimed at deterring and reducing fraud and corruption. Mechanisms include a whistle blowing policy, vetting of officials and service providers, planned and requested internal audits, and oversight structures, such as the Risk Management and Audit Committees, and EXCO.

Employees and members of the public are encouraged to report allegations of fraud or suspected practices of corruption for investigation and resolution. Cases of fraud and corruption are captured in the Fraud and Corruption Case Register, which is regularly updated and reported to the Office of the Public Service Commission and the Department of Public Service and Administration. All reported cases of alleged, irregular, and/or fraudulent practices received from the Presidential Hotline, members of the public, and the media were investigated and resolved.

## 3.4 MINIMISING CONFLICT OF INTEREST

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

- Senior managers are required to disclose their financial interest annually as required by the financial disclosure framework;
- Sanctions were taken with regard to non-compliance; and
- A conflict of interest disclosure form is signed by all attendees in various management structures.

## 3.5 CODE OF CONDUCT

A Departmental Code of Conduct is in place to guide employees as to what is expected of them from an ethical and moral point of view in their official capacities. Education, training and awareness in relation to the code of conduct are conducted during the Induction and Orientation Programme of the Department.

## 3.6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department promotes the quality of work life, ensures compliance with the Occupational Health and Safety Act, and promotes the creation of a conducive environment for its employees through Health and Wellness initiatives.

The Employee Health and Wellness Programme is a comprehensive employee health and wellness promotion programme that focuses

on the most crucial needs of the organisation as a way of improving the overall wellbeing of employees for the purposes of curbing absenteeism, improving employee productivity, and reducing the stigma of HIV/AIDS in the work place. Employee Health and Wellness activities were implemented throughout the year, with wellness clinics conducted twice per month. The physical and psychological health of employees was maintained without disruption.

## 3.7 PORTFOLIO COMMITTEES

In the 2017/18 financial year approximately 26 meetings were held with the Portfolio Committee on Energy (PCE) and three with the Select Committee on Business and Economic Development. The Department took note of the Committees' findings, observations

and recommendations and developed internal monitoring control mechanisms to monitor progress on implementation of recommendations or resolutions by the Committees.

### 3.7.1 Portfolio Committee Briefings

Table 44: Date and subject-matter of briefings to the Portfolio Committee on Energy – April 2017–March 2018

| Date              | Discussion Matter   |
|-------------------|---|
| 16 April 2017     | Consideration and adoption of the Committee Budget Vote Report  |
| 02 May 2017       | Briefing by the Department of Energy on Strategic Plan, Annual Performance Plan and Budget Vote   |
| 02 May 2017       | Briefing by the DoE on its Strategic Plan, Annual Performance Plan 2017/18 and Budget Vote 26   |
| 09 May 2017       | Deliberations on 1 <sup>st</sup> Draft of the Committee Budget Vote Report  |
| 16 May 2017       | Consideration of the Committee Budget Vote Report   |
| 30 May 2017       | Briefing by the DoE, the Central Energy Fund and the Strategic Fuel Fund on the report on the sale of strategic fuel stock by the Strategic Fuel Fund (SFF) |
| 13 June 2017      | Briefing by the DoE on Liquid Petroleum Gas (LPG) and Market Inquiry Outcomes (Portfolio Committee on Economic Development)                                 |
| 20 June 2017      | Update by the DoE and Eskom on the signing of Power Purchase Agreements with Independent Power Producers  |
| 21 June 2017      | Update by the DoE on the signing of Power Purchase Agreements   |
| 22 August 2017    | 4 <sup>th</sup> Quarter Performance Report for 2016/17  |
| 05 September 2017 | Briefing by Competition Commission on its Liquefied Petroleum Gas Market Inquiry Report   |
| 12 September 2017 | Briefing by the DoE, NERSA and Eskom on the electricity distribution industry   |
| 03 October 2017   | Briefing by CoGTA, SALGA and MISA on the electricity industry and rehabilitation of infrastructure  |
| 03 October 2017   | Briefing by the DPME on the performance of the Department and its respective entities   |
| 04 October 2017   | Briefing by the Auditor-General of South Africa on the audit outcomes of the Department and its entities  |



| Date             | Discussion Matter   |
|------------------|---|
| 04 October 2017  | Briefing by the CEF on its Annual Report for 2016/17  |
| 24 October 2017  | Briefing by the Department on its 1 <sup>st</sup> Quarter Performance Report for 2017/18  |
| 30 October 2017  | Briefing by NERSA on its Annual Report for 2016/17  |
| 14 November 2017 | Briefing by the SANEDI on its Annual Report for 2016/17   |
| 14 November 2017 | Briefing by the NNR on its Annual Report for 2016/17  |
| 21 November 2017 | Update by the Minister of Energy on government's plans relating to key and strategic matters in the energy sector                     |
| 22 November 2017 | Continuation of the update by the Minister of Energy on government's plans relating to key and strategic matters in the energy sector |
| 20 February 2018 | 2 <sup>nd</sup> and 3 <sup>rd</sup> Quarter Performance Reports for 2017/18   |
| 06 March 2018    | Presentation on the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)                                       |
| 13 March 2018    | Briefing by NERSA on reasons for decision on Eskom's revenue application for 2018/19  |
| 27 March 2018    | Briefing by Eskom on the outcome of the 2018/19 revenue application, impact and way forward   |

The Department addresses the PCE's concerns primarily by means of its Annual Improvement Plan which classifies issues into four priority levels so as to best channel efforts and resources among them. These priority levels are: *High* (intervention is needed); *Medium High*

(corrective action is needed); *Medium* (increasingly accelerate and monitor progress); *Low* (accelerate and review progress); and *Lowest* (compile lessons learned and replicate as needed).

Table 45: Date and subject of briefings to the Portfolio Committee Select Committee on Business and Economic Development

| Date            | Discussion Matter  |
|-----------------|--|
| 15 May 2017     | Briefing on the Reviewed Strategic Plan and Annual Performance Plan                      |
| 04 October 2017 | Briefing to Select Committee by the NERSA and Strategic Fuel Fund (SFF) on Annual Report |

## 3.8 STANDING COMMITTEE ON APPROPRIATIONS RESOLUTIONS

None.

## 3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior modifications to audit reports in the reporting period.

## 3.10 INTERNAL CONTROL UNIT

The Internal Control and Reporting Unit ensures that internal controls are in place in order to provide reasonable assurance that the Department has accounted for all the financial transactions, free of errors and fraud. The Unit also ensures that the transactions are accurate, valid and complete as well as being compliant with

applicable laws and regulations to ensure reliable financial reporting.

In addition, the Internal Control sub-directorate ensures that the Department complies with Treasury Regulations in terms of reporting, and co-ordinates audits by AGSA.

## 3.11 INTERNAL AUDIT AND AUDIT COMMITTEES

The Audit Committee plays an important role in ensuring that an entity functions according to prescribed good governance (King IV), accounting and audit standards. It also monitors and evaluates the adoption of appropriate risk management framework.

### 3.11.1 Internal Audit

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

The primary objective of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. It helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and suggest improvements regarding the effectiveness of risk management, internal controls, and governance processes. A risk-based annual audit plan for 2017/18 was compiled and approved by the Audit Committee. A total of 26 audits were conducted in the 2017/18 financial year and these included regularity audits, compliance audits, IT and *ad-hoc* audits.

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

### 3.11.2 Audit Committee

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

The Audit Committee amongst others reviews;

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

#### 3.11.2.1 Attendance of Audit Committee Meetings by Audit Committee Members

The Audit Committee consists of the members listed below, all of whom are independent of the Department. The Committee should meet at least four times per annum as per its approved terms of reference. During the financial year under review, nine meetings were held. Table 46 discloses relevant information on the Audit Committee members.

Table 46: Audit Committee members and meeting attendance

| MEETING                                  | DATES             | L SAKI | T SIHLABA                            | A AMOD                             | G LOURENS | F DOCRAT                                     |
|--|-------------------|--------|--------------------------------------|------------------------------------|-----------|--|
| Qualifications                           |                   | BCom   | BCom, BCompt (Hons), MCom, ACCA, CIA | CD(SA), BCom, MBA, CIA, CGAP, CRMA | CA(SA)    | CISM, CISA, CGEIT, MBA, MAP, CRM- Prac, COPE |
| Special AC Meeting draft AFS 2016-17     | 24 May 2017       | ✓      | ✓                                    | ✓                                  | ✓         | ✓  |
| Special AC Meeting Audited AFS 2016/17   | 26 Jul 2017       |        | ✓                                    | ✓                                  | ✓         |  |
| Special AC Meeting                       | 31 July 2017      | ✓      | ✓                                    | ✓                                  | ✓         | ✓  |
| Special AC Meeting                       | 01 September 2017 | ✓      | ✓                                    |                                    | ✓         |  |
| 1 <sup>st</sup> Ordinary Meeting 2017/18 | 31 August 2017    | ✓      | ✓                                    | ✓                                  | ✓         | ✓  |
| 2 <sup>nd</sup> Ordinary Meeting 2017/18 | 30 November 2017  | ✓      | ✓                                    | ✓                                  | ✓         | ✓  |
| 3 <sup>rd</sup> Ordinary Meeting 2017/18 | 02 March 2018     | ✓      | ✓                                    | ✓                                  | ✓         | ✓  |
| 4 <sup>th</sup> Ordinary Meeting 2017/18 | 10 May 2018       | ✓      | ✓                                    | ✓                                  | ✓         | ✓  |
| Special AC meeting                       | 13 September 2018 | ✓      | ✓                                    | ✓                                  | ✓         | ✓  |

## 3.12 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

### 3.12.1 Audit Committee Responsibility

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

### 3.12.2 Effectiveness of Internal Control

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

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

The Audit Committee is concerned with the effectiveness of risk management and its level of maturity.

### 3.12.3 Internal Audit

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

The areas of concern identified by the Audit Committee are:

- The management of predetermined objectives;
- High vacancy rate and absence among Senior Management.

### 3.12.4 In-Year Management and Monthly/Quarterly Report

The Accounting Officer has tabled the In-Year Management (IYM) and monthly/quarterly reports to the Minister and to the Committee, as

required by the Treasury Regulations. The Committee is satisfied with the content and quality of the IYM reports.

### 3.12.5 Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Accounting Officer;
- reviewed the AGSA's Management Report and Management's response thereto;
- reviewed accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the Department's processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the Annual Report;
- reviewed adjustments resulting from the audit of the Department;
- reviewed, changes to the Annual Financial Statements as presented by the Department for the year ending 31 March 2018.


### 3.12.6 Report of the Auditor-General South Africa

We have, on a quarterly basis reviewed the Department's implementation plan for audit issues raised in the prior year and the Audit Committee has met several times with the AGSA to resolve the audit disagreements that emanated from the regulatory audit- these issues remain unresolved. Corrective actions on the accepted detailed findings raised by the AGSA will continue to be monitored by the Audit Committee on a quarterly basis.

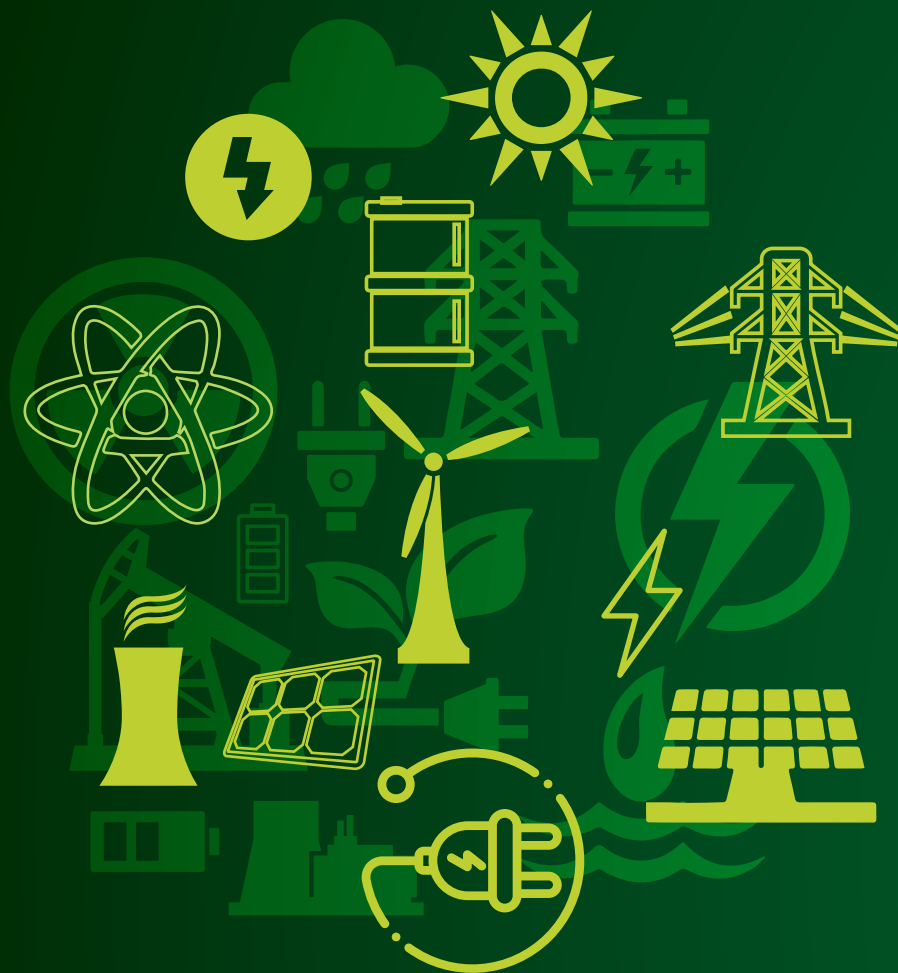
The Audit Committee is of the opinion that the audited Annual Financial Statements be read together with the report of the Auditor-General of South Africa.

### 3.12.7 Appreciation

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



**Mr A Amod CD(SA), BCom, MBA, CIA, CGAP, CRMA**  
**Chairperson of the Audit Committee**  
**04 December 2018**



## PART D

## HUMAN RESOURCE MANAGEMENT

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## 4.1 INTRODUCTION

Within the approved legislative framework established by the Department of Public Service and Administration (DPSA), and within a currently constrained financial environment, the Department of Energy provides support to its core functions by means of effective Human Resource (HR) policies, plans, and management.

## 4.2 OVERVIEW OF HUMAN RESOURCES

### 4.2.1 Status of Human Resources in the Department

The Department employed 540 individuals out of the 658 approved posts, as well as 37 additional members to the organisational structure. Personnel expenditure as a percentage of total expenditure stood at 4.10% in the period under review. A healthy staff turnover of 4.7% (excluding interns and contractors) was maintained during the current reporting period. Additional descriptive statistics are provided in the tables below.

Two duly authorised employee unions, the National Education, Health and Allied Workers' Union (NEHAWU) and the Public Service Association (PSA) represent workers. NEHAWU organises state, health, education and welfare workers. The PSA represents public servants, public service pensioners, and employees of semi-state institutions. On the management side, the Department deploys a Labour Relations Unit to facilitate a conducive working environment for all staff. To this end, the Departmental Bargaining Chamber met four times in the period under review.

### 4.2.2 Human Resource Priorities and Results

The Department's three highest priorities during the 2017/18 Fiscal Year were (1) to fill key funded posts, (2) to review the organisation structure, and (3) to roll-out its HR Plan. Of these, the HR Plan was successfully implemented thus maintaining core human resource competencies in line with the mission of the Department and its annual pre-determined objectives. The remaining priorities could not be accomplished due to a number of factors, primarily relating to funding by National Treasury for compensation of employees, and a higher than normal turnover of Ministers.

### 4.2.3 Workforce Planning

HR continued the implementation of the Department's Integrated HR Plan, 2013–2018 in the period under review. The aim of the plan is to ensure that the right employees with the right mix of skills are placed in the right positions. It further promotes healthy attitudes and behaviours, as well as the development of employee skills in line with Departmental needs.

The HR Unit developed a Workplace Skills Plan (WSP) for the Department, following the skills audit conducted through the

submission of Personal Development Plans (PDPs). As part of the implementation of the WSP, a number of training and development interventions were identified (including workshops), and 419 employees were trained during 2017/18. The Department offered 21 new bursaries to serving employees with effect from the beginning of the 2018 academic year. This brought the total number of employees studying part-time at various institutions to 52.

### 4.2.4 Employee Performance Management

A review of the Performance Management and Development System (PMDS) commenced in the period under review. The PMDS review process resulted in the drafting of a revised PMDS Policy for levels 1–12. The latter could not, however, be implemented as it had not been accepted by the Departmental Bargaining Chamber by year-end. The new Regulations and Directives issued by DPSA will be implemented in the new financial year.

The compliance rate for the submission of performance agreements was maintained at well above 90% in the financial year. Performance reviews for levels 1–12 were completed within the required timeframes and performance rewards were paid within budget. The Senior Management Service (SMS) process was also concluded with the exception of Level 15 and 16 employees.

### 4.2.5 Employee Wellness Programmes

The Employee Health and Wellness Programme (EHWP) was implemented successfully. Activities were implemented throughout the year, including wellness clinics twice per month. The EHWP team was innovative in securing services from non-profit organisations throughout the year. The physical and psychological health of DoE staff was consequently maintained without disruption.

### 4.2.6 Achievements, Challenges, and Future Plans

In terms of achievements, the Department received three awards for its successful Skills Development Programmes, Internships and Learnerships from the National Skills Authority and CHIETA. In addition, the Department attained a perfect score (4 out of 4) for its HR planning in the 2017 MPAT assessment cycle. Success in the total representation of female employees across all levels was maintained at just above 50%.

An ongoing challenge for the Department is organisational restructuring. The review process of the organisational structure was put on hold due to several leadership changes. Most of the necessary tasks could not be undertaken over the past four financial years and a further postponement, until after 2019, is necessary.

Since 2014, funding allocated through the Medium-Term Expenditure Framework (MTEF) has been a major challenge, with a reduction in the budget for both compensation of employees and goods and services. The vacancy rate is currently above the 10% target and stands at 17.9%, in part due to projected deficits in the Compensation

of Employees budget. Therefore, the full implementation of HR strategies, as envisaged in the Integrated HR Plan for the Department, could not be achieved.

In terms of future plans, an annual HR Assessment and HR Plan Implementation Review Report was undertaken to guide planning for the new financial year. The HR Unit obtained approval for the extension of the current HR Plan until 2020. Although the Employee Assistance Programme contract expired, efforts are under way to appoint a new service provider.

## 4.3 HUMAN RESOURCES OVERSIGHT STATISTICS

### 4.3.1 Personnel Related Expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary band. In particular, it provides an indication of the following: amount spent on personnel, and amount spent on salaries, overtime, home owner's allowances, and medical aid.

Table 47: Personnel expenditure by programme for the period 1 April 2017 to 31 March 2018

| Programme  | Total Expenditure<br>(R'000) | Personnel Expenditure<br>(R'000) | Training Expenditure<br>(R'000) | Professional and Special Services Expenditure<br>(R'000) | Personnel Expenditure as a % of Total Expenditure | Average Personnel Cost per Employee<br>(R'000) |
|--|------------------------------|----------------------------------|---------------------------------|--|---|--|
| DoE: Administration  | 272,381                      | 148,354                          | 3,409                           | 4,836  | 54.50   | 584  |
| DoE: Clean Energy  | 609,555                      | 17,246                           | -                               | 734  | 2.80  | 719  |
| DoE: Electricity and Energy Programme and Project Management | 6,152,173                    | 44,287                           | -                               | -  | 0.70  | 598  |
| DoE: Energy Policy and Planning                              | 41,707                       | 34,776                           | -                               | 2,714  | 83.40   | 710  |
| DoE: Nuclear Energy  | 794,191                      | 20,807                           | -                               | 13,340   | 2.60  | 671  |
| DoE: Petroleum and Petroleum Products Regulation             | 74,639                       | 56,715                           | -                               | 8,527  | 76.00   | 525  |
| <b>Total as on Financial Systems (BAS)</b>                   | <b>7,944,646</b>             | <b>322,185</b>                   | <b>3,409</b>                    | <b>30,151</b>  | <b>4.10</b>                                       | <b>597</b>                                     |

Table 48: Personnel cost by salary band for the period 1 April 2017 to 31 March 2018

| Salary Band                              | Personnel Expenditure<br>(R'000) | % of Total Personnel Cost | No. of Employees | Average Personnel Cost per Employee<br>(R'000) |
|--|----------------------------------|---------------------------|------------------|--|
| Skilled (Levels 3-5)                     | 21,638                           | 6.50                      | 87               | 248,713  |
| Highly skilled production (Levels 6-8)   | 51,044                           | 15.40                     | 132              | 386,697  |
| Highly skilled supervision (Levels 9-12) | 144,462                          | 43.70                     | 215              | 671,916  |
| Senior management (Levels 13-16)         | 81,778                           | 24.70                     | 72               | 1,135,806                                      |
| Contract (Levels 1-2)                    | 1,911                            | 0.60                      | 16               | 119,438  |
| Contract (Levels 6-8)                    | 1,822                            | 0.60                      | 5                | 364,400  |
| Contract (Levels 9-12)                   | 5,403                            | 1.60                      | 7                | 771,857  |
| Contract (Levels 13-16)                  | 12,590                           | 3.80                      | 6                | 2,098,333                                      |
| Periodical remuneration                  | 945                              | 0.30                      | 6                | 157,500  |
| Abnormal appointment                     | 1,134                            | 0.30                      | 89               | 12,742   |
| <b>Total</b>                             | <b>322,727</b>                   | <b>97.70</b>              | <b>635</b>       | <b>508,231</b>                                 |



Table 49: Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2017 to 31 March 2018

| Programme  | Salaries          |   | Overtime          |   | Home Owners Allowance |  | Medical Aid       |   |
|--|-------------------|---|-------------------|---|-----------------------|--|-------------------|---|
|  | Amount<br>(R'000) | Salaries<br>as a % of<br>Personnel<br>Costs | Amount<br>(R'000) | Overtime<br>as a % of<br>Personnel<br>Costs | Amount<br>(R'000)     | HOA as a<br>% of<br>Personnel<br>Costs | Amount<br>(R'000) | Medical Aid as a<br>% of Personnel<br>Costs |
| DoE: Administration                                      | 125,578           | 83.30                                       | 770               | 0.50  | 4,232                 | 2.80                                   | 5,069             | 3.40  |
| DoE: Clean Energy  | 14,960            | 85.10                                       | -                 | -   | 403                   | 2.30                                   | 350               | 2.00  |
| DoE: Electricity & Energy Programme & Project Management | 37,661            | 79.80                                       | 33                | 0.10  | 1,086                 | 2.30                                   | 1,574             | 3.30  |
| DoE: Energy Policy and Planning                          | 30,008            | 85.50                                       | 1                 | -   | 785                   | 2.20                                   | 837               | 2.40  |
| DoE: Nuclear Energy                                      | 17,570            | 83.10                                       | 29                | 0.10  | 1,053                 | 5.00                                   | 330               | 1.60  |
| DoE: Petroleum & Petroleum Products Regulation           | 46,671            | 79.60                                       | 48                | 0.10  | 2,356                 | 4.00                                   | 2,606             | 4.40  |
| <b>Total</b>   | <b>272,448</b>    | <b>82.40</b>                                | <b>881</b>        | <b>0.30</b>                                 | <b>9,915</b>          | <b>3.00</b>                            | <b>10,767</b>     | <b>3.30</b>                                 |

Table 50: Salaries, overtime, home owners allowance and medical aid by salary band for the period 1 April 2017 to 31 March 2018

| Salary Band                              | Salaries          |   | Overtime          |   | Home Owners Allowance |  | Medical Aid       |   |
|--|-------------------|---|-------------------|---|-----------------------|--|-------------------|---|
|  | Amount<br>(R'000) | Salaries<br>as a % of<br>Personnel<br>Costs | Amount<br>(R'000) | Overtime<br>as a % of<br>Personnel<br>Costs | Amount<br>(R'000)     | HOA as a<br>% of<br>Personnel<br>Costs | Amount<br>(R'000) | Medical Aid as a<br>% of Personnel<br>Costs |
| Skilled (Levels 3-5)                     | 15,896            | 71.60                                       | 494               | 2.20  | 1 154                 | 5.20                                   | 2,231             | 10.00                                       |
| Highly skilled production (Levels 6-8)   | 40,853            | 79.30                                       | 234               | 0.50  | 1 883                 | 3.70                                   | 3,208             | 6.20  |
| Highly skilled supervision (Levels 9-12) | 121,590           | 82.20                                       | 148               | 0.10  | 4 363                 | 2.90                                   | 4,544             | 3.10  |
| Senior management (Levels 13-16)         | 71,949            | 85.70                                       | -                 | -   | 2 010                 | 2.40                                   | 713               | 0.80  |
| Contract (Levels 1-2)                    | 1,897             | 96.60                                       | -                 | -   | -                     | -                                      | -                 | -   |
| Contract (Levels 3-5)                    | 482               | 79.30                                       | -                 | -   | 14                    | 2.30                                   | 13                | 2.10  |
| Contract (Levels 6-8)                    | 1,564             | 83.80                                       | -                 | -   | 50                    | 2.70                                   | 3                 | 0.20  |
| Contract (Levels 9-12)                   | 4,588             | 82.40                                       | 5                 | 0.10  | 225                   | 4.00                                   | 10                | 0.20  |
| Contract (Levels 13-16)                  | 11,175            | 87.80                                       | -                 | -   | 185                   | 1.50                                   | 56                | 0.40  |
| Periodical Remuneration                  | 47                | 4.80  | -                 | -   | -                     | -                                      | -                 | -   |
| Abnormal Appointment                     | 1,134             | 98.40                                       | -                 | -   | -                     | -                                      | -                 | -   |
| <b>Total</b>                             | <b>271,174</b>    | <b>82.10</b>                                | <b>880</b>        | <b>0.30</b>                                 | <b>9 885</b>          | <b>3.00</b>                            | <b>10,779</b>     | <b>3.30</b>                                 |

## 4.3.2 Employment and Vacancies

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

This information is presented in terms of three key variables: programme; salary band; and critical occupations (see definition in notes below).

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

Table 51: Employment and vacancies by programme as on 31 March 2018

| Programme  | Number of Posts Approved in the Establishment | Number of Posts Filled | Vacancy Rate | Number of Employees Additional to the Establishment |
|--|---|------------------------|--------------|---|
| DoE: Administration  | 316   | 254                    | 19.60        | 16  |
| DoE: Clean Energy  | 33  | 24                     | 27.30        | 2   |
| DoE: Electricity and Energy Programme and Project Management | 86  | 74                     | 14.00        | 10  |
| DoE: Energy Policy and Planning                              | 60  | 49                     | 18.30        | 1   |
| DoE: Nuclear Energy  | 37  | 31                     | 16.20        | 4   |
| DoE: Petroleum and Petroleum Products Regulation             | 126   | 108                    | 14.30        | 4   |
| <b>Total</b>   | <b>658</b>                                    | <b>540</b>             | <b>17.90</b> | <b>37</b>   |

Table 52: Employment and vacancies by salary band as on 31 March 2018

| Salary Band                              | Number of Posts Approved in the Establishment | Number of Posts Filled | Vacancy Rate | Number of Employees Additional to the Establishment |
|--|---|------------------------|--------------|---|
| Contract (Levels 1-2)                    | 16  | 16                     | -            | 16  |
| Skilled (Levels 3-5)                     | 111   | 98                     | 11.70        | 4   |
| Highly Skilled Production (Levels 6-8)   | 161   | 129                    | 19.90        | 3   |
| Highly Skilled Supervision (Levels 9-12) | 269   | 221                    | 17.80        | 11  |
| Senior Management (Levels 13-16)         | 101   | 76                     | 24.80        | 3   |
| <b>Total</b>                             | <b>658</b>                                    | <b>540</b>             | <b>17.90</b> | <b>37</b>   |

Table 53: Employment and vacancies by critical occupations as on 31 March 2018

| Critical Occupation   | Number of Posts Approved in the Establishment | Number of Posts Filled | Vacancy Rate | Number of Employees Additional to the Establishment |
|---|---|------------------------|--------------|---|
| Administrative Related  | 117   | 96                     | 17.90        | 8   |
| Client Information Clerks(Switchboard Reception Information Clerks) | 20  | 18                     | 10.00        | -   |
| Communication and Information Related                               | 16  | 14                     | 12.50        | 3   |
| Community Development Workers                                       | 1   | 1                      | -            | -   |
| Economists  | 6   | 3                      | 50.00        | -   |
| Finance and Economics Related                                       | 10  | 8                      | 20.00        | -   |
| Financial and Related Professionals                                 | 24  | 20                     | 16.70        | -   |
| Financial Clerks and Credit Controllers                             | 17  | 16                     | 5.90         | -   |
| Food Services Aids and Waiters                                      | 1   | 1                      | -            | -   |
| Head of Department/Chief Executive Officer                          | 1   | 1                      | -            | -   |
| Historians and Political Scientists                                 | 1   | -                      | 100.00       | -   |

| Critical Occupation  | Number of Posts Approved in the Establishment | Number of Posts Filled | Vacancy Rate | Number of Employees Additional to the Establishment |
|--|---|------------------------|--------------|---|
| Human Resources and Organisational Development and Related Professionals | 26  | 22                     | 15.40        | -   |
| Human Resources Clerks   | 11  | 8                      | 27.30        | -   |
| Human Resources Related  | 6   | 5                      | 16.70        | -   |
| Information Technology Related   | 1   | 1                      | -            | -   |
| Language Practitioners Interpreters & Other Communication                | 4   | 3                      | 25.00        | 1   |
| Legal Related  | 6   | 4                      | 33.30        | -   |
| Library Mail and Related Clerks  | 8   | 7                      | 12.50        | 1   |
| Logistical Support Personnel   | 7   | 6                      | 14.30        | -   |
| Material-Recording and Transport Clerks                                  | 13  | 11                     | 15.40        | -   |
| Messengers Porters and Deliverers  | 4   | 3                      | 25.00        | 1   |
| Meteorologists   | 3   | 2                      | 33.30        | -   |
| Natural Sciences Related   | 71  | 58                     | 18.30        | 1   |
| Nature Conservation and Oceanographically Related Technicians            | 3   | 1                      | 66.70        | -   |
| Other Administrative and Related Clerks and Organisers                   | 11  | 9                      | 18.20        | 3   |
| Other Administrative Policy and Related Officers                         | 35  | 31                     | 11.40        | -   |
| Other Information Technology Personnel                                   | 13  | 7                      | 46.20        | -   |
| Other Occupations  | 2   | 2                      | -            | -   |
| Risk Management and Security Services                                    | 14  | 11                     | 21.40        | -   |
| Interns  | 16  | 16                     | -            | 16  |
| Secretaries & Other Keyboard Operating Clerks                            | 50  | 43                     | 14.00        | -   |
| Security Officers  | 41  | 36                     | 12.20        | -   |
| Senior Managers  | 79  | 61                     | 22.80        | 2   |
| Social Sciences Related  | 2   | 2                      | -            | -   |
| Statisticians and Related Professionals                                  | 10  | 7                      | 30.00        | 1   |
| Trade/Industry Advisers and Other Related Professionals                  | 7   | 5                      | 28.60        | -   |
| Youth Workers  | 1   | 1                      | -            | -   |
| <b>Total</b>   | <b>658</b>                                    | <b>540</b>             | <b>17.90</b> | <b>37</b>   |

### Notes

Critical occupations are defined as occupations or sub-categories within an occupation:

- (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

### 4.3.3 Filling of Senior Management Service Posts

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

Table 54: SMS post information as on 31 March 2018

| SMS Level                            | Total Number of Funded SMS Posts | Total Number of SMS Posts Filled | % of SMS posts filled | Total Number of SMS Posts Vacant | % of SMS Posts Vacant | Total Number of Additional Filled SMS Posts |
|--------------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|---|
| Director-General/ Head of Department | 1                                | 1                                | 100%                  | -                                | -                     | -   |
| Salary Level 16                      | -                                | -                                | -                     | -                                | -                     | -   |
| Salary Level 15                      | 7                                | 4                                | 57%                   | 3                                | 43%                   | 1   |
| Salary Level 14                      | 22                               | 18                               | 82%                   | 4                                | 18%                   | -   |
| Salary Level 13                      | 66                               | 48                               | 73%                   | 18                               | 27%                   | 2   |
| <b>Total</b>                         | <b>96</b>                        | <b>71</b>                        | <b>74%</b>            | <b>25</b>                        | <b>26%</b>            | <b>3</b>                                    |

Table 55: SMS post information as on 30 September 2017

| SMS Level                            | Total Number of Funded SMS Posts | Total Number of SMS Posts Filled | % of SMS posts filled | Total Number of SMS Posts Vacant | % of SMS Posts Vacant | Total Number of Additional Filled SMS Posts |
|--------------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|---|
| Director-General/ Head of Department | 1                                | 1                                | 100%                  | -                                | -                     | -   |
| Salary Level 16                      | -                                | -                                | -                     | -                                | -                     | 2   |
| Salary Level 15                      | 7                                | 4                                | 57%                   | 3                                | 43%                   | 1   |
| Salary Level 14                      | 22                               | 17                               | 77%                   | 5                                | 23%                   | -   |
| Salary Level 13                      | 66                               | 50                               | 76%                   | 16                               | 24%                   | 2   |
| <b>Total</b>                         | <b>96</b>                        | <b>72</b>                        | <b>75%</b>            | <b>24</b>                        | <b>25%</b>            | <b>5</b>                                    |

Table 56: Advertising and filling of SMS posts for the period 1 April 2017 to 31 March 2018

| SMS Level                            | Advertising   | Filling of Posts  |  |
|--------------------------------------|---|---|--|
|                                      | Number of Vacancies per Level Advertised in 6 Months of Becoming Vacant | Number of Vacancies per Level Filled in 6 Months of Becoming Vacant | Number of Vacancies per Level Not Filled in 6 Months but Filled in 12 Months |
| Director-General/ Head of Department | -   | -   | -  |
| Salary Level 16                      | -   | -   | -  |
| Salary Level 15                      | -   | -   | -  |
| Salary Level 14                      | 1   | -   | 1  |
| Salary Level 13                      | -   | -   | -  |
| <b>Total</b>                         | <b>1</b>  | <b>-</b>  | <b>1</b>   |

Table 57: Reasons for not having complied with the filling of funded vacant SMS – Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 to 31 March 2018

| Reasons for Vacancies Not Advertised within Six Months                        |
|---|
| Deficit in compensation of employee's budget projected as at 31 December 2017 |

| Reasons for Vacancies Not Filled within Twelve Months                         |
|---|
| Deficit in compensation of employee's budget projected as at 31 December 2017 |

**Notes**

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

Table 58: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2017 to 31 March 2018

| Reasons for Vacancies Not Advertised or Filled within Six or Twelve Months     |
|--|
| Deficit in compensation of employee's budget projected as at 31 December 2017. |

**Notes**

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

### 4.3.4 Job Evaluation

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

Table 59: Job evaluation by salary band for the period 1 April 2017 to 31 March 2018

| Salary Band                              | Number of Approved Posts in Establishment | Number of Jobs Evaluated | % of Posts Evaluated by Salary Band | Posts Upgraded |                      | Posts Downgraded |                      |
|--|---|--------------------------|-------------------------------------|----------------|----------------------|------------------|----------------------|
|  |   |                          |                                     | Number         | % of Posts Evaluated | Number           | % of Posts Evaluated |
| Lower Skilled (Levels 1-2)               | 16  | -                        | -                                   | -              | -                    | -                | -                    |
| Skilled (Levels 3-5)                     | 111                                       | 7                        | 6.30                                | 3              | 42.86                | -                | -                    |
| Highly skilled production (Levels 6-8)   | 161                                       | -                        | -                                   | -              | -                    | -                | -                    |
| Highly skilled supervision (Levels 9-12) | 269                                       | 2                        | 0.70                                | -              | -                    | -                | -                    |
| Senior Management Service Band A         | 68  | -                        | -                                   | -              | -                    | -                | -                    |
| Senior Management Service Band B         | 22  | -                        | -                                   | -              | -                    | -                | -                    |
| Senior Management Service Band C         | 8   | 4                        | 50.00                               | -              | -                    | -                | -                    |
| Senior Management Service Band D         | 3   | -                        | -                                   | -              | -                    | -                | -                    |
| <b>Total</b>                             | <b>658</b>                                | <b>13</b>                | <b>2.00</b>                         | <b>3</b>       | <b>23.08</b>         | <b>-</b>         | <b>-</b>             |

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

Table 60: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 to 31 March 2018

| Gender                      | African  | Asian    | Coloured | White    | Total    |
|-----------------------------|----------|----------|----------|----------|----------|
| Female                      | 2        | -        | -        | -        | 2        |
| Male                        | 1        | -        | -        | -        | 1        |
| <b>Total</b>                | <b>3</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>3</b> |
| Employees with a disability | -        | -        | -        | -        | -        |

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

Table 61: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 to 31 March 2018

| Occupation  | Number of Employees | Job Evaluation Level | Remuneration Level | Reason for Deviation |
|---|---------------------|----------------------|--------------------|----------------------|
| Human Resources Clerks  | 2                   | 6                    | 7                  | Settlement           |
| Client Information Clerks (Switchboard, Reception, Information Clerks)                          | 1                   | 4                    | 7                  | Ministerial request  |
| <b>Total number of employees whose salaries exceeded the level determined by job evaluation</b> |                     |                      |                    | <b>3</b>             |
| Percentage of total employed  |                     |                      |                    | 1%                   |

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

Table 62: Profile of employees with salary levels higher than those determined by job evaluation for the period 1 April 2017 to 31 March 2018

| Gender                      | African  | Asian    | Coloured | White    | Total    |
|-----------------------------|----------|----------|----------|----------|----------|
| Female                      | 1        | -        | -        | -        | 1        |
| Male                        | 2        | -        | -        | -        | 2        |
| <b>Total</b>                | <b>3</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>3</b> |
| Employees with a disability | -        | -        | -        | -        | -        |

### 4.3.5 Employment Changes

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

Table 63: Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018

| Salary Band                              | Number of Employees at Beginning of Period – 1 April 2017 | Appointments and Transfers into the Department | Terminations and Transfers out of the Department | Turnover Rate |
|--|---|--|--|---------------|
| Skilled (Levels 3-5)                     | 86  | -  | 1  | 1.20          |
| Highly Skilled Production (Levels 6-8)   | 140   | 1  | 7  | 5.00          |
| Highly Skilled Supervision (Levels 9-12) | 222   | -  | 13   | 5.90          |
| Senior Management Service Band A         | 56  | -  | 3  | 5.40          |
| Senior Management Service Band B         | 17  | -  | -  | -             |
| Senior Management Service Band C         | 5   | -  | -  | -             |
| Senior Management Service Band D         | 3   | 2  | 1  | 33.30         |
| Contract (Levels 1-2)                    | 24  | 25   | 24   | 100.00        |
| Contract (Levels 3-5)                    | 6   | 5  | 6  | 100.00        |
| Contract (Levels 6-8)                    | 4   | 6  | 4  | 100.00        |
| Contract (Levels 9-12)                   | 11  | 6  | 5  | 45.50         |
| Contract Band A                          | 4   | 5  | 6  | 150.00        |
| Contract Band B                          | -   | -  | 1  | -             |
| Contract Band C                          | 2   | -  | 2  | 100.00        |
| Contract Band D                          | 2   | 1  | 3  | 150.00        |
| <b>Total</b>                             | <b>582</b>  | <b>51</b>                                      | <b>76</b>  | <b>13.10</b>  |



Table 64: Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018

| Critical Occupation  | Number of Employees at Beginning of Period – 1 April 2017 | Appointments and Transfers into the Department | Terminations and Transfers out of the Department | Turnover Rate |
|--|---|--|--|---------------|
| Administrative Related   | 110   | 5  | 17   | 15.50         |
| Biologists Botanists Zoologists and Related Professional                 | 2   | -  | -  | -             |
| Client Inform Clerks (Switchboard Reception Information Clerks)          | 15  | 1  | -  | -             |
| Communication and Information Related                                    | 10  | 3  | 1  | 10.00         |
| Community Development Workers  | 1   | -  | -  | -             |
| Economists   | 3   | -  | 1  | 33.30         |
| Engineering Sciences Related   | 1   | -  | -  | -             |
| Finance and Economics Related  | 8   | -  | -  | -             |
| Financial and Related Professionals                                      | 21  | -  | 1  | 4.80          |
| Financial Clerks and Credit Controllers                                  | 18  | -  | 1  | 5.60          |
| Food Services Aids and Waiters   | 1   | 1  | 1  | 100.00        |
| Head of Department/Chief Executive Officer                               | 1   | -  | -  | -             |
| Human Resources and Organisational Development and Related Professionals | 25  | -  | 2  | 8.00          |
| Human Resources Clerks   | 10  | -  | 1  | 10.00         |
| Human Resources Related  | 4   | -  | -  | -             |
| Information Technology Related   | 1   | -  | -  | -             |
| Language Practitioners Interpreters and Other Communication              | 5   | -  | 1  | 20.00         |
| Legal Related  | 4   | -  | 1  | 25.00         |
| Library Mail and Related Clerks  | 11  | 1  | -  | -             |
| Logistical Support Personnel   | 6   | -  | -  | -             |
| Material-Recording and Transport Clerks                                  | 12  | 2  | 3  | 25.00         |
| Messengers Porters and Deliverers  | 2   | 2  | 1  | 50.00         |
| Meteorologists   | 2   | -  | -  | -             |
| Natural Sciences Related   | 53  | -  | 6  | 11.30         |
| Nature Conservation and Oceanographically Related Technician             | 1   | -  | -  | -             |
| Other Administrative and Related Clerks and Organisers                   | 10  | 1  | 1  | 10.00         |
| Other Administrative Policy and Related Officers                         | 32  | -  | -  | -             |
| Other Information Technology Personnel                                   | 9   | -  | 2  | 22.20         |
| Other Occupations  | 2   | 2  | 1  | 50.00         |
| Risk Management and Security Services                                    | 12  | -  | 1  | 8.30          |
| Interns  | 24  | 25   | 24   | 100.00        |
| Secretaries and Other Keyboard Operating Clerks                          | 48  | 4  | 3  | 6.30          |
| Security Officers  | 37  | -  | -  | -             |
| Senior Managers  | 65  | 4  | 6  | 9.20          |
| Social Sciences Related  | 2   | -  | -  | -             |
| Statisticians and Related Professionals                                  | 8   | -  | 1  | 12.50         |
| Trade/Industry Advisers and Other Related Professionals                  | 5   | -  | -  | -             |
| Youth Workers  | 1   | -  | -  | -             |
| <b>Total</b>   | <b>582</b>  | <b>51</b>                                      | <b>76</b>  | <b>13.10</b>  |

**Notes**

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

Critical occupations are defined as occupations or sub-categories within an occupation:

- (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

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

Table 65: Reasons why staff left the Department for the period 1 April 2017 and 31 March 2018

| Termination Type   | Number    | % of Total Resignations |
|--|-----------|-------------------------|
| Resignation  | 34        | 44.70                   |
| Expiry of contract   | 41        | 53.90                   |
| Retirement   | 1         | 1.30                    |
| <b>Total</b>   | <b>76</b> | <b>100.00</b>           |
| <b>Total number of employees who left as a % of total employment</b> | <b>76</b> | <b>14.10</b>            |

Table 66: Promotions by critical occupation for the period 1 April 2017 to 31 March 2018

| Occupation   | Employees<br>1 April 2017 | Promotions<br>to Another<br>Salary Level | Salary Level<br>Promotions as a<br>% of Employees<br>by Occupation | Progressions to<br>Another Notch<br>within a Salary<br>Level | Notch<br>Progression as a<br>% of Employees<br>by Occupation |
|--|---------------------------|--|--|--|--|
| Administrative Related   | 110                       | 1  | 0.90   | 70   | 63.60  |
| Biologists Botanists Zoologists and Related Professional                 | 2                         | -  | -  | -  | -  |
| Client Information Clerks (Switchboard Reception Information Clerks)     | 15                        | 3  | 20.00  | 12   | 80.00  |
| Communication and Information Related                                    | 10                        | -  | -  | 8  | 80.00  |
| Community Development Workers  | 1                         | -  | -  | 1  | 100.00   |
| Economists   | 3                         | -  | -  | 1  | 33.30  |
| Engineering Sciences Related   | 1                         | -  | -  | -  | -  |
| Finance and Economics Related  | 9                         | -  | -  | 9  | 100.00   |
| Financial and Related Professionals                                      | 21                        | -  | -  | 18   | 85.70  |
| Financial Clerks and Credit Controllers                                  | 18                        | -  | -  | 14   | 77.80  |
| Food Services Aids and Waiters   | 1                         | -  | -  | -  | -  |
| Head of Department/Chief Executive Officer                               | 1                         | -  | -  | -  | -  |
| Human Resources and Organisational Development and Related Professionals | 25                        | -  | -  | 19   | 76.00  |
| Human Resources Clerks   | 10                        | 2  | 20.00  | 8  | 80.00  |
| Human Resources Related  | 4                         | -  | -  | 4  | 100.00   |
| Information Technology Related   | 1                         | -  | -  | 1  | 100.00   |
| Language Practitioners Interpreters and Other Communication              | 5                         | -  | -  | 2  | 40.00  |
| Legal Related  | 4                         | -  | -  | 2  | 50.00  |
| Library Mail and Related Clerks  | 11                        | -  | -  | 4  | 36.40  |
| Logistical Support Personnel   | 6                         | -  | -  | 6  | 100.00   |

| Occupation   | Employees<br>1 April 2017 | Promotions<br>to Another<br>Salary Level | Salary Level<br>Promotions as a<br>% of Employees<br>by Occupation | Progressions to<br>Another Notch<br>within a Salary<br>Level | Notch<br>Progression as a<br>% of Employees<br>by Occupation |
|--|---------------------------|--|--|--|--|
| Material-Recording and Transport Clerks                          | 12                        | -  | -  | 11   | 91.70  |
| Messengers Porters and Deliverers                                | 2                         | -  | -  | 1  | 50.00  |
| Meteorologists   | 2                         | -  | -  | 2  | 100.00   |
| Natural Sciences Related   | 52                        | -  | -  | 40   | 76.90  |
| Nature Conservation and Oceanographically<br>Related Technicians | 1                         | -  | -  | -  | -  |
| Other Administrative and Related Clerks and<br>Organisers        | 10                        | -  | -  | 8  | 80.00  |
| Other Administrative Policy and Related<br>Officers              | 32                        | 1  | 3.10   | 27   | 84.40  |
| Other Information Technology Personnel                           | 9                         | -  | -  | 6  | 66.70  |
| Other Occupations  | 2                         | -  | -  | -  | -  |
| Risk Management and Security Services                            | 12                        | -  | -  | 8  | 66.70  |
| Interns  | 24                        | -  | -  | -  | -  |
| Secretaries & Other Keyboard Operating<br>Clerks                 | 48                        | -  | -  | 38   | 79.20  |
| Security Officers  | 37                        | -  | -  | 35   | 94.60  |
| Senior Managers  | 65                        | 1  | 1.50   | 36   | 55.40  |
| Social Sciences Related  | 2                         | -  | -  | 2  | 100.00   |
| Statisticians and Related Professionals                          | 8                         | -  | -  | 7  | 87.50  |
| Trade/Industry Advisers and Other Related<br>Professionals       | 5                         | -  | -  | 2  | 40.00  |
| Youth Workers  | 1                         | -  | -  | -  | -  |
| <b>Total</b>   | <b>582</b>                | <b>8</b>                                 | <b>1.40</b>  | <b>402</b>   | <b>69.10</b>   |

Table 67: Promotions by salary band for the period 1 April 2017 to 31 March 2018

| Salary Band                              | Employees<br>1 April 2017 | Promotions<br>to Another<br>Salary Level | Salary Band<br>Promotions as a<br>% of Employees<br>by Salary Level | Progressions to<br>Another Notch<br>within a Salary<br>Level | Notch Progression as<br>a % of Employees by<br>Salary Band |
|--|---------------------------|--|---|--|--|
| Skilled (Levels 3-5)                     | 98                        | 2  | 2.00  | 79   | 80.60  |
| Highly Skilled Production (Levels 6-8)   | 168                       | 3  | 1.80  | 113  | 67.30  |
| Highly Skilled Supervision (Levels 9-12) | 188                       | 1  | 0.50  | 164  | 87.20  |
| Senior Management (Levels 13-16)         | 76                        | 1  | 1.30  | 41   | 53.90  |
| Contract (Levels 1-2)                    | 24                        | -  | -   | -  | -  |
| Contract (Levels 3-5)                    | 3                         | -  | -   | -  | -  |
| Contract (Levels 6-8)                    | 5                         | -  | -   | 1  | 20.00  |
| Contract (Levels 9-12)                   | 5                         | 1  | 20.00   | 1  | 20.00  |
| Contract (Levels 13-16)                  | 15                        | -  | -   | 3  | 20.00  |
| <b>Total</b>                             | <b>582</b>                | <b>8</b>                                 | <b>1.40</b>   | <b>402</b>   | <b>69.10</b>   |

### 4.3.6 Employment Equity

Table 68: Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2018

| Occupational category                   | Male       |          |          |          | Female     |          |          |           | Total      |
|---|------------|----------|----------|----------|------------|----------|----------|-----------|------------|
|   | African    | Coloured | Indian   | White    | African    | Coloured | Indian   | White     |            |
| Professionals                           | 44         | -        | 1        | 2        | 52         | -        | 2        | 4         | 105        |
| Technicians and Associate Professionals | 92         | -        | 1        | -        | 115        | -        | -        | -         | 208        |
| Labourers and Related Workers           | 3          | -        | -        | -        | 1          | -        | -        | -         | 4          |
| Service Shop and Market Sales Workers   | 38         | -        | -        | -        | 9          | -        | -        | -         | 47         |
| Clerks                                  | 29         | 1        | -        | -        | 75         | 2        | -        | 5         | 112        |
| Senior Officials and Managers           | 34         | 1        | 1        | 2        | 22         | -        | 2        | 2         | 65         |
| <b>Total</b>                            | <b>240</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>274</b> | <b>2</b> | <b>4</b> | <b>11</b> | <b>540</b> |
| Employees with disabilities             | 1          | -        | -        | 1        | 4          | -        | -        | 1         | 7          |

Table 69: Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2018

| Occupational band   | Male       |          |          |          | Female     |          |          |           | Total      |
|---|------------|----------|----------|----------|------------|----------|----------|-----------|------------|
|   | African    | Coloured | Indian   | White    | African    | Coloured | Indian   | White     |            |
| Top Management  | 6          | 1        | -        | -        | 1          | -        | 1        | -         | 9          |
| Senior Management   | 37         | -        | 3        | 2        | 23         | -        | 1        | 3         | 69         |
| Professionally qualified and experienced specialists and middle-management                    | 73         | -        | -        | 2        | 92         | -        | 1        | 1         | 169        |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 65         | 1        | -        | -        | 116        | 1        | 1        | 6         | 190        |
| Semi-skilled and discretionary decision making  | 51         | -        | -        | -        | 34         | 1        | -        | 1         | 87         |
| Unskilled (Contract)  | 8          | -        | -        | -        | 8          | -        | -        | -         | 16         |
| <b>Total</b>  | <b>240</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>274</b> | <b>2</b> | <b>4</b> | <b>11</b> | <b>540</b> |

Table 70: Recruitment for the period 1 April 2017 to 31 March 2018

| Occupational Band   | Male      |          |          |          | Female    |          |          |          | Total     |
|---|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|   | African   | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |           |
| Top Management  | 2         | -        | -        | -        | 1         | -        | -        | -        | 3         |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 1         | -        | -        | -        | -         | -        | -        | -        | 1         |
| Contract (Top Management)   | 1         | -        | -        | -        | -         | -        | -        | -        | 1         |
| Contract (Senior Management)  | 3         | -        | -        | -        | 2         | -        | -        | -        | 5         |
| Contract (Professionally qualified)   | 1         | -        | -        | -        | 5         | -        | -        | -        | 6         |
| Contract (Skilled technical)  | 1         | -        | -        | -        | 5         | -        | -        | -        | 6         |
| Contract (Semi-skilled)   | 3         | -        | -        | -        | 2         | -        | -        | -        | 5         |
| Contract (Unskilled)  | 11        | -        | -        | -        | 13        | -        | -        | -        | 24        |
| <b>Total</b>  | <b>23</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>28</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>51</b> |
| Employees with disabilities   | -         | -        | -        | -        | 1         | -        | -        | -        | 1         |

Table 71: Promotions for the period 1 April 2017 to 31 March 2018

| Occupational Band   | Male       |          |          |          | Female     |          |          |          | Total      |
|---|------------|----------|----------|----------|------------|----------|----------|----------|------------|
|   | African    | Coloured | Indian   | White    | African    | Coloured | Indian   | White    |            |
| Senior Management   | 23         | -        | 1        | 2        | 13         | -        | 1        | 2        | 42         |
| Professionally qualified and experienced specialists and mid-management                       | 69         | -        | -        | 1        | 91         | 1        | 1        | 2        | 165        |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 35         | 1        | -        | -        | 75         | 1        | -        | 4        | 116        |
| Semi-skilled and discretionary decision making  | 47         | -        | -        | -        | 32         | 1        | -        | 1        | 81         |
| Contract (Senior Management)  | 1          | -        | -        | -        | 2          | -        | -        | -        | 3          |
| Contract (Professionally qualified)   | -          | -        | -        | -        | 2          | -        | -        | -        | 2          |
| Contract (Skilled technical)  | 1          | -        | -        | -        | -          | -        | -        | -        | 1          |
| <b>Total</b>  | <b>176</b> | <b>1</b> | <b>1</b> | <b>3</b> | <b>215</b> | <b>3</b> | <b>2</b> | <b>9</b> | <b>410</b> |
| Employees with disabilities   | 1          | -        | -        | 1        | 3          | -        | -        | 1        | 6          |

Table 72: Terminations for the period 1 April 2017 to 31 March 2018

| Occupational Band   | Male      |          |          |          | Female    |          |          |          | Total     |
|---|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|   | African   | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |           |
| Top Management  | 1         | -        | -        | -        | -         | -        | -        | -        | 1         |
| Senior Management   | -         | 1        | 1        | -        | 1         | -        | -        | -        | 3         |
| Professionally qualified and experienced specialists and mid-management                       | 10        | -        | -        | -        | 3         | -        | -        | -        | 13        |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 4         | -        | -        | -        | 3         | -        | -        | -        | 7         |
| Semi-skilled and discretionary decision making  | 1         | -        | -        | -        | -         | -        | -        | -        | 1         |
| Contract (Top Management)   | 4         | -        | -        | 1        | -         | -        | -        | -        | 5         |
| Contract (Senior Management)  | 3         | -        | -        | -        | 1         | 3        | -        | -        | 7         |
| Contract (Professionally qualified)   | 2         | -        | -        | -        | 3         | -        | -        | -        | 5         |
| Contract (Skilled technical)  | -         | -        | -        | -        | 4         | -        | -        | -        | 4         |
| Contract (Semi-skilled)   | 4         | -        | -        | -        | 2         | -        | -        | -        | 6         |
| Contract (Unskilled)  | 11        | -        | -        | -        | 13        | -        | -        | -        | 24        |
| <b>Total</b>  | <b>40</b> | <b>1</b> | <b>1</b> | <b>1</b> | <b>30</b> | <b>3</b> | <b>-</b> | <b>-</b> | <b>76</b> |
| Employees with disabilities   | -         | -        | -        | -        | 2         | -        | -        | -        | 2         |

Table 73: Disciplinary action for the period 1 April 2017 to 31 March 2018

| Disciplinary Action      | Male    |          |        |       | Female  |          |        |       | Total |
|--------------------------|---------|----------|--------|-------|---------|----------|--------|-------|-------|
|                          | African | Coloured | Indian | White | African | Coloured | Indian | White |       |
| Precautionary suspension | 1       | -        | -      | -     | -       | -        | 1      | -     | 2     |

Table 74: Skills development for the period 1 April 2017 to 31 March 2018

| Occupational Category                      | Male       |          |          |          | Female     |          |          |          | Total      |
|--|------------|----------|----------|----------|------------|----------|----------|----------|------------|
|  | African    | Coloured | Indian   | White    | African    | Coloured | Indian   | White    |            |
| Legislators, Senior Officials and Managers | 30         | -        | 3        | 2        | 20         | -        | 1        | 3        | 59         |
| Professionals                              | 26         | -        | -        | -        | 18         | 1        | -        | 1        | 46         |
| Technicians and Associate Professionals    | 34         | -        | -        | -        | 34         | -        | -        | -        | 68         |
| Clerks                                     | 19         | -        | -        | -        | 44         | -        | -        | 1        | 64         |
| Service and Sales Workers                  | 18         | -        | -        | -        | 2          | -        | -        | -        | 20         |
| Skilled Agriculture and Fishery Workers    | -          | -        | -        | -        | -          | -        | -        | -        | -          |
| Craft and related Trades Workers           | -          | -        | -        | -        | -          | -        | -        | -        | -          |
| Plant and Machine Operators and Assemblers | -          | -        | -        | -        | -          | -        | -        | -        | -          |
| Elementary Occupations                     | -          | -        | -        | -        | -          | -        | -        | -        | -          |
| Internship                                 | 11         | -        | -        | -        | 13         | -        | -        | -        | 24         |
| <b>Total</b>                               | <b>138</b> | <b>-</b> | <b>3</b> | <b>2</b> | <b>131</b> | <b>1</b> | <b>1</b> | <b>5</b> | <b>281</b> |
| Employees with disabilities                | 1          | -        | -        | -        | 3          | -        | -        | 1        | 5          |

### 4.3.7 Signing of Performance Agreements by Senior Management Service Members

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

Table 75: Signing of performance agreements by SMS members as at 31 May 2017

| SMS Level                            | Total Number of Funded SMS Posts | Total Number of SMS Members | Total Number of Signed Performance Agreements | Signed Performance Agreements as % of Total Number of SMS Members |
|--------------------------------------|----------------------------------|-----------------------------|---|---|
| Director-General/ Head of Department | 1                                | 1                           | -   | -   |
| Salary Level 16                      | 3                                | 3                           | -   | -   |
| Salary Level 15                      | 8                                | 5                           | 4   | 80%   |
| Salary Level 14                      | 22                               | 17                          | 15  | 88%   |
| Salary Level 13                      | 68                               | 53                          | 46  | 87%   |
| <b>Total</b>                         | <b>102</b>                       | <b>79</b>                   | <b>65</b>                                     | <b>82%</b>  |

#### Note

In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2018.

