

15 May
Saeconomia

(24 April)

**RESPONSES TO THE SELECT COMMITTEE ON ECONOMIC DEVELOPMENT PRESENTATION OF DOE'S REVISED STRATEGIC PLAN 2011/12- 2015/16
AND ANNUAL PERFORMANCE PLAN 2012/13 : 24 APRIL 2012**

Select Com Member	QUESTION	RESPONSE
	<p>1. Overview of the status of the EDI holdings windup process. Give clear indication as to dates and the expected completion date of the entire process. R 11m not transferred.</p>	<p>The Administrator was appointed by the Board of EDIH in April 2011 to complete the winding up process. The EDIH board is still in place. The winding up process is almost complete. Negotiations with Municipalities (ring fencing process) and other creditors have been finalized. Creditors have been paid out. Assets have been counted and transferred to the DOE. The Auditor General has commenced with the closing out audit and expects to be finalized by end of June 2012.</p> <p>As presented at the briefing session, an amount of R11m (fiscal transfer) was not forwarded to EDIH at the beginning of the 2011/12 financial year, as the organization was winding down and it had enough funds in the bank.. The fiscal transfer is meant for operational purposes and since EDIH had ceased operating as at 31 March 2011, there was no use for the funds. The Department has been in discussion with National Treasury to utilize these funds in setting up the electricity distribution oversight unit within the DOE, unfortunately has not been successful and the funds will be returned to National Treasury at the end of the financial year.</p> <p>Remaining issues:</p> <p>EDIH has been receiving restructuring funding from NERSA (from the Multi Year Price Determination process – MYPD2). These are ring fenced funds and still remain in the EDIH books. Currently, over R300m of these funds remains and the Department is still in discussion with NERSA and the National Treasury regarding the transfer of these funds for the Department to utilize in the establishment of the edi oversight function.</p> <p>Secondly, on 31 March 2011, the staff members of EDIH indicated their intention to take their termination conditions complaint to the CCMA. Two months ago, the CCMA came with its ruling where 30 out of the 90 employees received compensation. This decision was challenged by both the Administrator (on behalf of EDIH) and the employees themselves, The matter has now been referred to the Labour Court. Unfortunately, the department has no control on the time frames of the Labour Court.</p>

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	2. Give details of all leC's already establish as well as those that are planned for the 2012/13 financial year.	<p>Detailed table attached as Annexure A</p> <p>It should be noted that leCs are targeted at the poverty nodal areas to address energy poverty alleviation and improved access to energy services by the poor or those in the rural hinterlands of the country. Hence the reason why Gauteng and Western Cape provinces do not featured yet. It should also be noted that the construction and operation of an leC is a multi-stakeholder project, which requires partnership with an oil company as the main funder of the project as well as the involved municipality and traditional leadership structures. For example, the Department is still in discussions with Engen regarding the development of an leC in the Mpumalanga Province and with Shell for one in Limpopo.</p>
	3. Confirm the accuracy of the Employment Equity information. Also give reasons why the current race representation is not reflective of the country's population.	<p>The data used in the strategic plan is based on Persal data/reports which are accurate since data is checked on an ongoing basis and reviewed on a monthly basis. (According to South Africa.info, Africans are in the majority, making up 79.5% of the population, while white people and coloured people each make up 9.0% and the Indian population 2.5 %.)</p> <p>The statistics published in the Strategic Plan of the DoE (for January 2011 - 10 months after the establishment of the Department of Energy), reflects that Africans constitute 95%, while Whites are at 4% and Coloured and Indian people each 1%. These are employees that were transferred from the DME when it split into DMR and DOE. The only way to remedy the figures would be to recruit more Whites, Indians and Coloured employees. Because of financial constraints, the correction of the figures may take longer as envisaged in our Employment Equity Plan. Female representation as at the end of 31 March 2012 is 53.39% which is close to the national target of 50/50.</p>
	4. Give details on how the department conducts paraffin awareness campaigns in communities. Indicate if we are using NGOs or what form also state the number of people reached	<p>Illuminating Paraffin Campaigns</p> <p>The campaigns were run as focused projects, in conjunction with CEF, in four areas with a history of IP fire accidents. The focus has been on safe appliances, noting that all liquid fuels are inherently dangerous / harmful substances to varying degrees. Service providers were appointed through an open tender process and the projects were underpinned by collaboration with the local municipalities.</p> <p>The rest of the campaigns, which are more focused on empowering communities with safety and relevant information, are done by the Departmental Officials as a</p>

