



WORLD CLASS MINERALS AND ENERGY SECTORS THROUGH SUSTAINABLE DEVELOPMENT

DEPARTMENT OF MINERALS AND ENERGY

Performance of the Integrated National Electrification Programme as at 31st December 2007 (3rd Quarter)

Presentation to the Select Committee on Finance 30 January 2008



the dme

Department:
Minerals and Energy
REPUBLIC OF SOUTH AFRICA

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MUNICIPAL PROGRAMME

2007/8 CAPITAL EXPENDITURE

Province	2007/8 Original Allocation (R'000)	Year to Date Scheduled Transfers (R'000)	Year to Date Actual Transfers (R'000)	Year to Date Expenditure (Excluding Top-up Funding) (R'000)	% Funds transferred vs. Original Allocation	% Expenditure to date vs. Funds Transferred
Eastern Cape	80,127	67,031	62,309	48,816	78%	78%
Free State	32,621	23,081	16,460	9,196	50%	56%
Gauteng	89,900	47,348	34,812	32,429	39%	93%
Kwazulu Natal	86,500	62,429	50,685	50,685	59%	100%
Limpopo	32,584	22,116	8,752	4,366	27%	50%
Mpumalanga	52,033	24,566	8,812	3,734	17%	42%
Northern Cape	9,442	8,533	3,820	917	40%	24%
North West	47,070	45,177	18,632	2,858	40%	15%
Western Cape	37,550	31,603	21,813	17,793	58%	82%
Total	467,827	331,884	226,095	175,399	48%	78%

CONNECTIONS

Summary of Household Connections 2007/08 December 2007

Province Name	Revised connections	Year to date Actual	% Achieved
Eastern Cape	7,991	2,839	36%
Free State	6,366	0	0
Gauteng	16,740	2,983	18%0
Kwazulu/Natal	16,665	8,975	29%
Limpopo	5,608	220	3%
Mpumalanga	2,206	0	0
North West	2,658	0	0
Northern Cape	1,970	68	3%
Western Cape	6,552	199	3%
Total	66,756	15,284	23%

CHALLENGES

- Municipalities currently finalising or executing 2005/6 and 2006/7 projects.
- The need to built bulk infrastructure to enable connections
- Execution capacity challenges at municipalities (Contractors, Consultants etc)



ESKOM PROGRAMME

Eskom Programme

Allocations 2007/8 and Performance as at December 2007

BUDGET TYPE	TOTAL Year End 2007/8 CAPEX	Total Scheduled YTD Capex (Including VAT)	Total Actual YTD Capex (Including VAT)	Actual YTD Percentage Completion against Year End Target
Schools and Clinics	49,727,042.50	44,946,902.24	19,100,825.58	38.41%
Households	923,355,957.50	727,250,104.97	633,591,506.73	68.62%
Total	973,083,000.00	772,197,007.21	652,692,332.31	67.07%

BUDGET TYPE	TOTAL Year End 2007/8 Connections	Total Scheduled YTD Connections	Total Actual YTD Connections	Actual YTD Percentage Completion against Year End Target
Schools and Clinics	484	346	216	44.63%
Households	120,133	95372	58933	49.06%
Total	120,617	95718	59149	49.04%

**Eskom Expenditure 2007/08
Households**

PROVINCE	TOTAL YEAR END CAPEX INCLUDING VAT	TOTAL SCHEDULED YTD CAPEX (Including VAT)	TOTAL ACTUAL YTD CAPEX (Including VAT)	Actual YTD Percentage Completion against Year End Target
EASTERN CAPE	250,076,925.82	175,911,372.21	178,890,033.79	71.53%
FREE STATE	12,369,255.67	11,985,152.62	9,044,001.76	73.12%
GAUTENG	41,758,903.08	27,089,520.10	27,183,217.16	65.10%
KWAZULU/NATAL	277,771,224.57	232,331,668.43	187,657,361.53	67.56%
LIMPOPO	126,354,767.81	113,859,564.72	100,539,290.47	79.57%
MPUMALANGA	86,319,664.45	69,525,370.45	33,754,810.05	39.10%
NORTH WEST	86,676,956.37	64,580,920.62	57,921,449.46	66.82%
NORTHERN CAPE	16,317,939.31	15,630,346.03	12,477,231.39	76.46%
WESTERN CAPE	25,710,320.43	16,336,189.78	26,124,111.12	101.61%
Grand Total	923,355,957.50	727,250,104.97	633,591,506.73	68.62%

Eskom Connections 2007/08
Households

PROVINCE	TOTAL YEAR END CONNECTIONS	TOTAL SCHEDULED YTD CONNECTIONS	TOTAL ACTUAL YTD CONNECTIONS	Actual YTD Percentage Completion against Year End Target
EASTERN CAPE	28,445	18,988	15,840	55.69%
FREE STATE	2,636	2,478	2,822	107.06%
GAUTENG	7,556	5,939	2,143	28.36%
KWAZULU/NATAL	25,825	24,662	11,139	43.13%
LIMPOPO	28,648	21,587	15,460	53.97%
MPUMALANGA	8,055	6,423	56	0.70%
NORTH WEST	11,816	9,920	5,816	49.22%
NORTHERN CAPE	3,233	2,996	3,417	105.69%
WESTERN CAPE	3,919	2,379	2,240	57.16%
Grand Total	120,133	95,372	58,933	49.06%