Table 76: Reasons for not having concluded performance agreements for all SMS members as at 31 May 2017

| Reasons  |
|--|
| Due to service termination, promotion and transfers. |

#### Note

The reporting date in the heading of this table should be aligned with that of Table 75.



Table 77: Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 May 2017

| Reasons   |
|---|
| Approval for disciplinary action was granted, but capacity problems within the unit, including a death prior to the start of the financial year and terminations and extended leave during the financial year, had an impact on taking the disciplinary action. |

**Notes**

The reporting date in the heading of this table should be aligned with that of Table 75.

### 4.3.8 Performance Rewards

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

Table 78: Performance rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

| Race and Gender | Beneficiary Profile     |                     |                         | Cost            |                               |
|-----------------|-------------------------|---------------------|-------------------------|-----------------|-------------------------------|
|                 | Number of Beneficiaries | Number of Employees | % of Total within Group | Cost (R'000)    | Average Cost per Employee (R) |
| African         |                         |                     |                         |                 |                               |
| Male            | 122                     | 239                 | 51.00                   | 1,921.38        | 15,749                        |
| Female          | 159                     | 270                 | 58.90                   | 2,411.76        | 15,168                        |
| Asian           |                         |                     |                         |                 |                               |
| Male            | -                       | 3                   | -                       | -               | -                             |
| Female          | 1                       | 4                   | 25.00                   | 14.49           | 14,494                        |
| Coloured        |                         |                     |                         |                 |                               |
| Male            | 1                       | 2                   | 50.00                   | 13.68           | 13,677                        |
| Female          | 3                       | 2                   | 150.00                  | 34.34           | 11,447                        |
| White           |                         |                     |                         |                 |                               |
| Male            | 1                       | 3                   | 33.30                   | 34.13           | 34,134                        |
| Female          | 6                       | 10                  | 60.00                   | 109.07          | 18,178                        |
| <b>Total</b>    | <b>299</b>              | <b>540</b>          | <b>55.40</b>            | <b>4,602.06</b> | <b>15,392</b>                 |

Table 79: Performance rewards by salary band for personnel below Senior Management Service level for the period 1 April 2017 to 31 March 2018

| Salary Band                             | Beneficiary Profile     |                     |                               | Cost               |                               | Total Cost as a % of the Total Expenditure |
|---|-------------------------|---------------------|-------------------------------|--------------------|-------------------------------|--|
|   | Number of Beneficiaries | Number of Employees | % of Total within Salary Band | Total Cost (R'000) | Average Cost per Employee (R) |  |
| Lower Skilled (Levels 1-2)              | -                       | 16                  | -                             | -                  | -                             | -  |
| Skilled (level 3-5)                     | 72                      | 87                  | 82.80                         | 562.89             | 7,818                         | 2.60                                       |
| Highly skilled production (level 6-8)   | 106                     | 137                 | 77.40                         | 1,303.00           | 12,292                        | 2.50                                       |
| Highly skilled supervision (level 9-12) | 120                     | 222                 | 54.10                         | 2,658.35           | 22,153                        | 1.80                                       |
| <b>Total</b>                            | <b>298</b>              | <b>462</b>          | <b>64.50</b>                  | <b>4,524.24</b>    | <b>15,182</b>                 | <b>2.00</b>                                |

Table 80: Performance rewards by critical occupation for the period 1 April 2017 to 31 March 2018

| Critical Occupation  | Beneficiary Profile     |                     |                              | Cost               |                               |
|--|-------------------------|---------------------|------------------------------|--------------------|-------------------------------|
|  | Number of Beneficiaries | Number of Employees | % of Total within Occupation | Total Cost (R'000) | Average Cost per Employee (R) |
| Financial Clerks and Credit Controllers                                  | 15                      | 18                  | 83.30                        | 123.58             | 8,239                         |
| Human Resources Clerks   | 8                       | 8                   | 100.00                       | 75.16              | 9,395                         |
| Security Officers  | 33                      | 36                  | 91.70                        | 270.67             | 8,202                         |
| Human Resources and Organisational Development and Related Professionals | 22                      | 22                  | 100.00                       | 373.33             | 16,970                        |
| Messengers Porters and Deliverers  | -                       | 3                   | -                            | -                  | -                             |
| Risk Management and Security Services                                    | 11                      | 11                  | 100.00                       | 177.60             | 16,145                        |
| Meteorologists   | -                       | 2                   | -                            | -                  | -                             |
| Interns  | -                       | 16                  | -                            | -                  | -                             |
| Social Sciences Related  | 2                       | 2                   | 100.00                       | 51.18              | 25,592                        |
| Finance and Economics Related  | 9                       | 8                   | 112.50                       | 254.76             | 28,307                        |
| Logistical Support Personnel   | 5                       | 6                   | 83.30                        | 60.70              | 12,139                        |
| Natural Sciences Related   | 24                      | 58                  | 41.40                        | 526.47             | 21,936                        |
| Other Administrative and Related Clerks and Organisers                   | 7                       | 9                   | 77.80                        | 61.05              | 8,722                         |
| Other Occupations  | -                       | 2                   | -                            | -                  | -                             |
| Legal Related  | 2                       | 4                   | 50.00                        | 45.90              | 22,949                        |
| Nature Conservation and Oceanographically Related Technicians            | -                       | 1                   | -                            | -                  | -                             |
| Financial and Related Professionals                                      | 17                      | 20                  | 85.00                        | 288.55             | 16,973                        |
| Administrative Related   | 37                      | 96                  | 38.50                        | 703.74             | 19,020                        |
| Communication and Information Related                                    | 4                       | 14                  | 28.60                        | 81.24              | 20,310                        |
| Secretaries and Other Keyboard Operating Clerks                          | 37                      | 43                  | 86.00                        | 433.33             | 11,712                        |
| Library Mail and Related Clerks  | 6                       | 7                   | 85.70                        | 59.22              | 9,871                         |
| Human Resources Related  | 4                       | 5                   | 80.00                        | 92.44              | 23,111                        |
| Trade/Industry Advisers and Other Related Professionals                  | -                       | 5                   | -                            | -                  | -                             |
| Head Of Department/Chief Executive Officer                               | -                       | 1                   | -                            | -                  | -                             |
| Language Practitioners Interpreters and Other Communication              | 2                       | 3                   | 66.70                        | 33.17              | 16,586                        |
| Youth Workers  | -                       | 1                   | -                            | -                  | -                             |
| Material-Recording and Transport Clerks                                  | 10                      | 11                  | 90.90                        | 90.09              | 9,009                         |
| Other Administrative Policy and Related Officers                         | 20                      | 31                  | 64.50                        | 370.19             | 18,510                        |
| Statisticians and Related Professionals                                  | 6                       | 7                   | 85.70                        | 138.88             | 23,147                        |
| Senior Managers  | 1                       | 61                  | 1.60                         | 43.69              | 43,689                        |
| Client Information Clerks (Switchboard Reception Information Clerks)     | 8                       | 16                  | 50.00                        | 54.22              | 6,777                         |
| Economists   | -                       | 3                   | -                            | -                  | -                             |
| Other Information Technology Personnel.                                  | 7                       | 7                   | 100.00                       | 152.54             | 21,792                        |
| Food Services Aids and Waiters   | -                       | 1                   | -                            | -                  | -                             |
| Community Development Workers  | 1                       | 1                   | 100.00                       | 17.40              | 17,398                        |
| Information Technology Related   | 1                       | 1                   | 100.00                       | 22.94              | 22,942                        |
| <b>Total</b>   | <b>299</b>              | <b>540</b>          | <b>55.40</b>                 | <b>4,602.06</b>    | <b>15,392</b>                 |

**Notes**

Critical occupations are defined as occupations or sub-categories within an occupation:

- (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

Table 81: Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018

| Salary Band  | Beneficiary Profile     |                     |                                | Cost               |                               | Total Cost as a % of the Total Personnel Expenditure |
|--------------|-------------------------|---------------------|--------------------------------|--------------------|-------------------------------|--|
|              | Number of Beneficiaries | Number of Employees | % of Total within Salary Bands | Total Cost (R'000) | Average Cost per Employee (R) |  |
| Band A       | 1                       | 52                  | 1.90                           | 77.82              | 77,822.60                     | 0.10   |
| Band B       | -                       | 17                  | -                              | -                  | -                             | -  |
| Band C       | -                       | 6                   | -                              | -                  | -                             | -  |
| Band D       | -                       | 3                   | -                              | -                  | -                             | -  |
| <b>Total</b> | <b>1</b>                | <b>78</b>           | <b>1.30</b>                    | <b>77.82</b>       | <b>77,822.60</b>              | <b>0.10</b>  |

### 4.3.9 Foreign Workers

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

Table 82: Foreign workers by salary band for the periods 1 April 2017 and 31 March 2018

| Salary band                      | 01 April 2017 |            | 31 March 2018 |            | Change   |          |
|----------------------------------|---------------|------------|---------------|------------|----------|----------|
|                                  | Number        | % of Total | Number        | % of Total | Number   | % Change |
| Senior management (Levels 13-16) | 1             | 100        | 1             | 100        | -        | -        |
| <b>Total</b>                     | <b>1</b>      | <b>100</b> | <b>1</b>      | <b>100</b> | <b>-</b> | <b>-</b> |

Table 83: Foreign workers by major occupation for the periods 1 April 2017 and 31 March 2018

| Major Occupation           | 01 April 2017 |            | 31 March 2018 |            | Change   |          |
|----------------------------|---------------|------------|---------------|------------|----------|----------|
|                            | Number        | % of Total | Number        | % of Total | Number   | % Change |
| Professionals and managers | 1             | 100        | 1             | 100        | -        | -        |
| <b>Total</b>               | <b>1</b>      | <b>100</b> | <b>1</b>      | <b>100</b> | <b>-</b> | <b>-</b> |

### 4.3.9 Leave Utilisation

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

Table 84: Sick leave for the period 1 January 2017 to 31 December 2017

| Salary Band                              | Total Days   | % Days with Medical Certification | Number of Employees using Sick Leave | % of Total Employees using Sick Leave | Average Days per Employee | Estimated Cost (R'000) |
|--|--------------|-----------------------------------|--------------------------------------|---------------------------------------|---------------------------|------------------------|
| Contract (Levels 1-2)                    | 54           | 53.70                             | 20                                   | 4.20                                  | 3.00                      | 25                     |
| Highly skilled production (Levels 6-8)   | 982          | 76.60                             | 128                                  | 27.20                                 | 8.00                      | 1,280                  |
| Highly skilled supervision (Levels 9-12) | 1,361        | 75.30                             | 190                                  | 40.30                                 | 7.00                      | 3,285                  |
| Senior management (Levels 13-16)         | 279          | 79.60                             | 55                                   | 11.70                                 | 5.00                      | 983                    |
| Skilled (Levels 3-5)                     | 593          | 83.80                             | 78                                   | 16.60                                 | 8.00                      | 463                    |
| <b>Total</b>                             | <b>3,269</b> | <b>77.20</b>                      | <b>471</b>                           | <b>100.00</b>                         | <b>7.00</b>               | <b>6,251</b>           |

Table 85: Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

| Salary Band                              | Total Days | % Days with Medical certification | Number of Employees using disability leave | % of Total Employees using Disability Leave | Average Days per Employee | Estimated Cost (R'000) |
|--|------------|-----------------------------------|--|---|---------------------------|------------------------|
| Highly skilled production (Levels 6-8)   | 24         | 100                               | 2  | 18.20                                       | 12.00                     | 157                    |
| Highly skilled supervision (Levels 9-12) | 164        | 100                               | 6  | 54.50                                       | 27.00                     | 202                    |
| Senior management (Levels 13-16)         | 7          | 100                               | 1  | 9.10  | 7.00                      | 25                     |
| Skilled (Levels 3-5)                     | 77         | 100                               | 2  | 18.20                                       | 39.00                     | 66                     |
| <b>Total</b>                             | <b>272</b> | <b>100</b>                        | <b>11</b>                                  | <b>100.00</b>                               | <b>25.00</b>              | <b>451</b>             |

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

Table 86: Annual leave for the period 1 January 2017 to 31 December 2017

| Salary Band                              | Total Days Taken | Number of Employees using Annual Leave | Average per Employee |
|--|------------------|--|----------------------|
| Contract (Levels 1-2)                    | 318              | 51                                     | 6                    |
| Highly skilled production (Levels 6-8)   | 3,335            | 160                                    | 21                   |
| Highly skilled supervision (Levels 9-12) | 5,443            | 230                                    | 24                   |
| Senior management (Levels 13-16)         | 1,767            | 80                                     | 22                   |
| Skilled (Levels 3-5)                     | 1,870            | 99                                     | 19                   |
| <b>Total</b>                             | <b>12,733</b>    | <b>620</b>                             | <b>21</b>            |

Table 87: Capped leave for the period 1 January 2017 to 31 December 2017

| Salary Band                              | Total Days of Capped Leave Taken | Number of Employees using Capped Leave | Average Number of Days Taken per Employee | Average Capped Leave per Employee as on 31 March 2018 |
|--|----------------------------------|--|---|---|
| Contract (Levels 1-2)                    | -                                | -                                      | -   | -   |
| Contract (Levels 13-16)                  | -                                | -                                      | -   | -   |
| Contract (Levels 3-5)                    | -                                | -                                      | -   | -   |
| Contract (Levels 6-8)                    | -                                | -                                      | -   | -   |
| Contract (Levels 9-12)                   | -                                | -                                      | -   | -   |
| Highly skilled production (Levels 6-8)   | 4                                | 1                                      | 4   | 18  |
| Highly skilled supervision (Levels 9-12) | -                                | -                                      | -   | 20  |
| Senior management (Levels 13-16)         | 5                                | 2                                      | 3   | 43  |
| Skilled (Levels 3-5)                     | -                                | -                                      | -   | 24  |
| <b>Total</b>                             | <b>9</b>                         | <b>3</b>                               | <b>3</b>                                  | <b>28</b>   |

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

Table 88: Leave pay-out for the period 1 April 2017 to 31 March 2018

| Reason   | Total Amount (R'000) | Number of Employees | Average per Employee (R) |
|--|----------------------|---------------------|--------------------------|
| Leave pay-out for 2017/18 due to non-utilisation of leave for the previous cycle | 116                  | 5                   | 23,200                   |
| Capped leave pay-out on termination of service for 2017/18                       | 70                   | 1                   | 70,000                   |
| Current leave pay-out on termination of service for 2017/18                      | 1,440                | 43                  | 33,488                   |
| <b>Total</b>   | <b>1,626</b>         | <b>49</b>           | <b>33,184</b>            |

Table 89: Steps taken to reduce the risk of occupational exposure

| Units/Categories of Employees Identified to be at High Risk of Contracting HIV & Related Diseases (if any) | Key Steps Taken to Reduce the Risk |
|--|------------------------------------|
| n/a  | n/a                                |

Table 90: Details of Health Promotion and HIV/AIDS Programmes

| Question   | Yes | No | Details, if yes  |
|--|-----|----|--|
| 1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.  | x   |    | Mr E Ndou<br>Director: HRM&D   |
| 2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose. | x   |    | Two employees<br>No budget dedicated to Wellness. It is dependent on the HRM&D budget.                             |
| 3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.   | x   |    | Occupational Health and Safety services<br>Psychosocial services<br>Financial advice services<br>HIV/AIDS services |

| Question  | Yes | No | Details, if yes   |
|---|-----|----|---|
| 4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent. | x   |    | Employee Health and Wellness Committee. Peer Educators are appointed and deal with all the Wellness issues including issues relating to HIV/AIDS. Gomolemo Molokele [Northwest]; Mbolekwa Jobela [WCape]; Mamello Ratikane [N Cape]; Mawande Zibi [E Cape]; Cyril Khoza [Mpu]; Margaret Ramagoma [LP]; Doris Moyake [FS]; Zukiswa Mtimkhulu [KZN]; Matshediso Mahlaku (HQ); Victoria Mafafo (HQ); Latileng Chiloana (HQ); Dikeledi Maepa (HQ); Thilivhali Mabusha (HQ); Bernet Makhura (HQ); Boitumelo Muyengwa (HQ); Lydia Modiba (HQ); Sibongile Rapopo (HQ); Tshidi Petlele (HQ); Refilwe Petja (HQ); Lerato Mashamaite (HQ); Mikateko Mabunda (HQ); Veronica Mohai (HQ); Gaugelo Mphela (HQ). |
| 5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.                   | x   |    | The implementation of the new policy is currently being finalised.  |
| 6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.  | x   |    | The Departmental labour relations unit handles all cases of discrimination. The EHWP provides support and psychoeducation for victims of discrimination.  |
| 7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.  | x   |    | The Department offers monthly on-site clinics which include HIV/AIDS counselling and testing. For confidentiality purposes these clinics are provided by external service providers. Over the past 2 years, there has been an increase in participation especially among males.   |
| 8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.  | x   |    | Reports of participation are reproduced for all HIV/AIDS activities.  |

### 4.3.11 Labour Relations

Table 91: Collective agreements for the period 1 April 2017 to 31 March 2018

| Subject matter                              | Date              |
|---|-------------------|
| Sports and Recreation Constitution/Policy   | 18 August 2017    |
| Policy on Management of Leave               | 18 August 2017    |
| Occupational Health and Safety Policy       | 18 August 2017    |
| Telephone Policy                            | 21 August 2017    |
| Bursary Policy                              | 22 August 2017    |
| Collective Agreement on Performance Rewards | 21 September 2017 |
| <b>Total</b>                                | <b>6</b>          |

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

Table 92: Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018

|   |      |
|---|------|
| Total number of disciplinary hearings finalised | None |
|---|------|

Table 93: Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 to 31 March 2018

| Type of Misconduct              | Number    | % of Total    |
|---------------------------------|-----------|---------------|
| Mismanagement of state funds    | 2         | 3.30          |
| Misrepresentation               | 1         | 1.60          |
| Damage to state property        | 1         | 1.60          |
| Irregular expenditure           | 4         | 6.60          |
| Non-compliance with PMDS Policy | 53        | 86.90         |
| <b>Total</b>                    | <b>61</b> | <b>100.00</b> |

Table 94: Grievances lodged for the period 1 April 2017 to 31 March 2018

| Grievances                               | Number    | % of Total    |
|--|-----------|---------------|
| Number of grievances resolved            | 7         | 33.30         |
| Number of grievances not resolved        | 14        | 66.70         |
| <b>Total number of grievances lodged</b> | <b>21</b> | <b>100.00</b> |

Table 95: Disputes lodged with Councils for the period 1 April 2017 to 31 March 2018

| Disputes      | Number    | % of Total    |
|---------------|-----------|---------------|
| Completed     | 6         | 50.00         |
| Not completed | 6         | 50.00         |
| <b>Total</b>  | <b>12</b> | <b>100.00</b> |

Table 96: Strike actions for the period 1 April 2017 to 31 March 2018

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

Table 97: Precautionary suspensions for the period 1 April 2017 to 31 March 2018

|  |       |
|--|-------|
| Number of people suspended                         | 2     |
| Number of people whose suspension exceeded 30 days | 2     |
| Average number of days suspended                   | 282   |
| Cost of suspension (R'000)                         | 2,223 |



## 4.3.12 Skills Development

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

Table 98: Training needs identified for the period 1 April 2017 to 31 March 2018

| Occupational Category                      | Gender | Number of Employees as at 1 April 2017 | Training Needs Identified at Start of the Reporting Period |   |                         |            |
|--|--------|--|--|---|-------------------------|------------|
|  |        |  | Learnerships   | Skills Programmes & Other Short Courses | Other Forms of Training | Total      |
| Legislators, senior officials and managers | Female | 28                                     | -  | 17                                      | -                       | 17         |
|  | Male   | 40                                     | -  | 21                                      | 1                       | 22         |
| Professionals                              | Female | 58                                     | -  | 46                                      | 2                       | 48         |
|  | Male   | 54                                     | -  | 37                                      | -                       | 37         |
| Technicians and associate professionals    | Female | 110                                    | 1  | 57                                      | 6                       | 64         |
|  | Male   | 92                                     | -  | 54                                      | -                       | 54         |
| Clerks                                     | Female | 90                                     | 3  | 54                                      | 8                       | 65         |
|  | Male   | 34                                     | -  | 23                                      | 3                       | 26         |
| Service and sales workers                  | Female | 9                                      | -  | 8                                       | 1                       | 9          |
|  | Male   | 40                                     | 1  | 31                                      | 6                       | 38         |
| Skilled agriculture and fishery workers    | Female | -                                      | -  | -                                       | -                       | -          |
|  | Male   | -                                      | -  | -                                       | -                       | -          |
| Craft and related trades workers           | Female | -                                      | -  | -                                       | -                       | -          |
|  | Male   | -                                      | -  | -                                       | -                       | -          |
| Labourers and related workers              | Female | 1                                      | -  | -                                       | -                       | -          |
|  | Male   | 2                                      | -  | 1                                       | -                       | 1          |
| Elementary occupations                     | Female | -                                      | -  | -                                       | -                       | -          |
|  | Male   | -                                      | -  | -                                       | -                       | -          |
| Internship                                 | Female | 13                                     | -  | -                                       | 13                      | 13         |
|  | Male   | 11                                     | -  | -                                       | 11                      | 11         |
| Learnership                                | Female | 22                                     | 22   | -                                       | -                       | 22         |
|  | Male   | 18                                     | 18   | -                                       | -                       | 18         |
| Sub Total                                  | Female | 331                                    | 26   | 182                                     | 30                      | 238        |
|  | Male   | 291                                    | 19   | 167                                     | 21                      | 207        |
| <b>Total</b>                               |        | <b>622</b>                             | <b>45</b>  | <b>349</b>                              | <b>51</b>               | <b>445</b> |

Table 99: Training provided for the period 1 April 2017 to 31 March 2018

| Occupational Category                      | Gender | Number of Employees as at 1 April 2017 | Training provided within the reporting period |   |                         |            |
|--|--------|--|---|---|-------------------------|------------|
|  |        |  | Learnerships                                  | Skills Programmes & Other Short Courses | Other Forms of Training | Total      |
| Legislators, senior officials and managers | Female | 28                                     | -   | 24                                      | -                       | 24         |
|  | Male   | 40                                     | -   | 34                                      | 1                       | 35         |
| Professionals                              | Female | 58                                     | -   | 18                                      | 2                       | 20         |
|  | Male   | 54                                     | -   | 26                                      | -                       | 26         |
| Technicians and associate professionals    | Female | 110                                    | 1   | 28                                      | 6                       | 35         |
|  | Male   | 92                                     | -   | 34                                      | -                       | 34         |
| Clerks                                     | Female | 90                                     | 3   | 37                                      | 8                       | 48         |
|  | Male   | 34                                     | -   | 16                                      | 3                       | 19         |
| Service and sales workers                  | Female | 9                                      | -   | 1                                       | 1                       | 2          |
|  | Male   | 40                                     | 1   | 12                                      | 6                       | 19         |
| Skilled agriculture and fishery workers    | Female | -                                      | -   | -                                       | -                       | -          |
|  | Male   | -                                      | -   | -                                       | -                       | -          |
| Craft and related trades workers           | Female | -                                      | -   | -                                       | -                       | -          |
|  | Male   | -                                      | -   | -                                       | -                       | -          |
| Labourers and related workers              | Female | 1                                      | -   | -                                       | -                       | -          |
|  | Male   | 2                                      | -   | -                                       | -                       | -          |
| Elementary occupations                     | Female | -                                      | -   | -                                       | -                       | -          |
|  | Male   | -                                      | -   | -                                       | -                       | -          |
| Internship                                 | Female | 13                                     | -   | -                                       | 13                      | 13         |
|  | Male   | 11                                     | -   | -                                       | 11                      | 11         |
| Learnership                                | Female | 22                                     | 22  | -                                       | -                       | 22         |
|  | Male   | 18                                     | 18  | -                                       | -                       | 18         |
| Sub Total                                  | Female | 331                                    | 26  | 108                                     | 30                      | 164        |
|  | Male   | 291                                    | 19  | 122                                     | 21                      | 162        |
| <b>Total</b>                               |        | <b>622</b>                             | <b>45</b>                                     | <b>230</b>                              | <b>51</b>               | <b>326</b> |

### 4.3.13 Injury on Duty

The following tables provide basic information on injury on duty.

Table 100: Injury on duty for the period 1 April 2017 to 31 March 2018

| Nature of injury on duty              | Number   | % of total |
|---------------------------------------|----------|------------|
| Required basic medical attention only | -        | -          |
| Temporary total disablement           | -        | -          |
| Permanent disablement                 | -        | -          |
| Fatal                                 | -        | -          |
| <b>Total</b>                          | <b>-</b> |            |

## 4.3.14 Utilisation of Consultants

The following tables relate information on the utilisation of consultants in the Department.

In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

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

Table 101: Report on consultant appointments using appropriated funds for the period 1 April 2017 to 31 March 2018

| Project Title  | Consultants                     | Duration (work days) | Value (R)                            |
|--|---------------------------------|----------------------|--------------------------------------|
| Appointment of a service provider to Audit and Measure the extent of Broad-Based Black Economic Empowerment (B-BBEE) at Petroleum Retail Level for the Department of Energy (DoE) for a period of six months.  | 10                              | 120                  | R2,148,681.64                        |
| Appointment of a of Service Provider to undertake Independent Technical Audit and Measurement and Verification (M&V) of Energy Savings achieved from the implementation of Municipal Energy Efficiency and Demand Side Management (EEDSM) Programmes for the 2015/16, 2016/17 and 2017/18 financial years. | Company 1 = 6<br>Company 2 = 10 | 180                  | 1. R3,828,020.40<br>2. R3,807,973.74 |
| Appointment of a service provider to facilitate and conduct risk and fraud risk assessments workshop at the Department of Energy over a period of four weeks   | 3                               | 20                   | R97,356.00                           |
| Appointment of a service provider for the production, layout/ design and printing of the Annual Report for the Department of Energy (DoE) for the period 2016/17   | 2                               | 20                   | R79,721.34                           |
| Appointment of a service provider to facilitate Strategic Planning session for the Department of Energy for a period of three weeks  | 2                               | 60                   | R356,400.00                          |
| Appointment of a service provider to audit the monthly fuel price adjustments and fuel price media statement administered by the Department of Energy for the period of two years  | 3                               | 480                  | R265,152.00                          |
| Appointment of a Service Provider for Sampling and Testing of Petroleum Product Projects on behalf of the Department of Energy in Terms of Regulation Regarding Petroleum Products Specification and Standards No. R627, of June 2006, in the South African Petroleum Industry for a period of 12 months.  | Company 1 = 5<br>Company 2 = 8  | 240                  | R1 816 042.72<br>R6 024 096.00       |
| Appointment of a technical advisor for the development of the petroleum and liquid fuels sector codes and alignment of the petroleum and liquid fuels charter to the B-BBEE Act, 2003 (Act No.53 of 2003) as Amended and codes of good practice for the period of ten months for the Department of Energy  | 5                               | 200                  | R494,835.62                          |
| Procurement of Petroleum Products Licensing system phase 3 development maintenance and support   | 2                               | 720                  | R1,462,330.44                        |
| Procurement of application system maintenance and support service  | 5                               | 480                  | R865,074.80                          |
| Appointment of a Senior System Engineer service for a period of 24 months  | 1                               | 480                  | R843,191.16                          |
| Appointment of MINTEK to conduct research on uranium extraction techniques   | 9                               | 30                   | R1,111,500.00                        |
| Appointment of a service provider to conduct baseline assessment for water consumption, paper, usage and waste generation within the Department for a period of six weeks in order to aid the full implementation of the DoE's Environmental Policy  | 4                               | 30                   | R345,670.80                          |

| Project Title   | Consultants   | Duration (work days) | Value (R)      |
|---|---------------|----------------------|----------------|
| Appointment of a service provider for Internal audit Services for the 2017/18 Financial year  | Company 1 = 3 | 240                  | 1.R304,800.00  |
|   | Company 2 = 4 |                      | 2.R625,251.60  |
|   | Company 3 = 7 |                      | 3.R600,750.00  |
| Appointment of a service provider to provide Learnership Programme in Public Administration (NQF Level 5) for ten Learners for the Department of Energy for a period of 12 months | 4             | 240                  | R424,000.00    |
| Appointment of service provider to provide Forensic Audit Services  | 2             | 90                   | R214,489.86    |
| Appointment of a service provider for the development of an implementation plan for the Energy and Climate Change Strategy in Public Buildings for a period of four months        | 2             | 120                  | R484,977.00    |
| Appointment of a service provider for the proof reading/layout/design and production of the 2017/18 Department of Energy Annual Performance Plan.                                 | 4             | 60                   | R188,872.92    |
| Appointment of a service provider to conduct an energy footprint and energy saving potential study for heavy industry sectors for a period of twelve months                       | 6             | 240                  | R2,888,699.98  |
| Appointment of transactional advisors to review the state of readiness for the nuclear new build programme for a period not exceeding three months                                | 4             | 60                   | R67,000,000.00 |
| Appointment of a service provider for the procurement of the Nuclear New Build Programme Management System  | 13            | 480                  | R98,380,000.00 |
| Appointment of a service provider for Employee Health Wellness Programme (EHWP) services for a period of 24 months  | 6             | 240                  | R1,160,834.34  |

Table 102: Summary of Table 101

| Total Number of Projects | Total Individual Consultants | Total Duration (Work Days) | Total Contract Value (R) |
|--------------------------|------------------------------|----------------------------|--------------------------|
| 22                       | 120                          | 5 070                      | R195,818,722.36          |

Table 103: Analysis of consultant appointments using appropriated funds in terms of HDIs for the period 1 April 2017 to 31 March 2018

| Project Title  | B-BBEE Status   | Number of Consultants from B-BBEE Groups that Work on the Project |
|--|-----------------|---|
| Appointment of a service provider to audit and measure the extent of Broad-Based Black Economic Empowerment (B-BBEE) at Petroleum Retail Level for Department of Energy (DoE) for a period of six months   | L-1             | 10  |
| Appointment of a service provider to undertake Independent Technical Audit and Measurement and Verification (M&V) of Energy Savings achieved from the implementation of Municipal Energy Efficiency and Demand Side Management (EEDSM) Programmes for the financial years 2015/16, 2016/17 and 2017/18 | Company 1 = L-1 | 2   |
|  | Company 2 = L-1 | 4   |
| Appointment of a service provider to facilitate and conduct risk and fraud risk assessment workshops at the Department of Energy over a period of four weeks   | L-1             | 3   |
| Appointment of a service provider for the production, layout/ design and printing of the Annual Report for the Department of Energy (DoE) for the period 2016/17   | L-1             | 4   |

| Project Title   | B-BBEE Status   | Number of Consultants from B-BBEE Groups that Work on the Project |
|---|-----------------|---|
| Appointment of a service provider to facilitate Strategic Planning session for the Department of Energy for a period of three weeks   | L-1             | 3   |
| Appointment of a service provider to audit the monthly fuel price adjustments and fuel price media statement administered by the Department of Energy for the period of two years   | L-1             | 3   |
| Appointment of a service provider for Sampling and Testing of Petroleum Product Projects on behalf of the Department of Energy in terms of Regulation Regarding Petroleum Products Specification and Standards No. R627, of June 2006, in the South African Petroleum Industry for a period of 12 months  | Company 1 = L-1 | 3   |
|   | Company 2 = L-2 | 2   |
| Appointment of a technical advisor for the development of the petroleum and liquid fuels sector codes and alignment of the petroleum and liquid fuels charter to the B-BBEE Act, 2003 (Act No. 53 of 2003) as Amended and codes of good practice for the period of 10 months for the Department of Energy | L-1             | 5   |
| Procurement of Petroleum Products Licencing system phase 3 development maintenance and support  | L-4             | 2   |
| Procurement of application system maintenance and support service   | L-0             | 5   |
| Appointment of a Senior System Engineer service for a period of 24 months   | L-1             | 1   |
| Appointment of MINTEK to conduct research on uranium extraction techniques  | L-3             | 9   |
| Appointment of a service provider to conduct baseline assessment for water consumption, paper, usage and waste generation within the Department for a period of six weeks in order to aid the full implementation of the DoE's Environmental Policy   | L-1             | 2   |
| Appointment of a service provider for Internal audit Services for the 2017/18 Financial year  | Company 1 = L-1 | 3   |
|   | Company 2 = L-1 | 4   |
|   | Company 3 = L-1 | 7   |
| Appointment of a service provider to provide Learnership Programme in Public Administration (NQF Level 5) for ten Learners for the Department of Energy for a period of twelve months   | L-1             | 4   |
| Appointment of service provider to provide Forensic Audit Services  | L-3             | 2   |
| Appointment of a service provider for the development of an implementation plan for the Energy and Climate Change Strategy in Public Buildings for a period of four months  | L-3             | 1   |
| Appointment of a service provider for the proof reading/layout/design and production of the 2017/18 Department of Energy Annual Performance Plan  | L-1             | 4   |
| Appointment of a service provider to conduct an energy footprint and energy saving potential study for heavy industry sectors for a period of twelve months   | L-4             | -   |
| Appointment of transactional advisors to review the state of readiness for the nuclear new build programme for a period not exceeding three months  | L-1             | 4   |
| Appointment of a service provider for the procurement of the Nuclear New Build Programme Management System  | L-3             | 13  |
| Appointment of a service provider for the Employee Health Wellness Programme (EHWP) services for a period of twenty four (24) months  | L-2             | 4   |

**Note:**

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

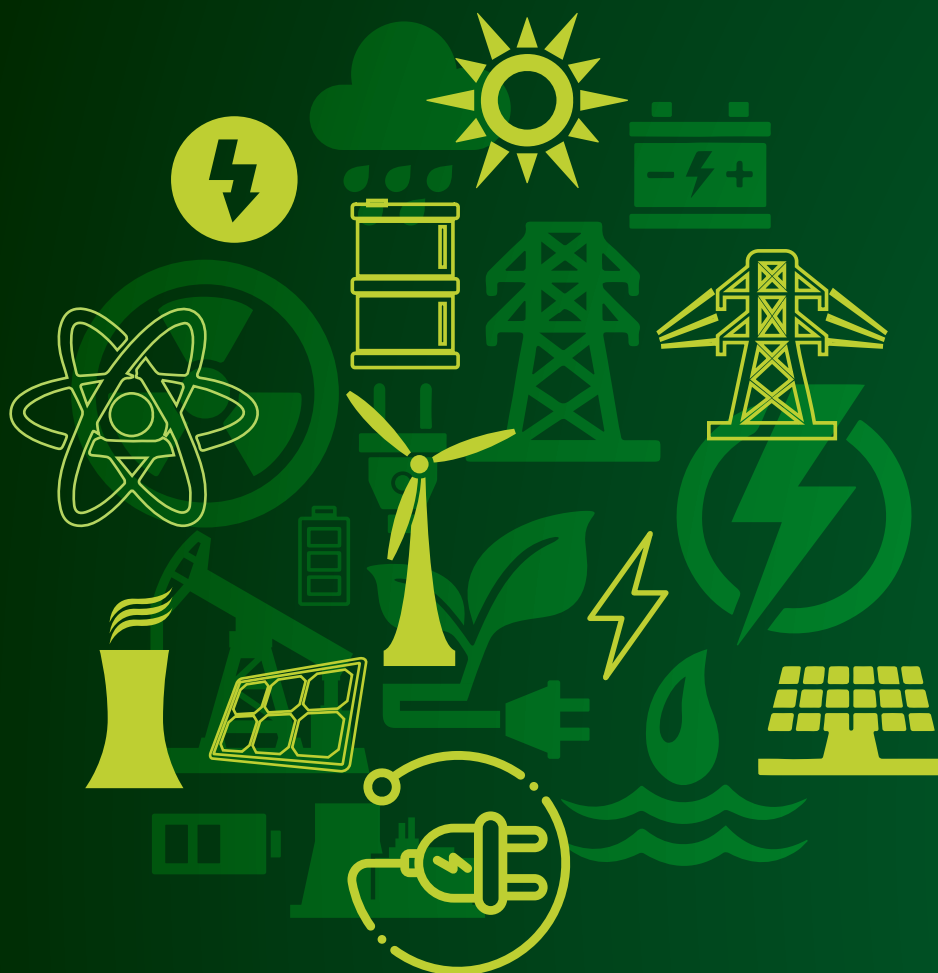
### 4.3.15 Consultant appointments using Donor funding for the period 1 April 2017 to 31 March 2018

There were no consultants from either HDI or non-HDI groups who were appointed using donor funding during the period under review (also see previous note).

### 4.3.16 Severance Packages

There were no severance packages for the period under review.





## PART E

# FINANCIAL INFORMATION

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# 5.1 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 26: DEPARTMENT OF ENERGY

## 5.1.1 Report on the Audit of the Financial Statements

### 5.1.1.1 Qualified Opinion

I have audited the Financial Statements of the Department of Energy set out on pages 110 to 196, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance and other comprehensive income, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the Financial Statements present fairly, in all material respects, the financial position of the Department of Energy as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### 5.1.1.2 Basis for Qualified Opinion

#### 5.1.1.2.1 Irregular Expenditure

The Department did not include the required information on irregular expenditure in the notes to the Financial Statements, as required by section 40(3)(i) of the PFMA. The Department made payments in the previous year in contravention of the supply chain management requirements, resulting in irregular expenditure being understated by R98 382 000.

### 5.1.1.3 Context for the Opinion

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the Financial Statements section of my report.

I am independent of the Department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

### 5.1.1.4 Emphasis of Matters

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

#### 5.1.1.4.1 Material Underspending of the Vote

As disclosed in the appropriation statement, the Department materially underspent the budget by R200 775 000 on administration, clean energy as well as electrification and energy programme and project management.

#### 5.1.1.4.2 Independent Power Producers Office

As disclosed in the accounting policy note 26 and related party note 27 to the Financial Statements, the Department disclosed the Independent Power Producer's Office (IPPO) in the related party disclosure note which is established to facilitate the IPP Procurement Programmes and Interventions in accordance with government policy and the Electricity Regulation Act which falls under the mandate and scope of the Ministers portfolio. The IPP Office is not a legal entity of the Department; however, it is included as a related party to achieve fair presentation of the Financial Statements.

### 5.1.1.5 Other matter

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

#### 5.1.1.5.1 Unaudited Supplementary Schedules

The supplementary information set out on pages 197 to 209 does not form part of the Financial Statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### 5.1.1.6 Responsibilities of the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation and fair presentation of the Financial Statements in accordance with the MCS prescribed by the National Treasury and the requirements of the PFMA, and for such internal control as the accounting officer determines is

# 5.1 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 26: DEPARTMENT OF ENERGY

necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the accounting officer is responsible for assessing the Department’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the Department or to cease operations, or has no realistic alternative but to do so.

## 5.1.1.7 Auditor-General’s Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of my responsibilities for the audit of the Financial Statements is included in the annexure to this auditor’s report.

## 5.1.2 Report on the Audit of the Annual Performance Report

### 5.1.2.1 Introduction and Scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the Annual Performance Report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the Department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies

and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the Annual Performance Report of the Department for the year ended 31 March 2018:

| Programmes  | Pages in the Annual Performance Report |
|---|--|
| Programme 3 – petroleum and petroleum products regulation                 | 48 to 51                               |
| Programme 4 – electrification and energy programme and project management | 52 to 54                               |
| Programme 5 – nuclear energy  | 55 to 57                               |
| Programme 6 – clean energy  | 57 to 60                               |

I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 3 – petroleum and petroleum products regulation
- Programme 4 – electrification and energy programme and project management
- Programme 5 – nuclear energy
- Programme 6 – clean energy

### 5.1.2.2 Other Matters

I draw attention to the matters below.

#### 5.1.2.2.1 Achievement of Planned Targets

Refer to the Annual Performance Report on pages 28 to 68 for information on the achievement of planned targets for the year

and explanations provided for the under- or overachievement of a significant number of targets.

#### 5.1.2.2.2 Adjustment of Material Misstatements

I identified material misstatements in the Annual Performance Report submitted for auditing. These material misstatements were on the reported performance information of Programme 3 - petroleum and petroleum products regulation and Programme 4 - electrification and energy programme and project management. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### 5.1.3 Report on the Audit of Compliance with Legislation

#### 5.1.3.1 Introduction and Scope

In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters on key legislation are as follows:

##### 5.1.3.1.1 Annual Financial Statements

The Financial Statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(a) of the PFMA. Material misstatements identified by the auditors in the submitted Financial Statements were not adequately corrected, which resulted in the Financial Statements receiving a qualified opinion.

##### 5.1.3.1.2 Expenditure Management

Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for qualified opinion, the value as disclosed in note 25 to the Financial Statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the Financial Statements was caused by the contravention of supply chain management practices.

Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R89 143 000, as disclosed in note 26 to the Financial Statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by storage cost for a solar water heater that was manufactured but not installed.

### 5.1.4 Other Information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the Financial Statements, the auditor's report thereon and those selected programmes presented in the Annual Performance Report that have been specifically reported on in the auditor's report.

My opinion on the Financial Statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements and the selected programmes presented in the Annual Performance Report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### 5.1.5 Internal Control Deficiencies

I considered internal control relevant to my audit of the Financial Statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

#### 5.1.5.1 Financial and Performance Management

Management did not review and monitor compliance with applicable laws and regulations.

Management did not prepare regular, accurate and complete performance reports that were supported and evidenced by reliable information, as a result of inadequate monitoring and oversight.

### 5.1.6 Other Reports

I draw attention to the following to the engagements conducted by the forensic investigators that had, or could have, an impact on the matters reported in the Department's Financial Statements, reported

## 5.1 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE 26: DEPARTMENT OF ENERGY

performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the Financial Statements or my findings on the reported performance information or compliance with legislation.

### 5.1.6.1 Investigations

An independent consultant was appointed to investigate discrepancies on the floor space rented by the Department from 26 October 2011 to present. The investigation was not concluded by the time that the audit report was signed.

An independent consultant investigated an allegation of possible gross misconduct of the Department's policy as well as the PFMA at the request of the Department, which covered the period 19 May 2017 to 29 October 2018. On 29 October 2018 the investigation concluded that the employee was not guilty.

An independent consultant investigated an allegation of possible gross misconduct of the treasury regulations as well as the Department's policy at the request of the Department, which covered the period 27 July 2017 to 15 October 2018. The investigation concluded on 15 October 2018 that the employee was not guilty.

*Auditor-General*

Pretoria  
4 December 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## 5.2 ANNEXURE A – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the Financial Statements, and the procedures performed on reported performance information for selected programmes and on the Department's compliance with respect to the selected subject matters.