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		collaboration between Head Office staff and Regional staff, with the latter providing the requisite regional bias and partnership with relevant regional structures
	5. Provide the breakdown for the R8m International Membership Fees	<p>International Atomic Energy Association (IAEA) R5 049 922 The IAEA is a multilateral body of the United Nations whose mandate is to promote the safe and peaceful uses of nuclear energy.</p> <p>International Renewable Energy Agency (IRENA) R667 000 Mandated by governments worldwide, IRENA promotes the widespread and increased adoption and sustainable use of all forms of renewable energy and ensures that renewable energy becomes one of the major sources of energy.</p> <p>African Petroleum Producers Association (APPA) R2 192 000 APPA is an intergovernmental organization that serves as the platform for African petroleum producing countries to cooperate, collaborate, share knowledge and competences. It aims to promote common policy initiatives and projects in all facets of the petroleum industry with a view to maximizing the development and welfare benefits from petroleum exploitation activities in the Member Countries in Africa.</p>
	6. Explain the department's Supply Chain policies and procedures. Are we using National Treasury guidelines or our own?	Each department has to have its own policies; however these policies have to be aligned to all applicable legislation. The Department has its own SCM Policy and the SCM Policy of the Department is aligned to the PFMA, Treasury Regulations, and all applicable SCM prescripts issued by National Treasury
	7. Who forms the bid adjudication committee of the department?	The Bid Adjudication Committee is comprised of one representative from each Branch at Chief Director Level. The Chairperson of the BAC is the CFO and the Deputy Chairperson is the Chief Director: Finance, IT, and SCM. In addition to this, the senior representatives from IT, Legal Services and Risk Management are also standing members of the BAC. The BAC also has 2 observers; (i) Director: Internal Audit and (ii) Director: Office of the DG. The Contracts Division of the SCM unit serves as the BAC Secretariat.

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	8. Explain how we as a Department want to improve the turnaround time for new petroleum license applications. (Turnaround time to 60 days)	This turnaround has already been achieved through improvements in the value chain and ensuring that all pertinent information is received before processing is started.
	9. Do we have the capacity to inspect 1500 petroleum sites per annum?	Yes, we do in terms of numbers of inspections. What remains a challenge is the financial resources for the transport related costs.
	10. Explain the vetting of staff.	Vetting is a process of investigation followed in determining a person's security competence. The degree of security clearance given to a person is determined by the content of access to classified information entailed by the post already occupied or to be occupied by the person or the nature of the office
	11. Who is being vetted?	All employees and Senior Managers who have access to classified or sensitive information. Security background checks are conducted to interviewed candidates and service providers who would have access to sensitive information.
	12. Do we have the capacity in the department to perform this function of vetting?	Yes, DOE does have a fully functional Vetting Field Unit.
	13. What is our current building lease cost?	The current lease cost for Trevenna Campus is R165 per m ² for 9038 m ² of office accommodation with the annual escalation rate of 10%.
	14. Indicate the new building lease cost that the department will have to pay per annum and for the future years?	The lease cost for the new building will be R88.90 per m ² for 18 052.5 m ² office accommodation with the annual escalation rate of 10%. The building is not yet occupied.
	15. In terms of the audit findings for the 2011/12 financial year, what	Of the 22 findings raised in 2010/11, 19 findings (86%) have been fully addressed and

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	findings were reduced/ addressed, and what findings were raised?	significant progress has been made in addressing the remaining 5 findings (14%). The 2011/12 audit is still in progress and will only be finalized in July 2012. However an interim audit has been performed for the 9 months ending 31 December 2012, and the Draft Interim Management Report is still under review. This information will be made available once the audit is finalized and the reports have been tabled before the Accounting Officer and Audit
	16. Funds allocated to municipalities are they been monitored? (INEP)	<p>The INEP Chief Directorate is responsible for the management of Electrification funds transferred to municipalities and Eskom. All funds transferred are done in accordance with the approved payment schedule from National Treasury. The Chief Directorate is also tasked with the monitoring of the funds transferred and has to ensure that funds are being used as per the contract which the Department entered into with municipalities at the beginning of each financial year. Contracts will normally specify the approved projects to be completed within a municipality for the financial year linked to the INEP allocation stated in the Division of Revenue Act for that financial year.</p> <p>Officials (INEP) also conduct in-year monitoring on all projects approved within municipalities to ensure compliance with relevant legislation and standards. A technical audit is conducted after a close up report is received from the municipality. This auditing process also has to ensure that all the agreed upon deliverables per the annual funding contract between the Department and the municipality have been met and that the department has received value for money on the completed project.</p>