Challenges

- Shortage of material for construction (Poles, Transformers etc)
- Design problems and survey resource constraints
- Topography, housing densities,
- Dependencies on bulk infrastructure, especially in Mpumalanga, Eastern Cape and Kwa-Zulu Natal



RECOMMENDATIONS

- Projects are awarded to more than one contractor.
- Contractors are encouraged to source material.
- Contractors will be required to separate their resources as per LV,MV infrastructure and house connections so that all activities could be done simultaneously.
- Outages will be arranged long in advance to prevent cancellations.

**Eskom Expenditure 2007/08
Schools and Clinics**

PROVINCE	TOTAL Year End 2007/8 CAPEX	Total Scheduled YTD Capex (Including VAT)	Total Actual YTD Capex (Including VAT)	Actual YTD Percentage Completion against Year End Target
EASTERN CAPE	19,331,703.00	16,665,289.18	6,505,978.44	33.65%
FREE STATE	1,109,052.29	1,109,052.29	1,927,380.02	173.79%
KWAZULU/NATAL	15,537,887.20	13,606,560.76	9,986,929.97	64.27%
LIMPOPO	13,315,200.00	13,315,200.00	545,679.80	4.10%
MPUMALANGA	182,400.01	0.01	80,460.40	44.11%
NORTHERN CAPE	250,800.00	250,800.00	54,396.95	21.69%
Grand Total	49,727,042.50	44,946,902.24	19,100,825.58	38.41%

**Eskom Connections 2007/08
Schools and Clinics**

PROVINCE	TOTAL Year End 2007/8 Connections	Total Number of Scheduled YTD Connections	Total Number of Actual YTD Connections	Actual YTD Percentage Completion against Year End Target
EASTERN CAPE	99	70	67	67.68%
FREE STATE	30	20	9	30.00%
KWAZULU/NATAL	206	181	125	60.68%
LIMPOPO	146	75	14	9.59%
MPUMALANGA	2	0	1	50.00%
NORTHERN CAPE	1	0	0	0.00%
Grand Total	484	346	216	44.63%

Eskom Expenditure 2007/08
Special ~~Clinics~~ Clinics

PROVINCE	TOTAL Year End 2007/8 CAPEX	Total Scheduled YTD Capex (Including VAT)	Total Actual YTD Capex (Including VAT)	Actual YTD Percentage Completion against Year End Target
EASTERN CAPE	41,858,086.23	16,919,527.00	3,247,742.56	7.76%
GAUTENG	51,000.18	51,000.18	0.00	0.00%
KWAZULU/NATAL	1,220,000.00	0.00	0.00	0.00%
LIMPOPO	1,292,201.71	137,548.34	199,577.76	15.44%
NORTH WEST	428,434.80	0.00	0.00	0.00%
NORTHERN CAPE	150,277.08	79,800.00	46,630.70	31.03%
Grand Total	45,000,000.00	17,187,875.53	3,493,951.01	7.76%

**Eskom Connections 2007/08
Special Clinics**

PROVINCE	TOTAL Year End 2007/8 Connections	Total Number of Scheduled YTD Connections	Total Number of Actual YTD Connections	Actual YTD Percentage Completion against Year End Target
EASTERN CAPE	122	25	6	4.92%
GAUTENG	1	0	0	0.00%
KWAZULU/NATAL	5	0	0	0.00%
LIMPOPO	5	0	0	0.00%
NORTH WEST	3	0	1	33.33%
NORTHERN CAPE	0	0	0	0
Grand Total	136	25	9	6.62%

Eskom Reasons for Year to Date Performance

- Contractors access to site after rainfall.**
- Schools contractors and consultants appointed late.**
- Lack of Point of Supply (POS) contractors.**
- Point of Supply contractors only appointed in October 2007.**
- Schools resources only increased during the year.**
- Shortage of transformers and poles.**
- Knock on effect of late assessments.**
- Incomplete pegging due to problems with terrain, rock and statutory approvals.**
- Change of structure standards resulting in designs having to be revised.**
- Commissioning delays.**

Eskom Mitigation on current performance

- Contractors to source their own material.
- Designs have been revised according to new structure standards.
- Additional resources in place for the construction phase.
- Contractors working over weekends to meet targets.
- Engaging with Field Services make resources available.
- Trying to maximise live line use.
- Weekly stakeholder meetings to measure performance and mitigate against potential future risks.
- Additional consultants appointed
- Additional contractors appointed
- Minor reticulation project contractors were requested to assist schools and clinics contractors in connecting more schools

The way forward

- Focus on the completion of the 2007/8 Programme
- Preparation for the finalization of the 2008/9 Programme
- Concentrate on infrastructure development for electrification
- Maximize the number of schools to be electrified in 2008/9

THANK YOU