### 5.2.1 Financial Statements

2. In addition to my responsibility for the audit of the Financial Statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the Financial Statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the Financial Statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Financial Statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the Financial Statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a Department to cease continuing as a going concern
- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation

### 5.2.2 Communication with those Charged with Governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## 5.3 ANNUAL FINANCIAL STATEMENTS

### APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

#### Appropriation per Programme

| Programme  | 2017/18                         |                            |                   |                              |                             |                   |  | 2016/17                      |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 |
| 1. Administration  | 263,561                         |                            | 14,499            | 278,060                      | 272,382                     | 5,678             | 98.0%  | 247,018                      | 282,762                     |
| 2. Energy Policy and Planning                                  | 46,668                          |                            | (3,549)           | 43,119                       | 41,707                      | 1,412             | 96.7%  | 40,164                       | 39,878                      |
| 3. Petroleum and Petroleum Products Regulation                 | 81,828                          |                            | (3,080)           | 78,748                       | 74,639                      | 4,109             | 94.8%  | 79,001                       | 78,991                      |
| 4. Electrification and Energy Programme and Project Management | 6,219,980                       |                            | (400)             | 6,219,580                    | 6,152,173                   | 67,407            | 98.9%  | 5,714,645                    | 5,678,659                   |
| 5. Nuclear Energy  | 790,875                         |                            | 4,550             | 795,425                      | 794,191                     | 1,234             | 99.8%  | 879,834                      | 872,451                     |
| 6. Clean Energy  | 742,510                         |                            | (12,020)          | 730,490                      | 609,555                     | 120,935           | 83.4%  | 589,894                      | 560,101                     |
| <b>Total</b>   | <b>8,145,422</b>                | <b>-</b>                   | <b>-</b>          | <b>8,145,422</b>             | <b>7,944,647</b>            | <b>200,775</b>    | <b>97.5%</b>                                 | <b>7,550,556</b>             | <b>7,512,842</b>            |

|  | 2017/18                   |                          | 2016/17                   |                          |
|--|---------------------------|--------------------------|---------------------------|--------------------------|
|  | Final Appropriation R'000 | Actual Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 |
| <b>Total (brought forward)</b>   |                           |                          | 7,550,556                 | 7,512,842                |
| Reconciliation with statement of financial performance                           |                           |                          |                           |                          |
| <b>ADD</b>   |                           |                          |                           |                          |
| Departmental receipts  |                           |                          |                           |                          |
| NRF Receipts   | 7,994                     |                          | 956,905                   |                          |
| Aid assistance   | 54,774                    |                          | 188,267                   |                          |
| <b>Actual amounts per statement of financial performance (total revenue)</b>     | 8,208,190                 |                          | 8,695,728                 |                          |
| <b>ADD</b>   |                           |                          |                           |                          |
| Aid assistance   |                           | 33,090                   |                           | 90,822                   |
| Prior year unauthorised expenditure approved without funding                     |                           |                          |                           |                          |
| <b>Actual amounts per statement of financial performance (total expenditure)</b> |                           | 7,977,737                |                           | 7,603,664                |

## Appropriation per Economic Classification

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>572,647</b>                  | <b>-</b>                   | <b>36,149</b>     | <b>608,796</b>               | <b>586,905</b>              | <b>21,891</b>     | <b>96.4%</b>                                 | <b>689,328</b>               | <b>594,651</b>              |
| Compensation of employees                            | 333,247                         | -                          | -                 | 333,247                      | 322,185                     | 11,062            | 96.7%  | 318,297                      | 321,466                     |
| Salaries and wages                                   | 287,266                         | (893)                      | 1,400             | 287,773                      | 283,244                     | 4,529             | 98.4%  | 276,307                      | 283,260                     |
| Social contributions                                 | 45,981                          | 893                        | (1,400)           | 45,474                       | 38,941                      | 6,533             | 85.6%  | 41,990                       | 38,206                      |
| Goods and services                                   | 239,400                         | -                          | 36,149            | 275,549                      | 264,720                     | 10,829            | 96.1%  | 371,031                      | 273,185                     |
| Administrative fees                                  | 3,771                           | 294                        | (416)             | 3,649                        | 3,653                       | (4)               | 100.1%                                       | 4,219                        | 4,650                       |
| Advertising  | 8,525                           | (1,559)                    | (2,408)           | 4,558                        | 2,016                       | 2,542             | 44.2%  | 7,954                        | 8,362                       |
| Minor assets   | 2,177                           | (330)                      | (478)             | 1,369                        | 280                         | 1,089             | 20.4%  | 2,287                        | 833                         |
| Audit costs: External                                | 4,472                           | 235                        | -                 | 4,707                        | 4,542                       | 165               | 96.5%  | 3,823                        | 3,805                       |
| Bursaries: Employees                                 | 785                             | -                          | -                 | 785                          | 618                         | 167               | 78.8%  | 755                          | 555                         |
| Catering: Departmental activities                    | 1,992                           | 207                        | (66)              | 2,133                        | 1,745                       | 388               | 81.8%  | 1,938                        | 2,546                       |
| Communication  | 6,307                           | (310)                      | (71)              | 5,926                        | 9,023                       | (3,097)           | 152.3%                                       | 6,399                        | 8,517                       |
| Computer services                                    | 6,523                           | (115)                      | 5,495             | 11,903                       | 11,740                      | 163               | 98.6%  | 5,971                        | 10,658                      |
| Consultants: Business and advisory services          | 83,681                          | (41,086)                   | (9,117)           | 33,478                       | 30,379                      | 3,099             | 90.7%  | 220,625                      | 102,502                     |
| Legal services                                       | 458                             | 1,245                      | 30                | 1,733                        | 4,984                       | (3,251)           | 287.6%                                       | 728                          | 2,451                       |
| Contractors  | 1,871                           | (44)                       | 43                | 1,870                        | 1,100                       | 770               | 58.8%  | 1,486                        | 2,206                       |
| Agency and support / outsourced services             | 8,763                           | (8,145)                    | -                 | 618                          | 189                         | 429               | 30.6%  | 7,754                        | 1,096                       |
| Entertainment  | 173                             | (98)                       | -                 | 75                           | 13                          | 62                | 17.9%  | 46                           | 8                           |
| Fleet services                                       | 706                             | 37                         | 210               | 953                          | 1,333                       | (380)             | 139.8%                                       | 863                          | 1,275                       |
| Consumable supplies                                  | 2,357                           | (617)                      | (197)             | 1,543                        | 743                         | 800               | 48.1%  | 968                          | 1,032                       |
| Consumable: Stationery, printing and office supplies | 4,260                           | 180                        | (681)             | 3,759                        | 2,826                       | 933               | 75.2%  | 5,177                        | 4,722                       |
| Operating leases                                     | 35,348                          | (6,116)                    | 4,027             | 33,259                       | 35,228                      | (1,969)           | 105.9%                                       | 27,825                       | 38,955                      |
| Property payments                                    | 2,718                           | 6,253                      | (668)             | 8,303                        | 6,953                       | 1,350             | 83.7%  | 4,273                        | 8,851                       |
| Transport provided: Departmental activity            | -                               | 48                         | -                 | 48                           | 73                          | (25)              | 152.2%                                       | 294                          | 294                         |
| Travel and subsistence                               | 42,158                          | 3,122                      | (526)             | 44,754                       | 43,736                      | 1,018             | 97.7%  | 45,816                       | 52,019                      |



## Appropriation per Economic Classification (continued)

| Economic classification                             | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|   | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| Training and development                            | 3,973                           | (10)                       | (84)              | 3,879                        | 3,409                       | 470               | 87.9%  | 3,790                        | 4,041                       |
| Operating payments                                  | 6,721                           | 48,321                     | 41,957            | 96,999                       | 91,502                      | 5,497             | 94.3%  | 6,654                        | 3,988                       |
| Venues and facilities                               | 11,312                          | (1,235)                    | (901)             | 9,176                        | 8,566                       | 610               | 93.3%  | 11,246                       | 9,818                       |
| Rental and hiring                                   | 349                             | (277)                      | -                 | 72                           | 68                          | 4                 | 94.7%  | 140                          | -                           |
| Transfers and subsidies                             | 7,568,489                       | -                          | (36,150)          | 7,532,339                    | 7,354,808                   | 177,531           | 97.6%  | 6,846,037                    | 6,816,117                   |
| Provinces and municipalities                        | 2,290,284                       | -                          | -                 | 2,290,284                    | 2,290,284                   | -                 | 100.0%                                       | 2,131,871                    | 2,131,871                   |
| Municipalities                                      | 2,290,284                       | -                          | -                 | 2,290,284                    | 2,290,284                   | -                 | 100.0%                                       | 2,131,871                    | 2,131,871                   |
| Municipal bank accounts                             | 2,290,284                       | -                          | -                 | 2,290,284                    | 2,290,284                   | -                 | 100.0%                                       | 2,131,871                    | 2,131,871                   |
| Departmental agencies and accounts                  | 129,394                         | -                          | -                 | 129,394                      | 129,395                     | (1)               | 100.0%                                       | 72,546                       | 72,546                      |
| Departmental agencies and accounts                  | 129,394                         | -                          | -                 | 129,394                      | 129,395                     | (1)               | 100.0%                                       | 72,546                       | 72,546                      |
| Foreign governments and international organisations | 17,907                          | -                          | 7,945             | 25,852                       | 25,622                      | 230               | 99.1%  | 19,105                       | 25,003                      |
| Public corporations and private enterprises         | 5,126,216                       | -                          | (44,095)          | 5,082,121                    | 4,904,757                   | 177,364           | 96.5%  | 4,617,807                    | 4,583,719                   |
| Public corporations                                 | 4,510,325                       | -                          | -                 | 4,510,325                    | 4,510,325                   | -                 | 100.0%                                       | 4,125,672                    | 4,125,672                   |
| Subsidies on products and production                | 4,510,325                       | -                          | -                 | 4,510,325                    | 4,510,325                   | -                 | 100.0%                                       | 4,125,672                    | 4,125,672                   |
| Private enterprises                                 | 615,891                         | -                          | (44,095)          | 571,796                      | 394,432                     | 177,364,          | 69.0%  | 492,135                      | 458,047                     |
| Subsidies on products and production                | 615,891                         | -                          | (44,095)          | 571,796                      | 394,432                     | 177,364           | 69.0%  | 492,135                      | 458,047                     |
| Households  | 4,688                           | -                          | -                 | 4,688                        | 4,750                       | (62)              | 101.3%                                       | 4,708                        | 2,978                       |
| Social benefits                                     | 2,468                           | -                          | -                 | 2,468                        | 4,499                       | (2,031)           | 182.3%                                       | 2,534                        | 2,001                       |
| Other transfers to households                       | 2,220                           | -                          | -                 | 2,220                        | 251                         | 1,969             | 11.3%  | 2,174                        | 977,                        |
| Payments for capital assets                         | 4,286                           | -                          | -                 | 4,286                        | 2,934                       | 1,352             | 68.5%  | 15,162                       | 102,047                     |
| Machinery and equipment                             | 4,286                           | -                          | -                 | 4,286                        | 2,934                       | 1,352             | 68.5%  | 15,162                       | 14,700                      |
| Transport equipment                                 | 1,300                           | -                          | -                 | 1,300                        | 970                         | 330               | 74.6%  | -                            | -                           |
| Other machinery and equipment                       | 2,986                           | -                          | -                 | 2,986                        | 1,964                       | 1,022             | 65.8%  | 15,162                       | 14,700                      |
| Intangible assets                                   | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | 87,347                      |
| Payments for financial assets                       | -                               | -                          | 1                 | 1                            | 0                           | 1                 | 12.7%  | 29                           | 28                          |
| Total   | 8,145,422                       | -                          | -                 | 8,145,422                    | 7,944,647                   | 200,775           | 97.5%  | 7,550,556                    | 7,512,842                   |

## Programme 1: Administration

|   | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|---|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|   | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Sub-programme</b>                        |                              |                         |                |                           |                          |                |   |                           |                          |
| 1. Ministry                                 | 39,294                       | -                       | 2,803          | 42,097                    | 44,405                   | (2,308)        | 105.5%                                    | 28,499                    | 39,313                   |
| 2. Departmental Management                  | 63,576                       | -                       | 1,209          | 64,785                    | 66,145                   | (1,360)        | 102.1%                                    | 63,337                    | 72,709                   |
| 3. Finance Administration                   | 36,051                       | -                       | (180)          | 35,871                    | 33,807                   | 2,064          | 94.2%                                     | 36,480                    | 34,695                   |
| 4. Audit Services                           | 6,076                        | -                       | 96             | 6,172                     | 6,299                    | (127)          | 102.0%                                    | 7,196                     | 6,934                    |
| 5. Corporate Services                       | 82,753                       | 2,081                   | 10,571         | 95,405                    | 87,042                   | 8,363          | 91.2%                                     | 81,437                    | 98,509                   |
| 6. Office Accommodation                     | 35,811                       | (2,081)                 | -              | 33,730                    | 34,685                   | (955)          | 102.8%                                    | 30,069                    | 30,601                   |
| <b>Total for sub-programmes</b>             | <b>263,561</b>               | <b>-</b>                | <b>14,499</b>  | <b>278,060</b>            | <b>272,382</b>           | <b>5,678</b>   | <b>98.0%</b>                              | <b>247,018</b>            | <b>282,762</b>           |
| <b>Economic classification</b>              |                              |                         |                |                           |                          |                |   |                           |                          |
| <b>Current payments</b>                     | <b>253,640</b>               | <b>-</b>                | <b>14,199</b>  | <b>267,839</b>            | <b>263,375</b>           | <b>4,464</b>   | <b>98.3%</b>                              | <b>237,543</b>            | <b>272,283</b>           |
| Compensation of employees                   | 152,919                      | -                       | 3,400          | 156,319                   | 148,354                  | 7,965          | 94.9%                                     | 144,292                   | 149,825                  |
| Salaries and wages                          | 131,892                      | (968)                   | 3,400          | 134,324                   | 130,580                  | 3,744          | 97.2%                                     | 124,116                   | 132,332                  |
| Social contributions                        | 21,027                       | 968                     | -              | 21,995                    | 17,774                   | 4,221          | 80.8%                                     | 20,176                    | 17,494                   |
| Goods and services                          | 100,721                      | -                       | 10,799         | 111,520                   | 115,021                  | (3,501)        | 103.1%                                    | 93,251                    | 122,458                  |
| Administrative fees                         | 1,762                        | 99                      | (223)          | 1,638                     | 1,766                    | (128)          | 107.8%                                    | 1,552                     | 1,996                    |
| Advertising                                 | 3,037                        | (451)                   | (679)          | 1,907                     | 1,224                    | 683            | 64.2%                                     | 3,043                     | 3,455                    |
| Minor assets                                | 869                          | (235)                   | -              | 634                       | 280                      | 354            | 44.1%                                     | 2,282                     | 828                      |
| Audit costs: External                       | 3,740                        | 235                     | -              | 3,975                     | 4,542                    | (567)          | 114.3%                                    | 3,823                     | 3,805                    |
| Bursaries: Employees                        | 785                          | -                       | -              | 785                       | 618                      | 167            | 78.8%                                     | 755                       | 555                      |
| Catering: Departmental activities           | 579                          | (144)                   | -              | 435                       | 526                      | (91)           | 120.8%                                    | 483                       | 233                      |
| Communication                               | 4,097                        | (726)                   | 292            | 3,663                     | 7,152                    | (3,489)        | 195.2%                                    | 3,613                     | 6,672                    |
| Computer services                           | 6,380                        | (81)                    | 5,515          | 11,814                    | 11,732                   | 82             | 99.3%                                     | 5,971                     | 10,658                   |
| Consultants: Business and advisory services | 4,301                        | 707                     | -              | 5,008                     | 5,065                    | (57)           | 101.1%                                    | 4,866                     | 4,720                    |
| Legal services                              | 458                          | 33                      | 30             | 521                       | 3,779                    | (3,258)        | 725.3%                                    | 537                       | 2,261                    |
| Contractors                                 | 1,732                        | (127)                   | 43             | 1,648                     | 629                      | 1,019          | 38.2%                                     | 816                       | 1,538                    |
| Agency and support / outsourced services    | 731                          | (145)                   | -              | 586                       | 189                      | 397            | 32.3%                                     | 756                       | (4)                      |
| Entertainment                               | 154                          | (98)                    | -              | 56                        | 13                       | 43             | 24.0%                                     | 46                        | 8                        |

## Programme 1: Administration (continued)

|  | 2017/18                      |                         |                |                           |                          |                |   | 2016/17                   |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Fleet services                                       | 506                          | 81                      | 210            | 797                       | 1,105                    | (308)          | 138.6%                                    | 575                       | 991                      |
| Inventory: Other supplies                            |                              |                         |                |                           |                          |                |   |                           |                          |
| Consumable supplies                                  | 1,597                        | (452)                   | 26             | 1,171                     | 632                      | 539            | 54.0%                                     | 613                       | 685                      |
| Consumable: Stationery, printing and office supplies | 3,179                        | 164                     | (592)          | 2,751                     | 2,605                    | 146            | 94.7%                                     | 4,282                     | 3,829                    |
| Operating leases                                     | 35,302                       | (6,128)                 | 4,027          | 33,201                    | 34,294                   | (1,093)        | 103.3%                                    | 26,960                    | 38,092                   |
| Property payments                                    | 2,020                        | 6,265                   | -              | 8,285                     | 6,951                    | 1,334          | 83.9%                                     | 4,182                     | 8,827                    |
| Travel and subsistence                               | 20,584                       | 2,026                   | 2,025          | 24,635                    | 24,946                   | (311)          | 101.3%                                    | 19,482                    | 26,074                   |
| Training and development                             | 3,849                        | -                       | -              | 3,849                     | 3,409                    | 440            | 88.6%                                     | 3,784                     | 4,031                    |
| Operating payments                                   | 2,635                        | (140)                   | 1              | 2,496                     | 1,484                    | 1,012          | 59.5%                                     | 2,203                     | 1,818                    |
| Venues and facilities                                | 2,107                        | (570)                   | 124            | 1,661                     | 2,081                    | (420)          | 125.3%                                    | 2,487                     | 1,386                    |
| Rental and hiring                                    | 317                          | (313)                   | -              | 4                         | -                        | 4              | -   | 140                       | -                        |
| Transfers and subsidies                              | 5,635                        | -                       | 300            | 5,935                     | 6,073                    | (138)          | 102.3%                                    | 5,367                     | 6,832                    |
| Departmental agencies and accounts                   | 1,047                        | -                       | -              | 1,047                     | 1,048                    | (1)            | 100.1%                                    | 985                       | 985                      |
| Departmental agencies                                | 1,047                        | -                       | -              | 1,047                     | 1,048                    | (1)            | 100.1%                                    | 985                       | 985                      |
| Foreign governments and international organisations  | -                            | -                       | 300            | 300                       | 276                      | 24             | 91.8%                                     | -                         | 3,033                    |
| Households   | 4,588                        | -                       | -              | 4,588                     | 4,750                    | (162)          | 103.5%                                    | 4,382                     | 2,814                    |
| Social benefits                                      | 2,468                        | -                       | -              | 2,468                     | 4,499                    | (2,031)        | 182.3%                                    | 2,534                     | 2,001                    |
| Other transfers to households                        | 2,120                        | -                       | -              | 2,120                     | 250                      | 1,870          | 11.8%                                     | 1,848                     | 813                      |
| Payments for capital assets                          | 4,286                        | -                       | -              | 4,286                     | 2,934                    | 1,352          | 68.5%                                     | 4,095                     | 3,634                    |
| Machinery and equipment                              | 4,286                        | -                       | -              | 4,286                     | 2,934                    | 1,352          | 68.5%                                     | 4,095                     | 3,634                    |
| Transport equipment                                  | 1,300                        | -                       | -              | 1,300                     | 970                      | 330            | 74.6%                                     | -                         | -                        |
| Other machinery and equipment                        | 2,986                        | -                       | -              | 2,986                     | 1,964                    | 1,022          | 65.8%                                     | 4,095                     | 3,634                    |
| Payments for financial assets                        | -                            | -                       | -              | -                         | -                        | -              | -   | 13                        | 13                       |
| Total  | 263,561                      | -                       | 14,499         | 278,060                   | 272,382                  | 5,678          | 98.0%                                     | 247,018                   | 282,762                  |

## Sub-Programme 1.1: Ministry

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>37,194</b>                   | -                          | <b>2,803</b>      | <b>39,997</b>                | <b>42,225</b>               | <b>(2,228)</b>    | <b>105.6%</b>                                | <b>28,499</b>                | <b>39,313</b>               |
| Compensation of employees                            | 22,291                          | -                          | 303               | 22,594                       | 21,824                      | 770               | 96.6%  | 17,637                       | 21,396                      |
| Salaries and wages                                   | 19,171                          | 313                        | 303               | 19,787                       | 19,787                      | (0)               | 100.0%                                       | 15,386                       | 19,463                      |
| Social contributions                                 | 3,120                           | (313)                      | -                 | 2,807                        | 2,037                       | 770               | 72.6%  | 2,251                        | 1,933                       |
| Goods and services                                   | 14,903                          | -                          | 2,500             | 17,403                       | 20,401                      | (2,998)           | 117.2%                                       | 10,862                       | 17,917                      |
| Administrative fees                                  | 779                             | (235)                      | -                 | 544                          | 805                         | (261)             | 148.0%                                       | 607                          | 888                         |
| Advertising  | 10                              | -                          | -                 | 10                           | -                           | 10                | -  | -                            | -                           |
| Minor assets   | 82                              | (66)                       | -                 | 16                           | 0                           | 16                | 2.5%   | 2                            | -                           |
| Catering: Departmental activities                    | 95                              | (35)                       | -                 | 60                           | 28                          | 32                | 47.2%  | 27                           | 5                           |
| Communication  | 1,670                           | (910)                      | 259               | 1,019                        | 2,246                       | (1,227)           | 220.4%                                       | 872                          | 2,053                       |
| Computer services                                    | -                               | -                          | 15                | 15                           | 14                          | 1                 | 95.8%  | -                            | -                           |
| Contractors  | 105                             | (55)                       | 43                | 93                           | 47                          | 46                | 95.8%  | 51                           | 6                           |
| Agency and support / outsourced services             | -                               | -                          | -                 | -                            | 92                          | (92)              | -  | 105                          | 24                          |
| Entertainment  | 124                             | (70)                       | -                 | 54                           | 13                          | 41                | 24.9%  | 23                           | 8                           |
| Fleet services                                       | 194                             | 81                         | 210               | 485                          | 663                         | (178)             | 136.6%                                       | 228                          | 559                         |
| Inventory: Other supplies                            | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Consumable supplies                                  | 242                             | (161)                      | 31                | 112                          | 75                          | 37                | 66.7%  | 83                           | 51                          |
| Consumable: Stationery, printing and office supplies | -                               | 6                          | 3                 | 9                            | 99                          | (90)              | 1100.1%                                      | 2                            | 5                           |
| Operating leases                                     | 230                             | 138                        | 108               | 476                          | 1,138                       | (662)             | 239.0%                                       | 409                          | 921                         |
| Travel and subsistence                               | 11,034                          | 1,217                      | 1,706             | 13,957                       | 14,730                      | (773)             | 105.5%                                       | 8,175                        | 12,827                      |
| Operating payments                                   | 249                             | (50)                       | 1                 | 200                          | 101                         | 99                | 50.6%  | 213                          | 142                         |
| Venues and facilities                                | 89                              | 140                        | 124               | 353                          | 349                         | 4                 | 98.8%  | 65                           | 428                         |
| <b>Transfers and subsidies</b>                       | <b>2,100</b>                    | -                          | -                 | <b>2,100</b>                 | <b>2,180</b>                | <b>(80)</b>       | <b>103.8%</b>                                | -                            | -                           |
| Non-profit institutions                              | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Households   | 2,100                           | -                          | -                 | 2,100                        | 2,180                       | (80)              | 103.8%                                       | -                            | -                           |
| Social benefits                                      | 2,100                           | -                          | -                 | 2,100                        | 2,180                       | (80)              | 103.8%                                       | -                            | -                           |
| <b>Payments for financial assets</b>                 | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Total</b>   | <b>39,294</b>                   | -                          | <b>2,803</b>      | <b>42,097</b>                | <b>44,405</b>               | <b>(2,308)</b>    | <b>105.5%</b>                                | <b>28,499</b>                | <b>39,313</b>               |

## Sub-Programme 1.2: Departmental Management

| Economic classification                              | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Current payments</b>                              | <b>63,576</b>                | -                       | <b>909</b>     | <b>64,485</b>             | <b>65,837</b>            | <b>(1,352)</b> | <b>102.1%</b>                             | <b>63,337</b>             | <b>69,675</b>            |
| Compensation of employees                            | 47,319                       | -                       | 1,609          | 48,928                    | 46,805                   | 2,123          | 95.7%                                     | 45,999                    | 48,048                   |
| Salaries and wages                                   | 40,912                       | 318                     | 1,609          | 42,839                    | 41,650                   | 1,189          | 97.2%                                     | 40,502                    | 42,908                   |
| Social contributions                                 | 6,407                        | (318)                   | -              | 6,089                     | 5,155                    | 934            | 84.7%                                     | 5,497                     | 5,140                    |
| Goods and services                                   | 16,257                       | -                       | (700)          | 15,557                    | 19,033                   | (3,476)        | 122.3%                                    | 17,338                    | 21,627                   |
| Administrative fees                                  | 502                          | 290                     | (223)          | 569                       | 535                      | 34             | 94.0%                                     | 514                       | 651                      |
| Advertising  | 2,353                        | (273)                   | (679)          | 1,401                     | 815                      | 586            | 58.2%                                     | 2,686                     | 3,376                    |
| Minor assets   | 36                           | (3)                     | -              | 33                        | 2                        | 31             | 5.7%                                      | 21                        | 6                        |
| Audit costs: External                                | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Catering: Departmental activities                    | 291                          | (75)                    | -              | 216                       | 409                      | (193)          | 189.5%                                    | 251                       | 148                      |
| Communication  | 689                          | 102                     | 33             | 824                       | 1,731                    | (907)          | 210.1%                                    | 823                       | 1,465                    |
| Computer services                                    | 145                          |                         |                | 145                       | 42                       | 103            | 28.9%                                     | 50                        | 14                       |
| Consultants: Business and advisory services          | 279                          | 353                     |                | 632                       | 1,150                    | (518)          | 181.9%                                    | 319                       | 724                      |
| Legal services                                       | -                            | -                       | 30             | 30                        | 3,006                    | (2,976)        | 10021.5%                                  | -                         | 1,707                    |
| Contractors  | 571                          | (14)                    |                | 557                       | 367                      | 190            | 65.9%                                     | 153                       | 778                      |
| Agency and support / outsourced services             | 221                          | (121)                   | -              | 100                       | 97                       | 3              | 97.4%                                     | 26                        | -                        |
| Entertainment  | 9                            | (7)                     | -              | 2                         |                          | 2              | -   | 13                        | -                        |
| Fleet services                                       | 121                          | (12)                    | -              | 109                       | 145                      | (36)           | 132.6%                                    | 183                       | 203                      |
| Consumable supplies                                  | 104                          | 26                      | (5)            | 125                       | 120                      | 5              | 96.1%                                     | 84                        | 114                      |
| Consumable: Stationery, printing and office supplies | 476                          | (22)                    | (195)          | 259                       | 172                      | 87             | 66.4%                                     | 786                       | 658                      |
| Operating leases                                     | 205                          | 60                      | 20             | 285                       | 543                      | (258)          | 190.7%                                    | 139                       | 620                      |
| Property payments                                    | -                            |                         | -              | -                         | 1                        | (1)            | -   | -                         | -                        |
| Transport provided: Departmental activity            | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Travel and subsistence                               | 6,921                        | 386                     | 319            | 7,626                     | 7,552                    | 74             | 99.0%                                     | 8,105                     | 9,637                    |
| Training and development                             | -                            |                         | -              | -                         |                          | -              | -   | -                         |                          |
| Operating payments                                   | 1,490                        | (64)                    |                | 1,426                     | 612                      | 814            | 42.9%                                     | 870                       | 701                      |

## Sub-Programme 1.2: Departmental Management (continued)

| Economic classification                             | 2017/18                         |                            |                   |                              |                             |                   |  | 2016/17                      |                             |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|   | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| Venues and facilities                               | 1,840                           | (623)                      |                   | 1,217                        | 1,732                       | (515)             | 142.3%                                       | 2,221                        | 823                         |
| Rental and hiring                                   | 4                               | (3)                        |                   | 1                            |                             | 1                 | -  | 94                           | -                           |
| <b>Transfers and subsidies</b>                      | -                               | -                          | <b>300</b>        | <b>300</b>                   | <b>307</b>                  | <b>(7)</b>        | <b>102.5%</b>                                | -                            | <b>3,033</b>                |
| Foreign governments and international organisations | -                               | -                          | 300               | 300                          | 276                         | (7)               | 102.5%                                       | -                            | 3,033                       |
| Households  | -                               | -                          | -                 | -                            | 32                          | (32)              | -  | -                            | -                           |
| Social benefits                                     | -                               | -                          | -                 | -                            | 32                          | (32)              | -  | -                            | -                           |
| <b>Payments for capital assets</b>                  | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for financial assets</b>                | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Total</b>  | <b>63,576</b>                   | -                          | <b>1,209</b>      | <b>64,785</b>                | <b>66,145</b>               | <b>(1,360)</b>    | <b>102.1%</b>                                | <b>63,337</b>                | <b>72,709</b>               |

## Sub-Programme 1.3: Finance Administration

| Economic classification           | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|-----------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|                                   | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>           | <b>34,522</b>                   | -                          | <b>(180)</b>      | <b>34,342</b>                | <b>33,429</b>               | <b>913</b>        | <b>97.3%</b>                                 | <b>35,034</b>                | <b>33,829</b>               |
| Compensation of employees         | 24,963                          | -                          | 220               | 25,183                       | 24,278                      | 905               | 96.4%  | 24,758                       | 23,347                      |
| Salaries and wages                | 21,535                          | (356)                      | 220               | 21,399                       | 21,199                      | 200               | 99.1%  | 20,968                       | 20,366                      |
| Social contributions              | 3,428                           | 356                        |                   | 3,784                        | 3,079                       | 705               | 81.4%  | 3,790                        | 2,981                       |
| Goods and services                | 9,559                           | -                          | (400)             | 9,159                        | 9,151                       | 8                 | 99.9%  | 10,276                       | 10,482                      |
| Administrative fees               | 270                             | (23)                       | -                 | 247                          | 191                         | 56                | 77.4%  | 240                          | 237                         |
| Advertising                       | 309                             | 55                         | -                 | 364                          | 91                          | 273               | 24.9%  | 61                           | 3                           |
| Minor assets                      | 302                             | (10)                       | -                 | 292                          | 262                         | 30                | 89.7%  | 270                          | 795                         |
| Audit costs: External             | 3,734                           | (213)                      | -                 | 3,521                        | 4,542                       | (1,021)           | 129.0%                                       | 3,823                        | 3,805                       |
| Catering: Departmental activities | 37                              | -                          | -                 | 37                           | 13                          | 24                | 35.0%  | 51                           | 32                          |
| Communication                     | 219                             | 2                          | -                 | 221                          | 109                         | 112               | 49.2%  | 88                           | 140                         |
| Computer services                 | 23                              | 31                         | -                 | 54                           | 51                          | 3                 | 94.1%  | 328                          | 324                         |

## Sub-Programme 1.3: Finance Administration (continued)

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| Consultants: Business and advisory services          | 27                              | 248                        | -                 | 275                          | 271                         | 4                 | 98.4%  | 36                           | 276                         |
| Legal services                                       | -                               | -                          | -                 | -                            | 350                         | (350)             | -  | -                            | -                           |
| Contractors  | 50                              | (19)                       | -                 | 31                           | 12                          | 19                | 37.7%  | 40                           | 9                           |
| Agency and support / outsourced services             | 10                              | -                          | -                 | 10                           | -                           | 10                | -  | 3                            | -                           |
| Fleet services                                       | 9                               | (2)                        | -                 | 7                            | 15                          | (8)               | 220.1%                                       | 14                           | 12                          |
| Housing  | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Consumable supplies                                  | 666                             | (383)                      | -                 | 283                          | 40                          | 243               | 14.2%  | 185                          | 68                          |
| Consumable: Stationery, printing and office supplies | 2,458                           | 289                        | (400)             | 2,347                        | 2,266                       | 81                | 96.6%  | 3,372                        | 3,155                       |
| Operating leases                                     | 534                             | 4                          | -                 | 538                          | 399                         | 139               | 74.1%  | 507                          | 477                         |
| Travel and subsistence                               | 643                             | (76)                       | -                 | 567                          | 278                         | 289               | 49.1%  | 955                          | 836                         |
| Training and development                             | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Operating payments                                   | 153                             | 173                        | -                 | 326                          | 260                         | 66                | 79.8%  | 222                          | 247                         |
| Venues and facilities                                | 115                             | (76)                       | -                 | 39                           | -                           | 39                | -  | 81                           | 66                          |
| Transfers and subsidies                              | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Payments for capital assets                          | 1,529                           | -                          | -                 | 1,529                        | 378                         | 1,151             | 24.7%  | 1,433                        | 854                         |
| Machinery and equipment                              | 1,529                           | -                          | -                 | 1,529                        | 378                         | 1,151             | 24.7%  | 1,433                        | 854                         |
| Transport equipment                                  | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Other machinery and equipment                        | 1,529                           | -                          | -                 | 1,529                        | 378                         | 1,151             | 24.7%  | 1,433                        | 854                         |
| Payments for financial assets                        | -                               | -                          | -                 | -                            | -                           | -                 | -  | 13                           | 12                          |
| Total  | 36,051                          | -                          | (180)             | 35,871                       | 33,807                      | 2,064             | 94.2%  | 36,480                       | 34,695                      |



## Sub-Programme 1.4: Audit Services

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>6,076</b>                    | -                          | <b>96</b>         | <b>6,172</b>                 | <b>6,299</b>                | <b>(127)</b>      | <b>102.0%</b>                                | <b>7,196</b>                 | <b>6,934</b>                |
| Compensation of employees                            | 3,656                           | -                          | 96                | 3,752                        | 3,669                       | 83                | 97.8%  | 4,640                        | 3,633                       |
| Salaries and wages                                   | 3,194                           | (77)                       | 96                | 3,213                        | 3,212                       | 1                 | 100.0%                                       | 3,964                        | 3,189                       |
| Social contributions                                 | 462                             | 77                         | -                 | 539                          | 457                         | 82                | 84.7%  | 676                          | 444                         |
| Goods and services                                   | 2,420                           | -                          | -                 | 2,420                        | 2,630                       | (210)             | 108.7%                                       | 2,556                        | 3,301                       |
| Administrative fees                                  | 65                              | (33)                       | -                 | 32                           | 8                           | 24                | 24.1%  | 44                           | 33                          |
| Advertising  | 29                              | (27)                       | -                 | 2                            | -                           | 2                 | -  | 42                           | 32                          |
| Catering: Departmental activities                    | 14                              | 7                          | -                 | 21                           | 17                          | 4                 | 83.2%  | 18                           | 11                          |
| Communication  | 29                              | -                          | -                 | 29                           | 27                          | 2                 | 91.8%  | 15                           | 24                          |
| Computer services                                    | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | 25                          |
| Consultants: Business and advisory services          | 1,891                           | 106                        | -                 | 1,997                        | 2,416                       | (419)             | 121.0%                                       | 2,048                        | 2,904                       |
| Fleet services                                       | 1                               | -                          | -                 | 1                            | 1                           | 0                 | 54.4%  | 2                            | 4                           |
| Consumable supplies                                  | 7                               | 3                          | -                 | 10                           | 6                           | 4                 | 60.3%  | 6                            | 4                           |
| Consumable: Stationery, printing and office supplies | 17                              | (17)                       | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Operating leases                                     | 2                               | -                          | -                 | 2                            | 11                          | (9)               | 548.4%                                       | 3                            | 9                           |
| Travel and subsistence                               | 341                             | (53)                       | -                 | 288                          | 121                         | 167               | 42.0%  | 338                          | 227                         |
| Training and development                             | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Operating payments                                   | 24                              | 14                         | -                 | 38                           | 24                          | 14                | 62.0%  | 12                           | -                           |
| Venues and facilities                                | -                               | -                          | -                 | -                            | -                           | -                 | -  | 28                           | 28                          |
| <b>Transfers and subsidies</b>                       | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Households   | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Social benefits                                      | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for capital assets</b>                   | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for financial assets</b>                 | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Total</b>   | <b>6,076</b>                    | <b>-</b>                   | <b>96</b>         | <b>6,172</b>                 | <b>6,299</b>                | <b>(127)</b>      | <b>102.0%</b>                                | <b>7,196</b>                 | <b>6,934</b>                |

## Sub-Programme 1.5: Corporate Service

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>76,461</b>                   | <b>2,081</b>               | <b>10,571</b>     | <b>89,113</b>                | <b>80,901</b>               | <b>8,212</b>      | <b>90.8%</b>                                 | <b>73,408</b>                | <b>91,931</b>               |
| Compensation of employees                            | 54,690                          | -                          | 1,172             | 55,862                       | 51,778                      | 4,084             | 92.7%  | 51,258                       | 53,401                      |
| Salaries and wages                                   | 47,080                          | (1,166)                    | 1,172             | 47,086                       | 44,732                      | 2,354             | 95.0%  | 43,296                       | 46,405                      |
| Social contributions                                 | 7,610                           | 1,166                      | -                 | 8,776                        | 7,046                       | 1,730             | 80.3%  | 7,962                        | 6,996                       |
| Goods and services                                   | 21,771                          | 2,081                      | 9,399             | 33,251                       | 29,123                      | 4,128             | 87.6%  | 22,150                       | 38,530                      |
| Administrative fees                                  | 146                             | 100                        | -                 | 246                          | 228                         | 18                | 92.5%  | 147                          | 187                         |
| Advertising  | 336                             | (206)                      | -                 | 130                          | 318                         | (188)             | 244.5%                                       | 254                          | 44                          |
| Minor assets   | 449                             | (156)                      | -                 | 293                          | 15                          | 278               | 5.2%   | 1,989                        | 27                          |
| Audit costs: External                                | 6                               | 448                        | -                 | 454                          | -                           | 454               | -  | -                            | -                           |
| Bursaries: Employees                                 | 785                             | -                          | -                 | 785                          | 618                         | 167               | 78.8%  | 755                          | 555                         |
| Catering: Departmental activities                    | 142                             | (41)                       | -                 | 101                          | 57                          | 44                | 56.9%  | 136                          | 37                          |
| Communication  | 1,490                           | 80                         | -                 | 1,570                        | 3,039                       | (1,469)           | 193.6%                                       | 1,815                        | 2,991                       |
| Computer services                                    | 6,212                           | (112)                      | 5,500             | 11,600                       | 11,625                      | (25)              | 100.2%                                       | 5,593                        | 10,295                      |
| Consultants: Business and advisory services          | 2,104                           | -                          | -                 | 2,104                        | 1,229                       | 875               | 58.4%  | 2,463                        | 816                         |
| Legal services                                       | 458                             | 33                         | -                 | 491                          | 422                         | 69                | 85.9%  | 537                          | 554                         |
| Contractors  | 1,006                           | (39)                       | -                 | 967                          | 202                         | 765               | 20.9%  | 572                          | 745                         |
| Agency and support / outsourced services             | 500                             | (24)                       | -                 | 476                          | -                           | 476               | -  | 622                          | (28)                        |
| Entertainment  | 21                              | (21)                       | -                 | -                            | -                           | -                 | -  | 10                           | -                           |
| Fleet services                                       | 181                             | 14                         | -                 | 195                          | 281                         | (86)              | 144.3%                                       | 148                          | 213                         |
| Consumable supplies                                  | 578                             | 63                         | -                 | 641                          | 391                         | 250               | 61.0%  | 255                          | 448                         |
| Consumable: Stationery, printing and office supplies | 228                             | (92)                       | -                 | 136                          | 67                          | 69                | 49.5%  | 122                          | 11                          |
| Operating leases                                     | 520                             | 2,000                      | 3,899             | 6,419                        | 4,443                       | 1,976             | 69.2%  | 15                           | 8,701                       |
| Property payments                                    | 20                              | 16                         | -                 | 36                           | 26                          | 10                | 72.8%  | -                            | 5,590                       |
| Travel and subsistence                               | 1,645                           | 552                        | -                 | 2,197                        | 2,264                       | (67)              | 103.1%                                       | 1,909                        | 2,546                       |
| Training and development                             | 3,849                           | -                          | -                 | 3,849                        | 3,409                       | 440               | 88.6%  | 3,784                        | 4,031                       |
| Operating payments                                   | 719                             | (213)                      | -                 | 506                          | 487                         | 19                | 96.2%  | 886                          | 727                         |
| Venues and facilities                                | 63                              | (11)                       | -                 | 52                           | -                           | 52                | -  | 92                           | 41                          |
| Rental and hiring                                    | 313                             | (310)                      | -                 | 3                            | -                           | 3                 | -  | 46                           | -                           |

## Sub-Programme 1.5: Corporate Service (continued)

| Economic classification              | 2017/18                      |                         |                |                           |                          |                |   | 2016/17                   |                          |
|--------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|                                      | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Transfers and subsidies</b>       | <b>3,535</b>                 | -                       | -              | <b>3,535</b>              | <b>3,585</b>             | <b>(50)</b>    | <b>101.4%</b>                             | <b>5,367</b>              | <b>3,799</b>             |
| Departmental agencies and accounts   | 1,047                        | -                       | -              | 1,047                     | 1,048                    | (1)            | 100.1%                                    | 985                       | 985                      |
| Departmental agencies                | 1,047                        | -                       | -              | 1,047                     | 1,048                    | (1)            | 100.1%                                    | 985                       | 985                      |
| Households                           | 2,488                        | -                       | -              | 2,488                     | 2,537                    | (49)           | 102.0%                                    | 4,382                     | 2,814                    |
| Social benefits                      | 368                          | -                       | -              | 368                       | 2,287                    | (1,919)        | 621.5%                                    | 2,534                     | 2,001                    |
| Other transfers to households        | 2,120                        | -                       | -              | 2,120                     | 250                      | 1,870          | 11.8%                                     | 1,848                     | 813                      |
| <b>Payments for capital assets</b>   | <b>2,757</b>                 | -                       | -              | <b>2,757</b>              | <b>2,556</b>             | <b>201</b>     | <b>92.7%</b>                              | <b>2,662</b>              | <b>2,780</b>             |
| Machinery and equipment              | 2,757                        | -                       | -              | 2,757                     | 2,556                    | 201            | 92.7%                                     | 2,662                     | 2,780                    |
| Transport equipment                  | 1,300                        | -                       | -              | 1,300                     | 970                      | 330            | 74.6%                                     | -                         | -                        |
| Other machinery and equipment        | 1,457                        | -                       | -              | 1,457                     | 1,586                    | (129)          | 108.8%                                    | 2,662                     | 2,780                    |
| <b>Payments for financial assets</b> | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Total</b>                         | <b>82,753</b>                | <b>2,081</b>            | <b>10,571</b>  | <b>95,405</b>             | <b>87,042</b>            | <b>8,363</b>   | <b>91.2%</b>                              | <b>81,437</b>             | <b>98,509</b>            |

## Sub-Programme 1.6: Office Accommodation

| Economic classification              | 2017/18                      |                         |                |                           |                          |                |   | 2016/17                   |                          |
|--------------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|                                      | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Current payments</b>              | <b>35,811</b>                | <b>(2,081)</b>          | -              | <b>33,730</b>             | <b>34,685</b>            | <b>(955)</b>   | <b>102.8%</b>                             | <b>30,069</b>             | <b>30,601</b>            |
| Compensation of employees            | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Goods and services                   | 35,811                       | (2,081)                 | -              | 33,730                    | 34,685                   | (955)          | 102.8%                                    | 30,069                    | 30,601                   |
| Contractors                          | -                            | -                       | -              | -                         | 1                        | (1)            | -   | -                         | -                        |
| Operating leases                     | 33,811                       | (8,330)                 | -              | 25,481                    | 27,760                   | (2,279)        | 108.9%                                    | 25,887                    | 27,364                   |
| Property payments                    | 2,000                        | 6,249                   | -              | 8,249                     | 6,924                    | 1,325          | 83.9%                                     | 4,182                     | 3,237                    |
| <b>Transfers and subsidies</b>       | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Payments for capital assets</b>   | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Payments for financial assets</b> | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Total</b>                         | <b>35,811</b>                | <b>(2,081)</b>          | -              | <b>33,730</b>             | <b>34,685</b>            | <b>(955)</b>   | <b>102.8%</b>                             | <b>30,069</b>             | <b>30,601</b>            |

## Programme 2: Energy Policy and Planning

|  | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Sub-programme</b>                                       |                              |                         |                |                           |                          |                |   |                           |                          |
| 1. Policy Analysis and Research                            | 2,531                        | -                       | (533)          | 1,998                     | 1,736                    | 262            | 86.9%                                     | 2,066                     | 2,056                    |
| 2. Energy Planning   | 22,718                       | -                       | (2,717)        | 20,001                    | 20,452                   | (451)          | 102.3%                                    | 19,031                    | 18,822                   |
| 3. Hydrocarbon Policy                                      | 12,770                       | -                       | (19)           | 12,751                    | 12,053                   | 698            | 94.5%                                     | 11,546                    | 11,487                   |
| 4. Electricity, Energy Efficiency and Environmental Policy | 8,649                        | -                       | (280)          | 8,369                     | 7,466                    | 903            | 89.2%                                     | 7,521                     | 7,514                    |
| <b>Total for sub-programmes</b>                            | <b>46,668</b>                | <b>-</b>                | <b>(3,549)</b> | <b>43,119</b>             | <b>41,707</b>            | <b>1,412</b>   | <b>96.7%</b>                              | <b>40,164</b>             | <b>39,878</b>            |
| <b>Economic classification</b>                             |                              |                         |                |                           |                          |                |   |                           |                          |
| <b>Current payments</b>                                    | <b>46,668</b>                | <b>-</b>                | <b>(3,550)</b> | <b>43,118</b>             | <b>41,707</b>            | <b>1,411</b>   | <b>96.7%</b>                              | <b>40,164</b>             | <b>39,878</b>            |
| Compensation of employees                                  | 35,283                       | -                       | -              | 35,283                    | 34,776                   | 507            | 98.6%                                     | 33,069                    | 32,805                   |
| Salaries and wages   | 30,437                       | 196                     | -              | 30,633                    | 30,793                   | (160)          | 100.5%                                    | 29,282                    | 29,023                   |
| Social contributions                                       | 4,846                        | (196)                   | -              | 4,650                     | 3,983                    | 667            | 85.7%                                     | 3,787                     | 3,781                    |
| Goods and services   | 11,385                       | -                       | (3,550)        | 7,835                     | 6,931                    | 904            | 88.5%                                     | 7,095                     | 7,073                    |
| Administrative fees  | 458                          | 6                       | (175)          | 289                       | 131                      | 158            | 45.4%                                     | 369                       | 366                      |
| Advertising  | 354                          | -                       | (29)           | 325                       | 490                      | (165)          | 150.8%                                    | 139                       | 138                      |
| Minor assets   | 24                           | (1)                     | (8)            | 15                        | -                        | 15             | -   | -                         | -                        |
| Catering: Departmental activities                          | 124                          | (3)                     | (31)           | 90                        | 60                       | 30             | 67.1%                                     | 138                       | 136                      |
| Communication  | 489                          | 296                     | (263)          | 522                       | 574                      | (52)           | 110.0%                                    | 332                       | 330                      |
| Computer services  | 50                           | (2)                     | (20)           | 28                        | 8                        | 20             | 27.9%                                     | -                         | -                        |
| Consultants: Business and advisory services                | 4,442                        | (242)                   | (982)          | 3,218                     | 2,714                    | 504            | 84.3%                                     | 1,066                     | 1,065                    |
| Contractors  | 117                          | 33                      | -              | 150                       | 399                      | (249)          | 265.9%                                    | -                         | -                        |
| Fleet services   | 9                            | -                       | -              | 9                         | 5                        | 4              | 58.9%                                     | 5                         | 4                        |
| Consumable supplies  | 43                           | 10                      | (3)            | 50                        | 23                       | 27             | 46.7%                                     | 62                        | 59                       |
| Consumable: Stationery, printing and office supplies       | 254                          | (37)                    | (89)           | 128                       | 21                       | 107            | 16.7%                                     | 14                        | 13                       |
| Operating leases   | 17                           | (4)                     | -              | 13                        | 11                       | 2              | 81.8%                                     | 7                         | 6                        |
| Property payments  | 24                           | -                       | (23)           | 1                         | -                        | 1              | -   | -                         | -                        |
| Transport provided: Departmental activity                  | -                            | -                       | -              | -                         | -                        | -              | -   | 180                       | 180                      |

## Programme 2: Energy Policy and Planning (continued)

|                               | 2017/18                      |                         |                |                           |                          |                |   | 2016/17                   |                          |
|-------------------------------|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Travel and subsistence        | 3,761                        | (104)                   | (1,479)        | 2,178                     | 1,844                    | 334            | 84.7%                                     | 3,238                     | 3,235                    |
| Training and development      | 124                          | (10)                    | (84)           | 30                        | -                        | 30             | -   | -                         | -                        |
| Operating payments            | 455                          | 59                      | (44)           | 470                       | 586                      | (116)          | 124.7%                                    | 712                       | 707                      |
| Venues and facilities         | 640                          | (1)                     | (320)          | 319                       | 65                       | 254            | 20.3%                                     | 833                       | 832                      |
| Transfers and subsidies       | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Payments for capital assets   | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Payments for financial assets | -                            | -                       | 1              | 1                         | 0                        | 1              | 12.7%                                     | -                         | -                        |
| Total                         | 46,668                       | -                       | (3,549)        | 43,119                    | 41,707                   | 1,412          | 96.7%                                     | 40,164                    | 39,878                   |

## Sub-programme: 2.1: Policy Analysis and Research

| Sub-programme: 2.1: Policy Analysis and Research     | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Economic classification                              |                              |                         |                |                           |                          |                |   |                           |                          |
| Current payments                                     | 2,531                        | -                       | (533)          | 1,998                     | 1,736                    | 262            | 86.9%                                     | 2,066                     | 2,056                    |
| Compensation of employees                            | 1,736                        | -                       | -              | 1,736                     | 1,726                    | 10             | 99.4%                                     | 1,597                     | 1,591                    |
| Salaries and wages                                   | 1,493                        | 21                      | -              | 1,514                     | 1,518                    | (4)            | 100.3%                                    | 1,398                     | 1,392                    |
| Social contributions                                 | 243                          | (21)                    | -              | 222                       | 208                      | 14             | 93.7%                                     | 199                       | 199                      |
| Goods and services                                   | 795                          | -                       | (533)          | 262                       | 10                       | 252            | 3.7%                                      | 469                       | 465                      |
| Administrative fees                                  | 164                          | -                       | (80)           | 84                        | 1                        | 83             | 1.3%                                      | 32                        | 31                       |
| Catering: Departmental activities                    | 6                            | -                       | (4)            | 2                         | -                        | 2              | -   | 1                         | 1                        |
| Communication  | 223                          | -                       | (218)          | 5                         | -                        | 5              | -   | 1                         | -                        |
| Consultants: Business and advisory services          | 101                          | -                       | (50)           | 51                        | -                        | 51             | -   | -                         | -                        |
| Consumable supplies                                  | -                            | -                       | -              | -                         | -                        | -              | -   | 22                        | 21                       |
| Consumable: Stationery, printing and office supplies | 55                           | -                       | (40)           | 15                        | -                        | 15             | -   | -                         | -                        |
| Travel and subsistence                               | 246                          | -                       | (141)          | 105                       | 9                        | 96             | 8.2%                                      | 407                       | 407                      |

## Sub-programme: 2.1: Policy Analysis and Research (continued)

| Sub-programme: 2.1: Policy Analysis and Research | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| Economic classification                          |                                 |                            |                   |                              |                             |                   |  |                              |                             |
| Training and development                         | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Operating payments                               | -                               | -                          | -                 | -                            | -                           | -                 | -  | 6                            | 6                           |
| Payments for capital assets                      | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Payments for financial assets                    | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Total  | 2,531                           | -                          | (533)             | 1 998                        | 1 736                       | 262               | 86.9%  | 2 066                        | 2 056                       |

## Sub-programme: 2.2: Energy Planning

| Economic classification                     | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|   | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                     | <b>22,718</b>                   | <b>-</b>                   | <b>(2,717)</b>    | <b>20,001</b>                | <b>20,452</b>               | <b>(451)</b>      | <b>102.3%</b>                                | <b>19,031</b>                | <b>18,822</b>               |
| Compensation of employees                   | 15,069                          | -                          | -                 | 15,069                       | 15,586                      | (517)             | 103.4%                                       | 14,491                       | 14,290                      |
| Salaries and wages                          | 13,017                          | 75                         | -                 | 13,092                       | 13,811                      | (719)             | 105.5%                                       | 12,808                       | 12,607                      |
| Social contributions                        | 2,052                           | (75)                       | -                 | 1,977                        | 1,775                       | 202               | 89.8%  | 1,683                        | 1,683                       |
| Goods and services                          | 7,649                           | -                          | (2,717)           | 4,932                        | 4,866                       | 66                | 98.7%  | 4,540                        | 4,532                       |
| Administrative fees                         | 185                             | (3)                        | (95)              | 87                           | 39                          | 48                | 45.1%  | 245                          | 244                         |
| Advertising                                 | 334                             | -                          | (29)              | 305                          | 448                         | (143)             | 146.9%                                       | 139                          | 138                         |
| Minor assets                                | 22                              | -                          | (8)               | 14                           | -                           | 14                | -  | -                            | -                           |
| Catering: Departmental activities           | 68                              | 9                          | (27)              | 50                           | 46                          | 4                 | 91.5%  | 114                          | 113                         |
| Communication                               | 141                             | 64                         | (45)              | 160                          | 230                         | (70)              | 143.9%                                       | 179                          | 179                         |
| Computer services                           | 40                              | -                          | (20)              | 20                           | -                           | 20                | -  | -                            | -                           |
| Consultants: Business and advisory services | 3,920                           | (195)                      | (932)             | 2,793                        | 2,581                       | 212               | 92.4%  | 1,066                        | 1,065                       |
| Contractors                                 | 99                              | 50                         | -                 | 149                          | 399                         | (250)             | 267.7%                                       | -                            | -                           |
| Fleet services                              | 1                               | 2                          | -                 | 3                            | 3                           | 0                 | 87.0%  | 3                            | 3                           |
| Consumable supplies                         | 20                              | (3)                        | (3)               | 14                           | 5                           | 9                 | 33.7%  | 11                           | 11                          |