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	17. What systems does the department have in place to ensure that municipalities do spend the funds allocated for the intended purposes? (INEP)	<p>The Department makes sure that a contract is in place when funds are allocated to municipalities and ESKOM. The contract will indicate the approved projects to be completed as well as how the department will disburse the funds to the municipality within the financial year. Projects within municipalities will only be approved after it has been visited by a departmental official who is tasked to perform a technical, assessment on the intended project. The department will make an allocation to a municipality once projects have been approved.</p> <p>Provincial officials from INEP will conduct site visits on projects while they are being implemented by municipalities and ESKOM. They also have to forward the monthly progress reports that they received from municipalities to Head office. These reports received from municipalities are being consolidated monthly to prepare a single Monthly Progress report for the INEP Program. Eskom also reports monthly to the Department for the funding allocated to them on Electrification projects.</p> <p>The INEP Chief Directorate reports monthly to the Minister, DG, DDG and National Treasury on the progress of the Program. This progress report will also indicate:</p> <ul style="list-style-type: none"> • the total allocation made to a municipality for the financial year ; • Funds already transferred ; • Total expenditure on funds transferred • Comments on the status e.g. Consultant appointed for the design of the project, Contractor appointed or expected completion date. <p>The department normally re allocates an allocation made to a municipality when a municipality fails to start to implement the agreed upon projects or where they fail to spend the funds transferred. This is being done through the annual re gazetting process in conjunction with National Treasury.</p>
	18. What are the Department's plans for the LPG awareness campaigns	The Department will make use of Regional Managers assisted by the LP Gas Safety Association to raise awareness on LPG.

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	19. The Revised Strategic Plans talks to 'changes in service delivery environment..' what does this mean	<p>The government Framework for Strategic Plans and Annual Performance Plans (which is a generic format for government) states that strategic plans should cover a period of at least five years from the first planning cycle following an election. The framework further allows departments to revise their strategic plans during the 5 year period should there be "significant policy shifts" or "changes in the service delivery environment" and therefore require the publication of a Revised Strategic Plan.</p> <p>There were no significant policy shifts that affected the Department of Energy, however, for us to be able to fully implement the government Framework for Strategic Plans and Annual Performance Plans as well as implement the approved Organisational structure, i.e the new organizational structure that speaks to the revised line function branches, we felt that a revised strategic plan is necessary to indicate changes in how we plan to deliver on the mandate and strategic plan for the Department. It is merely an exercise of alignment between the new planning format, strategic plan, annual performance plan and the department's delivery vehicle (i.e the approved structure) for ease of monitoring performance against predetermined objectives and reporting.</p>
	20. Participation of the Select Committee in departmental events	The Department will forward list of events for the year to the committee as soon as it is finalized.
	21. Current oil challenges and its impact on the security of supply for the country	The current challenges are those of the high costs of crude oil and petroleum products globally. The security of supply situation has improved since the commissioning of the New Multi Product Pipeline.
	22. How far is the Department with the ISMO Bill?	<i>Questions 22 – 25 will be covered when the Electricity, Nuclear and Clean Energy Branch comes to make its presentation of their Annual Performance Plan</i>
	23. How is the Department planning to deal with the electricity distribution backlog	

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	24. Give details of the Renewable Energy pilot projects for the land fill gas (page 31)	
	25. Progress on the Solar project	

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2012

Integrated Energy Centres

Currently there are seven operational IeCs, they are:

NAME OF IeC	STATUS	DISTRICT MUNIC	LOCAL MUNIC	ANCHOR SPONSOR	PROVINCE
Caba Mdeni	Operational	Alfred Nzo	Matatiele	SASOL Oil	Eastern Cape
Moshaweng	Operational	Kgalagadi	Moshaweng	SASOL Oil	Northern Cape
Mutale	Operational	Vhembe	Mutale	SASOL Oil	Limpopo
Ratlou	Operational	Ngaka Modiri Molema	Ratlou	SASOL Oil	North West
Qunu	Operational	OR Tambo	King Sabata Dalindyebo (KSD)	Sasol Oil	Eastern Cape
Ulundi	Construction starts May 2012	Zululand	Ulundi	Sasol Oil	KwaZulu Natal
Mbizana	Construction starts May 2012	OR Tambo	Mbizana	PetroSA	Eastern Cape
Maluti phufong (Qwaqwa)	Sod turning on 12-Mar-12 Construction starts June 2012	Thabo Mafutsanyane	Maluti phufong A	Sasol Oil	Free State
Qamata Thembisile Hani	Sod turning on 2-June-12	Chris Hani	Intsika Yethu	PetroSA	Eastern Cape
Kgalagadi Closed down	Not Operational	Kgalagadi	Jomorolong	TOTAL SA	Northern Cape
Eshane Closed down	Not Operational	Umzinyathi	Umvoti	TOTAL SA	KwaZulu Natal