## Sub-programme: 2.2: Energy Planning (continued)

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| Consumable: Stationery, printing and office supplies | 64                              | -                          | (49)              | 15                           | -                           | 15                | -  | 4                            | 4                           |
| Operating leases                                     | 10                              | -                          | -                 | 10                           | 9                           | 1                 | 89,0%  | 3                            | 3                           |
| Property payments                                    | 24                              | -                          | (23)              | 1                            | -                           | 1                 | -  | -                            | -                           |
| Transport provided: Departmental activity            | -                               | -                          | -                 | -                            | -                           | -                 | -  | 180                          | 180                         |
| Travel and subsistence                               | 1,594                           | 16                         | (1,038)           | 572                          | 455                         | 117               | 79,6%  | 1,174                        | 1,173                       |
| Training and development                             | 124                             | (10)                       | (84)              | 30                           | -                           | 30                | -  | -                            | -                           |
| Operating payments                                   | 451                             | 59                         | (44)              | 466                          | 586                         | (120)             | 125,8%                                       | 640                          | 637                         |
| Venues and facilities                                | 552                             | 11                         | (320)             | 243                          | 65                          | 178               | 26,6%  | 782                          | 782                         |
| Transfers and subsidies                              | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Households   | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Social benefits                                      | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Payments for capital assets                          | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Payments for financial assets                        | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Total  | 22,718                          | -                          | (2,717)           | 20,001                       | 20,452                      | (451)             | 102,3%                                       | 19,031                       | 18,822                      |



## Sub-programme: 2.3: Hydrocarbon Policy

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>12,770</b>                   | <b>-</b>                   | <b>(20)</b>       | <b>12,750</b>                | <b>12,053</b>               | <b>697</b>        | <b>94.5%</b>                                 | <b>11,546</b>                | <b>11,487</b>               |
| Compensation of employees                            | 11,383                          | -                          | -                 | 11,383                       | 11,004                      | 379               | 96.7%  | 10,503                       | 10,448                      |
| Salaries and wages                                   | 9,815                           | 42                         | -                 | 9,857                        | 9,741                       | 116               | 98.8%  | 9,306                        | 9,255                       |
| Social contributions                                 | 1,568                           | (42)                       | -                 | 1,526                        | 1,263                       | 263               | 82.8%  | 1,197                        | 1,193                       |
| Goods and services                                   | 1,387                           | -                          | (20)              | 1,367                        | 1,049                       | 318               | 76.7%  | 1,043                        | 1,038                       |
| Administrative fees                                  | 75                              | (10)                       | -                 | 65                           | 54                          | 11                | 82.7%  | 49                           | 48                          |
| Advertising  | -                               | -                          | -                 | -                            | 27                          | (27)              | -  | -                            | -                           |
| Minor assets   | 2                               | (1)                        | -                 | 1                            | -                           | 1                 | -  | -                            | -                           |
| Catering: Departmental activities                    | 32                              | (7)                        | -                 | 25                           | 11                          | 14                | 42.4%  | 15                           | 15                          |
| Communication  | 96                              | 181                        | -                 | 277                          | 258                         | 19                | 93.1%  | 88                           | 87                          |
| Computer services                                    | 2                               | (2)                        | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Consultants: Business and advisory services          | 421                             | (179)                      | -                 | 242                          | 1                           | 241               | 0.5%   | -                            | -                           |
| Contractors  | 18                              | (17)                       | -                 | 1                            | -                           | 1                 | -  | -                            | -                           |
| Fleet services                                       | 3                               | -                          | -                 | 3                            | 1                           | 2                 | 40.5%  | -                            | -                           |
| Consumable supplies                                  | 7                               | 3                          | -                 | 10                           | 4                           | 6                 | 42.9%  | 10                           | 9                           |
| Consumable: Stationery, printing and office supplies | 102                             | (25)                       | -                 | 77                           | 20                          | 57                | 26.0%  | 9                            | 9                           |
| Travel and subsistence                               | 541                             | 69                         | (20)              | 590                          | 673                         | (83)              | 114.1%                                       | 778                          | 777                         |
| Venues and facilities                                | 88                              | (12)                       | -                 | 76                           | -                           | 76                | -  | 51                           | 51                          |
| <b>Transfers and subsidies</b>                       | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Payments for capital assets</b>                   | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Payments for financial assets</b>                 | <b>-</b>                        | <b>-</b>                   | <b>1</b>          | <b>1</b>                     | <b>-</b>                    | <b>1</b>          | <b>12.7%</b>                                 | <b>-</b>                     | <b>-</b>                    |
| <b>Total</b>   | <b>12,770</b>                   | <b>-</b>                   | <b>(19)</b>       | <b>12,751</b>                | <b>12,053</b>               | <b>698</b>        | <b>94.5%</b>                                 | <b>11,546</b>                | <b>11,487</b>               |

## Sub-programme: 2.4: Electricity, Energy Efficiency and Environmental Policy

| Economic classification                              | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Current payments</b>                              | <b>8,649</b>                 | -                       | <b>(280)</b>   | <b>8,369</b>              | <b>7,466</b>             | <b>903</b>     | <b>89.2%</b>                              | <b>7,521</b>              | <b>7,514</b>             |
| Compensation of employees                            | 7,095                        | -                       | -              | 7,095                     | 6,460                    | 635            | 91.0%                                     | 6,478                     | 6,476                    |
| Salaries and wages                                   | 6,112                        | 58                      |                | 6,170                     | 5,722                    | 448            | 92.7%                                     | 5,770                     | 5,769                    |
| Social contributions                                 | 983                          | (58)                    |                | 925                       | 737                      | 188            | 79.7%                                     | 708                       | 707                      |
| Goods and services                                   | 1,554                        | -                       | (280)          | 1,274                     | 1,007                    | 267            | 79.0%                                     | 1,043                     | 1,037                    |
| Administrative fees                                  | 34                           | 19                      | -              | 53                        | 37                       | 16             | 70.1%                                     | 43                        | 42                       |
| Advertising  | 20                           | -                       | -              | 20                        | 15                       | 5              | 75.0%                                     | -                         | -                        |
| Catering: Departmental activities                    | 18                           | (5)                     | -              | 13                        | 4                        | 9              | 31.0%                                     | 8                         | 8                        |
| Communication  | 29                           | 51                      | -              | 80                        | 86                       | (6)            | 107.4%                                    | 64                        | 64                       |
| Computer services                                    | 8                            | -                       | -              | 8                         | 8                        | 0              | 97.5%                                     | -                         | -                        |
| Consultants: Business and advisory services          | -                            | 132                     | -              | 132                       | 131                      | 1              | 99.4%                                     | -                         | -                        |
| Fleet services                                       | 5                            | (2)                     | -              | 3                         | 1                        | 2              | 49.1%                                     | 2                         | 1                        |
| Consumable supplies                                  | 16                           | 10                      | -              | 26                        | 14                       | 12             | 55.1%                                     | 19                        | 18                       |
| Consumable: Stationery, printing and office supplies | 33                           | (12)                    | -              | 21                        | 1                        | 20             | 6.6%                                      | 1                         | 1                        |
| Operating leases                                     | 7                            | (4)                     | -              | 3                         | 2                        | 1              | 58.2%                                     | 4                         | 4                        |
| Travel and subsistence                               | 1,380                        | (189)                   | (280)          | 911                       | 707                      | 204            | 77.6%                                     | 879                       | 878                      |
| Operating payments                                   | 4                            | -                       | -              | 4                         | -                        | 4              | -   | 23                        | 22                       |
| <b>Transfers and subsidies</b>                       | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Payments for capital assets</b>                   | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Payments for financial assets</b>                 | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Total</b>   | <b>8,649</b>                 | <b>-</b>                | <b>(280)</b>   | <b>8,369</b>              | <b>7,466</b>             | <b>903</b>     | <b>89.2%</b>                              | <b>7,521</b>              | <b>7,514</b>             |

## Programme 3: Petroleum and Petroleum Products Regulation

|  | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Sub-programme</b>                                 |                              |                         |                |                           |                          |                |   |                           |                          |
| 1. Petroleum Compliance, and Enforcement             | 12,728                       | 1,828 (21)              | (770)          | 13,786                    | 13,337                   | 449            | 96.7%                                     | 14,191                    | 14,189                   |
| 2. Petroleum Licensing and Fuel Supply               | 26,946                       | (1,808)                 | (1,089)        | 25,836                    | 24,807                   | 1,029          | 96.0%                                     | 24,156                    | 24,152                   |
| 3. Fuel Pricing                                      | 8,465                        |                         | -              | 6,657                     | 5,443                    | 1,214          | 81.8%                                     | 7,369                     | 7,367                    |
| 4. Regional Petroleum Regulation Office              | 33,689                       | 1                       | (1,221)        | 32,469                    | 31,052                   | 1,417          | 95.6%                                     | 33,285                    | 33,283                   |
| <b>Total for sub-programmes</b>                      | <b>81,828</b>                | <b>-</b>                | <b>(3,080)</b> | <b>78,748</b>             | <b>74,639</b>            | <b>4,109</b>   | <b>94.8%</b>                              | <b>79,001</b>             | <b>78,991</b>            |
| <b>Economic classification</b>                       |                              |                         |                |                           |                          |                |   |                           |                          |
| <b>Current payments</b>                              | <b>81,828</b>                | <b>-</b>                | <b>(4,155)</b> | <b>77,673</b>             | <b>73,565</b>            | <b>4,108</b>   | <b>94.7%</b>                              | <b>78,828</b>             | <b>78,820</b>            |
| Compensation of employees                            | 60,917                       | -                       | (3,000)        | 57,917                    | 56,715                   | 1,202          | 97.9%                                     | 58,942                    | 58,940                   |
| Salaries and wages                                   | 52,432                       | (507)                   | (2,000)        | 49,925                    | 49,075                   | 850            | 98.3%                                     | 51,164                    | 51,164                   |
| Social contributions                                 | 8,485                        | 507                     | (1,000)        | 7,992                     | 7,640                    | 352            | 95.6%                                     | 7,778                     | 7,776                    |
| Goods and services                                   | 20,911                       | -                       | (1,155)        | 19,756                    | 16,850                   | 2,906          | 85.3%                                     | 19,886                    | 19,880                   |
| Administrative fees                                  | 470                          | 113                     | -              | 583                       | 561                      | 22             | 96.2%                                     | 556                       | 554                      |
| Advertising  | 783                          | (268)                   | -              | 515                       | 76                       | 439            | 14.7%                                     | 756                       | 756                      |
| Minor assets   | 114                          | (81)                    | -              | 33                        | -                        | 33             | -   | 1                         | 1                        |
| Catering: Departmental activities                    | 365                          | (26)                    | -              | 339                       | 151                      | 188            | 44.5%                                     | 136                       | 135                      |
| Communication  | 496                          | 4                       | -              | 500                       | 423                      | 77             | 84.6%                                     | 405                       | 405                      |
| Computer services                                    | 40                           | (32)                    | -              | 8                         | -                        | 8              | -   |                           |                          |
| Consultants: Business and advisory services          | 10,056                       | 1,333                   | (1,155)        | 10,234                    | 8,527                    | 1,707          | 83.3%                                     | 10,417                    | 10,416                   |
| Legal services                                       | -                            | 574                     | -              | 574                       | 568                      | 6              | 98.9%                                     | 119                       | 119                      |
| Contractors  | 22                           | 2                       | -              | 24                        | 19                       | 5              | 78.6%                                     | 14                        | 12                       |
| Fleet services                                       | 138                          | (47)                    | -              | 91                        | 28                       | 63             | 30.5%                                     | 27                        | 26                       |
| Consumable supplies                                  | 357                          | (160)                   | -              | 197                       | 37                       | 160            | 18.8%                                     | 54                        | 53                       |
| Consumable: Stationery, printing and office supplies | 84                           | 86                      | -              | 170                       | 146                      | 24             | 85.6%                                     | 47                        | 47                       |
| Operating leases                                     | 10                           | 14                      | -              | 24                        | 230                      | (206)          | 956.4%                                    | 22                        | 21                       |
| Property payments                                    | 22                           | (5)                     | -              | 17                        | 1                        | 16             | 7.6%                                      |                           |                          |
| Travel and subsistence                               | 4,331                        | 593                     | -              | 4,924                     | 4,842                    | 82             | 98.3%                                     | 6,192                     | 6,198                    |
| Training and development                             | -                            | -                       | -              | -                         | -                        | -              | -   | 11                        | 11                       |

## Programme 3: Petroleum and Petroleum Products Regulation (continued)

|   | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|---|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|   | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Operating payments                                  | 2,258                        | (1,990)                 | -              | 268                       | 100                      | 168            | 37.2%                                     | 482                       | 482                      |
| Venues and facilities                               | 1,333                        | (78)                    | -              | 1,255                     | 1,143                    | 112            | 91.1%                                     | 647                       | 645                      |
| Rental and hiring                                   | 32                           | (32)                    | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Transfers and subsidies</b>                      | -                            | -                       | <b>1,075</b>   | <b>1,075</b>              | <b>1,074</b>             | <b>1</b>       | <b>99.9%</b>                              | <b>122</b>                | <b>122</b>               |
| Foreign governments and international organisations | -                            | -                       | 1,075          | 1,075                     | 1,074                    | 1              | 99.9%                                     | -                         | -                        |
| Households  | -                            | -                       | -              | -                         | -                        | -              | -   | 122                       | 122                      |
| Other transfers to households                       | -                            | -                       | -              | -                         | -                        | -              | -   | 122                       | 122                      |
| <b>Payments for capital assets</b>                  | -                            | -                       | -              | -                         | -                        | -              | -   | <b>35</b>                 | <b>35</b>                |
| Machinery and equipment                             | -                            | -                       | -              | -                         | -                        | -              | -   | 35                        | 35                       |
| Other machinery and equipment                       | -                            | -                       | -              | -                         | -                        | -              | -   | 35                        | 35                       |
| Payments for financial assets                       | -                            | -                       | -              | -                         | -                        | -              | -   | 16                        | 15                       |
| <b>TOTAL</b>  | <b>81,828</b>                | <b>-</b>                | <b>(3,080)</b> | <b>78,748</b>             | <b>74,639</b>            | <b>4,109</b>   | <b>94.8%</b>                              | <b>79,001</b>             | <b>78,991</b>            |

## Sub-programme: 3.1: Petroleum Compliance, Monitoring and Enforcement

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>12,728</b>                   | <b>1,828</b>               | <b>(1,845)</b>    | <b>12,711</b>                | <b>12,263</b>               | <b>448</b>        | <b>96.5%</b>                                 | <b>14,140</b>                | <b>14,139</b>               |
| Compensation of employees                            | 4,800                           | -                          | (690)             | 4,110                        | 4,045                       | 65                | 98.4%  | 4,843                        | 4,842                       |
| Salaries and wages                                   | 4,131                           | 70                         | (600)             | 3,601                        | 3,599                       | 2                 | 99.9%  | 4,271                        | 4,270                       |
| Social contributions                                 | 669                             | (70)                       | (90)              | 509                          | 447                         | 62                | 87.7%  | 572                          | 572                         |
| Goods and services                                   | 7,928                           | 1,828                      | (1,155)           | 8,601                        | 8,217                       | 384               | 95.5%  | 9,297                        | 9,297                       |
| Administrative fees                                  | 47                              | 32                         | -                 | 79                           | 83                          | (4)               | 104.5%                                       | 89                           | 88                          |
| Advertising  | -                               | -                          | -                 | -                            | 7                           | (7)               | -  | 126                          | 126                         |
| Catering: Departmental activities                    | 10                              | 69                         | -                 | 79                           | 88                          | (9)               | 111.4%                                       | 16                           | 16                          |
| Communication  | 19                              | 9                          | -                 | 28                           | 30                          | (2)               | 107.6%                                       | 35                           | 34                          |
| Consultants: Business and advisory services          | 6,993                           | 1,466                      | (1,155)           | 7,304                        | 7,162                       | 142               | 98.0%  | 7,966                        | 7,965                       |
| Fleet services                                       | -                               | 8                          | -                 | 8                            | 9                           | (1)               | 116.1%                                       | 1                            | 1                           |
| Consumable supplies                                  | 12                              | (1)                        | -                 | 11                           | 5                           | 6                 | 43.9%  | 7                            | 6                           |
| Consumable: Stationery, printing and office supplies | 9                               | (2)                        | -                 | 7                            | 3                           | 4                 | 41.4%  | 2                            | 2                           |
| Operating leases                                     | -                               | 14                         | -                 | 14                           | 15                          | (1)               | 107.0%                                       | 1                            | 0                           |
| Travel and subsistence                               | 669                             | 39                         | -                 | 708                          | 454                         | 254               | 64.1%  | 887                          | 892                         |
| Venues and facilities                                | 159                             | 204                        | -                 | 363                          | 362                         | 1                 | 99.8%  | 167                          | 166                         |
| Rental and hiring                                    | 10                              | (10)                       | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Transfers and subsidies</b>                       | <b>-</b>                        | <b>-</b>                   | <b>1,075</b>      | <b>1,075</b>                 | <b>1,074</b>                | <b>1</b>          | <b>99.9%</b>                                 | <b>-</b>                     | <b>-</b>                    |
| Foreign governments and international organisations  | -                               | -                          | 1,075             | 1,075                        | 1,074                       | 1                 | 99.9%  | -                            | -                           |
| <b>Payments for capital assets</b>                   | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>35</b>                    | <b>35</b>                   |
| Machinery and equipment                              | -                               | -                          | -                 | -                            | -                           | -                 | -  | 35                           | 35                          |
| Other machinery and equipment                        | -                               | -                          | -                 | -                            | -                           | -                 | -  | 35                           | 35                          |
| <b>Payments for financial assets</b>                 | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Total</b>   | <b>12,728</b>                   | <b>1,828</b>               | <b>(770)</b>      | <b>13,786</b>                | <b>13,337</b>               | <b>449</b>        | <b>96.7%</b>                                 | <b>14,191</b>                | <b>14,189</b>               |

## Sub-programme: 3.2: Petroleum Licensing and Fuel Supply

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>26,946</b>                   | <b>(21)</b>                | <b>(1,089)</b>    | <b>25,836</b>                | <b>24,807</b>               | <b>1,029</b>      | <b>96.0%</b>                                 | <b>24,156</b>                | <b>24,152</b>               |
| Compensation of employees                            | 23,672                          | -                          | (1,089)           | 22,583                       | 22,509                      | 74                | 99.7%  | 22,139                       | 22,138                      |
| Salaries and wages                                   | 20,356                          | (150)                      | (740)             | 19,466                       | 19,467                      | (1)               | 100.0%                                       | 19,263                       | 19,263                      |
| Social contributions                                 | 3,316                           | 150                        | (349)             | 3,117                        | 3,042                       | 75                | 97.6%  | 2,876                        | 2,875                       |
| Goods and services                                   | 3,274                           | (21)                       | -                 | 3,253                        | 2,298                       | 955               | 70.6%  | 2,017                        | 2,013                       |
| Administrative fees                                  | 50                              | 34                         | -                 | 84                           | 81                          | 3                 | 96.6%  | 106                          | 106                         |
| Advertising  | 113                             | (25)                       | -                 | 88                           | -                           | 88                | -  | -                            | -                           |
| Minor assets   | 2                               | -                          | -                 | 2                            | -                           | 2                 | -  | -                            | -                           |
| Catering: Departmental activities                    | 32                              | (27)                       | -                 | 5                            | 10                          | (5)               | 208.6%                                       | 13                           | 13                          |
| Communication  | 52                              | 71                         | -                 | 123                          | 163                         | (40)              | 132.9%                                       | 185                          | 185                         |
| Computer services                                    | 40                              | (32)                       | -                 | 8                            | -                           | 8                 | -  | -                            | -                           |
| Consultants: Business and advisory services          | 2,007                           | (9)                        | -                 | 1,998                        | 1,233                       | 765               | 61.7%  | 714                          | 713                         |
| Contractors  | 1                               | -                          | -                 | 1                            | -                           | 1                 | -  | -                            | -                           |
| Fleet services                                       | 9                               | -                          | -                 | 9                            | 8                           | 1                 | 92.5%  | 13                           | 13                          |
| Consumable supplies                                  | 17                              | (1)                        | -                 | 16                           | 12                          | 4                 | 73.5%  | 19                           | 19                          |
| Consumable: Stationery, printing and office supplies | 18                              | 26                         | -                 | 44                           | 46                          | (2)               | 105.6%                                       | 3                            | 3                           |
| Operating leases                                     | 10                              | -                          | -                 | 10                           | 25                          | (15)              | 252.6%                                       | 21                           | 20                          |
| Travel and subsistence                               | 537                             | 133                        | -                 | 670                          | 578                         | 92                | 86.3%  | 823                          | 823                         |
| Operating payments                                   | 71                              | (23)                       | -                 | 48                           | -                           | 48                | -  | 20                           | 19                          |
| Venues and facilities                                | 315                             | (168)                      | -                 | 147                          | 139                         | 8                 | 94.9%  | 100                          | 99                          |
| Rental and hiring                                    | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Transfers and subsidies</b>                       | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Payments for capital assets</b>                   | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Payments for financial assets</b>                 | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Total</b>   | <b>26,946</b>                   | <b>(21)</b>                | <b>(1,089)</b>    | <b>25,836</b>                | <b>24,807</b>               | <b>1,029</b>      | <b>96.0%</b>                                 | <b>24,156</b>                | <b>24,152</b>               |

## Sub-programme: 3.3: Fuel pricing

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>8,465</b>                    | <b>(1,808)</b>             | -                 | <b>6,657</b>                 | <b>5,443</b>                | <b>1,214</b>      | <b>81.8%</b>                                 | <b>7,369</b>                 | <b>7,367</b>                |
| Compensation of employees                            | 4,097                           | -                          | -                 | 4,097                        | 4,248                       | (151)             | 103.7%                                       | 4,175                        | 4,175                       |
| Salaries and wages                                   | 3,522                           | 78                         | -                 | 3,600                        | 3,815                       | (215)             | 106.0%                                       | 3,741                        | 3,741                       |
| Social contributions                                 | 575                             | (78)                       | -                 | 497                          | 433                         | 64                | 87.2%  | 434                          | 433                         |
| Goods and services                                   | 4,368                           | (1,808)                    | -                 | 2,560                        | 1,195                       | 1,365             | 46.7%  | 3,194                        | 3,192                       |
| Administrative fees                                  | 57                              | 11                         | -                 | 68                           | 38                          | 30                | 55.8%  | 58                           | 57                          |
| Advertising  | 123                             | (76)                       | -                 | 47                           | -                           | 47                | -  | 293                          | 293                         |
| Minor assets   | 2                               | -                          | -                 | 2                            | -                           | 2                 | -  | -                            | -                           |
| Catering: Departmental activities                    | 203                             | -                          | -                 | 203                          | 33                          | 170               | 16.2%  | 19                           | 19                          |
| Communication  | 91                              | 1                          | -                 | 92                           | 37                          | 55                | 40.4%  | 43                           | 43                          |
| Computer services                                    |                                 |                            |                   |                              |                             |                   |  |                              |                             |
| Consultants: Business and advisory services          | 1,056                           | (124)                      | -                 | 932                          | 133                         | 799               | 14.2%  | 1,737                        | 1,737                       |
| Legal service  | -                               | 296                        | -                 | 296                          | 295                         | 1                 | 99.7%  | -                            | -                           |
| Contractors  | -                               | -                          | -                 | -                            | -                           | -                 | -  | 3                            | 2                           |
| Fleet services                                       | 5                               | -                          | -                 | 5                            | 5                           | (0)               | 103.4%                                       | 11                           | 11                          |
| Consumable supplies                                  | 6                               | -                          | -                 | 6                            | 4                           | 2                 | 70.0%  | 3                            | 3                           |
| Consumable: Stationery, printing and office supplies | 55                              | 60                         | -                 | 115                          | 94                          | 21                | 81.6%  | 35                           | 35                          |
| Operating leases                                     | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Travel and subsistence                               | 832                             | (183)                      | -                 | 649                          | 481                         | 168               | 74.2%  | 888                          | 888                         |
| Training and development                             | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Operating payments                                   | 1,838                           | (1,778)                    | -                 | 60                           | 60                          | -                 | 100.0%                                       | 100                          | 100                         |
| Venues and facilities                                | 100                             | (15)                       | -                 | 85                           | 15                          | 70                | 17.2%  | 4                            | 4                           |
| <b>Transfers and subsidies</b>                       | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for capital assets</b>                   | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for financial assets</b>                 | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Total</b>   | <b>8,465</b>                    | <b>(1,808)</b>             | -                 | <b>6,657</b>                 | <b>5,443</b>                | <b>1,214</b>      | <b>81.8%</b>                                 | <b>7,369</b>                 | <b>7,367</b>                |



## Sub-programme: 3.4: Regional Petroleum Regulation Offices

| Economic classification                              | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Current payments</b>                              | <b>33,689</b>                | <b>1</b>                | <b>(1,221)</b> | <b>32,469</b>             | <b>31,052</b>            | <b>1,417</b>   | <b>95.6%</b>                              | <b>33,163</b>             | <b>33,162</b>            |
| Compensation of employees                            | 28,348                       | -                       | (1,221)        | 27,127                    | 25,912                   | 1,215          | 95.5%                                     | 27,785                    | 27,785                   |
| Salaries and wages                                   | 24,423                       | (505)                   | (660)          | 23,258                    | 22,194                   | 1,064          | 95.4%                                     | 23,889                    | 23,889                   |
| Social contributions                                 | 3,925                        | 505                     | (561)          | 3,869                     | 3,718                    | 151            | 96.1%                                     | 3,896                     | 3,896                    |
| Goods and services                                   | 5,341                        | 1                       | -              | 5,342                     | 5,140                    | 202            | 96.2%                                     | 5,378                     | 5,377                    |
| Administrative fees                                  | 316                          | 36                      | -              | 352                       | 359                      | (7)            | 102.0%                                    | 303                       | 302                      |
| Advertising  | 547                          | (167)                   | -              | 380                       | 68                       | 312            | 18.0%                                     | 337                       | 337                      |
| Minor assets   | 110                          | (81)                    | -              | 29                        |                          | 29             | -   | 1                         | 1                        |
| Catering: Departmental activities                    | 120                          | (68)                    | -              | 52                        | 19                       | 33             | 37.3%                                     | 88                        | 88                       |
| Communication  | 334                          | (77)                    | -              | 257                       | 192                      | 65             | 74.8%                                     | 142                       | 142                      |
| Legal services                                       | -                            | 278                     | -              | 278                       | 273                      | 5              | 98.1%                                     | 119                       | 119                      |
| Contractors  | 21                           | 2                       | -              | 23                        | 19                       | 4              | 82.0%                                     | 11                        | 10                       |
| Fleet services                                       | 124                          | (55)                    | -              | 69                        | 5                        | 64             | 7.2%                                      | 2                         | 2                        |
| Consumable supplies                                  | 322                          | (158)                   | -              | 164                       | 16                       | 148            | 9.9%                                      | 25                        | 25                       |
| Consumable: Stationery, printing and office supplies | 2                            | 2                       | -              | 4                         | 2                        | 2              | 59.0%                                     | 7                         | 7                        |
| Operating leases                                     | -                            | -                       | -              | -                         | 189                      | (189)          | -   | -                         | -                        |
| Property payments                                    | 22                           | (5)                     | -              | 17                        | 1                        | 16             | 7.6%                                      | -                         | -                        |
| Travel and subsistence                               | 2,293                        | 604                     | -              | 2,897                     | 3,329                    | (432)          | 114.9%                                    | 3,594                     | 3,595                    |
| Training and development                             | -                            | -                       | -              | -                         | -                        | -              | -   | 11                        | 11                       |
| Operating payments                                   | 349                          | (189)                   | -              | 160                       | 40                       | 120            | 24.8%                                     | 362                       | 362                      |
| Venues and facilities                                | 759                          | (99)                    | -              | 660                       | 627                      | 33             | 95.0%                                     | 376                       | 376                      |
| Rental and hiring                                    | 22                           | (22)                    | -              | -                         |                          | -              | -   | -                         | -                        |
| <b>Transfers and subsidies</b>                       |                              |                         |                |                           |                          |                |   |                           |                          |
| Households   | -                            | -                       | -              | -                         | -                        | -              | -   | <b>122</b>                | <b>122</b>               |
| Other transfers to households                        | -                            | -                       | -              | -                         | -                        | -              | -   | 122                       | 122                      |
| <b>Payments for capital assets</b>                   |                              |                         |                |                           |                          |                |   |                           |                          |
| Payments for financial assets                        | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Total</b>   | <b>33,689</b>                | <b>1</b>                | <b>(1,221)</b> | <b>32,469</b>             | <b>31,052</b>            | <b>1,417</b>   | <b>95.6%</b>                              | <b>33,285</b>             | <b>33,283</b>            |

## Programme 4: Electrification and Energy Programmes and Projects

|   | 2017/18                      |                         |                |                           |                          |                |   | 2016/17                   |                          |
|---|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|   | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Sub-programme</b>  |                              |                         |                |                           |                          |                |   |                           |                          |
| 1. Integrated National Electrification Programme            | 6,177,659                    | -                       | (188)          | 6,177,471                 | 6,111,174                | 66,297         | 98.9%                                     | 5,664,947                 | 5,630,619                |
| 2. Energy Regional Offices                                  | 16,605                       | -                       | (48)           | 16,557                    | 18,271                   | (1,714)        | 110.4%                                    | 19,941                    | 19,650                   |
| 3. Programme and Project Management Office                  | 11,338                       | (13)                    | -              | 11,325                    | 8,336                    | 2,989          | 73.6%                                     | 13,934                    | 13,491                   |
| 4. Electrification Infrastructure / industry Transformation | 7,713                        | 13                      | -              | 7,726                     | 8,413                    | (687)          | 108.9%                                    | 10,209                    | 9,278                    |
| 5. Community Upliftment Programmes and Projects             | 6,665                        | -                       | (164)          | 6,501                     | 5,978                    | 523            | 92.0%                                     | 5,614                     | 5,621                    |
| <b>Total for sub-programmes</b>                             | <b>6,219,980</b>             | <b>-</b>                | <b>(400)</b>   | <b>6,219,580</b>          | <b>6,152,173</b>         | <b>67,407</b>  | <b>98.9%</b>                              | <b>5,714,645</b>          | <b>5,678,659</b>         |
| <b>Economic classification</b>                              |                              |                         |                |                           |                          |                |   |                           |                          |
| <b>Current payments</b>                                     | <b>64,978</b>                | <b>-</b>                | <b>(400)</b>   | <b>64,578</b>             | <b>60,011</b>            | <b>4,567</b>   | <b>92.9%</b>                              | <b>70,213</b>             | <b>68,303</b>            |
| Compensation of employees                                   | 45,212                       | -                       | (400)          | 44,812                    | 44,287                   | 525            | 98.8%                                     | 45,749                    | 43,841                   |
| Salaries and wages  | 39,031                       | 31                      | -              | 39,062                    | 38,781                   | 281            | 99.3%                                     | 39,503                    | 38,475                   |
| Social contributions  | 6,181                        | (31)                    | (400)          | 5,750                     | 5,507                    | 243            | 95.8%                                     | 6,246                     | 5,366                    |
| Goods and services  | 19,766                       | -                       | -              | 19,766                    | 15,723                   | 4,043          | 79.5%                                     | 24,464                    | 24,462                   |
| Administrative fees   | 812                          | 12                      | -              | 824                       | 831                      | (7)            | 100.9%                                    | 1,213                     | 1,212                    |
| Advertising   | 74                           | -                       | -              | 74                        | 98                       | (24)           | 131.8%                                    | 1,665                     | 1,664                    |
| Minor assets  | 557                          | (13)                    | -              | 544                       | -                        | 544            | -   | -                         | -                        |
| Audit costs: External                                       | 732                          | -                       | -              | 732                       | -                        | 732            | -   | -                         | -                        |
| Bursaries: Employees  | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Catering: Departmental activities                           | 662                          | 368                     | -              | 1,030                     | 890                      | 140            | 86.4%                                     | 483                       | 1,381                    |
| Communication   | 702                          | 26                      | -              | 728                       | 484                      | 244            | 66.5%                                     | 1,645                     | 745                      |
| Computer services   | 53                           | -                       | -              | 53                        | -                        | 53             | -   | -                         | -                        |
| Consultants: Business and advisory services                 | 3,515                        | (274)                   | -              | 3,241                     | -                        | 3,241          | -   | 183                       | 183                      |
| Contractors   | -                            | 48                      | -              | 48                        | 53                       | (5)            | 110.4%                                    | 561                       | 561                      |
| Agency and support / outsourced services                    | -                            | -                       | -              | -                         | -                        | -              | -   | 7                         | 6                        |

## Programme 4: Electrification and Energy Programmes and Projects (continued)

|  | 2017/18                      |                         |                |                           |                          |                |   | 2016/17                   |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Fleet services                                       | 53                           | 3                       | -              | 56                        | 193                      | (137)          | 344.8%                                    | 254                       | 253                      |
| Consumable supplies                                  | 123                          | (16)                    | -              | 107                       | 38                       | 69             | 35.6%                                     | 205                       | 204                      |
| Consumable: Stationery, printing and office supplies | 127                          | (21)                    | -              | 106                       | 2                        | 104            | 1.9%                                      | 155                       | 154                      |
| Operating leases                                     | 19                           | 2                       | -              | 21                        | 682                      | (661)          | 3247.4%                                   | 834                       | 834                      |
| Property payments                                    | -                            | -                       | -              | -                         | -                        | -              | -   | 24                        | 24                       |
| Transport provided: Departmental activity            | -                            | 48                      | -              | 48                        | 73                       | (25)           | 152.2%                                    | 114                       | 114                      |
| Travel and subsistence                               | 6 988                        | 246                     | -              | 7 234                     | 8,194                    | (960)          | 113.3%                                    | 12,201                    | 12,211                   |
| Training and development                             | -                            | -                       | -              | -                         | -                        | -              | -   | (5)                       | -                        |
| Operating payments                                   | 217                          | 31                      | -              | 248                       | 192                      | 56             | 77.3%                                     | 331                       | 325                      |
| Venues and facilities                                | 5 132                        | (507)                   | -              | 4 625                     | 3,948                    | 677            | 85.4%                                     | 4,594                     | 4,592                    |
| Transfers and subsidies                              | 6,155,002                    | -                       | -              | 6,155,002                 | 6,092,162                | 62,840         | 99.0%                                     | 5,644,432                 | 5,610,355                |
| Provinces and municipalities                         | 2,087,048                    | -                       | -              | 2,087,048                 | 2,087,048                | -              | 100.0%                                    | 1,946,246                 | 1,946,246                |
| Municipalities                                       | 2,087,048                    | -                       | -              | 2,087,048                 | 2,087,048                | -              | 100.0%                                    | 1,946,246                 | 1,946,246                |
| Municipal bank accounts                              | 2,087,048                    | -                       | -              | 2,087,048                 | 2,087,048                | -              | 100.0%                                    | 1,946,246                 | 1,946,246                |
| Public corporations and private enterprises          | 4,067,954                    | -                       | -              | 4,067,954                 | 4,005,114                | 62,840         | 98.5%                                     | 3,698,143                 | 3,664,067                |
| Public corporations                                  | 3,846,154                    | -                       | -              | 3,846,154                 | 3,846,154                | -              | 100.0%                                    | 3,526,334                 | 3,526,334                |
| Subsidies on products and production                 | 3,846,154                    | -                       | -              | 3,846,154                 | 3,846,154                | -              | 100.0%                                    | 3,526,334                 | 3,526,334                |
| Private enterprises                                  | 221,800                      | -                       | -              | 221,800                   | 158,960                  | 62,840         | 71.7%                                     | 171,809                   | 137,733                  |
| Subsidies on products and production                 | 221,800                      | -                       | -              | 221,800                   | 158,960                  | 62,840         | 71.7%                                     | 171,809                   | 137,733                  |
| Households   | -                            | -                       | -              | -                         | 1                        | (1)            | -   | 43                        | 43                       |
| Other transfers to households                        | -                            | -                       | -              | -                         | 1                        | (1)            | -   | 43                        | 43                       |
| Payments for capital assets                          | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Payments for financial assets                        | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Total  | 6,219,980                    | -                       | (400)          | 6,219,580                 | 6,152,173                | 67,407         | 98.9%                                     | 5,714,645                 | 5,678,659                |

## Sub-programme: 4.1: Integrated National Electrification Programme

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   |  | 2016/17                      |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>22,657</b>                   | -                          | <b>(188)</b>      | <b>22,469</b>                | <b>19,012</b>               | <b>3,457</b>      | <b>84.6%</b>                                 | <b>20,530</b>                | <b>20,278</b>               |
| Compensation of employees                            | 11,514                          | -                          | (188)             | 11,326                       | 11,358                      | (32)              | 100.3%                                       | 12 044                       | 11,796                      |
| Salaries and wages                                   | 10,035                          | (14)                       | (188)             | 10,021                       | 10,058                      | (37)              | 100.4%                                       | 10,395                       | 10,457                      |
| Social contributions                                 | 1,479                           | 14                         | (188)             | 1,305                        | 1,300                       | 5                 | 99.6%  | 1,649                        | 1,339                       |
| Goods and services                                   | 11,143                          | -                          | -                 | 11,143                       | 7,654                       | 3,489             | 68.7%  | 8,486                        | 8,483                       |
| Administrative fees                                  | 280                             | 15                         | -                 | 295                          | 460                         | (165)             | 155.8%                                       | 554                          | 554                         |
| Advertising  | -                               | -                          | -                 | -                            | -                           | -                 | -  | 180                          | 179                         |
| Minor assets   | 56                              | (13)                       | -                 | 43                           | -                           | 43                | -  | -                            | -                           |
| Audit costs: External                                | 732                             | -                          | -                 | 732                          | -                           | 732               | -  | -                            | -                           |
| Catering: Departmental activities                    | 188                             | 286                        | -                 | 474                          | 358                         | 116               | 75.5%  | 191                          | 191                         |
| Communication  | 308                             | -                          | -                 | 308                          | 263                         | 45                | 85.3%  | 296                          | 296                         |
| Computer services                                    | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Consultants: Business and advisory services          | 3,515                           | (274)                      | -                 | 3,241                        | -                           | 3,241             | -  | -                            | -                           |
| Contractors  | -                               | -                          | -                 | -                            | -                           | -                 | -  | 38                           | 38                          |
| Fleet services                                       | 20                              | 3                          | -                 | 23                           | 23                          | (0)               | 101.9%                                       | 29                           | 28                          |
| Consumable supplies                                  | 22                              | -                          | -                 | 22                           | 8                           | 14                | 36.0%  | 16                           | 16                          |
| Consumable: Stationery, printing and office supplies | 22                              | (6)                        | -                 | 16                           | -                           | 16                | -  | -                            | -                           |
| Operating leases                                     | 15                              | -                          | -                 | 15                           | 42                          | (27)              | 281.1%                                       | 32                           | 32                          |
| Transport provided: Departmental activity            | -                               | -                          | -                 | -                            | -                           | -                 | -  | 24                           | 24                          |
| Travel and subsistence                               | 3,223                           | 439                        | -                 | 3,662                        | 4,417                       | (755)             | 120.6%                                       | 6,290                        | 6,290                       |
| Training and development                             | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Operating payments                                   | 71                              | 40                         | -                 | 111                          | 79                          | 32                | 71.3%  | 77                           | 77                          |
| Venues and facilities                                | 2,691                           | (504)                      | -                 | 2,187                        | 1,991                       | 196               | 91.1%  | 759                          | 759                         |
| Rental and hiring                                    | -                               | 14                         | -                 | 14                           | 13                          | 1                 | 95.4%  | -                            | -                           |

## Sub-programme: 4.1: Integrated National Electrification Programme (continued)

| Economic classification                | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Transfers and subsidies</b>         | <b>6,155,002</b>                | -                          | -                 | <b>6,155,002</b>             | <b>6,092,162</b>            | <b>62,840</b>     | <b>99.0%</b>                                 | <b>5,644,417</b>             | <b>5,610,340</b>            |
| Provinces and municipalities           | 2,087,048                       | -                          | -                 | 2,087,048                    | 2,087,048                   | -                 | 100.0%                                       | 1,946,246                    | 1,946,246                   |
| Municipalities                         | 2,087,048                       | -                          | -                 | 2,087,048                    | 2,087,048                   | -                 | 100.0%                                       | 1,946,246                    | 1,946,246                   |
| Municipal bank accounts                | 2,087,048                       | -                          | -                 | 2,087,048                    | 2,087,048                   | -                 | 100.0%                                       | 1,946,246                    | 1,946,246                   |
| Public corporations                    | 4,067,954                       | -                          | -                 | 4,067,954                    | 4,005,114                   | 62,840            | 98.5%  | 3,698,143                    | 3,664,067                   |
| Subsidies on products and production   | 3,846,154                       | -                          | -                 | 3,846,154                    | 3,846,154                   | -                 | 100.0%                                       | 3,526,334                    | 3,526,334                   |
| Other transfers to public corporations | 3,846,154                       | -                          | -                 | 3,846,154                    | 3,846,154                   | -                 | 100.0%                                       | 3,526,334                    | 3,526,334                   |
| Subsidies on products and production   | 221,800                         | -                          | -                 | 221,800                      | 158,960                     | 62,840            | 71.7%  | 171,809                      | 137,733                     |
| Households                             | -                               | -                          | -                 | -                            | -                           | -                 | -  | 28                           | 27                          |
| Other transfers to households          | -                               | -                          | -                 | -                            | -                           | -                 | -  | 28                           | 27                          |
| <b>Payments for financial assets</b>   | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Total</b>                           | <b>6,177,659</b>                | -                          | <b>(188)</b>      | <b>6,177,471</b>             | <b>6,111,174</b>            | <b>66,297</b>     | <b>98.9%</b>                                 | <b>5,664,947</b>             | <b>5,630,619</b>            |

## Sub-programme: 4.2: Energy Regional Offices

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>16,605</b>                   | -                          | <b>(48)</b>       | <b>16,557</b>                | <b>18,271</b>               | <b>(1,714)</b>    | <b>110.4%</b>                                | <b>19,941</b>                | <b>19,650</b>               |
| Compensation of employees                            | 16,129                          | -                          | (48)              | 16,081                       | 15,915                      | 166               | 99.0%  | 15,398                       | 15,110                      |
| Salaries and wages                                   | 13,905                          | (68)                       |                   | 13,837                       | 13,771                      | 66                | 99.5%  | 13,149                       | 13,103                      |
| Social contributions                                 | 2,224                           | 68                         | (48)              | 2,244                        | 2,144                       | 100               | 95.5%  | 2,249                        | 2,007                       |
| Goods and services                                   | 476                             | -                          | -                 | 476                          | 2,356                       | (1,880)           | 495.0%                                       | 4,543                        | 4,540                       |
| Administrative fees                                  | 26                              | -                          | -                 | 26                           | 18                          | 8                 | 69.5%  | 139                          | 139                         |
| Advertising  | -                               | -                          | -                 | -                            | -                           | -                 | -  | 156                          | 155                         |
| Catering: Departmental activities                    | 25                              | -                          | -                 | 25                           | -                           | 25                | -  | 7                            | 7                           |
| Communication  | 25                              | -                          | -                 | 25                           | -                           | 25                | -  | 186                          | 186                         |
| Fleet services                                       | 25                              | -                          | -                 | 25                           | 162                         | (137)             | 646.3%                                       | 213                          | 213                         |
| Consumable supplies                                  | -                               | -                          | -                 | -                            | -                           | -                 | -  | 21                           | 21                          |
| Consumable: Stationery, printing and office supplies | 26                              | -                          | -                 | 26                           | -                           | 26                | -  | 1                            | 1                           |
| Operating leases                                     | -                               | -                          | -                 | -                            | 607                         | (607)             | -  | 783                          | 783                         |
| Travel and subsistence                               | 325                             | -                          | -                 | 325                          | 1,475                       | (1,150)           | 453.8%                                       | 2,727                        | 2,727                       |
| Operating payments                                   | -                               | -                          | -                 | -                            | 94                          | (94)              | -  | 175                          | 175                         |
| Venues and facilities                                | 24                              | -                          | -                 | 24                           | -                           | 24                | -  | 135                          | 134                         |
| <b>Transfers and subsidies</b>                       | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for capital assets</b>                   | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for financial assets</b>                 | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Total</b>   | <b>16,605</b>                   | -                          | <b>(48)</b>       | <b>16,557</b>                | <b>18,271</b>               | <b>(1,714)</b>    | <b>110.4%</b>                                | <b>19,941</b>                | <b>19,650</b>               |

## Sub-programme: 4.3: Programme and Project Management Office

| Economic classification                              | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Current payments</b>                              | <b>11,338</b>                | <b>(13)</b>             | -              | <b>11,325</b>             | <b>8,336</b>             | <b>2,989</b>   | <b>73.6%</b>                              | <b>13,926</b>             | <b>13,483</b>            |
| Compensation of employees                            | 6,497                        | (13)                    | -              | 6,484                     | 6,531                    | (47)           | 100.7%                                    | 6,520                     | 6,079                    |
| Salaries and wages                                   | 5,585                        | 43                      | -              | 5,628                     | 5,688                    | (60)           | 101.1%                                    | 5,694                     | 5,304                    |
| Social contributions                                 | 912                          | (56)                    | -              | 856                       | 843                      | 13             | 98.5%                                     | 826                       | 775                      |
| Goods and services                                   | 4,841                        | -                       | -              | 4,841                     | 1,805                    | 3,036          | 37.3%                                     | 7,406                     | 7,404                    |
| Administrative fees                                  | 386                          | -                       | -              | 386                       | 71                       | 315            | 18.5%                                     | 318                       | 318                      |
| Advertising  | 44                           | -                       | -              | 44                        | 13                       | 31             | 30.5%                                     | 685                       | 685                      |
| Minor assets   | 496                          | -                       | -              | 496                       | -                        | 496            | -   | -                         | -                        |
| Catering: Departmental activities                    | 273                          | (5)                     | -              | 268                       | 342                      | (74)           | 127.8%                                    | 200                       | 1,099                    |
| Communication  | 229                          | -                       | -              | 229                       | -                        | 229            | -   | 897                       | (2)                      |
| Computer services                                    | 53                           | -                       | -              | 53                        | -                        | 53             | -   | -                         | -                        |
| Consultants: Business and advisory services          | -                            | -                       | -              | -                         | -                        | -              | -   | 159                       | 159                      |
| Contractors  | -                            | 48                      | -              | 48                        | 53                       | (5)            | 110.4%                                    | 488                       | 488                      |
| Agency and support / outsourced services             | -                            | -                       | -              | -                         | -                        | -              | -   | 7                         | 6                        |
| Consumable supplies                                  | 41                           | -                       | -              | 41                        | 1                        | 40             | 2.4%                                      | 41                        | 41                       |
| Consumable: Stationery, printing and office supplies | 48                           | -                       | -              | 48                        | 1                        | 47             | 2.0%                                      | 147                       | 147                      |
| Property payments                                    | -                            | -                       | -              | -                         | -                        | -              | -   | 24                        | 24                       |
| Transport provided: Departmental activity            | -                            | 48                      | -              | 48                        | 73                       | (25)           | 152.2%                                    | 90                        | 90                       |
| Travel and subsistence                               | 2,193                        | (104)                   | -              | 2 089                     | 811                      | 1,278          | 38.8%                                     | 1,355                     | 1,355                    |
| Training and development                             | -                            | -                       | -              | -                         | -                        | -              | -   | (5)                       | -                        |
| Operating payments                                   | 102                          | 8                       | -              | 110                       | 10                       | 100            | 9.2%                                      | 19                        | 14                       |
| Venues and facilities                                | 976                          | -                       | -              | 976                       | 425                      | 551            | 43.5%                                     | 2,981                     | 2,980                    |
| Rental and hiring                                    | -                            | 5                       | -              | 5                         | 4                        | 1              | 81.6%                                     | -                         | -                        |
| <b>Transfers and subsidies</b>                       | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>8</b>                  | <b>8</b>                 |
| Households   | -                            | -                       | -              | -                         | -                        | -              | -   | 8                         | 8                        |
| Other transfers to households                        | -                            | -                       | -              | -                         | -                        | -              | -   | 8                         | 8                        |
| <b>Payments for capital assets</b>                   | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>-</b>                  | <b>-</b>                 |
| <b>Payments for financial assets</b>                 | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>-</b>                  | <b>-</b>                 |
| <b>Total</b>   | <b>11,338</b>                | <b>(13)</b>             | <b>-</b>       | <b>11,325</b>             | <b>8,336</b>             | <b>2,989</b>   | <b>73.6%</b>                              | <b>13,934</b>             | <b>13,491</b>            |



## Sub-programme: 4.4: Electricity Infrastructure/Industry Transformation

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   |  | 2016/17                      |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>7,713</b>                    | <b>13</b>                  | -                 | <b>7,726</b>                 | <b>8,413</b>                | <b>(687)</b>      | <b>108.9%</b>                                | <b>10,209</b>                | <b>9,278</b>                |
| Compensation of employees                            | 6,900                           | 13                         | -                 | 6,913                        | 6,867                       | 46                | 99.3%  | 7,606                        | 6,676                       |
| Salaries and wages                                   | 5,919                           | 91                         | -                 | 6,010                        | 6,088                       | (78)              | 101.3%                                       | 6,666                        | 5,946                       |
| Social contributions                                 | 981                             | (78)                       | -                 | 903                          | 779                         | 124               | 86.3%  | 940                          | 730                         |
| Goods and services                                   | 813                             | -                          | -                 | 813                          | 1,547                       | (734)             | 190.3%                                       | 2,603                        | 2,601                       |
| Administrative fees                                  | 57                              | (10)                       | -                 | 47                           | 82                          | (35)              | 174.1%                                       | 98                           | 98                          |
| Advertising  | -                               | -                          | -                 | -                            | 57                          | (57)              | -  | 598                          | 598                         |
| Catering: Departmental activities                    | -                               | 87                         | -                 | 87                           | 91                          | (4)               | 104.9%                                       | 74                           | 74                          |
| Communication  | 67                              | 41                         | -                 | 108                          | 141                         | (33)              | 131.0%                                       | 191                          | 191                         |
| Consultants: Business and advisory services          | -                               | -                          | -                 | -                            | -                           | -                 | -  | 2                            | 2                           |
| Contractors  | -                               | -                          | -                 | -                            | -                           | -                 | -  | 10                           | 10                          |
| Consumable supplies                                  | 7                               | 5                          | -                 | 12                           | 24                          | (12)              | 196.6%                                       | 114                          | 114                         |
| Consumable: Stationery, printing and office supplies | 6                               | (5)                        | -                 | 1                            | -                           | 1                 | -  | 6                            | 6                           |
| Travel and subsistence                               | 634                             | (85)                       | -                 | 549                          | 1,119                       | (570)             | 203.9%                                       | 1,390                        | 1,390                       |
| Training and development                             | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Operating payments                                   | 6                               | 3                          | -                 | 9                            | 8                           | 1                 | 90.7%  | 60                           | 59                          |
| Venues and facilities                                | 36                              | (36)                       | -                 | -                            | 24                          | (24)              | -  | 60                           | 60                          |
| <b>Transfers and subsidies</b>                       | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for capital assets</b>                   | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for financial assets</b>                 | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Total</b>   | <b>7,713</b>                    | <b>13</b>                  | -                 | <b>7,726</b>                 | <b>8,413</b>                | <b>(687)</b>      | <b>108.9%</b>                                | <b>10,209</b>                | <b>9,278</b>                |

## Sub-programme: 4.5: Community Upliftment Programmes and Projects

| Economic classification                              | 2017/18                      |                         |                |                           |                          |                |   | 2016/17                   |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Current payments</b>                              | <b>6,665</b>                 | <b>-</b>                | <b>(164)</b>   | <b>6,501</b>              | <b>5,977</b>             | <b>524</b>     | <b>91.9%</b>                              | <b>5,607</b>              | <b>5,614</b>             |
| Compensation of employees                            | 4,172                        | -                       | (164)          | 4,008                     | 3,616                    | 392            | 90.2%                                     | 4,181                     | 4,180                    |
| Salaries and wages                                   | 3,587                        | (21)                    |                | 3,566                     | 3,176                    | 390            | 89.1%                                     | 3,599                     | 3,665                    |
| Social contributions                                 | 585                          | 21                      | (164)          | 442                       | 441                      | 1              | 99.7%                                     | 582                       | 515                      |
| Goods and services                                   | 2,493                        | -                       | -              | 2,493                     | 2,361                    | 132            | 94.7%                                     | 1,426                     | 1,434                    |
| Administrative fees                                  | 63                           | 7                       | -              | 70                        | 200                      | (130)          | 286.4%                                    | 104                       | 104                      |
| Advertising  | 30                           | -                       | -              | 30                        | 27                       | 3              | 90.5%                                     | 46                        | 46                       |
| Minor assets   | 5                            | -                       | -              | 5                         |                          | 5              | -   | -                         |                          |
| Catering: Departmental activities                    | 176                          | -                       | -              | 176                       | 98                       | 78             | 55.8%                                     | 11                        | 10                       |
| Communication  | 73                           | (15)                    | -              | 58                        | 80                       | (22)           | 137.5%                                    | 75                        | 75                       |
| Computer services                                    | -                            | -                       | -              | -                         | -                        | -              | -   | -                         |                          |
| Consultants: Business and advisory services          | -                            | -                       | -              | -                         | -                        | -              | -   | 22                        | 21                       |
| Contractors  | -                            | -                       | -              | -                         | -                        | -              | -   | 25                        | 25                       |
| Fleet services                                       | 8                            | -                       | -              | 8                         | 8                        | (0)            | 101.0%                                    | 12                        | 12                       |
| Consumable supplies                                  | 53                           | (21)                    | -              | 32                        | 6                        | 26             | 17.6%                                     | 13                        | 12                       |
| Consumable: Stationery, printing and office supplies | 25                           | (10)                    | -              | 15                        | 1                        | 14             | 7.3%                                      | 1                         | 1                        |
| Operating leases                                     | 4                            | 2                       | -              | 6                         | 33                       | (27)           | 544.0%                                    | 19                        | 19                       |
| Travel and subsistence                               | 613                          | (4)                     | -              | 609                       | 372                      | 237            | 61.1%                                     | 439                       | 449                      |
| Operating payments                                   | 38                           | (20)                    | -              | 18                        |                          | 18             | -   | -                         | 0                        |
| Venues and facilities                                | 1,405                        | 33                      | -              | 1,438                     | 1,508                    | (70)           | 104.8%                                    | 659                       | 659                      |
| Rental and hiring                                    | -                            | 28                      | -              | 28                        | 28                       | -              | 100.0%                                    | -                         | -                        |
| <b>Transfers and subsidies</b>                       | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>1</b>                 | <b>(1)</b>     | <b>-</b>                                  | <b>7</b>                  | <b>7</b>                 |
| Households   | -                            | -                       | -              | -                         | 1                        | (1)            | -   | 7                         | 7                        |
| Other transfers to households                        | -                            | -                       | -              | -                         | -                        | 1              | (1)                                       | -                         | 7                        |
| <b>Payments for capital assets</b>                   | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>-</b>                  | <b>-</b>                 |
| <b>Payments for financial assets</b>                 | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>-</b>                  | <b>-</b>                 |
| <b>Total</b>   | <b>6,665</b>                 | <b>-</b>                | <b>(164)</b>   | <b>6,501</b>              | <b>5,978</b>             | <b>523</b>     | <b>92.0%</b>                              | <b>5,614</b>              | <b>5,621</b>             |

## Programme 5: Nuclear Energy

|  | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Sub-programme</b>                                 |                              |                         |                |                           |                          |                |   |                           |                          |
| 1. Nuclear Safety and Technology                     | 770,727                      | -                       | 4,983          | 775,710                   | 780,818                  | (5,108)        | 100.7%                                    | 865,071                   | 859,004                  |
| 2. Nuclear Non-Proliferation and Radiation Security  | 9,253                        | -                       | -              | 9,253                     | 8,414                    | 839            | 90.9%                                     | 8,307                     | 8,303                    |
| 3 Nuclear Policy                                     | 10,895                       | -                       | (433)          | 10,462                    | 4,959                    | 5,503          | 47.4%                                     | 6,456                     | 5,145                    |
| <b>Total for sub-programmes</b>                      | <b>790,875</b>               | <b>-</b>                | <b>4,550</b>   | <b>795,425</b>            | <b>794,191</b>           | <b>1,234</b>   | <b>99.8%</b>                              | <b>879,834</b>            | <b>872,451</b>           |
| <b>Economic classification</b>                       |                              |                         |                |                           |                          |                |   |                           |                          |
| <b>Current payments</b>                              | <b>40,124</b>                | <b>-</b>                | <b>(1,000)</b> | <b>39,124</b>             | <b>38,189</b>            | <b>935</b>     | <b>97.6%</b>                              | <b>199,262</b>            | <b>191,393</b>           |
| Compensation of employees                            | 21,181                       | -                       | -              | 21,181                    | 20,807                   | 374            | 98.2%                                     | 19,794                    | 19,790                   |
| Salaries and wages                                   | 18,216                       | 187                     | -              | 18,403                    | 18,653                   | (250)          | 101.4%                                    | 17,791                    | 17,789                   |
| Social contributions                                 | 2,965                        | (187)                   | -              | 2,778                     | 2,154                    | 624            | 77.5%                                     | 2,003                     | 2,001                    |
| Goods and services                                   | 18,943                       | -                       | (1,000)        | 17,943                    | 17,382                   | 561            | 96.9%                                     | 179,468                   | 171,603                  |
| Administrative fees                                  | 92                           | 35                      | -              | 127                       | 171                      | (44)           | 134.9%                                    | 155                       | 153                      |
| Advertising  | 3,241                        | (840)                   | (1,000)        | 1,401                     | 112                      | 1,289          | 8.0%                                      | 486                       | 486                      |
| Minor assets   | -                            | -                       | -              | -                         | -                        | -              | -   | 4                         | 4                        |
| Catering: Departmental activities                    | 132                          | 14                      | -              | 146                       | 114                      | 32             | 77.9%                                     | 381                       | 380                      |
| Communication  | 244                          | 63                      | -              | 307                       | 240                      | 67             | 78.1%                                     | 239                       | 237                      |
| Consultants: Business and advisory services          | 10,798                       | (100)                   | -              | 10,698                    | 13,340                   | (2,642)        | 124.7%                                    | 173,682                   | 165,829                  |
| Legal services                                       | -                            | 638                     | -              | 638                       | 638                      | 0              | 100.0%                                    | 72                        | 71                       |
| Contractors  | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Agency and support / outsourced services             | 32                           | -                       | -              | 32                        | -                        | 32             | -   | -                         | -                        |
| Fleet services                                       | -                            | -                       | -              | -                         | 2                        | (2)            | -   | -                         | -                        |
| Consumable supplies                                  | -                            | 1                       | -              | 1                         | 10                       | (9)            | 962.9%                                    | 27                        | 25                       |
| Consumable: Stationery, printing and office supplies | 465                          | (9)                     | -              | 456                       | 6                        | 450            | 1.3%                                      | 596                       | 595                      |
| Travel and subsistence                               | 3,128                        | 254                     | -              | 3,382                     | 1,844                    | 1,538          | 54.5%                                     | 2,182                     | 2,181                    |
| Training and development                             | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |

## Programme 5: Nuclear Energy

|   | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|---|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|   | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Operating payments                                  | -                            | -                       | -              | -                         | 12                       | (12)           | -   | 8                         | 8                        |
| Venues and facilities                               | 811                          | (77)                    | -              | 734                       | 863                      | (129)          | 117.5%                                    |                           |                          |
| Rental and hiring                                   | -                            | 21                      | -              | 21                        | 23                       | (2)            | 108.5%                                    | 1,636                     | 1,634                    |
| <b>Transfers and subsidies</b>                      | <b>750,751</b>               | <b>-</b>                | <b>5,550</b>   | <b>756,301</b>            | <b>756,002</b>           | <b>299</b>     | <b>100.0%</b>                             | <b>669,540</b>            | <b>670,027</b>           |
| Departmental agencies and accounts                  | 68,573                       | -                       | -              | 68,573                    | 68,573                   | -              | 100.0%                                    | 50,936                    | 50,936                   |
| Departmental agencies                               | 68,573                       | -                       | -              | 68,573                    | 68,573                   | -              | 100.0%                                    | 50,936                    | 50,936                   |
| Higher education institutions                       |                              |                         |                |                           |                          |                |   | -                         | -                        |
| Foreign governments and international organisations | 17,907                       | -                       | 5,550          | 23,457                    | 23,258                   | 199            | 99.2%                                     | 19,105                    | 19,753                   |
| Public corporations and private enterprises         | 664,171                      | -                       | -              | 664,171                   | 664,171                  | -              | 100.0%                                    | 599,338                   | 599,338                  |
| Public corporations                                 | 664,171                      | -                       | -              | 664,171                   | 664,171                  | -              | 100.0%                                    | 599,338                   | 599,338                  |
| Subsidies on products and production                | 664,171                      | -                       | -              | 664,171                   | 664,171                  | -              | 100.0%                                    | 599,338                   | 599,338                  |
| Households  | 100                          | -                       | -              | 100                       | -                        | 100            | -   | 161                       | -                        |
| Other transfers to households                       | 100                          | -                       | -              | 100                       | -                        | 100            | -   | 161                       | -                        |
| <b>Payments for capital assets</b>                  | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>11,032</b>             | <b>11,031</b>            |
| Machinery and equipment                             | -                            | -                       | -              | -                         | -                        | -              | -   | 11,032                    | 11,031                   |
| Transport equipment                                 | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Other machinery and equipment                       | -                            | -                       | -              | -                         | -                        | -              | -   | 11,032                    | 11,031                   |
| <b>Total</b>  | <b>790,875</b>               | <b>-</b>                | <b>4,550</b>   | <b>795,425</b>            | <b>794,191</b>           | <b>1,234</b>   | <b>99.8%</b>                              | <b>879,834</b>            | <b>872,451</b>           |

## Sub-programme: 5.1: Nuclear Safety and Technology

| Economic classification                              |  | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  |  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Current payments</b>                              |  | <b>20,776</b>                | -                       | -              | <b>20,776</b>             | <b>25,383</b>            | <b>(4,607)</b> | <b>122.2%</b>                             | <b>185,320</b>            | <b>177,945</b>           |
| Compensation of employees                            |  | 10,936                       | -                       | -              | 10,936                    | 10,489                   | 447            | 95.9%                                     | 9,728                     | 9,728                    |
| Salaries and wages                                   |  | 9,405                        | 107                     | -              | 9,512                     | 9,418                    | 94             | 99.0%                                     | 8,776                     | 8,777                    |
| Social contributions                                 |  | 1,531                        | (107)                   | -              | 1,424                     | 1,071                    | 353            | 75.2%                                     | 952                       | 951                      |
| Goods and services                                   |  | 9,840                        | -                       | -              | 9,840                     | 14,894                   | (5,054)        | 151.4%                                    | 175,592                   | 168,217                  |
| Administrative fees                                  |  | 47                           | 15                      | -              | 62                        | 122                      | (60)           | 197.1%                                    | 62                        | 61                       |
| Advertising  |  | 279                          | -                       | -              | 279                       | 3                        | 276            | 0.9%                                      | 99                        | 99                       |
| Minor assets   |  | -                            | -                       | -              | -                         | -                        | -              | -   | 4                         | 4                        |
| Catering: Departmental activities                    |  | 66                           | 27                      | -              | 93                        | 65                       | 28             | 69.7%                                     | 101                       | 101                      |
| Communication  |  | 213                          | -                       | -              | 213                       | 126                      | 87             | 59.3%                                     | 131                       | 130                      |
| Computer services                                    |  | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Consultants: Business and advisory services          |  | 7,769                        | -                       | -              | 7,769                     | 12,857                   | (5,088)        | 165.5%                                    | 173,182                   | 165,812                  |
| Consumable: Stationery, printing and office supplies |  | 24                           | (4)                     | -              | 20                        | -                        | 20             | -   | 1                         | -                        |
| Operating leases                                     |  | -                            | -                       | -              | -                         | 1                        | (1)            | -   | -                         | -                        |
| Travel and subsistence                               |  | 1,277                        | (11)                    | -              | 1,266                     | 942                      | 324            | 74.4%                                     | 911                       | 911                      |
| Operating payments                                   |  | -                            | -                       | -              | -                         | 12                       | (12)           | -   | 8                         | 8                        |
| Venues and facilities                                |  | 165                          | (27)                    | -              | 138                       | 762                      | (624)          | 552.0%                                    | 1,080                     | 1,079                    |
| <b>Transfers and subsidies</b>                       |  | <b>749,951</b>               | <b>-</b>                | <b>4,983</b>   | <b>754,934</b>            | <b>755,436</b>           | <b>(502)</b>   | <b>100.1%</b>                             | <b>668,719</b>            | <b>670,027</b>           |
| Departmental agencies and accounts                   |  | 68,573                       | -                       | -              | 68,573                    | 68,573                   | -              | 100.0%                                    | 50,936                    | 50,936                   |
| Departmental agencies                                |  | 68,573                       | -                       | -              | 68,573                    | 68,573                   | -              | 100.0%                                    | 50,936                    | 50,936                   |
| Foreign governments and international organisations  |  | 17,207                       | -                       | 4,983          | 22,190                    | 22,692                   | (502)          | 102.3%                                    | 18,445                    | 19,753                   |
| Public corporations and private enterprises          |  | 664,171                      | -                       | -              | 664,171                   | 664,171                  | -              | 100.0%                                    | 599,338                   | 599,338                  |
| Public corporations                                  |  | 664,171                      | -                       | -              | 664,171                   | 664,171                  | -              | 100.0%                                    | 599,338                   | 599,338                  |
| Subsidies on products and production                 |  | 664,171                      | -                       | -              | 664,171                   | 664,171                  | -              | 100.0%                                    | 599,338                   | 599,338                  |
| Households   |  | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| <b>Payments for capital assets</b>                   |  | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>11,032</b>             | <b>11,031</b>            |
| Machinery and equipment                              |  | -                            | -                       | -              | -                         | -                        | -              | -   | 11,032                    | 11,031                   |
| Other machinery and equipment                        |  | -                            | -                       | -              | -                         | -                        | -              | -   | 11,032                    | 11,031                   |
| <b>Payments for financial assets</b>                 |  | <b>-</b>                     | <b>-</b>                | <b>-</b>       | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>-</b>                  | <b>-</b>                 |
| <b>Total</b>   |  | <b>770,727</b>               | <b>-</b>                | <b>4,983</b>   | <b>775,710</b>            | <b>780,818</b>           | <b>(5,108)</b> | <b>100.7%</b>                             | <b>865,071</b>            | <b>859,004</b>           |

## Sub-programme: 5.2: Nuclear Non-Proliferation and Radiation Security

| Economic classification                              | 2017/18                      |                         |                |                           |                          |                | 2016/17                                   |                           |                          |
|--|------------------------------|-------------------------|----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Current payments                                     | 9,253                        | -                       | -              | 9,253                     | 8,414                    | 839            | 90.9%                                     | 8,307                     | 8,303                    |
| Compensation of employees                            | 7,343                        | -                       | -              | 7,343                     | 7,397                    | (54)           | 100.7%                                    | 7,358                     | 7,357                    |
| Salaries and wages                                   | 6,315                        | 64                      |                | 6,379                     | 6,611                    | (232)          | 103.6%                                    | 6,582                     | 6,582                    |
| Social contributions                                 | 1,028                        | (64)                    |                | 964                       | 787                      | 177            | 81.6%                                     | 776                       | 776                      |
| Goods and services                                   | 1,910                        | -                       | -              | 1,910                     | 1,016                    | 894            | 53.2%                                     | 949                       | 945                      |
| Administrative fees                                  | 8                            | 20                      | -              | 28                        | 25                       | 3              | 90.5%                                     | 26                        | 25                       |
| Advertising  | 20                           |                         | -              | 20                        |                          | 20             | -   | -                         | -                        |
| Catering: Departmental activities                    | 24                           | (13)                    | -              | 11                        | 1                        | 10             | 8.2%                                      | 2                         | 2                        |
| Communication  | -                            | 58                      | -              | 58                        | 84                       | (26)           | 144.2%                                    | 95                        | 94                       |
| Computer services                                    | -                            |                         | -              | -                         |                          | -              | -   | -                         | -                        |
| Consultants: Business and advisory services          | 513                          | (100)                   | -              | 413                       | 483                      | (70)           | 116.9%                                    | -                         | -                        |
| Agency and support / outsourced services             | 32                           | -                       | -              | 32                        | -                        | 32             | -   | -                         | -                        |
| Fleet services                                       | -                            | -                       | -              | -                         | 1                        | (1)            | -   | -                         | -                        |
| Consumable supplies                                  | -                            | -                       | -              | -                         | 2                        | (2)            | -   | 7                         | 6                        |
| Consumable: Stationery, printing and office supplies | 50                           | (5)                     |                | 45                        |                          | 45             | -   | -                         | -                        |
| Operating leases                                     | -                            | -                       | -              | -                         | 7                        | (7)            | -   | -                         |                          |
| Travel and subsistence                               | 1,206                        | 40                      | -              | 1,246                     | 409                      | 837            | 32.8%                                     | 792                       | 791                      |
| Venues and facilities                                | 57                           | -                       | -              | 57                        | -                        | 57             | -   | 27                        | 26                       |
| Rental and hiring                                    | -                            | -                       | -              | -                         | 4                        | (4)            | -   | -                         |                          |
| Transfers and subsidies                              | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Payments for capital assets                          | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Payments for financial assets                        | -                            | -                       | -              | -                         | -                        | -              | -   | -                         | -                        |
| Total  | 9,253                        | -                       | -              | 9,253                     | 8,414                    | 839            | 90.9%                                     | 8,307                     | 8,303                    |

## Sub-programme: 5.3: Nuclear Policy

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>10,095</b>                   | -                          | <b>(1,000)</b>    | <b>9,095</b>                 | <b>4,392</b>                | <b>4,703</b>      | <b>48.3%</b>                                 | <b>5,635</b>                 | <b>5,145</b>                |
| Compensation of employees                            | 2,902                           | -                          | -                 | 2,902                        | 2,920                       | (18)              | 100.6%                                       | 2,708                        | 2,705                       |
| Salaries and wages                                   | 2,496                           | 16                         |                   | 2,512                        | 2,624                       | (112)             | 104.5%                                       | 2,433                        | 2,431                       |
| Social contributions                                 | 406                             | (16)                       |                   | 390                          | 296                         | 94                | 76.0%  | 275                          | 274                         |
| Goods and services                                   | 7,193                           | -                          | (1,000)           | 6,193                        | 1,472                       | 4,721             | 23.8%  | 2,927                        | 2,441                       |
| Administrative fees                                  | 37                              |                            |                   | 37                           | 24                          | 13                | 64.1%  | 67                           | 66                          |
| Advertising  | 2,942                           | (840)                      | (1,000)           | 1,102                        | 109                         | 993               | 9.9%   | 387                          | 387                         |
| Catering: Departmental activities                    | 42                              |                            | -                 | 42                           | 48                          | (6)               | 114.4%                                       | 278                          | 277                         |
| Communication  | 31                              | 5                          | -                 | 36                           | 30                          | 6                 | 82.9%  | 13                           | 13                          |
| Computer services                                    | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Consultants: Business and advisory services          | 2,516                           | -                          | -                 | 2,516                        | -                           | 2,516             | -  | 500                          | 17                          |
| Legal services                                       | -                               | 638                        | -                 | 638                          | 638                         | 0                 | 100.0%                                       | 72                           | 71                          |
| Consumable supplies                                  | -                               | 1                          | -                 | 1                            | 5                           | (4)               | 456.3%                                       | 7                            | 7                           |
| Consumable: Stationery, printing and office supplies | 391                             |                            | -                 | 391                          | 6                           | 385               | 1.5%   | 595                          | 595                         |
| Travel and subsistence                               | 645                             | 225                        | -                 | 870                          | 493                         | 377               | 56.6%  | 479                          | 479                         |
| Venues and facilities                                | 589                             | (50)                       | -                 | 539                          | 101                         | 438               | 18.8%  | 529                          | 529                         |
| Rental and hiring                                    | -                               | 21                         | -                 | 21                           | 19                          | 2                 | 89.9%  | -                            | -                           |
| <b>Transfers and subsidies</b>                       | <b>800</b>                      | -                          | <b>567</b>        | <b>1,367</b>                 | <b>567</b>                  | <b>800</b>        | <b>41.5%</b>                                 | <b>821</b>                   | <b>-</b>                    |
| Higher education institutions                        | 700                             | -                          | 567               | 1,267                        | 567                         | 700               | 44.7%  | 660                          |                             |
| Households   | 100                             | -                          | -                 | 100                          | -                           | 100               | -  | 161                          | -                           |
| Other transfers to households                        | 100                             | -                          | -                 | 100                          | -                           | 100               | -  | 161                          | -                           |
| <b>Payments for capital assets</b>                   | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Payments for financial assets</b>                 | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Total</b>   | <b>10,895</b>                   | <b>-</b>                   | <b>(433)</b>      | <b>10,462</b>                | <b>4,959</b>                | <b>5,503</b>      | <b>47.4%</b>                                 | <b>6,456</b>                 | <b>5,145</b>                |



## Programme 6: Clean Energy

|  | 2017/18                      |                         |                 |                           |                          |                |   | 2016/17                   |                          |
|--|------------------------------|-------------------------|-----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000  | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| <b>Sub-programme</b>                                 |                              |                         |                 |                           |                          |                |   |                           |                          |
| 1. Energy Efficiency                                 | 668,703                      | 59,774                  | (10,875)        | 717,602                   | 597,288                  | 120,314        | 83.2%                                     | 576,234                   | 547,763                  |
| 2. Renewable Energy                                  | 65,752                       | (59,774)                | (1,032)         | 4,946                     | 4,431                    | 515            | 89.6%                                     | 5,529                     | 4,616                    |
| 3. Climate Change and Designated National Authority  | 8,055                        | -                       | (113)           | 7,942                     | 7,836                    | 106            | 98.7%                                     | 8,131                     | 7,722                    |
| <b>Total for sub-programmes</b>                      | <b>742,510</b>               | <b>-</b>                | <b>(12,020)</b> | <b>730,490</b>            | <b>609,555</b>           | <b>120,935</b> | <b>83.4%</b>                              | <b>589,894</b>            | <b>560,101</b>           |
| <b>Economic classification</b>                       |                              |                         |                 |                           |                          |                |   |                           |                          |
| <b>Current payments</b>                              | <b>85,409</b>                | <b>-</b>                | <b>31,055</b>   | <b>116,464</b>            | <b>110,058</b>           | <b>6,406</b>   | <b>94.5%</b>                              | <b>63,318</b>             | <b>31,321</b>            |
| Compensation of employees                            | 17,735                       | -                       | -               | 17,735                    | 17,246                   | 489            | 97.2%                                     | 16,451                    | 16,264                   |
| Salaries and wages                                   | 15,258                       | 168                     | -               | 15,426                    | 15,363                   | 63             | 99.6%                                     | 14,451                    | 14,477                   |
| Social contributions                                 | 2,477                        | (168)                   | -               | 2,309                     | 1,883                    | 426            | 81.6%                                     | 2,000                     | 1,787                    |
| Goods and services                                   | 67,674                       | -                       | 31,055          | 98,729                    | 92,811                   | 5,918          | 94.0%                                     | 46,867                    | 15,056                   |
| Administrative fees                                  | 177                          | 29                      | (18)            | 188                       | 193                      | (5)            | 102.5%                                    | 374                       | 370                      |
| Advertising  | 1,036                        | -                       | (700)           | 336                       | 17                       | 319            | 5.2%                                      | 1,865                     | 1,864                    |
| Minor assets   | 613                          | -                       | (470)           | 143                       | -                        | 143            | -   | -                         | -                        |
| Catering: Departmental activities                    | 130                          | (2)                     | (35)            | 93                        | 5                        | 88             | 5.5%                                      | 317                       | 282                      |
| Communication  | 279                          | 27                      | (100)           | 206                       | 151                      | 55             | 73.2%                                     | 165                       | 128                      |
| Computer services                                    | -                            | -                       | -               | -                         | -                        | -              | -   | -                         | -                        |
| Consultants: Business and advisory services          | 50,569                       | (42,510)                | (6,980)         | 1,079                     | 734                      | 345            | 68.0%                                     | 30,411                    | 7,636                    |
| Contractors  | -                            | -                       | -               | -                         | -                        | -              | -   | 95                        | 95                       |
| Agency and support / outsourced services             | 8,000                        | (8,000)                 | -               | -                         | -                        | -              | -   | 6,991                     | 1,094                    |
| Entertainment  | 19                           | -                       | -               | 19                        | -                        | 19             | -   | -                         | -                        |
| Fleet services                                       | -                            | -                       | -               | -                         | -                        | -              | -   | 2                         | -                        |
| Consumable supplies                                  | 237                          | -                       | (220)           | 17                        | 2                        | 15             | 13.0%                                     | 7                         | 6                        |
| Consumable: Stationery, printing and office supplies | 151                          | (3)                     | -               | 148                       | 46                       | 102            | 31.1%                                     | 83                        | 83                       |

## Programme 6: Clean Energy (continued)

|   | 2017/18                      |                         |                 |                           |                          |                |   | 2016/17                   |                          |
|---|------------------------------|-------------------------|-----------------|---------------------------|--------------------------|----------------|---|---------------------------|--------------------------|
|   | Adjusted Appropriation R'000 | Shifting of Funds R'000 | Virement R'000  | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Expenditure as % of Final Appropriation % | Final Appropriation R'000 | Actual expenditure R'000 |
| Operating leases                                    | -                            | -                       | -               | -                         | 4                        | (4)            | -   | 2                         | 1                        |
| Property payments                                   | 652                          | (7)                     | (645)           | -                         | -                        | -              | -   | 67                        | -                        |
| Travel and subsistence                              | 3,366                        | 107                     | (1,072)         | 2,401                     | 2,065                    | 336            | 86.0%                                     | 2,521                     | 2,120                    |
| Training and development                            | -                            | -                       | -               | -                         | -                        | -              | -   | -                         | -                        |
| Operating payments                                  | 1,156                        | 50,361                  | 42,000          | 93,517                    | 89,128                   | 4,389          | 95.3%                                     | 2,918                     | 649                      |
| Venues and facilities                               | 1,289                        | (2)                     | (705)           | 582                       | 467                      | 115            | 80.2%                                     | 1,049                     | 728                      |
| <b>Transfers and subsidies</b>                      | <b>657,101</b>               | <b>-</b>                | <b>(43,075)</b> | <b>614,026</b>            | <b>499,497</b>           | <b>114,529</b> | <b>81.3%</b>                              | <b>526,576</b>            | <b>528,780</b>           |
| Provinces and municipalities                        | 203,236                      | -                       | -               | 203,236                   | 203,236                  | -              | 100.0%                                    | 185,625                   | 185,625                  |
| Municipalities                                      | 203,236                      | -                       | -               | 203,236                   | 203,236                  | -              | 100.0%                                    | 185,625                   | 185,625                  |
| Municipal bank accounts                             | 203,236                      | -                       | -               | 203,236                   | 203,236                  | -              | 100.0%                                    | 185,625                   | 185,625                  |
| Departmental agencies and accounts                  | 59,774                       | -                       | -               | 59,774                    | 59,774                   | -              | 100.0%                                    | 20,625                    | 20,625                   |
| Departmental agencies                               | 59,774                       | -                       | -               | 59,774                    | 59,774                   | -              | 100.0%                                    | 20,625                    | 20,625                   |
| Foreign governments and international organisations | -                            | -                       | 1,020           | 1,020                     | 1,015                    | 5              | 99.5%                                     | -                         | 2,216                    |
| Public corporations and private enterprises         | 394,091                      | -                       | (44,095)        | 349,996                   | 235,472                  | 114,524        | 67.3%                                     | 320,326                   | 320 314                  |
| Private enterprises                                 | 394,091                      | -                       | (44,095)        | 349,996                   | 235,472                  | 114,524        | 67.3%                                     | 320,326                   | 320,314                  |
| Subsidies on products and production                | 394,091                      | -                       | (44,095)        | 349,996                   | 235,472                  | 114,524        | 67.3%                                     | 320,326                   | 320,314                  |
| <b>Payments for capital assets</b>                  | <b>-</b>                     | <b>-</b>                | <b>-</b>        | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>-</b>                  | <b>-</b>                 |
| <b>Payments for financial assets</b>                | <b>-</b>                     | <b>-</b>                | <b>-</b>        | <b>-</b>                  | <b>-</b>                 | <b>-</b>       | <b>-</b>                                  | <b>-</b>                  | <b>-</b>                 |
| <b>Total</b>  | <b>742,510</b>               | <b>-</b>                | <b>(12,020)</b> | <b>730,490</b>            | <b>609,555</b>           | <b>120,935</b> | <b>83.4%</b>                              | <b>589,894</b>            | <b>560,101</b>           |

## Sub-programme: 6.1: Energy Efficiency

| Economic classification                              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|  | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                              | <b>71,376</b>                   | -                          | <b>32,200</b>     | <b>103,576</b>               | <b>97,791</b>               | <b>5,785</b>      | <b>94.4%</b>                                 | <b>49,658</b>                | <b>18,983</b>               |
| Compensation of employees                            | 6,465                           | -                          | -                 | 6,465                        | 5,876                       | 589               | 90.9%  | 5,723                        | 5,722                       |
| Salaries and wages                                   | 5,558                           | 88                         | -                 | 5,646                        | 5,302                       | 344               | 93.9%  | 5,133                        | 5,160                       |
| Social contributions                                 | 907                             | (88)                       | -                 | 819                          | 574                         | 245               | 70.1%  | 590                          | 562                         |
| Goods and services                                   | 64,911                          | -                          | 32,200            | 97,111                       | 91,914                      | 5,197             | 94.6%  | 43,935                       | 13,261                      |
| Administrative fees                                  | 153                             | 14                         | (18)              | 149                          | 145                         | 4                 | 97.6%  | 187                          | 187                         |
| Advertising  | 884                             | -                          | (700)             | 184                          | 17                          | 167               | 9.4%   | 1,600                        | 1,599                       |
| Minor assets   | 613                             | -                          | (470)             | 143                          | -                           | 143               | -  | -                            | -                           |
| Catering: Departmental activities                    | 94                              | -                          | (35)              | 59                           | 3                           | 56                | 5.5%   | 254                          | 255                         |
| Communication  | 227                             | 21                         | (100)             | 148                          | 108                         | 40                | 73.2%  | 93                           | 93                          |
| Computer services                                    | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Consultants: Business and advisory services          | 50,237                          | (42,361)                   | (6,980)           | 896                          | 734                         | 162               | 81.9%  | 30,191                       | 7,636                       |
| Contractors  | -                               | -                          | -                 | -                            | -                           | -                 | -  | 95                           | 95                          |
| Agency and support / outsourced services             | 8,000                           | (8,000)                    | -                 | -                            | -                           | -                 | -  | 6,991                        | 1,094                       |
| Entertainment  | 19                              | -                          | -                 | 19                           | -                           | 19                | -  | -                            | -                           |
| Consumable supplies                                  | 232                             | -                          | (220)             | 12                           | -                           | 12                | -  | 1                            | 1                           |
| Consumable: Stationery, printing and office supplies | 151                             | (3)                        | -                 | 148                          | 46                          | 102               | 31.1%  | 83                           | 83                          |
| Operating leases                                     | -                               | -                          | -                 | -                            | 4                           | (4)               | -  | 2                            | 1                           |
| Travel and subsistence                               | 2,200                           | 18                         | (577)             | 1,641                        | 1,341                       | 300               | 81.7%  | 1,089                        | 1,088                       |
| Operating payments                                   | 1,156                           | 50,361                     | 42,000            | 93,517                       | 89,128                      | 4,389             | 95.3%  | 2,818                        | 601                         |
| Venues and facilities                                | 945                             | (50)                       | (700)             | 195                          | 387                         | (192)             | 198.4%                                       | 529                          | 528                         |
| <b>Transfers and subsidies</b>                       | <b>597,327</b>                  | <b>59,774</b>              | <b>(43,075)</b>   | <b>614,026</b>               | <b>499,497</b>              | <b>114,529</b>    | <b>81.3%</b>                                 | <b>526,576</b>               | <b>528,780</b>              |
| Provinces and municipalities                         | 203,236                         | -                          | -                 | 203,236                      | 203,236                     | -                 | 100.0%                                       | 185,625                      | 185,625                     |
| Municipalities                                       | 203,236                         | -                          | -                 | 203,236                      | 203,236                     | -                 | 100.0%                                       | 185,625                      | 185,625                     |
| Municipal bank accounts                              | 203,236                         | -                          | -                 | 203,236                      | 203,236                     | -                 | 100.0%                                       | 185,625                      | 185,625                     |

## Sub-programme: 6.1: Energy Efficiency (continued)

|   | 2017/18                         |                            |                   |                              |                             |                   |  | 2016/17                      |                             |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|   | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| Economic classification                             |                                 |                            |                   |                              |                             |                   |  |                              |                             |
| Departmental agencies and accounts                  | -                               | 59,774                     | -                 | 59,774                       | 59,774                      | -                 | 100.0%                                       | 20,625                       | 20,625                      |
| Departmental agencies                               | -                               | 59,774                     | -                 | 59,774                       | 59,774                      | -                 | 100.0%                                       | 20,625                       | 20,625                      |
| Higher education institutions                       | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Foreign governments and international organisations | -                               | -                          | 1,020             | 1,020                        | 1,015                       | 5                 | 99.5%  | -                            | 2,216                       |
| Public corporations and private enterprises         | 394,091                         | -                          | (44,095)          | 349,996                      | 235,472                     | 114,524           | 67.3%  | 320,326                      | 320,314                     |
| Private enterprises                                 | 394,091                         | -                          | (44,095)          | 349,996                      | 235,472                     | 114,524           | 67.3%  | 320,326                      | 320,314                     |
| Subsidies on products and production                | 394,091                         | -                          | (44,095)          | 349,996                      | 235,472                     | 114,524           | 67.3%  | 320,326                      | 320,314                     |
| Payments for capital assets                         | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Payments for financial assets                       | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Total   | 668,703                         | 59,774                     | (10,875)          | 717,602                      | 597,288                     | 120,314           | 83.2%  | 576,234                      | 547,763                     |

## Sub-programme: 6.2: Renewable Energy

| Economic classification              | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|--------------------------------------|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|                                      | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>              | <b>5,978</b>                    | -                          | <b>(1,032)</b>    | <b>4,946</b>                 | <b>4,431</b>                | <b>515</b>        | <b>89.6%</b>                                 | <b>5,529</b>                 | <b>4,616</b>                |
| Compensation of employees            | 4,135                           | -                          | -                 | 4,135                        | 4,244                       | (109)             | 102.6%                                       | 4,074                        | 4,073                       |
| Salaries and wages                   | 3,565                           | 33                         | -                 | 3,598                        | 3,724                       | (126)             | 103.5%                                       | 3,571                        | 3,571                       |
| Social contributions                 | 570                             | (33)                       | -                 | 537                          | 519                         | 18                | 96.7%  | 503                          | 503                         |
| Goods and services                   | 1,843                           | -                          | (1,032)           | 811                          | 187                         | 624               | 23.1%  | 1,455                        | 542                         |
| Administrative fees                  | 4                               | 6                          | -                 | 10                           | 13                          | (3)               | 126.7%                                       | 20                           | 17                          |
| Advertising                          | 152                             | -                          | -                 | 152                          | -                           | 152               | -  | 147                          | 147                         |
| Catering: Departmental activities    | 29                              | -                          | -                 | 29                           | -                           | 29                | -  | 50                           | 14                          |
| Communication                        | 43                              | (1)                        | -                 | 42                           | 23                          | 19                | 55.7%  | 55                           | 18                          |
| Property payments                    | 652                             | (7)                        | (645)             | -                            | -                           | -                 | -  | 67                           | -                           |
| Travel and subsistence               | 662                             | 2                          | (387)             | 277                          | 151                         | 126               | 54.6%  | 672                          | 272                         |
| Training and development             | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Operating payments                   | -                               | -                          | -                 | -                            | -                           | -                 | -  | 100                          | 48                          |
| Venues and facilities                | 301                             | -                          | -                 | 301                          | -                           | 301               | -  | 344                          | 25                          |
| <b>Transfers and subsidies</b>       | <b>59,774</b>                   | <b>(59,774)</b>            | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Departmental agencies and accounts   | 59,774                          | (59,774)                   | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Departmental agencies                | 59,774                          | (59,774)                   | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for financial assets</b> | <b>-</b>                        | <b>-</b>                   | <b>-</b>          | <b>-</b>                     | <b>-</b>                    | <b>-</b>          | <b>-</b>                                     | <b>-</b>                     | <b>-</b>                    |
| <b>Total</b>                         | <b>65,752</b>                   | <b>(59,774)</b>            | <b>(1,032)</b>    | <b>4,946</b>                 | <b>4,431</b>                | <b>515</b>        | <b>89.6%</b>                                 | <b>5,529</b>                 | <b>4,616</b>                |

## Sub-programme: 6.3: Climate Change and Designated National Authority

| Economic classification                     | 2017/18                         |                            |                   |                              |                             |                   | 2016/17                                      |                              |                             |
|---|---------------------------------|----------------------------|-------------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|
|   | Adjusted Appropriation<br>R'000 | Shifting of Funds<br>R'000 | Virement<br>R'000 | Final Appropriation<br>R'000 | Actual Expenditure<br>R'000 | Variance<br>R'000 | Expenditure as % of Final Appropriation<br>% | Final Appropriation<br>R'000 | Actual expenditure<br>R'000 |
| <b>Current payments</b>                     | <b>8,055</b>                    | <b>-</b>                   | <b>(113)</b>      | <b>7,942</b>                 | <b>7,836</b>                | <b>106</b>        | <b>98.7%</b>                                 | <b>8,131</b>                 | <b>7,722</b>                |
| Compensation of employees                   | 7,135                           | -                          | -                 | 7,135                        | 7,126                       | 9                 | 99.9%  | 6,654                        | 6,468                       |
| Salaries and wages                          | 6,135                           | 47                         | -                 | 6,182                        | 6,337                       | (155)             | 102.5%                                       | 5,747                        | 5,746                       |
| Social contributions                        | 1,000                           | (47)                       | -                 | 953                          | 790                         | 163               | 82.8%  | 907                          | 722                         |
| Goods and services                          | 920                             | -                          | (113)             | 807                          | 710                         | 97                | 87.9%  | 1,477                        | 1,253                       |
| Administrative fees                         | 20                              | 9                          | -                 | 29                           | 35                          | (6)               | 119.0%                                       | 167                          | 166                         |
| Advertising                                 | -                               | -                          | -                 | -                            | -                           | -                 | -  | 118                          | 118                         |
| Catering: Departmental activities           | 7                               | (2)                        | -                 | 5                            | 2                           | 3                 | 36.1%  | 13                           | 12                          |
| Communication                               | 9                               | 7                          | -                 | 16                           | 19                          | (3)               | 118.5%                                       | 17                           | 17                          |
| Computer services                           | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| Consultants: Business and advisory services | 332                             | (149)                      | -                 | 183                          | -                           | 183               | -  | 220                          | -                           |
| Consumable supplies                         | 5                               | -                          | -                 | 5                            | 2                           | 3                 | 44.1%  | 6                            | 5                           |
| Travel and subsistence                      | 504                             | 87                         | (108)             | 483                          | 572                         | (89)              | 118.5%                                       | 760                          | 760                         |
| Venues and facilities                       | 43                              | 48                         | (5)               | 86                           | 80                          | 6                 | 93.0%  | 176                          | 175                         |
| <b>Transfers and subsidies</b>              | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for capital assets</b>          | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Payments for financial assets</b>        | -                               | -                          | -                 | -                            | -                           | -                 | -  | -                            | -                           |
| <b>Total</b>                                | <b>8,055</b>                    | <b>-</b>                   | <b>(113)</b>      | <b>7,942</b>                 | <b>7,836</b>                | <b>106</b>        | <b>98.7%</b>                                 | <b>8,131</b>                 | <b>7,722</b>                |

# NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

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

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

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

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

## 3. Detail on payments for financial assets

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

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

### 4.1 Per programme

| Programme 1    | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation |
|----------------|---------------------------|--------------------------|----------------|--|
| Administration | 278,060                   | 272,382                  | 5,678          | 2.04%                                  |

The net-budget underspending of R5.68 million is mainly attributable to unfilled vacancies, particularly for the four (4) DDG positions, whose recruitment process was initiated in the year under review but could not be finalised by year-end as planned. Measures were also implemented to contain and bring the overtime expenditure to a minimum. Funds reserved for the procurement of an official vehicle for use by the Deputy Minister in Pretoria, were not utilised by year-end due to delays in finalising the procurement process. A motivation for the roll-over of these funds into the 2018/19 financial year has been submitted to Treasury for approval.

| Programme 2                | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation |
|----------------------------|---------------------------|--------------------------|----------------|--|
| Energy Policy and Planning | 43,119                    | 41,707                   | 1,412          | 3.27%                                  |

The budget balance of R1.41 million is mainly due to savings achieved from cost containment measures implemented on consultants, travel and subsistence and venues and facilities. Unfilled vacancies for the greater part of the financial year also contributed to the budget underspending.

| Programme 3                               | Final Appropriation R'000 | Actual Expenditure R'000 | Variance R'000 | Variance as a % of Final Appropriation |
|---|---------------------------|--------------------------|----------------|--|
| Petroleum & Petroleum Products Regulation | 78,748                    | 74,639                   | 4,109          | 5.22%                                  |

In the year under annual review, the Programme appointed service providers for two (2) major projects, i.e. the Retail Audit project for determining the extent of Broad-Based Black Economic Empowerment in the oil industry (referred to as "B-BBEE") and the Fuel Sampling and Testing project. Due to the late receipt of invoices from the service providers, payments could not be processed before year-end for services rendered under both projects. A roll over motivation has been submitted to Treasury in order for these funds to be rolled over into the 2018/19 financial year to finalise the processing of the received invoices. The other contributor to the budget underspending of R4.11 million is the unfilled vacancies for Regional Petroleum Controllers' positions.

# NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

| Programme 4   | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | Variance<br>R'000 | Variance as<br>a % of Final<br>Appropriation |
|---|---------------------------------|--------------------------------|-------------------|--|
| Electrification and Energy Programme and Project Management | 6,219,580                       | 6,152,173                      | 67,407            | 1.08%  |

The budget underspending of R67.41 million is mainly attributable to the INEP Non-Grid electrification programme where funds were not fully utilised by year-end due to the late signing of contracts with the service providers as well as the underspending in the concomitant oversight and monitoring and evaluation project. The delayed signing of contracts with service providers was as a result of the review of the allocation process and time taken to address some of the process concerns raised by the Bid Adjudication Committee. A roll over application motivating for R66.08 million to be rolled over into 2018/19 financial year has been submitted to Treasury for approval.

| Programme 5    | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | Variance<br>R'000 | Variance as<br>a % of Final<br>Appropriation |
|----------------|---------------------------------|--------------------------------|-------------------|--|
| Nuclear Energy | 795,425                         | 794,191                        | 1,234             | 0.16%  |

The budget underspending of R1.23 million is mainly due to savings in goods and services as a result of cost containment measures implemented on advertising, travel and subsistence and venues and facilities cost items. Savings were also realised from foreign currency exchange rate on payments to international organisations for international membership fees.

| Programme 6  | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | Variance<br>R'000 | Variance as<br>a % of Final<br>Appropriation |
|--------------|---------------------------------|--------------------------------|-------------------|--|
| Clean Energy | 730,490                         | 609,555                        | 120,935           | 16.56%                                       |

The budget underspending of R120.94 million is mainly due to an unpaid retention fee to SWHP service providers which is payable once training and installation of units takes place. Installation was not possible in the 2017/18 financial year due to the delayed confirmation of designated installation areas by municipalities; therefore, the balance remained at year-end as committed funds. A proposal for the roll-over of these funds into the 2018/19 financial year has been submitted to Treasury for consideration. The EEDSM monitoring and evaluation (M&V) project also contributed to the budget underspent in this Programme as it was allocated earmarked funds which were not utilised by year end due to the late appointment of service providers during February 2018.



# NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

## 4.2 Per economic classification

|   | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | Variance<br>R'000 | Variance as<br>a % of Final<br>Appropriation |
|---|---------------------------------|--------------------------------|-------------------|--|
| <b>Current payments</b>                             |                                 |                                |                   |  |
| Compensation of employees                           | 333,247                         | 322,185                        | 11,062            | 3.32%  |
| Goods and services                                  | 275,549                         | 264,720                        | 10,829            | 3.93%  |
| Interest and rent on land                           | -                               | -                              | -                 | -  |
| <b>Transfers and subsidies</b>                      |                                 |                                |                   |  |
| Provinces and municipalities                        | 2,290,284                       | 2,290,284                      | -                 | 0.00%  |
| Departmental agencies and accounts                  | 129,394                         | 129,395                        | (1)               | 0.00%  |
| Higher education institutions                       |                                 |                                | -                 |  |
| Public corporations and private enterprises         | 5,082,121                       | 4,904,757                      | 177,364           | 3.49%  |
| Foreign governments and international organisations | 25,852                          | 25,622                         | 230               | 0.89%  |
| Non-profit institutions                             |                                 |                                | -                 |  |
| Households  | 4,688                           | 4,750                          | (62)              | -1.33%                                       |
| <b>Payments for capital assets</b>                  |                                 |                                |                   |  |
| Buildings and other fixed structures                |                                 |                                |                   |  |
| Machinery and equipment                             | 4,286                           | 2,934                          | 1,352             | 31.54%                                       |
| Heritage assets                                     |                                 |                                |                   |  |
| Specialised military assets                         |                                 |                                |                   |  |
| Biological assets                                   |                                 |                                |                   |  |
| Land and subsoil assets                             |                                 |                                |                   |  |
| Intangible assets                                   |                                 |                                |                   |  |
| <b>Payments for financial assets</b>                | <b>1</b>                        | <b>0</b>                       | <b>1</b>          | <b>87.31%</b>                                |

### Compensation of Employees

The budget underspending of R11.06 million emanates from unfilled vacancies following a reprioritisation approval of R15 million towards CoE granted by Treasury during the AENE process. The reprioritised amount was based on Treasury's analysis of the Department's CoE requirements to fund the headcount, fill prioritised positions and discharge outstanding obligations. In addition to the recruitment process for the four (4) vacant DDG positions, the Department also initiated a process of prioritising all vacant positions in order to incrementally fill vacancies and align filled positions with future budgets. Both processes were still underway by year-end.

### Goods and Services

The budget underspending of R10.83 million is attributable to the late receipt of invoices for services rendered and planned projects which were not initiated nor finalised during the year as anticipated. The INEP Non-grid oversight, monitoring and evaluation and the EEDSM monitoring and evaluation are such projects.

### Transfers and Subsidies

R177.53 million of the budget remained at year-end due to the delayed installation of SWH units and the late signing of contracts with INEP Non-grid service providers. From this balance, a motivation for R177.36 million to be rolled over for both projects into the 2018/19 financial year has been submitted to Treasury for approval.

### Payments for Capital Assets

The budget underspending is mainly attributable to the outstanding procurement of an official vehicle. The procurement process commenced in the 2017/18 financial year, a roll-over application has been submitted to Treasury for approval to enable the finalisation of the procurement in the 2018/19 financial year.

# NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

## 4.3 Per Conditional Grant

| Energy   | Final<br>Appropriation<br>R'000 | Actual<br>Expenditure<br>R'000 | Variance<br>R'000 | Variance as<br>a % of Final<br>Appropriation |
|--|---------------------------------|--------------------------------|-------------------|--|
| Integrated National Electrification Programme          | 2,087,048                       | 2,087,048                      | -                 | 0.00%  |
| Energy Efficiency and Demand Side Management Programme | 203,236                         | 203,236                        | -                 | 0.00%  |

# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2018

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| <b>Revenue</b>  |      |                  |                  |
| Annual appropriation  | 1    | 8,145,422        | 7,550,556        |
| Departmental revenue  | 2    | 7,994            | 956,905          |
| Aid assistance  | 3    | 54,774           | 188,267          |
| <b>Total revenue</b>  |      | <b>8,208,190</b> | <b>8,695,728</b> |
| <b>Expenditure</b>  |      |                  |                  |
| <b>Current expenditure</b>                                  |      |                  |                  |
| Compensation of employees                                   | 4    | 322,185          | 321,466          |
| Goods and services  | 5    | 264,720          | 273,184          |
| <b>Total current expenditure</b>                            |      | <b>586,905</b>   | <b>594,650</b>   |
| <b>Transfers and subsidies</b>                              |      |                  |                  |
| Transfers and subsidies                                     | 7    | 7,354,808        | 6,816,117        |
| Aid assistance  | 3    | 33,090           | 90,822           |
| <b>Total transfers and subsidies</b>                        |      | <b>7,387,898</b> | <b>6,906,939</b> |
| <b>Expenditure for capital assets</b>                       |      |                  |                  |
| Tangible assets   | 8    | 2,934            | 14,700           |
| Intangible assets   | 8    | -                | 87,347           |
| <b>Total expenditure for capital assets</b>                 |      | <b>2,934</b>     | <b>102,047</b>   |
| <b>Payments for financial assets</b>                        | 6    | -                | 28               |
| <b>Total expenditure</b>                                    |      | <b>7,977,737</b> | <b>7,603,664</b> |
| <b>Surplus/(deficit) for the year</b>                       |      | <b>230,453</b>   | <b>1,092,064</b> |
| <b>Reconciliation of net surplus/(deficit) for the year</b> |      |                  |                  |
| Voted funds   |      | 200,775          | 37,714           |
| Annual appropriation  |      | 200,775          | 37,714           |
| Conditional grants  |      |                  |                  |
| Departmental revenue and NRF Receipts                       | 15   | 7,994            | 956,905          |
| Aid assistance  | 3    | 21,684           | 97,445           |
| <b>Surplus/(deficit) for the year</b>                       |      | <b>230,453</b>   | <b>1,092,064</b> |

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| <b>Assets</b>   |      |                  |                  |
| <b>Current assets</b>   |      | <b>202,267</b>   | <b>74,191</b>    |
| Unauthorised expenditure  | 9    | 50,604           | 50,604           |
| Cash and cash equivalents   | 10   | 150,911          | 22,396           |
| Prepayments and advances  | 11   | 543              | 906              |
| Receivables   | 12   | 209              | 285              |
| <b>Non-current assets</b>   |      | <b>2,240</b>     | <b>2,238</b>     |
| Investments   | 13   | 2,205            | 2,205            |
| Receivables   | 12   | 35               | 33               |
| <b>Total assets</b>   |      | <b>204,507</b>   | <b>76,429</b>    |
| <b>Liabilities</b>  |      |                  |                  |
| <b>Current liabilities</b>  |      | <b>202,217</b>   | <b>74,117</b>    |
| Voted funds to be surrendered to the Revenue Fund                           | 14   | 200,775          | 73,458           |
| Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund | 15   | 1,352            | 406              |
| Payables  | 16   | 90               | 253              |
| <b>Non-current liabilities</b>  |      |                  |                  |
| Payables  |      |                  | -                |
| <b>Total liabilities</b>  |      | <b>202,217</b>   | <b>74,117</b>    |
| <b>Net assets</b>   |      | <b>2,290</b>     | <b>2,312</b>     |
| <b>Represented by:</b>  |      |                  |                  |
| Capitalisation reserve  |      | 2,205            | 2,205            |
| Recoverable revenue   |      | 85               | 107              |
| Retained funds  |      | -                | -                |
| Revaluation reserves  |      | -                | -                |
| <b>Total</b>  |      | <b>2,290</b>     | <b>2,312</b>     |

# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2018

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| <b>Capitalisation Reserves</b>                      |      |                  |                  |
| Opening balance                                     |      | 2,205            | 2,205            |
| Transfers:  |      |                  |                  |
| Movement in Equity                                  |      | -                | -                |
| Movement in Operational Funds                       |      | -                | -                |
| Other movements                                     |      | -                | -                |
| <b>Closing balance</b>                              |      | <b>2,205</b>     | <b>2,205</b>     |
| <b>Recoverable revenue</b>                          |      |                  |                  |
| Opening balance                                     |      | 107              | 191              |
| Transfers:  |      | (22)             | (84)             |
| Irrecoverable amounts written off                   |      |                  |                  |
| Debts revised                                       |      | (18)             | 12               |
| Debts recovered (included in departmental receipts) |      | (157)            | (160)            |
| Debts raised  |      | 153              | 64               |
| <b>Closing balance</b>                              |      | <b>85</b>        | <b>107</b>       |
| <b>Total</b>  |      | <b>2,290</b>     | <b>2,312</b>     |

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

|  | Note      | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|-----------|------------------|------------------|
| <b>Cash flows from operating activities</b>                  |           |                  |                  |
| <b>Receipts</b>  |           | <b>8,208,190</b> | <b>8,695,728</b> |
| Annual appropriated funds received                           | 1.1       | 8,145,422        | 7,550,556        |
| Departmental revenue received                                | 2         | 7,967            | 956,256          |
| Interest received  | 2.2       | 27               | 649              |
| Aid assistance received                                      | 3         | 54,774           | 188,267          |
| Net (increase)/decrease in working capital                   |           | 274              | (35,798)         |
| Surrendered to Revenue Fund                                  |           | (80,506)         | (1,082,361)      |
| Surrendered to RDP Fund/Donor                                |           | (21,684)         | (97,445)         |
| Current payments   |           | (586,905)        | (558,906)        |
| Payments for financial assets                                |           | -                | (28)             |
| Transfers and subsidies paid                                 |           | (7,387,898)      | (6,906,939)      |
| <b>Net cash flow available from operating activities</b>     | <b>17</b> | <b>131,471</b>   | <b>14,251</b>    |
| <b>Cash flows from investing activities</b>                  |           |                  |                  |
| Payments for capital assets                                  | 8         | (2,934)          | (102,047)        |
| <b>Net cash flows from investing activities</b>              |           | <b>(2,934)</b>   | <b>(102,047)</b> |
| <b>Cash flows from financing activities</b>                  |           |                  |                  |
| Increase/(decrease) in net assets                            |           | (22)             | (84)             |
| <b>Net cash flows from financing activities</b>              |           | <b>(22)</b>      | <b>(84)</b>      |
| Net increase/(decrease) in cash and cash equivalents         |           | 128,515          | (87,880)         |
| Cash and cash equivalents at beginning of period             |           | 22,396           | 110,276          |
| Unrealised gains and losses within cash and cash equivalents |           | -                | -                |
| <b>Cash and cash equivalents at end of period</b>            | <b>18</b> | <b>150,911</b>   | <b>22,396</b>    |

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the Financial Statements present fairly the Department's primary and secondary information.

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

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

## 1. Basis of Preparation

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

## 2. Going Concern

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

## 3. Presentation Currency

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

## 4. Rounding

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

## 5. Foreign Currency Translation

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

## 6. Comparative Information

### 6.1 Prior Period Comparative Information

Prior period comparative information has been presented in the current year's Financial Statements. Where necessary figures included in the prior period Financial Statements have been reclassified to

ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements.

## 6.2 Current Year Comparison with Budget

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

## 7. Revenue

### 7.1 Appropriated Funds

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

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

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

### 7.2 Departmental Revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

### 7.3 Accrued Departmental Revenue

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

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

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

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

Write-offs are made according to the Department's debt write-off policy

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

## 8. Expenditure

### 8.1 Compensation of Employees

#### 8.1.1 Salaries and Wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

#### 8.1.2 Social Contributions

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

### 8.2 Other Expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

### 8.3 Accruals and Payables not Recognised

Accruals and payables not recognised are recorded in the notes to the Financial Statements at cost at the reporting date.

### 8.4 Leases

#### 8.4.1 Operating Leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the Financial Statements.

#### 8.4.2 Finance Leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the Financial Statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any

payments made to acquire ownership at the end of the lease term, excluding interest.

## 9. Aid Assistance

### 9.1 Aid assistance Received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the Financial Statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

### 9.2 Aid Assistance Paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

## 10. Cash and Cash Equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

## 11. Prepayments and Advances

Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

## 12. Loans and Receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written off. Write-offs are made according to the Department's write-off policy.



## 13. Investments

Investments are recognised in the statement of financial position at cost.

## 14. Financial assets

### 14.1 Financial Assets (Not Covered Elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, the Department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

### 14.2 Impairment of Financial Assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the Financial Statements.

## 15. Payables

Payables recognised in the statement of financial position are recognised at cost.

## 16. Capital Assets

### 16.1 Immovable Capital Assets

Immovable assets reflected in the asset register of the Department are recorded in the notes to the Financial Statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to Financial Statements.

### 16.2 Movable Capital Assets

Movable capital assets are initially recorded in the notes to the Financial Statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

### 16.3 Intangible Assets

Intangible assets are initially recorded in the notes to the Financial Statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the Financial Statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined, the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

### 16.4 Project Costs: Work-in-Progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2018

accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the Department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

## 17. Provisions and Contingents

### 17.1 Provisions

Provisions are recorded in the notes to the Financial Statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

### 17.2 Contingent Liabilities

Contingent liabilities are recorded in the notes to the Financial Statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

### 17.3 Contingent Assets

Contingent assets are recorded in the notes to the Financial Statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

### 17.4 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the Financial Statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

## 18. Unauthorised Expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or

- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

## 19. Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the Financial Statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 20. Irregular Expenditure

Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

## 21. Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

## 22. Events after the Reporting Date

Events after the reporting date that are classified as adjusting events have been accounted for in the Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Financial Statements.

## 23. Principal-Agent Arrangements

All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the Financial Statements where appropriate.

## 24. Capitalisation Reserve

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

## 25. Recoverable Revenue

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

## 26. Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the Financial Statements when the transaction is not at arm's length.

Included in Related Party is the IPP Office (IPPO) which is established to facilitate the IPP Procurement Programmes and Interventions in

accordance with government policy and the Electricity Regulation Act which falls under the mandate of the Minister's portfolio. The IPP Office is not an entity of the Department and is also not a listed entity in terms of the PFMA; however, the Department has influence over the work of the IPPO due to the nature of services of the IPPO which are derived from the mandate of the Department. The operations of IPPO have a significant impact on the mandate of the Department and as such, it is included in the Annual Financial Statements of the Department as a related party to achieve fair presentation of the Financial Statements.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The number of individuals and their full compensation is recorded in the notes to the Financial Statements.

## 27. Inventories

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

## 28. Public-Private Partnerships

Public-Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department are recorded in the notes to the Financial Statements.

## 29. Employee Benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the employee benefits note.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 1. Annual Appropriation

### 1.1 Annual Appropriation

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

|                                      | 2017/18             |                       |                                  | 2016/17             |                        |
|--------------------------------------|---------------------|-----------------------|----------------------------------|---------------------|------------------------|
|                                      | Final Appropriation | Actual Funds Received | Funds not requested/not received | Final Appropriation | Appropriation received |
|                                      | R'000               | R'000                 | R'000                            | R'000               | R'000                  |
| Administration                       | 278,060             | 263,561               | 14,499                           | 247,018             | 244,822                |
| Energy Policy and Planning           | 43,119              | 46,668                | (3,549)                          | 40,164              | 43,518                 |
| Petroleum and Petroleum Products     | 78,748              | 81,828                | (3,080)                          | 79,001              | 77,528                 |
| Electrification and Energy Programme | 6,219,580           | 6,219,980             | (400)                            | 5,714,645           | 5,705,155              |
| Nuclear Energy                       | 795,425             | 790,875               | 4,550                            | 879,834             | 880,141                |
| Clean Energy                         | 730,490             | 742,510               | (12,020)                         | 589,894             | 599,392                |
| <b>Total</b>                         | <b>8,145,422</b>    | <b>8,145,422</b>      | <b>-</b>                         | <b>7,550,556</b>    | <b>7,550,556</b>       |

## 2. Departmental Revenue

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| Sales of goods and services other than capital assets | 2.1  | 3,998            | 4,209            |
| Interest, dividends and rent on land                  | 2.2  | 27               | 649              |
| Transactions in financial assets and liabilities      | 2.3  | 1,743            | 950,302          |
| Transfer received                                     | 2.4  | 2,226            | 1,745            |
| Total revenue collected                               |      | 7,994            | 956,905          |
| <b>Departmental revenue collected</b>                 |      | <b>7,994</b>     | <b>956,905</b>   |

### 2.1 Sales of Goods and Services other than Capital Assets

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
|  | 2    |                  |                  |
| Sales of goods and services produced by the department |      | 3,997            | 4,209            |
| Sales by market establishment                          |      | 140              | 144              |
| Administrative fees                                    |      | 3,729            | 3,944            |
| Other sales  |      | 128              | 121              |
| Sales of scrap, waste and other used current goods     |      | 1                | -                |
| <b>Total</b>   |      | <b>3,998</b>     | <b>4,209</b>     |

## 2.2 Interest, Dividends and Rent on Land

|              | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--------------|------|------------------|------------------|
| Interest     | 2    | 27               | 649              |
| <b>Total</b> |      | <b>27</b>        | <b>649</b>       |

## 2.3 Transactions in Financial Assets and Liabilities

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| Receivables                                   | 2    | 134              | 127              |
| *Other receipts including recoverable revenue |      | 1,609            | 950,175          |
| <b>Total</b>                                  |      | <b>1,743</b>     | <b>950,302</b>   |

\*Revenue in 2016/17 is significantly higher due to a second and final receipt of R950 million from Eskom as unspent funds from the SWHP following the termination of Eskom as the implementing agent.

## 2.4 Transfers Received

|                          | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--------------------------|------|------------------|------------------|
| Other governmental units | 2    | 2,226            | 1,745            |
| <b>Total</b>             |      | <b>2,226</b>     | <b>1,745</b>     |

## 3. Aid Assistance

|   | Note     | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|----------|------------------|------------------|
| Opening balance                                     |          |                  |                  |
| Revenue   | Annex 1F | 54,774           | 188,267          |
| Expenditure   | Annex 1F | 33,090           | 90,822           |
| Transferred from statement of financial performance |          | 21,684           | 97,445           |
| Paid during the year*                               | Annex 1F | (21,684)         | (97,445)         |
| <b>Closing balance</b>                              |          | <b>-</b>         | <b>-</b>         |

\*Funds amounting to R21,684 million were surrendered to the RDP Fund during the current financial year.

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## 3.1 Aid Assistance Expenditure per Economic Classification

|                        | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|------------------------|------|------------------|------------------|
| Transfer and subsidies |      | 33,090           | 90,822           |
| <b>Closing balance</b> |      | <b>33,090</b>    | <b>90,822</b>    |

## 4. Compensation of Employees

### 4.1 Salaries and Wages

|                                  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|----------------------------------|------|------------------|------------------|
| Basic salary                     |      | 218,162          | 215,443          |
| Performance award                |      | 4,813            | 4,553            |
| Service based                    |      | 244              | 443              |
| Compensative/circumstantial      |      | 6,477            | 10,050           |
| Periodic payments                |      | 178              | 26               |
| Other non-pensionable allowances |      | 53,370           | 52,745           |
| <b>Total</b>                     |      | <b>283,244</b>   | <b>283,260</b>   |

### 4.2 Social Contributions

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
| Employer contributions                 |      |                  |                  |
| Pension                                |      | 28,102           | 27,480           |
| Medical                                |      | 10,767           | 10,683           |
| UIF                                    |      | -                | -                |
| Bargaining council                     |      | 44               | 43               |
| Insurance                              |      | 28               | -                |
| <b>Total</b>                           |      | <b>38,941</b>    | <b>38,206</b>    |
| <b>Total compensation of employees</b> |      | <b>322,185</b>   | <b>321,466</b>   |
| <b>Average number of employees</b>     |      | <b>540</b>       | <b>589</b>       |

## 5. Goods and Services

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| Administrative fees                                       |      | 3,653            | 4,650            |
| Advertising   |      | 2,016            | 8,362            |
| Minor assets  | 5.1  | 280              | 833              |
| Bursaries (employees)                                     |      | 618              | 555              |
| Catering  |      | 1,745            | 2,546            |
| Communication   |      | 9,023            | 8,517            |
| Computer services   | 5.2  | 11,740           | 10,658           |
| Consultants: Business and advisory services*              |      | 30,379           | 102,502          |
| Legal services  |      | 4,984            | 2,451            |
| Contractors   |      | 1,100            | 2,206            |
| Agency and support / outsourced services                  |      | 189              | 1,096            |
| Entertainment   |      | 14               | 8                |
| Audit cost – external                                     | 5.3  | 4,542            | 3,805            |
| Fleet services  |      | 1,333            | 1,275            |
| Consumables   | 5.4  | 3,568            | 5,754            |
| Operating leases*   |      | 35,228           | 38,955           |
| Property payments   | 5.5  | 6,953            | 8,851            |
| Rental and hiring   |      | 68               | -                |
| Transport provided as part of the departmental activities |      | 73               | 294              |
| Travel and subsistence                                    | 5.6  | 43,736           | 52,019           |
| Venues and facilities                                     |      | 8,566            | 9,818            |
| Training and development                                  |      | 3,409            | 4,041            |
| Other operating expenditure                               | 5.7  | 91,503           | 3,988            |
| <b>Total</b>  |      | <b>264,720</b>   | <b>273,184</b>   |

\* Expenditure for consultants was high in 2016/17 due to Transactional Advisory Services procured for the Nuclear New Build Programme which was paid R76.2 million in 2016/17.

\* Operating leases comprise lease payments for office accommodation, GG vehicles, and photocopiers.

### 5.1 Minor Assets

|                         | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-------------------------|------|------------------|------------------|
|                         | 5    |                  |                  |
| Tangible assets         |      | 280              | 833              |
| Machinery and equipment |      | 280              | 833              |
| Intangible assets       |      | -                | -                |
| <b>Total</b>            |      | <b>280</b>       | <b>833</b>       |

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## 5.2 Computer Services

|                                     | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-------------------------------------|------|------------------|------------------|
|                                     | 5    |                  |                  |
| SITA computer services              |      | 8,602            | 5,627            |
| External computer service providers |      | 3,138            | 5,031            |
| <b>Total</b>                        |      | <b>11,740</b>    | <b>10,658</b>    |

## 5.3 Audit Cost – External

|                   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-------------------|------|------------------|------------------|
|                   | 5    |                  |                  |
| Regularity audits |      | 4,067            | 3,650            |
| Computer audits   |      | 475              | 155              |
| <b>Total</b>      |      | <b>4,542</b>     | <b>3,805</b>     |

## 5.4 Consumables

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
|  | 5    |                  |                  |
| Consumable supplies                      |      | 742              | 1,032            |
| Uniform and clothing                     |      | 46               | 267              |
| Household supplies                       |      | 347              | 538              |
| Building material and supplies           |      | 168              | 31               |
| Communication accessories                |      | 1                | -                |
| IT consumables                           |      | 103              | 37               |
| Other consumables*                       |      | 77               | 159              |
| Stationery, printing and office supplies |      | 2,826            | 4,722            |
| <b>Total</b>                             |      | <b>3,568</b>     | <b>5,754</b>     |

\*Other consumables includes gifts and awards, flags and accessories

## 5.5 Property Payments

|                                  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|----------------------------------|------|------------------|------------------|
|                                  | 5    |                  |                  |
| Municipal services               |      | 3,162            | 4,672            |
| Property management fees         |      | 35               | -                |
| Property maintenance and repairs |      | -                | 18               |
| Other*                           |      | 3,756            | 4,161            |
| <b>Total</b>                     |      | <b>6,953</b>     | <b>8,851</b>     |

\*Property payments, "Other" includes cleaning services, security services and municipality services



## 5.6 Travel and Subsistence

|              | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--------------|------|------------------|------------------|
|              | 5    |                  |                  |
| Local        |      | 31,788           | 42,632           |
| Foreign      |      | 11,948           | 9,387            |
| <b>Total</b> |      | <b>43,736</b>    | <b>52,019</b>    |

## 5.7 Other Operating Expenditure

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
|   | 5    |                  |                  |
| Professional bodies, membership and subscription fees |      | 509              | 519              |
| Resettlement costs                                    |      | 3                | 520              |
| Other*  |      | 90,991           | 2,949            |
| <b>Total</b>  |      | <b>91,503</b>    | <b>3,988</b>     |

\* Included in other operating expenditure is additional storage fees amounting to R89 million for Solar Water Heater Units. Part of the amount is disclosed as fruitless and wasteful expenditure in Note 26.3.

## 6. Payments for Financial Assets

|                                   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-----------------------------------|------|------------------|------------------|
|                                   |      |                  |                  |
| Other material losses written off | 6.2  | -                | 27               |
| Debts written off                 | 6.1  | -                | 1                |
| <b>Total</b>                      |      | <b>-</b>         | <b>28</b>        |

### 6.1 Other Material Losses Written Off

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
|  | 6    |                  |                  |
| <b>Nature of losses</b>  |      |                  |                  |
| Fruitless and wasteful expenditure (interest paid on membership fees and pension fund) |      | -                | 27               |
| <b>Total</b>   |      | <b>-</b>         | <b>27</b>        |

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## 7. Transfers and Subsidies

|   | Note     | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|----------|------------------|------------------|
| Provinces and municipalities                        | 31       | 2,290,284        | 2,131,871        |
| Departmental agencies and accounts                  | Annex 1B | 129,395          | 72,546           |
| Foreign governments and international organisations | Annex 1D | 25,622           | 25,003           |
| Public corporations and private enterprises         | Annex 1C | 4,904,757        | 4,583,719        |
| Households  | Annex 1E | 4,750            | 2,978            |
| <b>Total</b>  |          | <b>7,354,808</b> | <b>6,816,117</b> |

## 8. Expenditure for Capital Assets

|                         | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-------------------------|------|------------------|------------------|
| Tangible assets         |      | 2,934            | 14,700           |
| Machinery and equipment | 29.1 | 2,934            | 14,700           |
| Intangible assets       |      | -                | 87,347           |
| Software                | 30.1 | -                | 87,347           |
| <b>Total</b>            |      | <b>2,934</b>     | <b>102,047</b>   |

### 8.1 Analysis of Funds Utilised to Acquire Capital Assets – 2017/18

|                         | Voted funds<br>R'000 | Aid assistance<br>R'000 | Total<br>R'000 |
|-------------------------|----------------------|-------------------------|----------------|
| Tangible assets         | 2,934                | -                       | 2,934          |
| Machinery and equipment | 2,934                | -                       | 2,934          |
| Intangible assets       | -                    | -                       | -              |
| <b>Total</b>            | <b>2,934</b>         | <b>-</b>                | <b>2,934</b>   |

### 8.2 Analysis of Funds Utilised to Acquire Capital Assets – 2016/17

|                         | Voted funds<br>R'000 | Aid assistance<br>R'000 | Total<br>R'000 |
|-------------------------|----------------------|-------------------------|----------------|
| Tangible assets         | 14,700               |                         | 14,700         |
| Machinery and equipment | 14,700               | -                       | 14,700         |
| Intangible assets       | 87,347               |                         | 87,347         |
| Software                | 87,347               | -                       | 87,347         |
| <b>Total</b>            | <b>102,047</b>       | <b>-</b>                | <b>102,047</b> |

## 9. Unauthorised Expenditure

### 9.1 Reconciliation of Unauthorised Expenditure

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| Opening balance                                       |      | 50,604           | 14,860           |
| Prior period error                                    |      | -                | -                |
| As restated   |      | 50,604           | 14,860           |
| Unauthorised expenditure – discovered in current year |      | -                | 35,744           |
| <b>Closing balance</b>                                |      | <b>50,604</b>    | <b>50,604</b>    |
| <b>Analysis of closing balance</b>                    |      |                  |                  |
| Unauthorised expenditure awaiting authorisation       |      | 50,604           | 50,604           |
| <b>Total</b>  |      | <b>50,604</b>    | <b>50,604</b>    |

### 9.2 Analysis of Unauthorised Expenditure Awaiting Authorisation per Economic Classification

|                         | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-------------------------|------------------|------------------|
| Capital                 | 34,740           | 34,740           |
| Current                 | (461)            | (461)            |
| Transfers and subsidies | 16,325           | 16,325           |
| <b>Total</b>            | <b>50,604</b>    | <b>50,604</b>    |

### 9.3 Analysis of Unauthorised Expenditure Awaiting Authorisation per Type

|   | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------------------|------------------|
| Unauthorised expenditure relating to overspending of the a main division –<br>Programme 1– Administration within a vote in the 2016/17 financial year | 35,744           | 35,744           |
| Unauthorised expenditure incurred not in accordance with the purpose of the vote or<br>main division in the 2010/11 financial year                    | 14,860           | 14,860           |
| <b>Total</b>  | <b>50,604</b>    | <b>50,604</b>    |

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## 9.4 Unauthorised Expenditure Split into Current and Non-current Asset

| Details   | 2017/18          |                      |                | 2016/17          |                      |                |
|---|------------------|----------------------|----------------|------------------|----------------------|----------------|
|   | Current<br>R'000 | Non-current<br>R'000 | Total<br>R'000 | Current<br>R'000 | Non-current<br>R'000 | Total<br>R'000 |
| Unauthorised expenditure relating to overspending of the main division – Programme 1 – Administration | 35,744           | -                    | 35,744         | 35,744           | -                    | 35,744         |
| Unauthorised expenditure relating to overspending of the vote or main division within the vote        | -                | 14,860               | 14,860         | -                | 14,860               | 14,860         |
| <b>Total</b>  | <b>35,744</b>    | <b>14,860</b>        | <b>50,604</b>  | <b>35,744</b>    | <b>14,860</b>        | <b>50,604</b>  |

\* The unauthorised expenditure incurred in 2016/17 of R35.744 million relates to overspending in the main division of the vote being Programme 1 – Administration within the vote.

## 10. Cash and cash equivalents

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
| Consolidated paymaster general account |      | 150,815          | 22,271           |
| Cash on hand                           |      | 46               | 46               |
| Investments (Domestic)                 |      | 50               | 79               |
| <b>Total</b>                           |      | <b>150,911</b>   | <b>22,396</b>    |

## 11. Prepayments and Advances

|                              | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|------------------------------|------|------------------|------------------|
| Staff advances               |      |                  |                  |
| Travel and subsistence       |      | 15               | 35               |
| Advances paid (Not expensed) | 11   | 528              | 871              |
| <b>Total</b>                 |      | <b>543</b>       | <b>906</b>       |

### 11.1 Advances Paid (Not expensed)

|                      | Note | Balance as at<br>1 April 2017<br>R'000 | Less: Amount<br>Expensed in<br>Current Year<br>R'000 | Add:<br>Current Year<br>Prepayments<br>R'000 | Balance as at<br>31 March 2018<br>R'000 |
|----------------------|------|--|--|--|---|
| National departments |      | 871                                    | 3,536  | 3,193  | 528                                     |
| <b>Total</b>         |      | <b>871</b>                             | <b>3,536</b>   | <b>3,193</b>                                 | <b>528</b>                              |

## 11.2 Prepayments (Expensed)

|                    | Note | Amount as at<br>1 April 2017<br>R'000 | Less: Received in<br>the Current Year<br>R'000 | Add: Current Year<br>Prepayments<br>R'000 | Amount as at<br>31 March 2018<br>R'000 |
|--------------------|------|---------------------------------------|--|---|--|
| Goods and services |      | -                                     | -  | 339                                       | 339                                    |
| <b>Total</b>       |      | -                                     | -  | <b>339</b>                                | <b>339</b>                             |

Prepayment was for training of officials, according to the Service Level Agreements attendance fee was payable prior to attendance of the course.

## 12. Receivables

|                         | Note | 2017/18          |                      |                | 2016/17          |                      |                |
|-------------------------|------|------------------|----------------------|----------------|------------------|----------------------|----------------|
|                         |      | Current<br>R'000 | Non-current<br>R'000 | Total<br>R'000 | Current<br>R'000 | Non-current<br>R'000 | Total<br>R'000 |
| Claims recoverable      | 12.1 | 30               | -                    | 30             | 15               | -                    | 15             |
| Recoverable expenditure | 12.2 | 35               | -                    | 35             | -                | -                    | -              |
| Staff debt              | 12.3 | 144              | 35                   | 179            | 270              | 33                   | 303            |
| <b>Total</b>            |      | <b>209</b>       | <b>35</b>            | <b>244</b>     | <b>285</b>       | <b>33</b>            | <b>318</b>     |

### 12.1 Claims Recoverable

|                      | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|----------------------|------|------------------|------------------|
| National departments | 12   | -                | 15               |
| Public entities      |      | 30               | -                |
| <b>Total</b>         |      | <b>30</b>        | <b>15</b>        |

### 12.2 Recoverable Expenditure (Disallowance Accounts)

|              | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--------------|------|------------------|------------------|
| Sal. Pension | 12   | 35               | -                |
| <b>Total</b> |      | <b>35</b>        | <b>-</b>         |

### 12.3 Staff Debt

|               | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---------------|------|------------------|------------------|
| Staff debtors | 12   | 179              | 303              |
| <b>Total</b>  |      | <b>179</b>       | <b>303</b>       |

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## 12.4 Fruitless and Wasteful Expenditure

|                          | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--------------------------|------|------------------|------------------|
| Opening balance          | 12   | -                | 27               |
| Less amounts recovered   |      |                  |                  |
| Less amounts written off |      | -                | (27)             |
| <b>Total</b>             |      | <b>-</b>         | <b>-</b>         |

## 13. Investments

|  | Note     | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|----------|------------------|------------------|
| <b>Non-current</b>                         |          |                  |                  |
| <b>Shares and other equity</b>             |          |                  |                  |
| Nuclear Energy Corporation of South Africa | Annex 2A | 2,205            | 2,205            |
| <b>Total</b>                               |          | <b>2,205</b>     | <b>2,205</b>     |
| <b>Securities other than shares</b>        |          | 2,205            | 2,205            |
| <b>Total non-current</b>                   |          | <b>2,205</b>     | <b>2,205</b>     |
| <b>Analysis of non-current investments</b> |          |                  |                  |
| Opening balance                            |          | 2,205            | 2,205            |
| Additions in cash                          |          |                  |                  |
| Disposals for cash                         |          |                  |                  |
| Non-cash movements                         |          |                  |                  |
| <b>Closing balance</b>                     |          | <b>2,205</b>     | <b>2,205</b>     |

The Department holds 2 205 000 shares in its entity, the South African Nuclear Energy Corporation Limited (Necsa). Investments are recorded at cost in terms of the accounting policy. Refer to Annexure 2A for the net assets value as at 31 March 2017.

## 14. Voted Funds to be Surrendered to the Revenue Fund

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
| Opening balance  |      | 73,458           | 125,502          |
| As restated  |      | 73,458           | 125,502          |
| Transfer from statement of financial performance (as restated) |      | 200,775          | 37,714           |
| Add: Unauthorised expenditure for current year                 | 9    | -                | 35,744           |
| Paid during the year   |      | (73,458)         | (125,502)        |
| <b>Closing balance</b>   |      | <b>200,775</b>   | <b>73,458</b>    |

## 15. Departmental Revenue and NRF Receipts to be Surrendered to the Revenue Fund

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
| Opening balance  |      | 406              | 360              |
| As restated  |      | 406              | 360              |
| Transfer from statement of financial performance (as restated) |      | 7,994            | 956,905          |
| Paid during the year   |      | (7,048)          | (956,859)        |
| <b>Closing balance</b>   |      | <b>1,352</b>     | <b>406</b>       |

## 16. Payables – Current

|                   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-------------------|------|------------------|------------------|
| Clearing accounts | 16.1 | 25               | 28               |
| Other payables    | 16.2 | 65               | 225              |
| <b>Total</b>      |      | <b>90</b>        | <b>253</b>       |

### 16.1 Clearing Accounts

|                       | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-----------------------|------|------------------|------------------|
| Sal: Reversal Control | 16   | -                | 8                |
| Sal: Income tax       |      | 25               | 20               |
| <b>Total</b>          |      | <b>25</b>        | <b>28</b>        |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 16.2 Other Payables

|                      | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|----------------------|------|------------------|------------------|
| Licence fee received | 16   | 65               | 225              |
| <b>Total</b>         |      | <b>65</b>        | <b>225</b>       |

## 17. Net Cash flow Available from Operating Activities

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
| Net surplus/(deficit) as per statement of financial performance  |      | 230,453          | 1,092,064        |
| Add back non cash/cash movements not deemed operating activities |      | (98,982)         | (1,077,813)      |
| (Increase)/decrease in receivables – current                     |      | 74               | 112              |
| (Increase)/decrease in prepayments and advances                  |      | 363              | 117              |
| Increase/(decrease) in payables – current                        |      | (163)            | (283)            |
| Expenditure on capital assets                                    |      | 2,934            | 102,047          |
| Surrenders to Revenue Fund                                       |      | (80,506)         | (1,082,361)      |
| Surrenders to RDP Fund/Donor                                     |      | (21,684)         | (97,445)         |
| <b>Net cash flow generated by operating activities</b>           |      | <b>131,471</b>   | <b>14,251</b>    |

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

|  | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------------------|------------------|
| Consolidated paymaster general account | 150,815          | 22,271           |
| Cash on hand                           | 46               | 46               |
| Cash with commercial banks (Local)     | 50               | 79               |
| <b>Total</b>                           | <b>150,911</b>   | <b>22,396</b>    |



## 19. Contingent Liabilities and Contingent Assets

### 19.1 Contingent Liabilities

|                               | Note     | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-------------------------------|----------|------------------|------------------|
| <b>Liable to nature</b>       |          |                  |                  |
| Other guarantees              | Annex 3A | 20,000           | 20,000           |
| Claims against the department | Annex 3B | 82,330           | 76,578           |
| <b>Total</b>                  |          | <b>102,330</b>   | <b>96,578</b>    |

## 20. Commitments

|                            | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|----------------------------|------|------------------|------------------|
| <b>Current expenditure</b> |      |                  |                  |
| Approved and contracted    |      | 161,550          | 183,357          |
|                            |      | <b>161,550</b>   | <b>183,357</b>   |
| <b>Capital expenditure</b> |      |                  |                  |
| Approved and contracted    |      | 1,040            | -                |
|                            |      | <b>1,040</b>     |                  |
| <b>Total commitments</b>   |      | <b>162,590</b>   | <b>183,357</b>   |

## 21. Accruals and Payables not Recognised

### 21.1 Accruals

|  | 30 Days       | 30+ Days      | 2017/18<br>R'000<br>Total | 2016/17<br>R'000<br>Total |
|--|---------------|---------------|---------------------------|---------------------------|
| <b>Listed by economic classification</b> |               |               |                           |                           |
| Goods and services                       | 14,513        | 15,205        | 29,718                    | 7,097                     |
| Transfers and subsidies                  | -             | 4,194         | 4,194                     | 25,262                    |
| <b>Total</b>                             | <b>14,513</b> | <b>19,399</b> | <b>33,912</b>             | <b>32,359</b>             |

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## 21.1 Accruals (continued)

|  | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------------------|------------------|
| <b>Listed by programme level</b>   |                  |                  |
| Programme 1: Administration  | 10,275           | 4,422            |
| Programme 2: Energy Policy and Planning                                  | 664              | 739              |
| Programme 3: Petroleum and Petroleum Products Regulation                 | 2,300            | 580              |
| Programme 4: Electrification and Energy Programme and Project Management | 5,415            | 18,581           |
| Programme 5: Nuclear Energy  | 12,439           | 94               |
| Programme 6: Clean Energy  | 2,819            | 7,943            |
| <b>Total</b>   | <b>33,912</b>    | <b>32,359</b>    |

## 21.2 Payables not Recognised

|  | 30 Days     | 30+<br>Days   | 2017/18<br>R'000<br>Total | 2016/17<br>R'000<br>Total |
|--|-------------|---------------|---------------------------|---------------------------|
| <b>Listed by economic classification</b> |             |               |                           |                           |
| Goods and services                       | 434         | -             | 434                       | 26,246                    |
| Transfers and subsidies                  | 6,939       | 9,235         | 16,174                    | 52,391                    |
| Capital assets                           | -           | 65,265        | 65,265                    | -                         |
| <b>Total</b>                             | <b>7372</b> | <b>74,500</b> | <b>81,873</b>             | <b>78,638</b>             |

|  | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------------------|------------------|
| <b>Listed by programme level</b>   |                  |                  |
| Programme 1: Administration  | -                | 326              |
| Programme 2: Energy Policy and Planning                                  | -                | 17               |
| Programme 3: Petroleum and Petroleum Products Regulation                 | 434              | 1,839            |
| Programme 4: Electrification and Energy Programme and Project Management | 16,174           | 18,832           |
| Programme 5: Nuclear Energy  | 65,265           | 24,000           |
| Programme 6: Clean Energy  | -                | 33,624           |
| <b>Total</b>   | <b>81,873</b>    | <b>78,638</b>    |

Included in the above totals are the following:

|   | Note    | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|---------|------------------|------------------|
| Confirmed balances with other departments         | Annex 5 | 5,567            | 1,040            |
| Confirmed balances with other government entities | Annex 5 | 1                | 5                |
| <b>Total</b>                                      |         | <b>5,568</b>     | <b>1,045</b>     |

## 22. Employee Benefits

|                                   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|-----------------------------------|------|------------------|------------------|
| Leave entitlement                 |      | 12,382           | 12,737           |
| Service bonus (Thirteenth cheque) |      | 7,682            | 7,655            |
| Performance awards                |      | 4,999            | 4,774            |
| Capped leave commitments          |      | 2,045            | 2,002            |
| Other                             |      | 268              | 438              |
| <b>Total</b>                      |      | <b>27,376</b>    | <b>27,606</b>    |

\* The leave entitlement does not include the leave with credit balances. The leave with credit balances amounts to R314 085.07.

\* The performance awards amount is based on the allowed percentage of 1.5 of the total compensation of employees' budget

## 23. Lease Commitments

### 23.1 Operating Leases

|  | Specialised<br>Military<br>Equipment<br>R'000 | Land<br>R'000 | Buildings and<br>Other Fixed<br>Structures<br>R'000 | Machinery and<br>Equipment<br>R'000 | Total<br>R'000 |
|--|---|---------------|---|-------------------------------------|----------------|
| <b>2017/18</b>                               |   |               |   |                                     |                |
| Not later than 1 year                        |   |               | 35,919  | 4,792                               | 40,711         |
| Later than 1 year and not later than 5 years |   |               | 133,610   | 3,481                               | 137,091        |
| Later than five years                        |   |               | 2,499   | -                                   | 2,499          |
| <b>Total lease commitments</b>               |   |               | <b>172,028</b>                                      | <b>8,273</b>                        | <b>180,301</b> |

|  | Specialised<br>Military<br>Equipment<br>R'000 | Land<br>R'000 | Buildings and<br>Other Fixed<br>Structures<br>R'000 | Machinery and<br>Equipment<br>R'000 | Total<br>R'000 |
|--|---|---------------|---|-------------------------------------|----------------|
| <b>2016/17</b>                               |   |               |   |                                     |                |
| Not later than 1 year                        |   |               | 34,043  | 5,577                               | 39,620         |
| Later than 1 year and not later than 5 years |   |               | 168,095   | 4,808                               | 172,903        |
| Later than five years                        |   |               | 3,933   | -                                   | 3,933          |
| <b>Total lease commitments</b>               |   |               | <b>206,071</b>                                      | <b>10,385</b>                       | <b>216,456</b> |

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- (a) The lease commitments for building and other fixed structures include a lease contract for the head office building that the Department is disputing the square meterage (m<sup>2</sup>.) thereof.

The varying square meterage could result in an overpayment which is estimated at R12.978 million, calculated from the commencement of the lease in 2011/12 to 2017/18. The matter is under investigation. The outcome of the investigation might result in a debt with the Department of Public Works which can affect future disclosures.

- (b) Machinery and equipment lease commitments include R10 727, for a leased vehicle which is no longer in the possession of the Department with effect from 18 May 2018. The matter is under investigation.

- (c) The 2016/17 balance on lease commitments for machinery and equipment is restated from R5.255 million to R5.577 million in not later than 1 year classification resulting in total balance changing from R39.298 million to R 39.620 million.

## 24. Accrued Departmental Revenue

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| Sales of goods and services other than capital assets |      | 3,750            | 2,877            |
| <b>Total</b>  |      | <b>3,750</b>     | <b>2,877</b>     |

### 24.1 Analysis of Accrued Departmental Revenue

|                        | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|------------------------|------|------------------|------------------|
| Opening balance        |      | 2,877            | 2,644            |
| Less: amounts received |      | 2,678            | 3,017            |
| Add: amounts recorded  |      | 3,551            | 3,250            |
| <b>Closing balance</b> |      | <b>3,750</b>     | <b>2,877</b>     |

## 25. Irregular Expenditure

### 25.1 Reconciliation of Irregular Expenditure

|  | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------|------------------|------------------|
| Opening balance  |      | 76,482           | -                |
| As restated  |      | 76,482           | 76,824           |
| Add: Irregular expenditure – relating to prior year            |      | -                | -                |
| Add: Irregular expenditure – relating to current year          |      | 12,688           | -                |
| Less: Current year amounts condoned                            |      | -                | (341)            |
| <b>Closing balance</b>   |      | <b>89,170</b>    | <b>76,482</b>    |
| <b>Analysis of awaiting condonation per age classification</b> |      |                  |                  |
| <b>Current year</b>  |      | 12,688           | 76,482           |
| Prior years  |      | 76,482           | -                |
| <b>Total</b>   |      | <b>89,170</b>    | <b>76,482</b>    |

## 25.2 Details of Irregular Expenditure – Added Current Year (Relating to Current and Prior Years)

| Incident   | Disciplinary steps taken/criminal proceedings | 2017/18<br>R'000 |
|--|---|------------------|
| SCM processes not fully complied when participating in TR16A6.6 for procuring Transactional Advisory Services for the Nuclear New Built Programme (NNBP) | Investigations underway                       | 11,745           |
| SCM processes not complied with when procuring travel and accommodation services   | Investigation underway                        | 943              |
| <b>Total</b>   |   | <b>12,688</b>    |

## 26. Fruitless and Wasteful Expenditure

### 26.1 Reconciliation of Fruitless and Wasteful Expenditure

|   | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---|------|------------------|------------------|
| Opening balance   |      | 16               | -                |
| As restated   |      | 16               | -                |
| Fruitless and wasteful expenditure – relating to prior year   |      | -                | 7                |
| Fruitless and wasteful expenditure – relating to current year |      | 89,183           | 9                |
| Less: Amounts resolved  |      | (56)             | -                |
| <b>Closing balance</b>  |      | <b>89,143</b>    | <b>16</b>        |

### 26.2 Analysis of awaiting resolution per economic classification

|              | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--------------|------|------------------|------------------|
| Current      |      | 89,143           | 16               |
| <b>Total</b> |      | <b>89,143</b>    | <b>16</b>        |

### 26.3 Analysis of Current Year's (Relating to Current and Prior Years) Fruitless and Wasteful Expenditure

| Incident                                   | Disciplinary steps taken/criminal proceedings | 2017/18<br>R'000 |
|--|---|------------------|
| Traffic fines                              | Cases are under investigation                 | 8                |
| No shows                                   | Cases are under investigation                 | 48               |
| Other – Additional storage solar geysers.* | Investigation will be underway                | 89,128           |
| <b>Total</b>                               |   | <b>89,183</b>    |

\* Additional storage relates to the cost of storing solar water heaters.

\* Expenditure incurred in the period under review is R89 million as disclosed in Note 5.7 and is regarded as fruitless and wasteful as it is deemed to have been avoidable.

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## 27. Related Party Transactions

|               | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|---------------|------|------------------|------------------|
| Payments made |      |                  |                  |
| Transfers     |      | -                | 670,899          |
| <b>Total</b>  |      | -                | <b>670,899</b>   |

|                            | Note | 2017/18<br>R'000 | 2016/17<br>R'000 |
|----------------------------|------|------------------|------------------|
| Guarantees issued/received |      |                  |                  |
| Guarantees issued – Necsa  |      | 20,000           | 20,000           |
| <b>Total</b>               |      | <b>20,000</b>    | <b>20,000</b>    |

| Entity/Departments                            | Relationship                           |
|---|--|
| CEF–State Owned Entity of Depart of Energy    | State Owned Entity (SOE) of Department |
| Necsa–State Owned Entity of Depart of Energy  | SOE of Department                      |
| NERSA–State Owned Entity of Depart of Energy  | SOE of Department                      |
| NNR–State Owned Entity of Depart of Energy    | SOE of Department                      |
| NRWDI–State Owned Entity of Depart of Energy  | SOE of Department                      |
| SANEDI–State Owned Entity of Depart of Energy | SOE of Department                      |
| Independent Power Producers Office (IPPO)     |  |

There is a Memorandum of Agreement (MoA) between the Department of Energy, the National Treasury and the Development of Southern Africa Limited (DBSA) for co-ordinated support, management and facilitation of the implementation of the Independent Power Producers (IPP) Procurement Programmes and interventions through the IPP Office, within the context of their respective statutory mandates, policy objectives, powers, functions, duties and accountability.

The Department influences the operations of the IPP Office due to the nature of service of the IPP Office which is derived from the mandate of the Department and its operations have a significant impact on the said mandate. However, there are no financial transactions between the Department and the IPP Office. The IPP Office's financial statements will be consolidated in the national consolidation for entities, and subject to its own independent audit.

## 28. Key Management Personnel

|  | No. of<br>Individuals | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|-----------------------|------------------|------------------|
| Political office bearers                 | 4                     | 4,788            | 4,211            |
| Officials:                               |                       |                  |                  |
| Level 15 to 16                           | 14                    | 16,908           | 15,426           |
| Level 14 (incl. CFO if at a lower level) | 21                    | 19,491           | 22,256           |
| <b>Total</b>                             |                       | <b>41,187</b>    | <b>41,894</b>    |

## 29. Movable Tangible Capital Assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2018

|  | Opening<br>Balance<br>R'000 | Value<br>adjustments<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing<br>Balance<br>R'000 |
|--|-----------------------------|-------------------------------|--------------------|--------------------|-----------------------------|
| <b>Heritage assets</b>                       | <b>222</b>                  | -                             | -                  | -                  | <b>222</b>                  |
| Heritage assets                              | 222                         | -                             | -                  | -                  | 222                         |
| <b>Machinery and equipment</b>               | <b>60,802</b>               | -                             | <b>2,934</b>       | <b>3,355</b>       | <b>60,381</b>               |
| Transport assets                             | 3,035                       |                               | 970                | -                  | 4,005                       |
| Computer equipment                           | 38,067                      |                               | 1,535              | 1,818              | 37,785                      |
| Furniture and office equipment               | 14,581                      |                               | 405                | 1,413              | 13,574                      |
| Other machinery and equipment                | 5,118                       |                               | 23                 | 125                | 5,017                       |
| <b>Total movable tangible capital assets</b> | <b>61,024</b>               | -                             | <b>2,934</b>       | <b>3,355</b>       | <b>60,603</b>               |

### 29.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2018

|   | Cash<br>R'000 | Non-cash<br>R'000 | (Capital Work in<br>Progress Current<br>Costs and<br>Finance Lease<br>Payments)<br>R'000 | Received<br>Current, Not paid<br>(Paid Current<br>Year, Received<br>Prior Year)<br>R'000 | Total<br>R'000 |
|---|---------------|-------------------|--|--|----------------|
| <b>Machinery and equipment</b>                            | <b>2,934</b>  | -                 | -  | -  | <b>2,934</b>   |
| Transport assets  | 970           | -                 | -  | -  | 970            |
| Computer equipment  | 1,535         | -                 | -  | -  | 1,535          |
| Furniture and office equipment                            | 405           | -                 | -  | -  | 405            |
| Other machinery and equipment                             | 23            | -                 | -  | -  | 23             |
| <b>Total additions to movable tangible capital assets</b> | <b>2,934</b>  | -                 | -  | -  | <b>2,934</b>   |

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## 29.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2018

|  | Sold for Cash<br>R'000 | Non-Cash<br>Disposal<br>R'000 | Total Disposals<br>R'000 | Cash Received<br>Actual<br>R'000 |
|--|------------------------|-------------------------------|--------------------------|----------------------------------|
| <b>Machinery and equipment</b>                           |                        | <b>3,355</b>                  | <b>3,355</b>             | <b>-</b>                         |
| Transport assets   |                        | -                             |                          | -                                |
| Computer equipment                                       |                        | 1,818                         | 1,818                    | -                                |
| Furniture and office equipment                           |                        | 1,413                         | 1,413                    | -                                |
| Other machinery and equipment                            |                        | 125                           | 125                      | -                                |
| <b>Total disposal of movable tangible capital assets</b> |                        | <b>3,355</b>                  | <b>3,355</b>             | <b>-</b>                         |

## 29.3 Movement for 2016/17

Movement in tangible capital assets per asset register for the year ended 31 March 2017

|  | Opening<br>Balance<br>R'000 | Prior Period<br>Error<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing Balance<br>R'000 |
|--|-----------------------------|--------------------------------|--------------------|--------------------|--------------------------|
| <b>Heritage assets</b>                       | <b>222</b>                  | <b>-</b>                       | <b>-</b>           | <b>-</b>           | <b>222</b>               |
| Heritage assets                              | 222                         | -                              | -                  | -                  | 222                      |
| <b>Machinery and equipment</b>               | <b>46,314</b>               |                                | <b>14 787</b>      | <b>299</b>         | <b>60,802</b>            |
| Transport assets                             | 3,035                       |                                | -                  | -                  | 3,035                    |
| Computer equipment                           | 24,646                      |                                | 13,699             | 277                | 38,067                   |
| Furniture and office equipment               | 13,648                      |                                | 947                | 14                 | 14,581                   |
| Other machinery and equipment                | 4,985                       |                                | 141                | 8                  | 5,118                    |
| <b>Total movable tangible capital assets</b> | <b>46,536</b>               |                                | <b>14,787</b>      | <b>299</b>         | <b>61,024</b>            |



## 29.4 Minor Assets

Movement in minor assets per the asset register for the year ended as at 31 March 2018

|                           | Specialised<br>Military<br>Assets<br>R'000 | Intangible<br>Assets<br>R'000 | Heritage<br>Assets<br>R'000 | Machinery<br>and<br>Equipment<br>R'000 | Biological<br>Assets<br>R'000 | Total<br>R'000 |
|---------------------------|--|-------------------------------|-----------------------------|--|-------------------------------|----------------|
| Opening balance           |  |                               | 185                         | 7,840                                  |                               | 8,025          |
| Additions                 |  |                               | -                           | 280                                    |                               | 280            |
| Disposals                 |  |                               | -                           | 378                                    |                               | 378            |
| <b>Total minor assets</b> | -  | -                             | 185                         | 7,742                                  | -                             | 7,927          |

|                                     | Specialised<br>Military<br>Assets<br>R'000 | Intangible<br>Assets<br>R'000 | Heritage<br>Assets<br>R'000 | Machinery<br>and<br>Equipment<br>R'000 | Biological<br>Assets<br>R'000 | Total<br>R'000 |
|-------------------------------------|--|-------------------------------|-----------------------------|--|-------------------------------|----------------|
| Number of R1 minor assets           | -  | -                             |                             | 75                                     | -                             | 75             |
| Number of minor assets at cost      | -  | -                             | 83                          | 4,773                                  | -                             | 4,856          |
| <b>Total number of minor assets</b> | -  | -                             | 83                          | 4,848                                  | -                             | 4,931          |

Movement in minor assets per the asset register for the year ended as at 31 March 2017

|                           | Specialised<br>Military<br>Assets<br>R'000 | Intangible<br>Assets<br>R'000 | Heritage<br>Assets<br>R'000 | Machinery<br>and<br>Equipment<br>R'000 | Biological<br>Assets<br>R'000 | Total<br>R'000 |
|---------------------------|--|-------------------------------|-----------------------------|--|-------------------------------|----------------|
| Opening balance           | -  | -                             | 185                         | 7,041                                  | -                             | 7,226          |
| Prior period error        | -  | -                             | -                           | -                                      | -                             | -              |
| Additions                 | -  | -                             | -                           | 829                                    | -                             | 829            |
| Disposals                 | -  | -                             | -                           | (30)                                   | -                             | (30)           |
| <b>Total minor assets</b> | -  | -                             | 185                         | 7,840                                  | -                             | 8,025          |

|                                     | Specialised<br>Military<br>Assets<br>R'000 | Intangible<br>Assets<br>R'000 | Heritage<br>Assets<br>R'000 | Machinery<br>and<br>Equipment<br>R'000 | Biological<br>Assets<br>R'000 | Total<br>R'000 |
|-------------------------------------|--|-------------------------------|-----------------------------|--|-------------------------------|----------------|
| Number of minor assets at cost      | -  | -                             | 83                          | 4,896                                  | -                             | 4,979          |
| <b>Total number of minor assets</b> | -  | -                             | 83                          | 4,896                                  | -                             | 4,979          |

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## 29.5 Movable Assets Written Off

Movable assets written off for the year ended as at 31 March 2018

|   | Specialised<br>Military<br>Assets<br>R'000 | Intangible<br>Assets<br>R'000 | Heritage<br>Assets<br>R'000 | Machinery<br>and<br>Equipment<br>R'000 | Biological<br>Assets<br>R'000 | Total<br>R'000 |
|---|--|-------------------------------|-----------------------------|--|-------------------------------|----------------|
| Assets written off                      |  |                               |                             | 176                                    |                               | 176            |
| <b>Total movable assets written off</b> |  |                               |                             | <b>176</b>                             |                               | <b>176</b>     |

Movable assets written off for the year ended as at 31 March 2017

|   | Specialised<br>Military<br>Assets<br>R'000 | Intangible<br>Assets<br>R'000 | Heritage<br>Assets<br>R'000 | Machinery<br>and<br>Equipment<br>R'000 | Biological<br>Assets<br>R'000 | Total<br>R'000 |
|---|--|-------------------------------|-----------------------------|--|-------------------------------|----------------|
| Assets written off                      |  |                               |                             | 275                                    |                               | 275            |
| <b>Total movable assets written off</b> |  |                               |                             | <b>275</b>                             |                               | <b>275</b>     |

## 30. Intangible Capital Assets

Movement in intangible capital assets per asset register for the year ended 31 March 2018

|  | Opening<br>Balance<br>R'000 | Value<br>Adjustments<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing<br>Balance<br>R'000 |
|--|-----------------------------|-------------------------------|--------------------|--------------------|-----------------------------|
| Software                               | 90,932                      | -                             | -                  | -                  | 90,932                      |
| <b>Total intangible capital assets</b> | <b>90,932</b>               | <b>-</b>                      | <b>-</b>           | <b>-</b>           | <b>90,932</b>               |

### 30.1 Movement for 2016/17

Movement in intangible capital assets per asset register for the year ended 31 March 2017

|  | Opening<br>Balance<br>R'000 | Prior Period<br>Error<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing<br>Balance<br>R'000 |
|--|-----------------------------|--------------------------------|--------------------|--------------------|-----------------------------|
| Software                               | 3,585                       | -                              | 87,347             | -                  | 90,932                      |
| <b>Total intangible capital assets</b> | <b>3,585</b>                | <b>-</b>                       | <b>87,347</b>      | <b>-</b>           | <b>90,932</b>               |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 31. Statement of Conditional Grant and Other Transfers Paid to Municipalities

| Name of Municipality              | Grant Allocation                  |                     |                      |                          | Transfer                 |                         |  |
|-----------------------------------|-----------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------|--|
|                                   | DoRA and Other Transfers<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Funds Withheld<br>R'000 | Re-allocations by National Treasury or National Department % |
| Abaqulusi Municipality            | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -  |
| Albert Luthuli Municipality       | 7,000                             | -                   | -                    | 7,000                    | 7,000                    | -                       | -  |
| Alfred Duma Municipality          | 44,000                            | -                   | (29,000)             | 15,000                   | 15,000                   | -                       | -  |
| Alfred Nzo Dist Municipality      | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Amahlati Municipality             | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Amajuba Municipality              | 6,000                             | -                   | (6,000)              | -                        | -                        | -                       | -  |
| Ba-Phalaborwa Municipality        | 14,000                            | -                   | -                    | 14,000                   | 14,000                   | -                       | -  |
| Beaufort West Municipality        | 6,000                             | -                   | 6,600                | 12,600                   | 12,600                   | -                       | -  |
| Bela Bela Municipality            | 25,000                            | -                   | -                    | 25,000                   | 25,000                   | -                       | -  |
| Big Five/Hlabisa Loc Municipality | 14,000                            | -                   | -                    | 14,000                   | 14,000                   | -                       | -  |
| Bitou Municipality                | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -  |
| Blouberg Municipality             | 7,000                             | -                   | 3,500                | 10,500                   | 10,500                   | -                       | -  |
| Breedee Valley Municipality       | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -  |
| Buffalo City Municipality         | 25,000                            | -                   | (12,700)             | 12,300                   | 12,300                   | -                       | -  |
| Bushbuckridge Municipality        | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Cape Agulhas Municipality         | 1,000                             | -                   | -                    | 1,000                    | 1,000                    | -                       | -  |
| Cederberg Municipality            | 4,000                             | -                   | -                    | 4,000                    | 4,000                    | -                       | -  |
| City of Cape Town Municipality    | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -  |
| City of Johannesburg Municipality | 55,000                            | -                   | -                    | 55,000                   | 55,000                   | -                       | -  |
| City of Matlosana Municipality    | 14,000                            | -                   | 5,500                | 19,500                   | 19,500                   | -                       | -  |
| City of Tshwane Municipality      | 30,000                            | -                   | -                    | 30,000                   | 30,000                   | -                       | -  |
| Dawid Kruiper Municipality        | 22,000                            | -                   | -                    | 22,000                   | 22,000                   | -                       | -  |
| Dikgatlong Municipality           | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 31. Statement of Conditional Grant and Other Transfers Paid to Municipalities (continued)

| Name of Municipality                   | Grant Allocation                  |                     |                      |                          | Transfer                 |                         |  |
|--|-----------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------|--|
|  | DoRA and Other Transfers<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Funds Withheld<br>R'000 | Re-allocations by National Treasury or National Department % |
| Dipaleseng Municipality                | 22,000                            | -                   | (5,000)              | 17,000                   | 17,000                   | -                       | -  |
| Ditsobotla Municipality                | 18,000                            | -                   | -                    | 18,000                   | 18,000                   | -                       | -  |
| Dr Beyers Naude Local Municipality     | 7,000                             | -                   | -                    | 7,000                    | 7,000                    | -                       | -  |
| Dr Nkosazana Dlamini Zuma Municipality | 14,000                            | -                   | -                    | 14,000                   | 14,000                   | -                       | -  |
| Drakenstein Municipality               | 4,000                             | -                   | -                    | 4,000                    | 4,000                    | -                       | -  |
| Eden Municipality                      | -                                 | -                   | 5,000                | 5,000                    | 5,000                    | -                       | -  |
| Edumbe Municipality                    | 24,000                            | -                   | -                    | 24,000                   | 24,000                   | -                       | -  |
| Ekurhuleni Municipality                | 52,000                            | -                   | -                    | 52,000                   | 52,000                   | -                       | -  |
| Elias Motsoaledi Municipality          | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -  |
| Elundini Municipality                  | 30,000                            | -                   | -                    | 30,000                   | 30,000                   | -                       | -  |
| Emadlangeni Municipality               | 12,000                            | -                   | -                    | 12,000                   | 12,000                   | -                       | -  |
| Emakhazeni Municipality                | 7,000                             | -                   | -                    | 7,000                    | 7,000                    | -                       | -  |
| Emalahleni Municipality                | 45,000                            | -                   | 5,000                | 50,000                   | 50,000                   | -                       | -  |
| Emfuleni Municipality                  | 8,000                             | -                   | (8,000)              | -                        | -                        | -                       | -  |
| Emthanjeni Municipality                | 6,000                             | -                   | 1,500                | 7,500                    | 7,500                    | -                       | -  |
| Endumeni Municipality                  | 9,000                             | -                   | -                    | 9,000                    | 9,000                    | -                       | -  |
| Engcobo Municipality                   | 13,000                            | -                   | -                    | 13,000                   | 13,000                   | -                       | -  |
| Enoch Mgijima Local Municipality       | 10,000                            | -                   | (3,000)              | 7,000                    | 7,000                    | -                       | -  |
| Ethekwini Municipality                 | 50,000                            | -                   | -                    | 50,000                   | 50,000                   | -                       | -  |
| Fezile Dabi Dist Municipal             | -                                 | -                   | 4,000                | 4,000                    | 4,000                    | -                       | -  |
| Gamagara Municipality                  | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -  |
| Ga-Segonyana Municipality              | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| George Municipality                    | 25,048                            | -                   | -                    | 25,048                   | 25,048                   | -                       | -  |

### 31. Statement of Conditional Grant and Other Transfers Paid to Municipalities (continued)

| Name of Municipality                   | Grant Allocation                  |                     |                      |                          | Transfer                 |                         |   |
|--|-----------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------|---|
|  | DoRA and Other Transfers<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Funds Withheld<br>R'000 | Re-allocations<br>by National Treasury<br>or National Department<br>% |
| Govan Mbheki Municipality              | 14,000                            | -                   | 4,000                | 18,000                   | 18,000                   | -                       | -   |
| Great Kei Municipality                 | 4,000                             | -                   | -                    | 4,000                    | 4,000                    | -                       | -   |
| Greater Giyani Municipality            | 20,000                            | -                   | -                    | 20,000                   | 20,000                   | -                       | -   |
| Greater Kokstad Municipality           | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -   |
| Greater Letaba Municipality            | -                                 | -                   | 6,000                | 6,000                    | 6,000                    | -                       | -   |
| Greater Tzaneen Municipality           | 25,000                            | -                   | -                    | 25,000                   | 25,000                   | -                       | -   |
| Grtr Tubatse/Fetakgomo Municipality    | 10,000                            | -                   | (10,000)             | -                        | -                        | -                       | -   |
| Hantam Municipality                    | 1,000                             | -                   | -                    | 1,000                    | 1,000                    | -                       | -   |
| Harry Gwala District Municipality      | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -   |
| Hessequa Municipality                  | 1,000                             | -                   | -                    | 1,000                    | 1,000                    | -                       | -   |
| Ilembe District Municipality           | 6,000                             | -                   | -                    | 6,000                    | 6,000                    | -                       | -   |
| Inkosi Ilangalibalele Mun Municipality | -                                 | -                   | 15,000               | 15,000                   | 15,000                   | -                       | -   |
| Intsika Yethu Municipality             | 4,500                             | -                   | 2,700                | 7,200                    | 7,200                    | -                       | -   |
| Inxuba Yethemba Municipality           | 9,000                             | -                   | -                    | 9,000                    | 9,000                    | -                       | -   |
| Jozini Municipality                    | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -   |
| Kaif Garib Municipality                | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -   |
| Kannaland Municipality                 | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -   |
| Kareeberg Municipality                 | 1,000                             | -                   | -                    | 1,000                    | 1,000                    | -                       | -   |
| Karoo Hoogland Municipality            | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -   |
| Khai-Ma Municipality                   | 1,000                             | -                   | -                    | 1,000                    | 1,000                    | -                       | -   |
| King Sabata Dalindyebo Municipality    | 23,000                            | -                   | -                    | 23,000                   | 23,000                   | -                       | -   |
| Knysna Municipality                    | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -   |
| Kopanong Municipality                  | 4,500                             | -                   | -                    | 4,500                    | 4,500                    | -                       | -   |
| Kouga Municipality                     | 4,000                             | -                   | -                    | 4,000                    | 4,000                    | -                       | -   |
| Kou-Kamma Municipality                 | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -   |
| Kwadukuza Municipality                 | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -   |
| Laingsburg Municipality                | 2,000                             | -                   | -                    | 2,000                    | 2,000                    | -                       | -   |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 31. Statement of Conditional Grant and Other Transfers Paid to Municipalities (continued)

| Name of Municipality          | Grant Allocation                  |                     |                      |                          | Transfer                 |                         |  |
|-------------------------------|-----------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------|--|
|                               | DoRA and Other Transfers<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Funds Withheld<br>R'000 | Re-allocations by National Treasury or National Department % |
| Langeberg Municipality        | 1,000                             | -                   | -                    | 1,000                    | 1,000                    | -                       | -  |
| Lekwa Municipality            | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -  |
| Lekwa-Teemane Municipality    | 9,000                             | -                   | -                    | 9,000                    | 9,000                    | -                       | -  |
| Lepelle-Nkumpi Municipality   | -                                 | -                   | 6,580                | 6,580                    | 6,580                    | -                       | -  |
| Lephalale Municipality        | 12,000                            | -                   | -                    | 12,000                   | 12,000                   | -                       | -  |
| Lesedi Municipality           | 11,000                            | -                   | 2,800                | 13,800                   | 13,800                   | -                       | -  |
| Letsemeng Municipality        | 4,500                             | -                   | (3,830)              | 670                      | 670                      | -                       | -  |
| Madibeng Municipality         | 14,000                            | -                   | -                    | 14,000                   | 14,000                   | -                       | -  |
| Mafikeng Municipality         | 6,000                             | -                   | -                    | 6,000                    | 6,000                    | -                       | -  |
| Mafube Municipality           | 5,000                             | -                   | (5,000)              | -                        | -                        | -                       | -  |
| Magareng Municipality         | 15,000                            | -                   | (10,000)             | 5,000                    | 5,000                    | -                       | -  |
| Makhado Municipality          | 25,000                            | -                   | -                    | 25,000                   | 25,000                   | -                       | -  |
| Makhuduthamaga Municipality   | 13,000                            | -                   | -                    | 13,000                   | 13,000                   | -                       | -  |
| Maluti-A-Phofung Municipality | -                                 | -                   | 5,000                | 5,000                    | 5,000                    | -                       | -  |
| Mandeni Municipality          | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -  |
| Mangaung Municipality         | 20,000                            | -                   | -                    | 20,000                   | 20,000                   | -                       | -  |
| Maphumulo Municipality        | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -  |
| Maquassi Hills Municipality   | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Masilonyana Municipality      | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -  |
| Matatiele Municipality        | 80,000                            | -                   | -                    | 80,000                   | 80,000                   | -                       | -  |
| Matjhabeng Municipality       | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Matzikama Municipality        | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |
| Mbhashe Municipality          | 14,000                            | -                   | -                    | 14,000                   | 14,000                   | -                       | -  |

### 31. Statement of Conditional Grant and Other Transfers Paid to Municipalities (continued)

| Name of Municipality                    | Grant Allocation                  |                     |                      |                          | Transfer                 |                         |   |
|---|-----------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------|---|
|   | DoRA and Other Transfers<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Funds Withheld<br>R'000 | Re-allocations by National Treasury or National Department<br>% |
| Mbizana Municipality                    | 34,000                            | -                   | -                    | 34,000                   | 34,000                   | -                       | -   |
| Mbombela Municipality                   | 38,000                            | -                   | 4,000                | 42,000                   | 42,000                   | -                       | -   |
| Merafong City Municipality              | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -   |
| Metsimaholo Municipality                | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -   |
| Mfholozi Municipality                   | 13,000                            | -                   | -                    | 13,000                   | 13,000                   | -                       | -   |
| Mhlontlo Municipality                   | 14,000                            | -                   | -                    | 14,000                   | 14,000                   | -                       | -   |
| Midvaal Municipality                    | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -   |
| Mkhambathini Municipality               | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -   |
| Mkhondo Municipality                    | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -   |
| Mnquma Municipality                     | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -   |
| Modimolle/Mookgopong Local Municipality | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -   |
| Mogalakwena Municipality                | 13,000                            | -                   | -                    | 13,000                   | 13,000                   | -                       | -   |
| Mogale City Municipality                | 6,000                             | -                   | -                    | 6,000                    | 6,000                    | -                       | -   |
| Mohokare Municipality                   | -                                 | -                   | 3,000                | 3,000                    | 3,000                    | -                       | -   |
| Moghaka Municipality                    | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -   |
| Mossel Bay Municipality                 | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -   |
| Mpofana Municipality                    | 11,000                            | -                   | (6,000)              | 5,000                    | 5,000                    | -                       | -   |
| Msinga Municipality                     | 24,000                            | -                   | 5,000                | 29,000                   | 29,000                   | -                       | -   |
| Msukaligwa Municipality                 | 21,000                            | -                   | -                    | 21,000                   | 21,000                   | -                       | -   |
| Mthonjaneni Municipality                | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -   |
| Mtubatuba Municipality                  | 14,000                            | -                   | 600                  | 14,600                   | 14,600                   | -                       | -   |
| Musina Municipality                     | 23,000                            | -                   | -                    | 23,000                   | 23,000                   | -                       | -   |
| Nala Municipality                       | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -   |
| Naledi Municipality                     | 21,000                            | -                   | -                    | 21,000                   | 21,000                   | -                       | -   |
| Nama Khoi Municipality                  | 5,000                             | -                   | 7,300                | 12,300                   | 12,300                   | -                       | -   |
| Ndlambe Municipality                    | 8,000                             | -                   | (6,900)              | 1,100                    | 1,100                    | -                       | -   |
| Ndwendwe Municipality                   | -                                 | -                   | 14,000               | 14,000                   | 14,000                   | -                       | -   |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 31. Statement of Conditional Grant and Other Transfers Paid to Municipalities (continued)

| Name of Municipality                    | Grant Allocation                  |                     |                      |                          | Transfer                 |                         |  |
|---|-----------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------|--|
|   | DoRA and Other Transfers<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Funds Withheld<br>R'000 | Re-allocations by National Treasury or National Department % |
| Nelson Mandela Bay Municipality         | 30,000                            | -                   | -                    | 30,000                   | 30,000                   | -                       | -  |
| New Loc Municipality (Rndfntn & Wstnr ) | 9,000                             | -                   | 3,000                | 12,000                   | 12,000                   | -                       | -  |
| New Local Municipality (Lim 345)        | 18,000                            | -                   | 3,000                | 21,000                   | 21,000                   | -                       | -  |
| Newcastle Municipality                  | 9,000                             | -                   | -                    | 9,000                    | 9,000                    | -                       | -  |
| Ngqushwa Municipality                   | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |
| Ngquza Hill Municipality                | 14,500                            | -                   | -                    | 14,500                   | 14,500                   | -                       | -  |
| Ngwathe Municipality                    | 11,000                            | -                   | (6,000)              | 5,000                    | 5,000                    | -                       | -  |
| Nketoana Municipality                   | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Nkomazi Municipality                    | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Nongoma Municipality                    | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -  |
| Nquthu Municipality                     | 24,000                            | -                   | -                    | 24,000                   | 24,000                   | -                       | -  |
| Ntabankulu Municipality                 | 40,000                            | -                   | -                    | 40,000                   | 40,000                   | -                       | -  |
| Nyandeni Municipality                   | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -  |
| Okhahlamba Municipality                 | 13,000                            | -                   | -                    | 13,000                   | 13,000                   | -                       | -  |
| Oudtshoorn Municipality                 | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |
| Overstrand Municipality                 | 4,000                             | -                   | -                    | 4,000                    | 4,000                    | -                       | -  |
| Phokwane Municipality                   | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |
| Pixley Ka Seme District Municipality    | -                                 | -                   | 1,000                | 1,000                    | 1,000                    | -                       | -  |
| Pixley Ka Seme Municipality             | 17,000                            | -                   | -                    | 17,000                   | 17,000                   | -                       | -  |
| Polokwane Municipality                  | 46,000                            | -                   | -                    | 46,000                   | 46,000                   | -                       | -  |
| Port St Johns Municipality              | 18,000                            | -                   | -                    | 18,000                   | 18,000                   | -                       | -  |
| Prince Albert Municipality              | 1,000                             | -                   | -                    | 1,000                    | 1,000                    | -                       | -  |
| Ramotshere Moiloa Municipality          | 15,000                            | -                   | (8,400)              | 6,600                    | 6,600                    | -                       | -  |



## 31. Statement of Conditional Grant and Other Transfers Paid to Municipalities (continued)

| Name of Municipality                 | Grant Allocation                  |                     |                      |                          | Transfer                 |                         |  |
|--------------------------------------|-----------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------|--|
|                                      | DoRA and Other Transfers<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Funds Withheld<br>R'000 | Re-allocations by National Treasury or National Department % |
| Ray Nkonyeni Municipality            | 14,000                            | -                   | 4,000                | 18,000                   | 18,000                   | -                       | -  |
| Raymond Mhlaba Municipality          | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Renosterberg Municipality            | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |
| Richmond Municipality                | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -  |
| Richtersveld Municipality            | 7,000                             | -                   | -                    | 7,000                    | 7,000                    | -                       | -  |
| Sakhisizwe Municipality              | 2,000                             | -                   | (2,000)              | -                        | -                        | -                       | -  |
| Saldanha Bay Municipality            | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |
| Senqu Municipality                   | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -  |
| Setso Municipality                   | 6,000                             | -                   | -                    | 6,000                    | 6,000                    | -                       | -  |
| Siyancuma Municipality               | 3,000                             | -                   | 1,750                | 4,750                    | 4,750                    | -                       | -  |
| Siyathemba Municipality              | -                                 | -                   | 2,500                | 2,500                    | 2,500                    | -                       | -  |
| Sol Plaatjie Municipality            | 31,000                            | -                   | 1,000                | 32,000                   | 32,000                   | -                       | -  |
| Stellenbosch Municipality            | 11,236                            | -                   | -                    | 11,236                   | 11,236                   | -                       | -  |
| Sundays River Valley Municipality    | 13,000                            | -                   | 5,000                | 18,000                   | 18,000                   | -                       | -  |
| Swartland Municipality               | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |
| Swellendam Municipality              | 2,000                             | -                   | -                    | 2,000                    | 2,000                    | -                       | -  |
| Thaba Chweu Municipality             | 19,000                            | -                   | (5,000)              | 14,000                   | 14,000                   | -                       | -  |
| Thabo Mofutsanyane Dist Municipality | 6,000                             | -                   | -                    | 6,000                    | 6,000                    | -                       | -  |
| Theewaterskloof Municipality         | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -  |
| Thembelihle Municipality             | 1,000                             | -                   | 7,000                | 8,000                    | 8,000                    | -                       | -  |
| Thulamela Municipality               | 40,000                            | -                   | (15,000)             | 25,000                   | 25,000                   | -                       | -  |
| Tokologo Municipality                | 11,000                            | -                   | -                    | 11,000                   | 11,000                   | -                       | -  |
| Tswelopele Municipality              | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -  |
| Ubuhlebezwe Municipality             | 20,000                            | -                   | -                    | 20,000                   | 20,000                   | -                       | -  |
| Ubuntu Municipality                  | 1,000                             | -                   | (1,000)              | -                        | -                        | -                       | -  |
| Ulundi Municipality                  | 26,000                            | -                   | -                    | 26,000                   | 26,000                   | -                       | -  |
| Umdoni Municipality                  | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -  |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 31. Statement of Conditional Grant and Other Transfers Paid to Municipalities (continued)

| Name of Municipality                | Grant Allocation                  |                     |                      |                          | Transfer                 |                         |   |
|-------------------------------------|-----------------------------------|---------------------|----------------------|--------------------------|--------------------------|-------------------------|---|
|                                     | DoRA and Other Transfers<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual Transfer<br>R'000 | Funds Withheld<br>R'000 | Re-allocations by National Treasury or National Department<br>% |
| Umhlabyalingana Municipality        | 25,000                            | -                   | -                    | 25,000                   | 25,000                   | -                       | -   |
| Umhlathuze Local Municipality       | 10,000                            | -                   | 5,000                | 15,000                   | 15,000                   | -                       | -   |
| Umlalazi Municipality               | 8,000                             | -                   | -                    | 8,000                    | 8,000                    | -                       | -   |
| Umgengi Municipality                | 5,000                             | -                   | -                    | 5,000                    | 5,000                    | -                       | -   |
| Umshwathi Municipality              | 3,000                             | -                   | -                    | 3,000                    | 3,000                    | -                       | -   |
| Umsobomvu Municipality              | 2,000                             | -                   | -                    | 2,000                    | 2,000                    | -                       | -   |
| Umuziwabantu Municipality           | 4,000                             | -                   | -                    | 4,000                    | 4,000                    | -                       | -   |
| Umvoti Municipality                 | 15,000                            | -                   | -                    | 15,000                   | 15,000                   | -                       | -   |
| Umzimkhulu Municipality             | 15,000                            | -                   | 4,000                | 19,000                   | 19,000                   | -                       | -   |
| Umzimvubu Municipality              | 33,000                            | -                   | 5,000                | 38,000                   | 38,000                   | -                       | -   |
| Umzambe Municipality                | 10,000                            | -                   | -                    | 10,000                   | 10,000                   | -                       | -   |
| Uphongolo Municipality              | 9,000                             | -                   | -                    | 9,000                    | 9,000                    | -                       | -   |
| Ventersdorp/Tlokwe Loc Municipality | 18,000                            | -                   | 2,500                | 20,500                   | 20,500                   | -                       | -   |
| Victor Khanye Municipality          | 5,000                             | -                   | (5,000)              | -                        | -                        | -                       | -   |
| Walter Sisulu Municipality          | 9,000                             | -                   | (4,000)              | 5,000                    | 5,000                    | -                       | -   |
| <b>Total</b>                        | <b>2,290,284</b>                  | <b>-</b>            | <b>-</b>             | <b>2,290,284</b>         | <b>2,290,284</b>         | <b>-</b>                | <b>-</b>  |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## Annexure 1A Statement of Conditional Grants and Other Transfers Paid to Municipalities

| Name of municipality                                 | Grant allocation         |            |             |                  | Transfer         |                 |   | Spent                           |                              |               |  | 2016/17                       |
|--|--------------------------|------------|-------------|------------------|------------------|-----------------|---|---------------------------------|------------------------------|---------------|--|-------------------------------|
|  | DoRA and Other Transfers | Roll-Overs | Adjustments | Total Available  | Actual Transfer  | Funds with Held | Reallocations by National Treasury or National Department | Amount Received by Municipality | Amount Spent by Municipality | Unspent Funds | % of Available Funds Spent by Municipality |                               |
|  | R'000                    | R'000      | R'000       | R'000            | R'000            | R'000           | %   | R'000                           | R'000                        | R'000         | %  | Division of Revenue Act R'000 |
| Energy Efficiency and Demand Side Management (EEDSM) | 203,236                  | -          | -           | 203,236          | 203,236          | -               | -   | -                               | -                            | -             | -  | 192,625                       |
| Integrated National Electrification Programme (INEP) | 2,087,048                | -          | -           | 2,087,048        | 2,087,048        | -               | -   | -                               | -                            | -             | -  | 1,939,246                     |
| <b>Total</b>   | <b>2,290,284</b>         | <b>-</b>   | <b>-</b>    | <b>2,290,284</b> | <b>2,290,284</b> | <b>-</b>        | <b>-</b>  | <b>-</b>                        | <b>-</b>                     | <b>-</b>      | <b>-</b>                                   | <b>2,131,871</b>              |

## Annexure 1B Statement of Transfers to Departmental Agencies and Accounts

| Departmental Agency/ Account                  | Transfer allocation    |            |             |                 | Transfer        |                                  | 2016/17                   |
|---|------------------------|------------|-------------|-----------------|-----------------|----------------------------------|---------------------------|
|   | Adjusted Appropriation | Roll-Overs | Adjustments | Total Available | Actual Transfer | % of Available Funds Transferred |                           |
|   | R'000                  | R'000      | R'000       | R'000           | R'000           | %                                | Final Appropriation R'000 |
| National Nuclear Regulator                    | 38,573                 | -          | -           | 38,573          | 38,573          | 100%                             | 40,936                    |
| SA National Energy Development Institute      | 59,774                 | -          | -           | 59,774          | 59,774          | 100%                             | 20,625                    |
| Chemical Industry SETA                        | 524                    | -          | -           | 524             | 525             | 100%                             | 493                       |
| Energy and Water SETA                         | 523                    | -          | -           | 523             | 523             | 100%                             | 492                       |
| National Radioactive Waste Disposal Institute | 30,000                 | -          | -           | 30,000          | 30,000          | 100%                             | 10,000                    |
| <b>Total</b>                                  | <b>129,394</b>         | <b>-</b>   | <b>-</b>    | <b>129,394</b>  | <b>129,395</b>  | <b>100%</b>                      | <b>72,546</b>             |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

| Name of public corporation/<br>private enterprise | Transfer Allocation                       |                     |                      | Expenditure                 |                             |   | 2016/17 |                  |                    |
|---|---|---------------------|----------------------|-----------------------------|-----------------------------|---|---------|------------------|--------------------|
|   | Adjusted<br>Appropriation<br>Act<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total<br>Available<br>R'000 | Actual<br>Transfer<br>R'000 | % of Available<br>funds<br>Transferred<br>% |         | Capital<br>R'000 | Current<br>R'000   |
| Public Corporations                               |   |                     |                      |                             |                             |   |         |                  |                    |
| Transfers   | 4,510,325                                 | -                   | -                    | 4,510,325                   | 4,510,325                   | 100%  | -       | -                | 4,125,672          |
| Eskom (INEP & EEDSM)                              | 3,846,154                                 | -                   | -                    | 3,846,154                   | 3,846,154                   | 100%  | -       | -                | 3,526,334          |
| SA Nuclear Energy Corporation                     | 664,171                                   | -                   | -                    | 664,171                     | 664,171                     | 100%  | -       | -                | 599,338            |
| Sub-total Private Enterprise                      | 4,510,325                                 | -                   | -                    | 4,510,325                   | 4,510,325                   | 100%  | -       | -                | 4,125,672          |
| Total   | 4,510,325                                 | -                   | -                    | 4,510,325                   | 4,510,325                   | 100%  |         |                  | 4,125,672          |
| Private Enterprises                               |   |                     |                      |                             |                             |   |         |                  |                    |
| Transfers   | 615,891                                   |                     |                      | 615,891                     | 394,432                     | 64.0%                                       | -       | -                | 458,047            |
| Non-grid Household<br>SWHP Service providers      | 221,800<br>394,091                        |                     |                      | 221,800<br>394,091          | 158,960<br>235,475          | 71.7%<br>59.8%                              |         |                  | 137,733<br>320,314 |
| Sub-total Private Enterprise                      | 615,891                                   |                     |                      | 615,891                     | 394,432                     | 64.0%                                       | -       | -                | 458,047            |
| Total   | 5 126,216                                 | -                   | -                    | 5,126,216                   | 4,904,757                   | 95.7%                                       | -       | -                | 4,583,719          |

## Annexure 1D

### Statement of Transfers to Foreign Government and International Organisations

| Foreign Government/ International Organisation                                    | Transfer Allocation                       |                     |                      | Expenditure              |                             | 2016/17<br>Final<br>Appropriation<br>R'000  |
|---|---|---------------------|----------------------|--------------------------|-----------------------------|---|
|   | Adjusted<br>Appropriation<br>Act<br>R'000 | Roll-overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual<br>Transfer<br>R'000 | % of Available<br>funds<br>Transferred<br>% |
| <b>Transfers</b>  |   |                     |                      |                          |                             |   |
| International Atomic Energy Agency (IAEA)   | 17,207                                    | -                   | (400)                | 16,807                   | 16,798                      | 100%  |
| The African Petroleum Producer Association (APPA)                                 | -   | -                   | 1,075                | 1,075                    | 1,074                       |   |
| Generation International Forum (GIF)  | 700                                       | -                   | -                    | 700                      | 567                         |   |
| African Regional Cooperation Agreement for Research Development & Training (AFRA) | -   | -                   | 5,950                | 5,950                    | 5,893                       |   |
| International Renewable Energy Agency (IRENA)                                     | -   | -                   | 1,020                | 1,020                    | 1,015                       |   |
| Generation International Forum (GIF) 2016/17                                      | -   | -                   | -                    | -                        | -                           |   |
| International Partnership for Energy Efficiency Cooperation (IPEEC)               | -   | -                   | -                    | -                        | -                           |   |
| International Renewable Energy agency (IRENA)                                     | -   | -                   | 300                  | 300                      | 275                         | 92%   |
| International Energy Forum (IEF)  | -   | -                   | -                    | -                        | -                           |   |
| International Atomic Energy Agency (IAEA) – Fees                                  | -   | -                   | -                    | -                        | -                           |   |
| <b>Total</b>  | <b>17,907</b>                             | <b>-</b>            | <b>7,945</b>         | <b>25,852</b>            | <b>25,622</b>               | <b>25,003</b>                               |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## Annexure 1E Statement of Transfers to Households

| Households                       | Transfer Allocation                       |                     |                      |                          | Expenditure                 |   | 2016/17<br>Final<br>Appropriation<br>R'000 |
|----------------------------------|---|---------------------|----------------------|--------------------------|-----------------------------|---|--|
|                                  | Adjusted<br>Appropriation<br>Act<br>R'000 | Roll-Overs<br>R'000 | Adjustments<br>R'000 | Total Available<br>R'000 | Actual<br>Transfer<br>R'000 | % of Available<br>funds<br>Transferred<br>% |  |
| Leave gratuity paid to employees | 368                                       | -                   | -                    | 368                      | 1,467                       | 399%  | 1,036                                      |
| Bursary non-employees            | 2,044                                     | -                   | -                    | 2,044                    | 246                         | 12%   | 811  |
| Post-retirement benefit          | -   | -                   | -                    | -                        | 915                         | -   | 965  |
| Severance package                | 2,100                                     | -                   | -                    | 2,100                    | 2,117                       | -   | -  |
| Donations and gifts              | 176                                       | -                   | -                    | 176                      | 5                           | 3%  | 17   |
| Claims against the state         | -   | -                   | -                    | -                        | -                           | -   | 149  |
| <b>Total</b>                     | <b>4,688</b>                              | <b>-</b>            | <b>-</b>             | <b>4,688</b>             | <b>4,750</b>                |   | <b>2,978</b>                               |

## Annexure 1F

### Statement of Aid assistance Received

| Name of Donor   | Purpose   | Opening Balance<br>R'000 | Revenue<br>R'000 | Expenditure<br>R'000 | Paid Back<br>On/By 31<br>March<br>R'000 | Closing<br>Balance<br>R'000 |
|---|---|--------------------------|------------------|----------------------|---|-----------------------------|
| <b>Received in cash</b>   |   |                          |                  |                      |   |                             |
| *EU Commission (GBS Funding) – Implementation of smart metering in SA electricity industry.                 | Implementation of smart metering in SA electricity industry. Funds were requested in November for 2017/18 project plan. | -                        | 18,021           | 18,021               | -                                       | -                           |
| RDP Fund – Government of the Kingdom of Denmark Renewable Energy Development Programme 2017/18 (Roll over)  | Denmark, Renewable Energy Development Programme   | -                        | 3,663            | -                    | 3,663                                   | -                           |
| RDP Fund – Government of the Kingdom of Denmark Renewable Energy Development Programme 2017/18 Project Plan | Denmark, Renewable Energy Development Programme   | -                        | 2,662            | 2,662                | -                                       | -                           |
| RDP Fund – Government of the Kingdom of Denmark Renewable Energy Development Programme 2017/18 Project Plan | Denmark, Renewable Energy Development Programme   | -                        | 12,406           | 12,406               | -                                       | -                           |
| *EU Commission (GBS Funding) – Implementation of smart metering in SA electricity industry.                 | Implementation of smart metering in SA electricity industry. Surrendering for 2015/16 funds                             | -                        | 18,021           | -                    | 18,021                                  | -                           |
| <b>Total</b>  |   | -                        | <b>54,774</b>    | <b>33,090</b>        | <b>21,684</b>                           | -                           |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## Annexure 1G

### Statement of Gifts, Donations and Sponsorships Made and Remissions, Refunds and Payments Made as an Act of Grace

| Nature of gift, donation or sponsorship  | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------------------|------------------|
| <b>Made in Kind</b>  |                  |                  |
| Purchase of wool, crochet, cleaning materials and paint for Mandela Day events on 18 July 2016               | -                | 1                |
| Purchase of wool, crochet, cleaning materials and paint for Mandela Day events on 18 July 2016 (Dobsonville) | -                | 2                |
| Purchase of wool, crochet, cleaning materials and paint for Mandela Day events on 18 July 2016 (Soweto)      | -                | 2                |
| Purchase of cleaning materials and paint for Mandela Day events in Tokwe and Ganyesa municipalities          | -                | 1                |
| Officials gifts  | -                | 2                |
| Purchase of frame, decoration covers and blanket for senior citizen event                                    | -                | 2                |
| To pay for the service of photocopy and Addo Tech in eastern Cape during Senior Citizen event                | -                | 2                |
| Purchase of flowers and card for bereaved family   | -                | 0                |
| Purchase of flowers for loss of DoE official   | -                | 1                |
| Purchase of flowers and fruit basket for an official who was ill   | -                | 1                |
| Purchase of gifts for international visit to London for official host or counterpart of DG                   | -                | 2                |
| Purchase of flowers and card for bereaved family   | -                | 0                |
| Purchase of flowers and card for Deputy Minister of Rural Development  | -                | 0                |
| Purchase of flowers and card – Deputy Minister   | -                | 1                |
| Purchase of flowers and card – Office of the DG  | -                | 1                |
| Purchase of gifts for international visit to Nigeria & exchange of gifts with ambassador of Uran             | -                | 2                |
| Purchase of medals for the Departmental sports day event held on the 24 <sup>th</sup> of February 2017       | -                | 19               |
| Purchase of wool, crochet, cleaning materials and paint for Mandela Day events                               | -                | 2                |
| Purchase of wool, crochet, cleaning materials and paint for Mandela Day events                               | -                | 2                |
| Purchase of wool, crochet, cleaning materials and paint for Mandela Day events on 18 July 2016               | -                | 2                |
| Purchase of wool, crochet, cleaning materials and paint for Mandela Day events on 18 July 2016 (Dobsonville) | -                | 2                |
| Purchase of wool, crochet, cleaning materials and paint for Mandela Day events on 18 July 2016 (Soweto)      | -                | 2                |
| Purchase of cleaning materials and paint for Mandela Day events in Tokwe and Ganyesa municipalities          | -                | 1                |



Annexure 1G (continued)  
Statement of Gifts, Donations and Sponsorships Made and Remissions, Refunds and Payments Made as an Act of Grace

| Nature of Gift, Donation or Sponsorship  | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|------------------|------------------|
| <b>Made in Kind</b>  |                  |                  |
| Purchase of cleaning materials and paint for Mandela Day events in Tokwe and Ganyesa municipalities              | -                | 2                |
| Purchase of cleaning materials and paint for Mandela Day events in Tokwe and Ganyesa municipalities              | -                | 2                |
| Purchase of sewing materials for Mandela Day events on 18 July 2016  | -                | 1                |
| Ex-gratia payment to employee (death of spouse)  | -                | 2                |
| Purchase of trophy for the winning team on school energy month organised at Necsa                                | 1                |                  |
| Purchase of gifts for the upcoming ceremony for long service awards  | 63               |                  |
| Purchase of corporate gifts for speakers at the youth in Energy Dialogue   | 2                |                  |
| Purchasing of wheel chair for a blind person with disability during the imbizo to be held in EC on the 17 Jul 17 | 1                |                  |
| Purchasing corporate gifts for the Deputy Minister   | 2                |                  |
| <b>Total</b>   | <b>69</b>        | <b>54</b>        |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## Annexure 1H Statement of Gifts, Donations and Sponsorships Received

| Name of Organisation   | Nature of Gift, Donation or Sponsorship                  | 2017/18<br>R'000 | 2016/17<br>R'000 |
|--|--|------------------|------------------|
| <b>Received in cash</b>  |  |                  |                  |
| Sub-total  |  | -                | -                |
| <b>Received in kind</b>  |  |                  |                  |
| EEP-KPMG ECO OFFICE for KEF event                                      | Travel and Accommodation                                 | -                | -                |
| IEF in partnership with its Joint Organisation Data Initiatives (JODI) | Air transport tickets                                    | -                | -                |
| IEA-International Energy Agency  | Travel and Accommodation                                 | -                | -                |
| JICA-Japanese International Cooperation Agency                         | Travel ,Accommodation and Course Fees                    | -                | -                |
| GlZ-German International Cooperation                                   | Travel ,Accommodation ,Course Fees and Medical Insurance | -                | -                |
| JICA-Japanese International Cooperation Agency                         | Travel ,Accommodation And Course Fees                    | -                | -                |
| IAEA-International Energy Agency                                       | Travel and Accommodation                                 | -                | -                |
| World Bank   | Travel and Accommodation                                 | -                | -                |
| <b>Sub-total</b>   |  | -                | -                |
| <b>Total</b>   |  | -                | -                |

## Annexure 2A

### Statement of Investments in and Amounts Owing by/to National/Provincial Public Entities

| Name of Public Entity                                | State Entity's PFMA Schedule Type (State Year-End if Not 31 March) | % Held 2017/18 | % Held 2016/17 | Number of Shares Held R'000 |         | Cost of Investment R'000 |         | Net Asset Value of Investment R'000 |            | Profit/(Loss) for the Year R'000 |           | Losses Guaranteed Yes/No |
|--|--|----------------|----------------|-----------------------------|---------|--------------------------|---------|-------------------------------------|------------|----------------------------------|-----------|--------------------------|
|  |  |                |                | 2017/18                     | 2016/17 | 2017/18                  | 2016/17 | 2017/18                             | 2016/17    | 2017/18                          | 2016/17   |                          |
| National/Provincial Public Entity                    |  |                |                |                             |         |                          |         |                                     |            |                                  |           |                          |
| The South African Nuclear Energy Corporation Limited | Schedule 2   | 100            | 100            | 2,205                       | 2,205   | 2,205                    | 2,205   | 71,168                              | 1,085,314  | 19,004                           | 5,384     | No                       |
| Central Energy Fund (Pty) Ltd                        | Schedule 2   | 100            | 100            | 1                           | 1       | -                        | -       | 14,451,414                          | 14,882,403 | 748,280                          | (172,416) | No                       |
| Total  |  |                |                | 2,206                       | 2,206   | 2,205                    | 2,205   | 14,522,582                          | 15,967,717 | 729,276                          | (167,032) |                          |

## Annexure 2B

### Statement of Investments in and Amounts Owing by/to Entities

| Name of Public Entity         | Nature of Business   | Cost of Investment<br>R'000 |         | Net Asset Value of Investment<br>R'000 |                   | Amounts Owing to Entities<br>R'000 |         | Amounts Owing by Entities<br>R'000 |         |
|-------------------------------|--|-----------------------------|---------|--|-------------------|------------------------------------|---------|------------------------------------|---------|
|                               |  | 2017/18                     | 2016/17 | 2017/18                                | 2016/17           | 2017/18                            | 2016/17 | 2017/18                            | 2016/17 |
| <b>Controlled entities</b>    |  |                             |         |  |                   |                                    |         |                                    |         |
| Central Energy Fund (Pty) Ltd | Financing and promotion of the acquisition of research into and exploitation of energy related products and technology | -                           | -       | 14,451,414                             | 14,882,403        | -                                  | -       | -                                  | -       |
| <b>Total</b>                  |  | -                           | -       | <b>14,451,414</b>                      | <b>14,882,403</b> | -                                  | -       | -                                  | -       |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## Annexure 3A

Statement of Financial Guarantees Issued as at 31 March 2018 – Local

| Guarantor Institution | Guarantee in Respect of | Original Guaranteed Capital Amount | Opening Balance 1 April 2017 | Guarantees Draw Downs During the Year | Guarantees Repayments/ Cancelled/ Reduced/ Released During the Year | Revaluations | Closing Balance 31 March 2018 | Guaranteed Interest for Year Ended 31 March 2018 | Realised Losses not Recoverable i.e. Claims Paid Out |
|-----------------------|-------------------------|------------------------------------|------------------------------|---------------------------------------|---|--------------|-------------------------------|--|--|
|                       |                         | R'000                              | R'000                        | R'000                                 | R'000   | R'000        | R'000                         | R'000  | R'000  |
| Absa                  | Necsa                   | 20,000                             | 20,000                       | -                                     | -   | -            | 20,000                        | -  | -  |
| <b>Total</b>          |                         | <b>20,000</b>                      | <b>20,000</b>                | <b>-</b>                              | <b>-</b>  | <b>-</b>     | <b>20,000</b>                 | <b>-</b>   | <b>-</b>   |

## Annexure 3B

Statement of Contingent Liabilities as at 31 March 2018

| Nature of Liability                  | Opening Balance 1 April 2017 | Liabilities Incurred During the Year | Liabilities Cancelled/ Reduced During the Year | Liabilities Recoverable (Provide Details Hereunder) | Closing Balance 31 March 2018 |
|--------------------------------------|------------------------------|--------------------------------------|--|---|-------------------------------|
|                                      | R'000                        | R'000                                | R'000  | R'000   | R'000                         |
| <b>Claims against the department</b> |                              |                                      |  |   |                               |
| Claims against the Department        | 76,578                       | 5,958                                | 205  | -   | 82,330                        |
| <b>Total</b>                         | <b>76,578</b>                | <b>5,958</b>                         | <b>205</b>                                     | <b>-</b>  | <b>82,330</b>                 |

## Annexure 4

### Claims Recoverable

| Government Entity                                   | Confirmed Balance Outstanding |                  | Unconfirmed Balance Outstanding |                  | Total            |                  | Cash in Transit at Year End 2017/18*                   |                 |
|---|-------------------------------|------------------|---------------------------------|------------------|------------------|------------------|--|-----------------|
|   | 2017/18<br>R'000              | 2016/17<br>R'000 | 2017/18<br>R'000                | 2016/17<br>R'000 | 2017/18<br>R'000 | 2016/17<br>R'000 | Receipt Date up to Six (6) Working Days After Year End | Amount<br>R'000 |
| <b>Department</b>                                   |                               |                  |                                 |                  |                  |                  |  |                 |
| South African Police Service                        |                               | 3                | -                               | -                | -                | 3                | -  | -               |
| Independent Police Investigation Directorate (IPID) |                               | 11               | -                               | -                | -                | 11               | -  | -               |
| Department of Correctional Services                 |                               | 1                | -                               | -                | -                | 1                | -  | -               |
|   |                               | <b>15</b>        | -                               | -                | -                | <b>15</b>        | -  | -               |
| <b>Other Government Entities</b>                    |                               |                  |                                 |                  |                  |                  |  |                 |
| Municipal Infrastructure Support Agent              | 30                            | -                | -                               | -                | 30               |                  |  |                 |
| <b>Total</b>  | <b>30</b>                     | <b>15</b>        | -                               | -                | <b>30</b>        | <b>15</b>        | -  | -               |

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

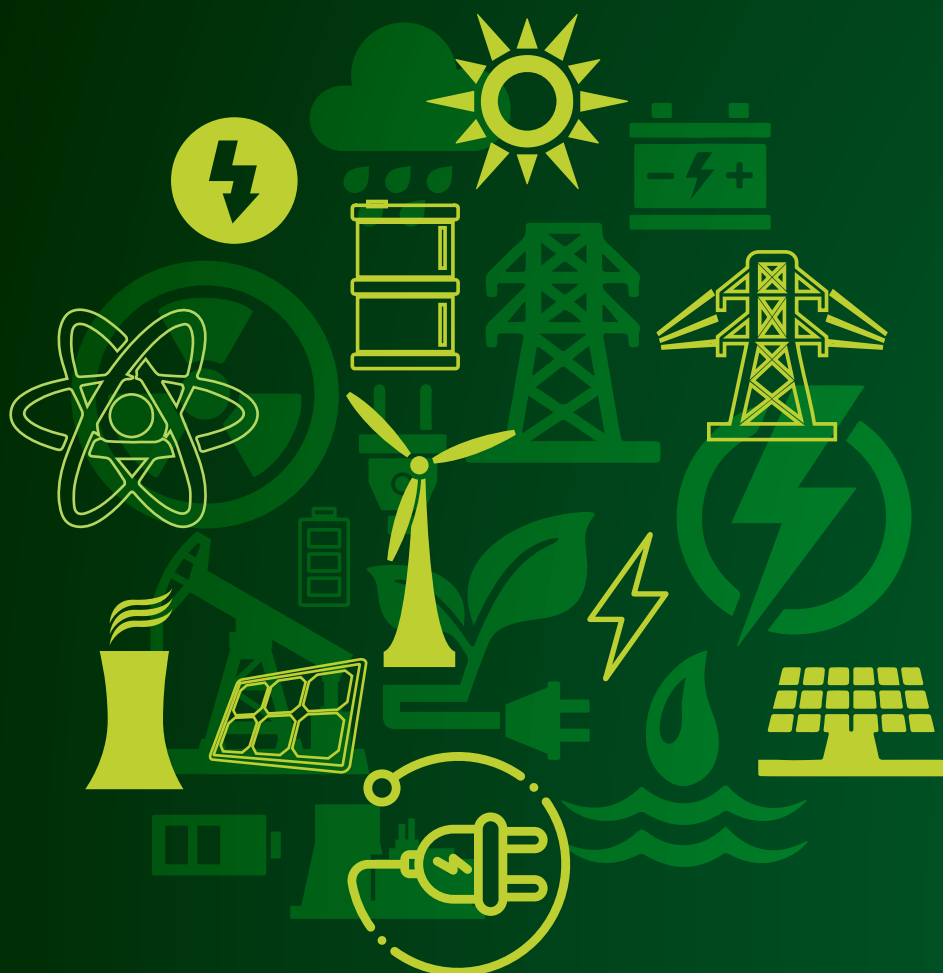
FOR THE YEAR ENDED 31 MARCH 2018

## Annexure 5 Inter-Government Payables

| Government Entity                                    | Confirmed Balance Outstanding |                     | Unconfirmed Balance Outstanding |                     | Total               |                     | Cash in Transit at Year End 2017/18 *                   |                 |
|--|-------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|---|-----------------|
|  | 31/03/2018<br>R'000           | 31/03/2017<br>R'000 | 31/03/2018<br>R'000             | 31/03/2017<br>R'000 | 31/03/2018<br>R'000 | 31/03/2017<br>R'000 | Payment Date up to Six (6) Working Days Before Year End | Amount<br>R'000 |
| <b>Departments Current</b>                           |                               |                     |                                 |                     |                     |                     |   |                 |
| South Africa Police Service                          | 117                           | -                   |                                 |                     | 117                 | -                   |   |                 |
| Gauteng Provincial Government (G-Fleet)              | -                             | 1,015               |                                 |                     | -                   | 1,015               |   |                 |
| Department of Public Works                           | 5,157                         | -                   |                                 |                     | 5,157               | -                   |   |                 |
| Department of Economic and Tourism                   | -                             | 14                  |                                 |                     | -                   | 14                  |   |                 |
| Department of Justice and Constitutional Development | 293                           | 12                  |                                 |                     | 293                 | 12                  |   |                 |
| <b>Sub-total</b>                                     | <b>5,567</b>                  | <b>1,040</b>        | <b>-</b>                        | <b>-</b>            | <b>5,567</b>        | <b>1,040</b>        |   |                 |
| <b>Other Government Entity</b>                       |                               |                     |                                 |                     |                     |                     |   |                 |
| Deeds Registration Trading Account (Petroleum)       | 1                             | 5                   |                                 |                     | 1                   | 5                   |   |                 |
| <b>Total</b>   | <b>5,568</b>                  | <b>1,045</b>        | <b>-</b>                        | <b>-</b>            | <b>5,568</b>        | <b>1,045</b>        |   |                 |

Annexure 8A  
Inter-Entity Advances Paid (Note 14)

| Entity  | Confirmed Balance Outstanding |                     | Unconfirmed Balance Outstanding |                     | Total               |                     |
|---|-------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
|   | 31/03/2018<br>R'000           | 31/03/2017<br>R'000 | 31/03/2018<br>R'000             | 31/03/2017<br>R'000 | 31/03/2018<br>R'000 | 31/03/2017<br>R'000 |
| <b>National departments</b>                           |                               |                     |                                 |                     |                     |                     |
| Department of International Relations and Cooperation | 528                           | 871                 | -                               | -                   | 528                 | 871                 |
| Department of Communication and Information Systems   | -                             | -                   | -                               | -                   | -                   | -                   |
| <b>Total</b>  | <b>528</b>                    | <b>871</b>          | <b>-</b>                        | <b>-</b>            | <b>528</b>          | <b>871</b>          |



## PART F:

## APPENDIX

### EDI HOLDINGS SOC LTD ANNUAL FINANCIAL STATEMENTS

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# COMPANY INFORMATION

|                                  |  |
|----------------------------------|--|
| <b>Country of incorporation:</b> | South Africa   |
| <b>Nature of business:</b>       | Restructuring of electricity distribution industry in South Africa   |
| <b>Governing Legislation:</b>    | Public Finance Management Act, Act no.1 of 1999 (as amended by Act 29 of 1999), and the Companies Act, Act no 61 of 1973. (Scheduled 3A Public Entity) |
| <b>Date of incorporation:</b>    | 11 March 2003  |
| <b>Business address:</b>         | 7 Eton Road<br>SANDHURST,<br>JOHANNESBURG,<br>2196   |
| <b>Postal address:</b>           | PO Box 1049,<br>Galo Manor,<br>2052  |
| <b>Bankers:</b>                  | First National Bank<br>Corporate Services<br>Bank City, Johannesburg   |
| <b>Auditors:</b>                 | AUDITOR-GENERAL OF SOUTH AFRICA  |
| <b>Registered office:</b>        | Presidia Building<br>255 Paul Kruger Street<br>Pretoria<br>0002  |

## DIRECTOR'S STATEMENT OF RESPONSIBILITY

The board of directors is responsible, through management, for ensuring the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with International Standards on Auditing. The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such statements issued by the Accounting Practices Board, as well as in accordance with the Prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP statement.

The board of directors is also responsible, through management, for ensuring the company's system of internal financial control. This is designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors confirm that the company will not continue business operations as a going concern beyond the current financial period, as a result of a Cabinet Decision issued by Government Communications and Information Systems (GCIS) on 10 December 2010 to terminate the Electricity Distribution Industry Restructuring mandate and discontinue the process of creating the Regional Electricity Distributors (REDS) with effect 31 March 2011. The financial statements are thus presented on the liquidation basis in reference to the principles applied in the United States Generally Accepted Accounting Principles (US GAAP).

The financial statements for the period ended 31 July 2014 which appear on pages 217 to 238 have been approved by the Administrator and are signed on its behalf by:



Mr L Mkhabela  
Administrator

Mr B Mphela  
Acting Chief Financial Officer

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE EDI HOLDING SOC LTD

## Report on the Audit of the Financial Statements

### Introduction

1. I have audited the financial statements of the EDI Holdings SOC Ltd (EDI) set out on pages 217 to 238, which comprise statement of financial position as at 31 July 2014 statement of financial performance, statement of changes in net assets, cash flow statement and the final liquidation account for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

### Administrator's Responsibility for the Financial Statements

2. The Administrator is responsible for the preparation of these financial statements in accordance with the financial reporting provisions as set out in Note 1.1 of the financial statements and for such internal control as the Administrator determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### Auditor-General's Responsibility for the Audit of the Financial Statements

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

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

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of EDI as at 31 July 2014, its financial performance, its cash flows for and liquidation account for the period then ended in accordance with the liquidation basis of accounting as described in Note 1.1 of the financial statements.

### Other Matters

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

### Basis of Accounting

8. Without modifying my opinion, I draw attention to Note 1.1 to the financial statements, which describe the basis of accounting.

### Submission of Financial Statements for Auditing

9. Although EDI's legislated financial year end is 31 March the entity submitted financial statements for a period of sixteen months ending 31 July 2014 to cover the period of liquidation. The due date for submission to the AGSA changed to 30 September 2014. The financial statements for the period ended 31 July 2014 were, however, only submitted for auditing on 17 November 2017.

### Report on the Audit of the Predetermined Objectives

10. There are no matters to report, as the entity was dormant for the period under review.

### Report on the Audit of Compliance with Legislation

11. There are no matters to report, as the entity was dormant for the period under review.

### Other Information

12. The entity's administrator is responsible for the other information. The other information comprises the information included in the report for the sixteen month period. The other information does not include the financial statements and the auditor's report thereon.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE EDI HOLDING SOC LTD

13. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
14. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal Control Deficiencies

15. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Pretoria  
9 April 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# DIRECTORS' REPORT

The Articles of Association require that Electricity Distribution Industry Holdings SOC Ltd is controlled and managed by a Board comprising of thirteen non-executive and two executive directors.

The board of directors is as follows:

| Name & Surname                     | Date Appointed | Total no. of ordinary meetings | No. attended | Total No. of Committee meetings | No. attended |
|------------------------------------|----------------|--------------------------------|--------------|---------------------------------|--------------|
| <b>Non-Executive Directors</b>     |                |                                |              |                                 |              |
| Mr D M Nkosi<br>(Chairman)         | 1-Dec-2008     | 2                              | 1            | -                               | 1            |
| Mr AB Ally                         | 1-Apr-2006     | 2                              | 1            | -                               | 1            |
| Mr Rj Field                        | 1-Sep-2005     | 2                              | 2            | -                               | 2            |
| Mr OJ Komane                       | 1-Apr-2006     | 2                              | 1            | -                               | 1            |
| Mr KJ Morgan                       | 1-Jan-2006     | 2                              | -            | -                               | -            |
| Mr L Joel                          | 2-Feb-2006     | 2                              | 2            | -                               | 2            |
| Dr ZZR Rustumjee                   | 1-Apr-2006     | 2                              | 1            | -                               | 1            |
| Mr MM Ntsokolo                     | 1-Jan-2008     | 2                              | 1            | -                               | 1            |
| Mr JRD Modise                      | 1-Jan-2008     | 2                              | 1            | -                               | 1            |
| Mr X George                        | 1-Jan-2008     | 2                              | 1            | -                               | 1            |
| Mr TA Audat                        | 1-Jan-2009     | 2                              | -            | -                               | -            |
| Mr C Johnson                       | 1-Sep-2010     | 2                              | 2            | -                               | 2            |
| Ms Y Chetty                        | 1-Jan-2011     | 2                              | 1            | -                               | 1            |
| <b>Executive Directors</b>         |                |                                |              | -                               |              |
| Mr L Mkhabela<br>CEO/Administrator | 1-Apr-2011     | 2                              | 2            | -                               | 2            |
| Mr B Mphela<br>CFO                 | 1-Jul-2011     | 2                              | 2            | -                               | 2            |

## 1. Principal Activities of the Company

The main object of the company was to restructure the electricity distribution industry into financially viable independent Regional Electricity Distributors in South Africa in accordance with National Government policy to ensure a more effective and efficient electricity distribution industry capable of providing affordable and accessible electricity to consumers.

Although the Electricity Distribution Industry Holdings (EDI) had made significant progress in establishing the REDS, Cabinet approved the recommendation that the Department of Energy takes over the programmes previously executed under the EDI mandate. The Department will review the whole electricity value chain with a view to developing a holistic approach to revitalise electricity infrastructure, energy security as well as the financial implications.

An administrator was appointed to attend to the winding up of EDI. The EDI Board will remain accountable until the end of the 2012/13 financial year.

## 2. Operating Results

Total income received for the year in respect of interest and other income amounted to R0.411 million (2013: R13.954 million). Of this income an amount R0.000 (2013: R1.631 million) was (reversed) / released from the conditional grant.

Operating expenditure for the financial period amounted to R1.695 million (2013: R10.865 million). The net result of the year reflects a net surplus/ (deficit) amounting to (R1.285 million) (2013: R1.458 million).

# DIRECTOR'S REPORT

No provision for taxation has been made in the financial statements of the company since the company is exempt from taxation in terms of S10(1) (cA)(i) of the Income Tax Act, act No. 58 of 1962 as amended. Unutilised government grants and funding as at end of July 2014, amounted to R0.000 million (2013: R386.121 million) as at the end of the financial period. This amount was surrendered to the National Treasury during the month of October 2012. An additional amount of R37m was surrendered to NT during this reporting period.

## 3. Funding

### Funding for Operational Requirements

No funding for operational expenditure was received from the National Treasury and the Department of Energy since the company ceased to conduct business operations as from 1 April 2011.

## 4. Share Capital

There were no changes in the authorised and issued share capital of the company during the period under review. The issued share certificates and the register of share capital are kept at the registered office of the company.

The company has been deregistered with the CIPC after all the outstanding litigation matters have been resolved.

## 5. Assets

As at the reporting date, all the assets of the entity were transferred to the DoE in terms of a special board resolution taken on the 28 July 2011.

The company does not carry any assets in the financial statements since all the assets were transferred to the Department of Energy during the course of the previous financial year.

## 6. Management and Control

Electricity Distribution Industry Holdings (Pty) Ltd, is a Scheduled 3A public entity, wholly owned by the State through the Department of Energy.

## 7. Notes on Accounting Standards

The financial statements have been prepared in accordance with the Prescribed Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board replacing the equivalent GAAP statement, in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such statements issued by the

Accounting Practices Board, as well as in a manner required by the Companies Act, 1973 as amended.

The directors confirm that the company will not continue business operations as a going concern beyond the current financial period, as a result of a Cabinet Decision issued by Government Communications and Information Systems (GCIS) on 10 December 2010 to terminate the Electricity Distribution Industry Restructuring mandate and discontinue the process of creating the Regional Electricity Distributors (REDS) with effect 31 March 2011. The financial statements are thus presented on the liquidation basis in accordance with the United States Generally Accepted Accounting Principles (US GAAP)

## 8. Going Concern

The financial statements are prepared on a liquidation basis, since the directors have reason to confirm that the company will not continue with business operations as a going concern beyond the current financial period. This emanates from the Cabinet decision of 8 December 2010, in terms of which Cabinet instructed the discontinuation of the Electricity Distribution Industry restructuring process with immediate effect as well as the cessation of the operations of EDI Holdings by 31 March 2011.

The directors believe that the remaining book value of assets and liabilities approximates their Net Realizable values or fair values.

# LIQUIDATION STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2014

|   | Note | 2014<br>R'000 | 2013<br>R'000 |
|---|------|---------------|---------------|
| <b>Assets</b>                           |      |               |               |
| <b>Non-current assets</b>               |      | -             | -             |
| <b>Current assets</b>                   |      | <b>34</b>     | <b>38,679</b> |
| Trade and other receivables             | 1    | -             | 851           |
| Cash and cash equivalents               | 2    | 34            | 37,828        |
| <b>Total assets</b>                     |      | <b>34</b>     | <b>38,679</b> |
| <b>Current liabilities</b>              |      | -             | <b>1,064</b>  |
| Unutilised transfer payments            |      | -             | -             |
| Trade and other payables                | 4    | -             | 259           |
| Provisions                              | 5    | -             | 805           |
| <b>Total liabilities</b>                |      | -             | <b>1,064</b>  |
| <b>Net Assets</b>                       |      |               |               |
| Contributions from owners               | 3    | -             | -             |
| Accumulated surplus/deficit             |      | 34            | 37,615        |
| Revaluation Reserves                    |      | -             | -             |
| <b>Total net assets</b>                 |      | <b>34</b>     | <b>37,615</b> |
| <b>Total net assets and liabilities</b> |      | <b>34</b>     | <b>38,679</b> |

# LIQUIDATION STATEMENT OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDED 31 JULY 2014

|   | Note | 2014<br>R'000  | 2013<br>R'000 |
|---|------|----------------|---------------|
| <b>Revenue</b>                              |      |                |               |
| Transfers and subsidies received/(reversed) | 6    | -              | (1,631)       |
| Profit on disposal of assets                |      | -              | -             |
| Finance Income                              | 7    | 411            | 13,954        |
| <b>Total revenue</b>                        |      | <b>411</b>     | <b>12,323</b> |
| <b>Expenditure</b>                          |      |                |               |
| Staff costs                                 | 8    | 182            | 344           |
| Administrative expenses                     | 9    | 488            | 9,720         |
| Audit fees                                  | 10   | 157            | 291           |
| Other operating expenses                    | 11   | 869            | 306           |
| Losses on disposal of assets                | 12   | -              | 204           |
| <b>Total expenditure</b>                    |      | <b>1,695</b>   | <b>10,865</b> |
| <b>Surplus/(deficit) for the period</b>     |      | <b>(1,285)</b> | <b>1,458</b>  |
| <b>Attributable to:</b>                     |      |                |               |
| Owners of the controlling entity            |      | (1,285)        | 1,458         |
| Minority interests                          |      | -              | -             |
|   |      | <b>(1,285)</b> | <b>1,458</b>  |



# LIQUIDATION STATEMENT OF CHANGE IN NET ASSETS

AS AT 31 JULY 2014

|   | Notes    | Share Capital<br>(Contributions<br>from Owners)<br>R'000 | Other Reserves<br>R'000 | Accumulated<br>Surplus/ Deficit<br>R'000 | Total<br>R'000 |
|---|----------|--|-------------------------|--|----------------|
| As restated   |          | -  | -                       | 37,089                                   | 37,089         |
| Surplus/(deficit) for the year                      |          | -  | -                       | (2,032)                                  | (2,032)        |
| Dividends paid                                      |          | -  | -                       | -  | -              |
| <b>Balance at 1 April 2012 as originally stated</b> |          | -  | -                       | <b>35,057</b>                            | <b>35,057</b>  |
| - correction of prior period error                  |          | -  | -                       | 1,100                                    | 1,100          |
| Surplus/(deficit) for the year                      |          | -  | -                       | 1,458                                    | 1,458          |
| Other movements                                     |          | -  | -                       | -  | -              |
| Movements in cash flow hedges                       |          | -  | -                       | -  | -              |
| <b>Balance at 1 April 2013 as originally stated</b> |          | -  | -                       | <b>37,615</b>                            | <b>37,615</b>  |
| - correction of prior period error                  |          | -  | -                       | -  | -              |
| Surplus/(deficit) for the year                      |          | -  | -                       | (1,285)                                  | (1,285)        |
| Other movements                                     | 21       | -  | -                       | (36,296)                                 | (36,296)       |
| <b>Balance as at end of period 31 July 2014</b>     | <b>2</b> | <b>-</b>   | <b>-</b>                | <b>34</b>                                | <b>34</b>      |

# CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 JULY 2014

|  | Note      | 2014<br>R'000   | 2013<br>R'000    |
|--|-----------|-----------------|------------------|
| <b>Cash flow from operating activities</b>                             |           |                 |                  |
| <b>Cash receipts</b>   |           | -               | 1                |
| Transfers and subsidies  |           | -               | -                |
| Other operating revenue  |           | -               | 1                |
| <b>Cash payments</b>   |           | <b>(38,385)</b> | <b>(405,758)</b> |
| Compensation of employees  |           | (182)           | (274)            |
| Funds surrendered to NT  |           | (37,000)        | -                |
| Goods and services   |           | (1,204)         | (405,484)        |
| <b>Net cash generated from operating activities</b>                    | <b>13</b> | <b>(38,385)</b> | <b>(405,757)</b> |
| <b>Cash flow from investing activities</b>                             |           |                 |                  |
| Purchase of assets   |           | -               | -                |
| Proceeds from the sale of assets                                       |           | -               | -                |
| Interest dividends and rent on land                                    |           | 411             | 13,954           |
| <b>Net cash from investing activities</b>                              |           | <b>411</b>      | <b>13,954</b>    |
|  |           | <b>(37,794)</b> | <b>(394,626)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            |           |                 |                  |
| Cash and cash equivalents and bank overdrafts at beginning of the year |           | 37,828          | 432,455          |
| Net increase/(decrease) in cash and cash equivalents                   |           | (37,794)        | (394,626)        |
| <b>Cash equivalents and bank overdrafts at end of the period</b>       |           | <b>34</b>       | <b>37,828</b>    |

# FINAL LIQUIDATION ACCOUNT

FOR THE PERIOD ENDING 31 JULY 2014

|   | Note | Other Expenses | Bank and Cash Balances |
|---|------|----------------|------------------------|
| <b>Details of events at Liquidation Values</b>                |      |                |                        |
| <b>Net Assets Values in Liquidation</b>                       |      |                | <b>62,880.59</b>       |
| <b>Payments not yet made in liquidation</b>                   |      |                |                        |
| TBM (Actual fees charged)                                     |      | 27,539.39      | (27,539.39)            |
| MHA (Legal fees)  |      | 1,840.15       | (1,840.15)             |
| <b>Net asset value in liquidation</b>                         |      |                | <b>33,501.05</b>       |
| <b>Estimated costs after liquidation account and sign-off</b> | 19   |                | 267,970.11             |
| Estimated fees TB Mphela (Acting CFP)                         |      |                | 16,543.15              |
| Estimated fees MHS (Administrator)                            |      |                | 5,000.00               |
| Estimated fees AGSA (audit fees)                              |      |                | 246,426.96             |
|   |      |                | <b>(234,469.06)</b>    |

# ACCOUNTING POLICIES

FOR THE PERIOD ENDING 31 JULY 2014

## 1.1 Basis of Preparation

The financial statements have been prepared on a liquidation basis as the entity will not continue as a going concern beyond the current financial reporting period. The accounting policies have been applied consistently throughout the period except in the case where omissions and/or errors were detected and rectified.

In preparing the financial statements, management is required to make estimates and assumptions that effect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

Since the announcement by the Minister of Energy, to terminate the Electricity Distribution Industry Restructuring mandate carried out by EDI Holdings SOC Ltd, the financial statements of the company as at the reporting date will not be completed on a going concern basis.

The statements are presented in South African Rand since that is the currency in which the company's transactions are denominated, rounded to the nearest R'000. The following are the principal accounting policies used by the company.

## 1.2 Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999).

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular, fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

## 1.3 Fixed Assets

As at the reporting date, all the assets of the entity are valued at cost less accumulated depreciation or net realisable values whichever is the lowest.

### 1.3.1 Measurement:

Immediately before the initial classification

Non-current assets held for sale and disposal groups are first measured in accordance with the relevant Standards of GRAP 100

### 1.3.2 On Subsequent re-measurement

Non-current assets held for sale and disposal groups are measured at:

- The Net Realisable Values (NRV) or fair values less cost to sell, and are
- Not depreciated or amortised

Impairment losses on measurement and re-measurement to fair values less cost to sell are recognised in line with GRAP on Impairments.

Since there were physical transfer of assets from the entity to the Department of Energy as at the reporting date, management has decided to remove all the assets from the financial statements after the Department has taken possession of these assets from the building previously occupied by the company.

## 1.4 Property, Plant and Equipment

Computer equipment, office equipment and furniture and fittings are wholly owned and are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Capitalised refurbishments costs relate to the cost of improvements of the office building leased under an operating lease for its intended use and are depreciated over the lease period.

After initial recognition of an asset at cost, an item of property, plant and equipment whose value can be measured reliably shall be carried at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Depreciation is calculated on a straight-line basis to write off the cost of each asset (less its residual value) over its estimated useful life as follows:

The useful life and residual values were reassessed every financial period

|                                 |              |
|---------------------------------|--------------|
| Computer equipment              | 3 – 8 years  |
| Office equipment                | 3 – 5 years  |
| Furniture and fittings          | 6 – 15 years |
| Capitalised refurbishment costs | 5 – years    |

In accordance with GRAP 100 a class of Assets Held for Sale are not to be depreciated as the directors are certain that these assets will be disposed of in the foreseeable future.

The depreciation method, useful life and residual value of each class of assets are verified during the asset verification process on a yearly basis.

Assets that have been received as donations with no cost values, have been revalued to their market related amounts.

## 1.5 Leases

Assets leased with a useful life and where substantially all the risks and rewards are transferred to the lessee is recognised as financial leases. In the case of leases and where the risks and rewards associated with ownership of the leased asset do not transfer to the company, these leases are recorded as operating leases.

Leases of assets in which the risks and rewards of ownership do not transfer to EDI Holdings are classified as operating leases and are not capitalised.

Payments made under operating leases are recognised in the Statement of Financial Performance on a straight-line basis over the period of the lease.

Capitalised leases are depreciated over the useful life of the asset or over the period of the lease whichever is the shorter.

## 1.6 Heritage Assets

Heritage assets, including paintings and sculptures, are recorded at cost and it is foreseen that these assets will have an indefinite life as indicated in GRAP 103. Therefore Heritage assets are not depreciated over their useful lives.

## 1.7 Intangible Assets

Computer software is classified as intangible assets are initially recognised at costs less accumulated amortisation and subsequent impairment losses. Amortisation is calculated on a straight-line basis to write off the cost of each asset (less its residual value) over its estimated useful life as follows:

|                   |         |
|-------------------|---------|
| Computer software | 3 years |
|-------------------|---------|

Due to the software licensing agreements, these assets could not be transferred to the Department, and have thus been written off in the current financial period.

## 1.8 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Provision was made for legal fees, leave and other costs.

Due to the company being liquidated, the administrator believe that there will not be any other material expenses to be provided for after this set of financial statements as this will be the last and final set of financial statements.

## 1.9 Impairment

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

## 1.10 Employee Benefits

### *Defined contribution plans*

Under defined contribution plans, entities are required to pay over agreed contributions to a fund.

The contributions plus any investment returns remaining in the fund on retirement comprise the benefits paid to employees. With plans of this type, entities bear no risk in relation to the level of returns of the plan, or that the funds available in the plan on retirement are sufficient for employees' needs.

# ACCOUNTING POLICIES

FOR THE PERIOD ENDING 31 JULY 2014

Entities that operate defined contribution plans therefore only recognise a liability for any contributions owing to the fund at the end of the reporting period, and disclose the amount recognised as an expense for defined contribution plans (equal to the amount of contributions that were paid or due to the plan during the reporting period).

EDI Holdings contributes 50 percent of the employee's contributions to the defined contribution plan and the medical aid fund. Participation in these funds is voluntary and available to all employees. EDI Holdings has no legal or constructive obligations to pay further contributions to the pension and medical fund if the fund does not hold sufficient assets to pay employees the benefit relating to employee service in the current and prior periods. Obligation for contributions to the defined contribution plan is recognised in surplus/deficit when due.

## *Bonuses, Incentives and Performance Payments*

Bonuses, incentives and performance payments may be paid to employees, e.g. as a 13<sup>th</sup> cheque, or as a percentage of their salaries. These are usually based on an individual's performance during a particular period. An entity recognises a liability and an expense for bonuses, incentives and performance-related payments when:

- It has a constructive obligation to pay bonuses, incentives or performance-related payments to employees as a result of past events e.g. where an entity has in the past always paid a bonus to employees even though their employment contracts make no provision for bonuses.
- It has a legal obligation to pay bonuses or performance related payments to employees as a result of past events e.g. where employment contracts with employees stipulate that individuals are entitled to bonuses, incentives and performance related payments capped at a percentage of their annual salaries.
- A reliable estimate can be made of the amount to be paid as bonuses, incentives and performance-related payments. A reliable estimate can only be made when the terms of the plan or employment contracts provide a formula for determining the amount of the bonus, incentive or performance payment, and the amount is determined before the financial statements are authorised for issue. Past practice may also be an indication of the amount to be paid.

As at the end of the period, the company does not carry any constructive obligations relating to employees benefits as a result of the termination of the employment relationship.

## 1.11 Transfer Payments

Government grants are recognised when they are received.

### **Transfer Payments Related to Income.**

Grants awarded with no related conditions are recognised as transfers and subsidies in the period in which they were received.

### **Transfer Payments Related to Projects.**

Grants for specific projects are recorded as deferred income and recognised as income as and when the expenses are incurred.

## 1.12 Financial Instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investment, receivables, and payables. The particular recognition methods for each of these items are as follows:

### **Financial Assets**

Financial assets are recognised at their fair values plus transaction costs.

### **Financial Liabilities**

The company's financial liabilities are sundry payables, and are measured at amortised cost, comprising original fair value plus transaction costs less principle payments and amortisations.

## 1.13 Taxation

No provision for taxation has been made since the company is directly funded by the government to affect the restructuring of the electricity distribution industry.

Exemption from taxation in terms of S10(1) (cA) i) of the Income Tax Act 58, of 1962 as amended has been granted to the company by the South African Revenue Service (SARS).

## 1.14 Investments

All surplus cash realised in the company's bank account is invested on a short term basis with the Corporation for Public Deposits.

All investments are recorded at cost and no revaluation principles are applied. Interest earned on investments is recognised on the accrual basis when it is determined that such income will accrue to the company.

## 1.15 Other Operating Income

Insurance payments received are in respect of compensations for property, plant and equipment items lost.

Surplus funds of the company are invested with the Corporation for Public Deposits. Interest received on investments is recognised using the effective interest method as set out in IAS 39 par 9 and AG5-AG8.

Interest income is separately disclosed as part of investments income on the income statement and is recognised on the accrual basis in the Statement of Financial Performance.

The income is recognised as other operating income and is separately disclosed in the Statement of Financial Performance.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 31 JULY 2014

## 1. Trade and Other Receivables

|   | 2014<br>R'000 | 2013<br>R'000 |
|---|---------------|---------------|
| Deposits  | -             | -             |
| Trade Receivables                               | -             | -             |
| Prepayments                                     | 851           | 851           |
|   | <b>851</b>    | <b>851</b>    |
| Provision (Write-off) for impairment of debtors | (851)         | -             |
|   | <b>-</b>      | <b>851</b>    |

An amount of R851k was reversed as being unlikely to be recovered from the DoE for rental amounts paid on their behalf i.r.o. the office buildings previously occupied by EDI in Pretoria (Presidia Building, 205 Paul Kruger Street, Pretoria) thought to be take over by DoE in continuation of the early termination of the lease agreement. This amount was written back as an operating expense rentals.

|  |          |          |
|--|----------|----------|
| <b>Provision for impairment of debtors</b> |          |          |
| <b>Opening balances</b>                    | -        | -        |
| Amounts condoned and recovered             | -        | -        |
| Amounts not condoned and recovered         | -        | -        |
| Amounts waiting to be condoned             | -        | -        |
| <b>Balance at end of the period</b>        | <b>-</b> | <b>-</b> |

## 2. Cash and Cash Equivalents

|   | 2014<br>R'000 | 2013<br>R'000 |
|---|---------------|---------------|
| Cash and banks balances   | 34            | 2,459         |
| Short-term deposit/investments  | -             | 35,369        |
| <b>Investments in cash as at date of reporting</b>                              | <b>34</b>     | <b>37,828</b> |
| <b>Sensitivity analysis if interest rates increase or decrease by 50% basis</b> |               |               |
| <b>Increase or decrease in surplus or deficit</b>                               | <b>-</b>      | <b>189</b>    |



### 3. Trade and Other Receivables

|                                   | 2014<br>R'000 | 2013<br>R'000 |
|-----------------------------------|---------------|---------------|
| Authorised and issued             |               |               |
| 100 Ordinary shares of R1.00 each | -             | -             |

The values of Authorised and issued Share Capital for 2013 and 2014 financial period are reflected as zero (0.00) due to the rounding up of the figures to the nearest thousand rands. The actual reported figures are R100.00 for both 2013 and 2014.

### 4. Trade and Other Payables

|                     | 2014<br>R'000 | 2013<br>R'000 |
|---------------------|---------------|---------------|
| Trade creditors     | -             | 155           |
| Accruals            | -             | 104           |
| Bonuses             | -             | -             |
| Staff exit packages | -             | -             |
| Other accruals      | -             | 104           |
|                     | -             | 259           |

### 5. Provisions

|                                 | Opening<br>Balances<br>R'000 | Additional<br>Provisions<br>R'000 | Utilisation of<br>Provisions<br>R'000 | Unused<br>Amounts<br>Reversed<br>R'000 | Closing<br>Balances<br>R'000 |
|---------------------------------|------------------------------|-----------------------------------|---------------------------------------|--|------------------------------|
| <b>Year Ended 31 July 2014</b>  |                              |                                   |                                       |  |                              |
| Legal fees                      | 103                          | 2                                 | (105)                                 | -                                      | -                            |
| Other                           | 702                          | -                                 | (237)                                 | (465)                                  | -                            |
|                                 | <b>805</b>                   | <b>2</b>                          | <b>(342)</b>                          | <b>(465)</b>                           | <b>-</b>                     |
| <b>Year Ended 31 March 2013</b> |                              |                                   |                                       |  |                              |
| Legal fees                      | 103                          | -                                 | -                                     | -                                      | 103                          |
| Other                           | 702                          | -                                 | -                                     | -                                      | 702                          |
|                                 | <b>805</b>                   | <b>-</b>                          | <b>-</b>                              | <b>-</b>                               | <b>805</b>                   |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 31 JULY 2014

## 6. Transfers and Subsidies

|   | 2014<br>R'000 | 2013<br>R'000 |
|---|---------------|---------------|
| Grants Received from Government             |               |               |
| Department of Energy (DoE)                  | -             | -             |
| Eskom MYPD restructuring Funding recognised | -             | (1,631)       |
|   | -             | (1,631)       |

## 7. Finance Income

|                                   | 2014<br>R'000 | 2013<br>R'000 |
|-----------------------------------|---------------|---------------|
| Interest Received: Bank           | 161           | 76            |
| Interest Received: DoE Investment | 9             | 2,341         |
| Interest Received: MYPD           | 241           | 11,537        |
|                                   | 411           | 13,954        |

## 8. Compensation of Employees

|  | 2014<br>R'000 | 2013<br>R'000 |
|--|---------------|---------------|
| Staff costs                                | 182           | 344           |
| <b>Included in staff costs are:</b>        |               |               |
| Salaries and wages                         | 182           | 448           |
| Employer contributions to pension fund     | -             | -             |
| Employer contributions to medical fund     | -             | (104)         |
| Defined benefit plan expense               | -             | -             |
| Employer contributions to group life cover | -             | -             |

## 9. Administrative Expenses

|   | 2014<br>R'000 | 2013<br>R'000 |
|---|---------------|---------------|
| Administrative expenses consist of the following: |               |               |
| <b>General Administrative Expenses</b>            |               |               |
| Recruitment fees                                  | -             | -             |
| Security  | -             | -             |
| Staff refreshments and welfare                    | -             | 2             |
| Subscriptions and registrations                   | -             | -             |
| <b>Fees for services</b>                          | <b>59</b>     | <b>682</b>    |
| Fees for services                                 | -             | 564           |
| Fees for services: Managerial                     | -             | -             |
| Fees for services: Technical                      | -             | -             |
| Fees for services: Board                          | 59            | 119           |
| <b>Other</b>                                      | <b>428</b>    | <b>9,036</b>  |
| Bad debts   | -             | -             |
| Bank charges                                      | 10            | 8             |
| Internal audit fees                               | -             | -             |
| Legal fees  | 416           | 505           |
| Printing and stationery                           | 2             | 11            |
| Short term insurance                              | -             | -             |
| Salaries: Severance packages                      | -             | 8,512         |
| Venues and facilities                             | -             | -             |
| <b>Total</b>                                      | <b>488</b>    | <b>9,720</b>  |

## 10. Audit Fees

|  | 2014<br>R'000 | 2013<br>R'000 |
|--|---------------|---------------|
| <b>External auditor's remuneration</b> |               |               |
| Audit fees prior year                  | 157           | 191           |
| Audit fees current year                | -             | 100           |
| Forensic audit fees                    | -             | -             |
| <b>Total</b>                           | <b>157</b>    | <b>291</b>    |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 31 JULY 2014

## 11. Other Operating Expenses

|  | 2014<br>R'000 | 2013<br>R'000 |
|--|---------------|---------------|
| <b>Included in other operating expenses are the following</b>          |               |               |
| Fruitless and wasteful expenditure                                     | -             | -             |
| Irregular expenditure  | -             | -             |
| <b>Maintenance, repairs and running costs</b>                          | -             | <b>312</b>    |
| Property and buildings   | -             | 300           |
| Machinery and Equipment  | -             | 12            |
| Other maintenance, repairs and running costs                           | -             | -             |
| Impairment recognised/(reversed)                                       | -             | -             |
| <b>Depreciation</b>  | -             | -             |
| Assets carried at cost   | -             | -             |
| Amortisation   | -             | -             |
| Courier and delivery charges   | -             | 1             |
| Communication costs  | 3             | 12            |
| Municipal services   | -             | -             |
| Travel and subsistence   | 15            | 32            |
| <b>Rentals in respect of operating leases (minimum lease payments)</b> | <b>851</b>    | <b>(52)</b>   |
| Buildings  | 851           | -             |
| Plant, machinery and equipment   | -             | (52)          |
| Vehicles   | -             | -             |
| <b>Total</b>   | <b>869</b>    | <b>306</b>    |
| Future commitments under operating lease are as follows                |               |               |
| Minimum future lease payments  |               |               |
| – Up to one year   | -             | -             |
| – Up to five years   | -             | -             |
|  | -             | -             |

## 12. Loss on Disposal of Assets

|  | 2014<br>R'000 | 2013<br>R'000 |
|--|---------------|---------------|
| Assets transferred to DoE                    | -             | -             |
| Assets transferred to as being Held For Sale | -             | -             |
| Revaluation written back                     | -             | -             |
| Loss on disposals of assets                  | -             | -             |
| Asset written off                            | -             | 204           |
|  | -             | <b>204</b>    |

## 13. Loss on Disposal of Assets

|  | 2014<br>R'000   | 2013<br>R'000    |
|--|-----------------|------------------|
| <b>Net Cash Flow from/(used in) Operating Activities</b>                       | (38,385)        | (405,757)        |
| <b>Surplus/(Deficit) before tax</b>  | <b>(1,285)</b>  | <b>1,458</b>     |
| <b>Non-cash movements</b>  |                 |                  |
| Depreciation charges   | -               | 640              |
| Impairment of assets   | -               | 100              |
| Amortisation   | -               | 72               |
| Adjustments to provisions  | (805)           | (9,731)          |
| Increase/(decrease) in payables  | (259)           | (1,220)          |
| Increase/(decrease) in receivables   | 851             | (344)            |
| Gains/(losses) on disposal of assets   | -               | 3,343            |
| Interest receipts as investing activities                                      | 411             | (13,954)         |
| Increase/(decrease) in other current assets                                    | -               | -                |
| Grant Funds Surrendered to the NT  | (37,298)        | -                |
| Grant Funds (recognised)/reversed  | -               | (386,121)        |
| <b>Adjusting cash flow items</b>   | <b>(37,100)</b> | <b>(407,215)</b> |
| <b>Cash and cash equivalents</b>   |                 |                  |
| Cash at bank   | 34              | 2,459            |
| Petty cash   | -               | -                |
| Short-term deposits/investments  | -               | 35,369           |
| Investments in cash as at end of the period                                    | 34              | 37,828           |
| Sensitivity analysis if interest rates increase or decrease by 50 basis points |                 |                  |
| Increase or decrease in surplus or deficit                                     | -               | 189              |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 31 JULY 2014

## 14.1 Directors Emoluments

|   | Date Appointed   | Date Resigned | Directors Fees<br>R'000 | Remuneration<br>for Services as<br>Director<br>R'000 | Other Payments<br>R'000 | Total Employment<br>Costs<br>R'000 |
|---|------------------|---------------|-------------------------|--|-------------------------|------------------------------------|
| <b>Directors and Executive Management<br/>Period-Ended 31 July 2014</b> |                  |               |                         |  |                         |                                    |
| <b>Non-Executive Directors</b>  |                  |               |                         |  |                         |                                    |
| Mr DM Nkosi   | 1 December 2008  | 10 May 2011   | -                       | -  | -                       | -                                  |
| Mr AB Ally  | 1 April 2006     | 10 May 2011   | 5                       | -  | -                       | 5                                  |
| Mr OJ Komane  | 1 April 2006     | 10 May 2011   | 7                       | -  | -                       | 7                                  |
| Mr RJ Field   | 1 September 2005 | 10 May 2011   | 11                      | -  | -                       | 11                                 |
| Mr KJ Morgan  | 1 January 2006   | 10 May 2011   | -                       | -  | -                       | -                                  |
| Mr C Johnson  | 1 September 2010 | 10 May 2011   | 8                       | -  | 10                      | 19                                 |
| Mr L Joel   | 2 February 2006  | 10 May 2011   | 10                      | -  | -                       | 10                                 |
| Mr MM Ntsokolo  | 1 January 2008   | 10 May 2011   | 5                       | -  | -                       | 5                                  |
| Ms Y Chetty (DoE)   | 1 January 2011   | 10 May 2011   | -                       | -  | -                       | -                                  |
| Mr X George   | 1 January 2008   | 10 May 2011   | 3                       | -  | -                       | 3                                  |
|   |                  |               | <b>48</b>               | <b>-</b>   | <b>10</b>               | <b>59</b>                          |
| <b>Non-Executive Directors<br/>Period-Ended 31 March 2013</b>           |                  |               |                         |  |                         |                                    |
| Mr DM Nkosi   | 1 December 2008  | 10 May 2011   | -                       | -  | -                       | -                                  |
| Mr AB Ally  | 1 April 2006     | 10 May 2011   | -                       | -  | -                       | -                                  |
| Mr OJ Komane  | 1 April 2006     | 10 May 2011   | 5                       | 10   | -                       | 15                                 |
| Mr RJ Field   | 1 September 2005 | 10 May 2011   | 5                       | -  | -                       | 5                                  |
| Mr KJ Morgan  | 1 January 2006   | 10 May 2011   | -                       | -  | -                       | -                                  |
| Mr C Johnson  | 1 September 2010 | 10 May 2011   | 5                       | -  | -                       | 5                                  |
| Mr L Joel   | 2 February 2006  | 10 May 2011   | 5                       | -  | -                       | 5                                  |
| Mr MM Ntsokolo  | 1 January 2008   | 10 May 2011   | -                       | -  | -                       | -                                  |
| Ms Y Chetty (DoE)   | 1 January 2011   | 10 May 2011   | -                       | -  | -                       | -                                  |
| Mr X George   | 1 January 2008   | 10 May 2011   | 5                       | -  | -                       | 5                                  |
|   |                  |               | <b>25</b>               | <b>10</b>  | <b>-</b>                | <b>35</b>                          |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 31 JULY 2014

## 14.2 Directors Emoluments (continued)

### Period-Ended 31 July 2014

|                             | Date Appointed | Date Resigned | Fees and Salaries<br>R'000 | Allowance<br>R'000 | Pension Contributions<br>R'000 | Medical Aid Contributions<br>R'000 | Total Employment Costs<br>R'000 |
|-----------------------------|----------------|---------------|----------------------------|--------------------|--------------------------------|------------------------------------|---------------------------------|
| <b>Executive Directors</b>  |                |               |                            |                    |                                |                                    |                                 |
| Mr Mkhabela (Administrator) | 1 April 2011   |               | 302                        | -                  | -                              | -                                  | 302                             |
| Mr B Mphela (Acting CFO)    | 1 July 2011    |               | 168                        | 13                 | -                              | -                                  | 182                             |
|                             |                |               | <b>471</b>                 | <b>13</b>          | <b>-</b>                       | <b>-</b>                           | <b>484</b>                      |

### Period-Ended 31 March 2013

|                             | Date Appointed | Date Resigned | Fees and Salaries<br>R'000 | Allowance<br>R'000 | Pension Contributions<br>R'000 | Medical Aid Contributions<br>R'000 | Total Employment Costs<br>R'000 |
|-----------------------------|----------------|---------------|----------------------------|--------------------|--------------------------------|------------------------------------|---------------------------------|
| <b>Executive Directors</b>  |                |               |                            |                    |                                |                                    |                                 |
| Mr Mkhabela (Administrator) | 1 April 2011   |               | 455                        | -                  | -                              | -                                  | 455                             |
| Mr B Mphela (Acting CFO)    | 1 July 2011    |               | 443                        | -                  | -                              | -                                  | 443                             |
|                             |                |               | <b>898</b>                 | <b>-</b>           | <b>-</b>                       | <b>-</b>                           | <b>898</b>                      |

|                                    | Total Employment Costs<br>2014<br>R'000 | Total Employment Costs<br>2013<br>R'000 |
|------------------------------------|---|---|
| <b>Summary</b>                     |   |   |
| <b>Non-Executive Board Members</b> | 59                                      | 35                                      |
|                                    | <b>484</b>                              | <b>898</b>                              |
| <b>Executive Board Members</b>     | 484                                     | 898                                     |
|                                    | -                                       | -                                       |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 31 JULY 2014

## 15. Financial Instruments

In the course of the company's operation, the company is exposed to interest risk, credit risk and liquidity risk.

### Interest Rate Risk

As required by the Treasury Regulations, the company has invested its surplus funds with the Corporation for Public Deposits (CPD). At period-end, surplus funds were maintained in the CPD call account, while a minimal balance was held in the company's current bank account. The company is exposed to movement in money market interest rate as and when surplus cash is invested.

### Sensitivity Analysis for Variable Rate Instruments

The sensitivity has been determined based of the movement of interest rates on the surplus funds invested in the CPD call accounts. Based on the investment amount as at year end, if interest had been 50 basis points higher or lower the increase/ (decrease) on the company surplus or deficit are set out on the table below:

### Cash and Cash Equivalents

|  |           |               |
|--|-----------|---------------|
| Cash at bank                                       | 34        | 2,459         |
| Petty cash   | -         | -             |
| Short-term deposits/investments                    | -         | 35,369        |
| <b>Investments in cash as at end of the period</b> | <b>34</b> | <b>37,828</b> |

Sensitivity analysis if interest rates increase are decreased by 50 basis points

|   |          |            |
|---|----------|------------|
| <b>Increase or decrease in surplus or deficit</b> | <b>-</b> | <b>189</b> |
|---|----------|------------|

### Credit Risk

The company is not exposed to any other credit risks.

### Liquidity Risk

The company manages liquidity risk through proper management of working capital, capital expenditure and actual versus forecasted cash-flows. Adequate liquid resources are maintained.

### Fair Values

The company's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables.

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

### Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities.



## 15. Financial Instruments (Continued)

### Trade Receivables

The carrying amount of trade receivables, net of impairment, approximates fair value due to the relatively short-term maturity of this financial asset.

### Trade Payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

The fair values of financial assets and financial liabilities at reporting date are as follows:

### 15.1 Fair Values

|                                    | Fair Values<br>R'000 | Carrying Amounts<br>R'000 |
|------------------------------------|----------------------|---------------------------|
| <b>Period Ended 31 July 2014</b>   |                      |                           |
| Assets                             | 34                   | 34                        |
| Trade receivables                  | -                    | -                         |
| <b>Total financial assets</b>      | <b>34</b>            | <b>34</b>                 |
| <b>Period Ended 31 March 2014</b>  |                      |                           |
| Trade payables                     | -                    | -                         |
| <b>Total financial liabilities</b> | <b>-</b>             | <b>-</b>                  |
| <b>Period Ended 31 March 2013</b>  |                      |                           |
| Assets                             | 37,828               | 37,828                    |
| Trade receivables                  | 850                  | 850                       |
| <b>Total financial assets</b>      | <b>38,678</b>        | <b>38,678</b>             |
| <b>Period Ended 31 March 2013</b>  |                      |                           |
| Trade payables                     | 259                  | 259                       |
| <b>Total financial liabilities</b> | <b>259</b>           | <b>259</b>                |

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 31 JULY 2014

## 15.2 One (1) Year or Less

|                                    | 1 year or less<br>R'000 | Total<br>R'000 |
|------------------------------------|-------------------------|----------------|
| <b>Period Ended 31 March 2014</b>  |                         |                |
| Assets                             |                         |                |
| Investment in cash                 | 34                      | 34             |
| Trade receivables                  | -                       | -              |
| <b>Total financial assets</b>      | <b>34</b>               | <b>34</b>      |
| <b>Period Ended 31 March 2014</b>  |                         |                |
| Trade payables                     | -                       | -              |
| <b>Total financial liabilities</b> | <b>-</b>                | <b>-</b>       |
| <b>Period Ended 31 March 2014</b>  |                         |                |
| Assets                             |                         |                |
| Investment in cash                 | 37,828                  | 37,828         |
| Trade receivables                  | 851                     | 851            |
| <b>Total financial assets</b>      | <b>38,679</b>           | <b>38,679</b>  |
| <b>Period Ended 31 March 2013</b>  |                         |                |
| Trade payables                     | 259                     | 259            |
| <b>Total financial liabilities</b> | <b>259</b>              | <b>259</b>     |

## 16. Irregular, Wasteful and Fruitless Expenditure

|   | 2014<br>R'000 | 2013<br>R'000 |
|---|---------------|---------------|
| <b>Opening balance</b>                        | -             | <b>9,136</b>  |
| Total amount to be written-off current period | -             | (9,136)       |
| Amounts condoned and recovered                | -             | (14,866)      |
| Amounts not condoned and recovered            | -             | 5,730         |
| Amounts waiting to be condoned                | -             | -             |
| <b>Balance at end of period</b>               | <b>-</b>      | <b>-</b>      |

## 17. Related Party Transactions

EDI Holdings is 100 percent owned by the Government of South Africa represented by the Department of Energy.

### **Department of Energy (DoE)**

An amount of R0.851 million owed by the Department of Energy (DoE) in respect of office accommodation costs paid on their behalf by EDI. This amount was subsequently written back to rental expenses due to being unlikely to be recovered.

The Board of Directors of EDIH has by special resolution distributed final assets to the DoE with a carrying amount of R0.000 (2013: R0.232 million).

Directors appointed by the Department of Energy to the Board of Directors of the company do not receive compensation in the form of Directors Emoluments, or any other financial benefits.

### **Mkhabela Huntley Adekeye Inc. (MHA)**

An amount of R0.302 million (2013: R0.678 million) was paid to Mkhabela Huntley Adekeye Inc. attorneys T/A MHA, appointed through a limited bidding process by the Board of Directors of EDI as the administrator to manage and wind-up the affairs of EDI to a stage where the company could be deregistered since 1 April 2011. Of this amount, R0.000 million (2013: R0.223 million) was paid in respect of defending the CCMA matter against the employees of the company for unfair dismissal, whilst the balance of R0.302 million (2013: R0.455 million) is in respect of winding-up operations. As at the end of the financial period, an amount of R0.000 million (2013: R0.155 million) was owing to the account of the administrator.

## 18. Compliance Reporting

### ***Investigations***

In the process of recovering outstanding debtor's balances, it was discovered that the amount previously reported as owing by Momentum Health, was fraudulently stolen from EDI by one of its former employee. This matter was reported with the South African Police Services (SAPS) with case no. 111/57/2013. The employee was subsequently found guilty on two counts and sentenced to four (4) years suspended sentence on occasion the accused is not convicted of any offence where dishonesty is an element that has been committed during the period of the suspension.

### ***Fruitless and Wasteful Expenditure***

A total amount of R0.000 million (2013: R5.730 million) reported during the current financial year was spent on potential fruitless and wasteful expenditure in respect of employees whose contracts were terminated as a result of the company closing down for business as at 31<sup>st</sup> March 2011. All the employees were paid a severance package amounting to R0.000 (2013: R14.866 million) during the previous financial period.

### ***Irregular Expenditure***

No irregular expenditure is reported during the current financial period.

## 19. Subsequent Events

### **None Adjusting Events**

The directors of the company do not foresee any adjusting entries that would materially affect the financial statements as at reporting date.

In finalising the liquidation account of EDI Holdings SOC Ltd, the administrator advised that the balance of the amount in Trust must be transferred to the bank account of the Department of Energy to pay all the outstanding fee claims not yet processed and paid through the trust account as at date of reporting the final balance of the Liquidation account. The following are the outstanding fee claims:

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE PERIOD ENDING 31 JULY 2014

## Estimated Fees Subsequent Events

|                               |                   |
|-------------------------------|-------------------|
| Mr B Mphela (Acting CFO)      | 16,543.15         |
| Mr L Mkhabela (Administrator) | 5,000.00          |
| AGSA (Audit Fees)             | 246,426.96        |
|                               | <b>267,970.11</b> |

## 20. Contingent Liabilities

No contingent liabilities were recorded as at the reporting period.

## 21. Write Back of Accumulated Surplus/Deficit

An amount of R36.730m being part of the Accumulated Surplus/ Deficit up to and including movements subsequent to the 31<sup>st</sup> July 2014, was written back to the DoE as a result of the amount of an amount of R37 million surrendered to the National Treasury via DoE.

# ANNEXURE TO THE FINANCIAL STATEMENTS

Electricity Distribution Industry Holdings SOC Ltd For the Period Ending 31 July 2014

|   | Amounts           |
|---|-------------------|
| <b>Total Income and Expenses After 31 July 2014</b> |                   |
| Interest received after 31 July 2014                | (57,380.57)       |
| Payments and expenses After 31 July 2014            | 217,538.20        |
| Legal fees  | 115,828.57        |
| Bank charges  | 924.95            |
| Salaries: Basic salaries                            | 100,153.63        |
| Travel: Local – Travel claims                       | 631.05            |
| <b>Add back cashback unreconciled transactions:</b> |                   |
| TBM Claim (Ref: B1717)                              | 27,539.39         |
| MHA Inc (Ref: B1418)                                | 1,840.15          |
|   | <b>189,537.17</b> |

## NOTES

This image shows a full page of blank, lined paper. It features approximately 20 horizontal blue lines spaced evenly across the page, typical of notebook or legal stationery. The lines are thin and light blue, set against a plain white background. There is no handwriting, printed text, or other markings on the page.

## NOTES

This image shows a full page of blank handwriting practice paper. It features approximately 28 evenly spaced, horizontal blue lines across the entire page. The lines are thin and light blue, set against a plain white background. There are no margins, text, or other markings present.

## NOTES

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal blue lines across its entire width. The lines are thin and consistent in color, set against a plain white background. There are no margins, text, or other markings present on the page.



# ENERGY SAVING TIPS



Follow Eskom instructions to reduce energy usage during peak times.

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Remember to keep the lid on the pot when you cook to conserve heat and energy.

---



Use energy-saving light bulbs.

---



Use the kettle to boil water. It is energy wasting to use the stove to boil water compared to a kettle.

---



Change to highest gear rather than driving in lowest gear.

Service your car regularly.

Don't over rev your car.

Check your tyre pressure if it's correct.

---



Fill your tank in the morning.

Only fill up when it's half tank rather than quarter tank.

---



Obey speed limit

Travel at a regular speed (i.e. don't repeatedly accelerate and then slow down); use cruise control if you have one.

---

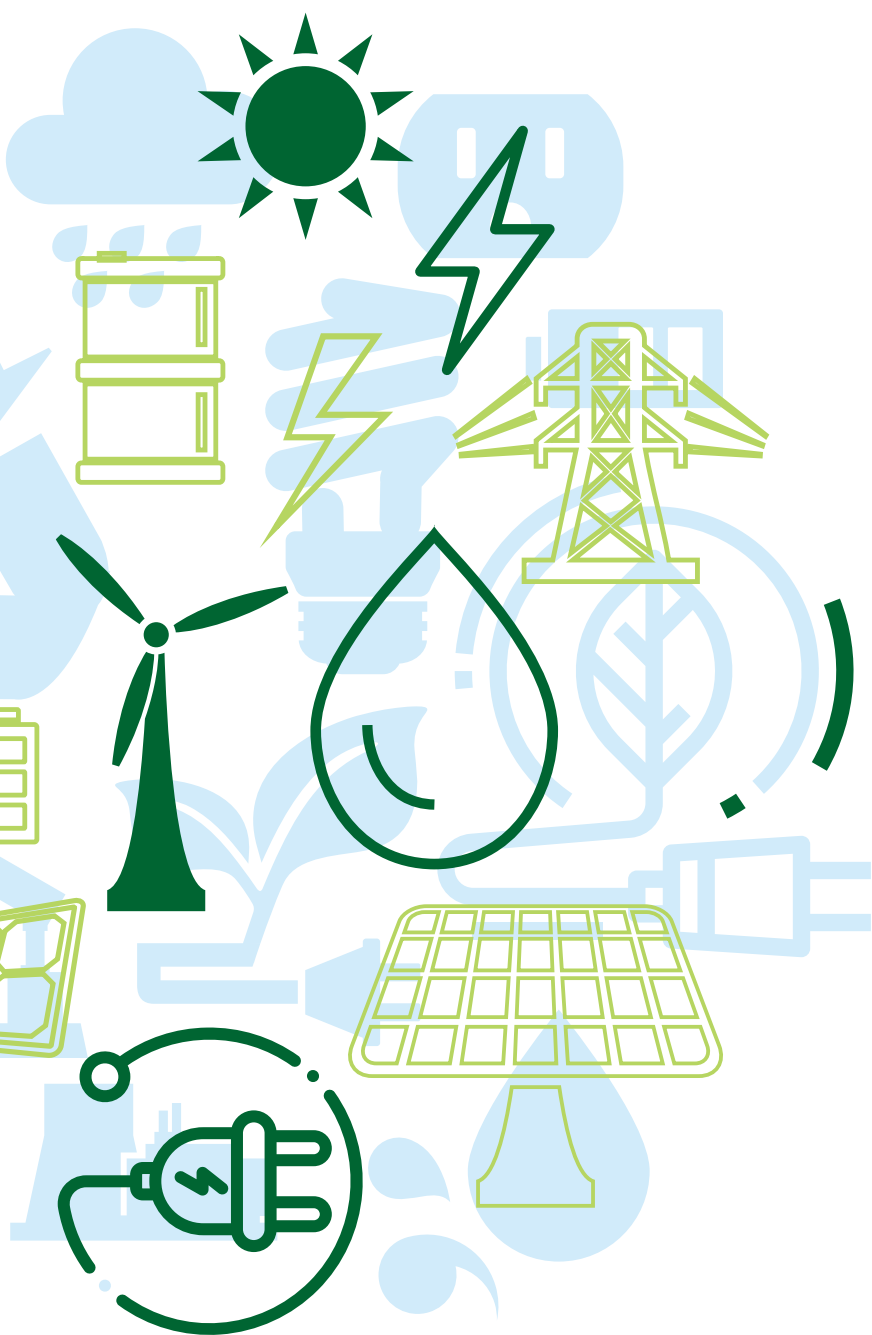


Close the windows and doors when the air conditioner or heater is on and save money!

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Close the door every time you take things out of the fridge and also check that it seals properly.



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