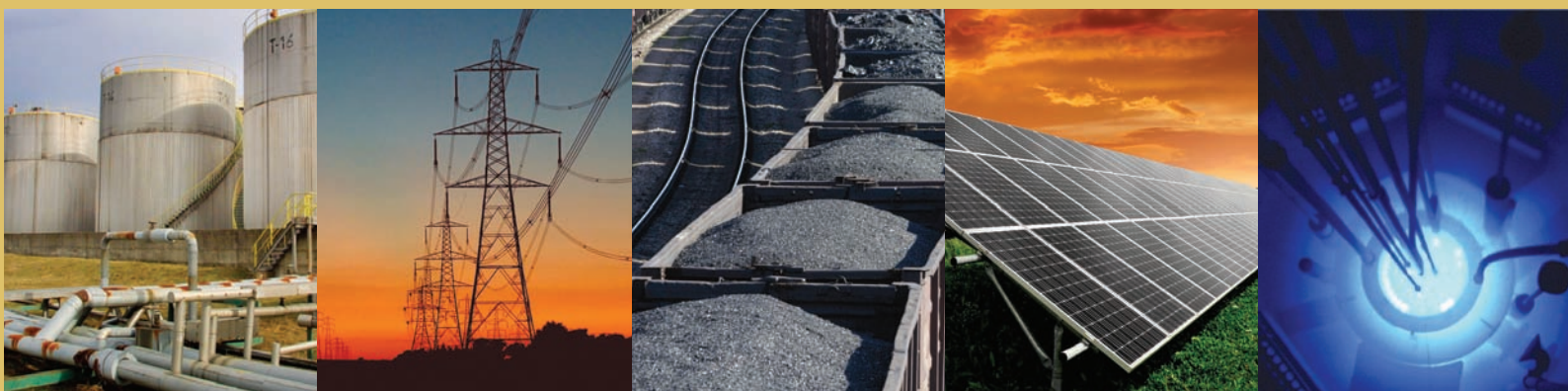
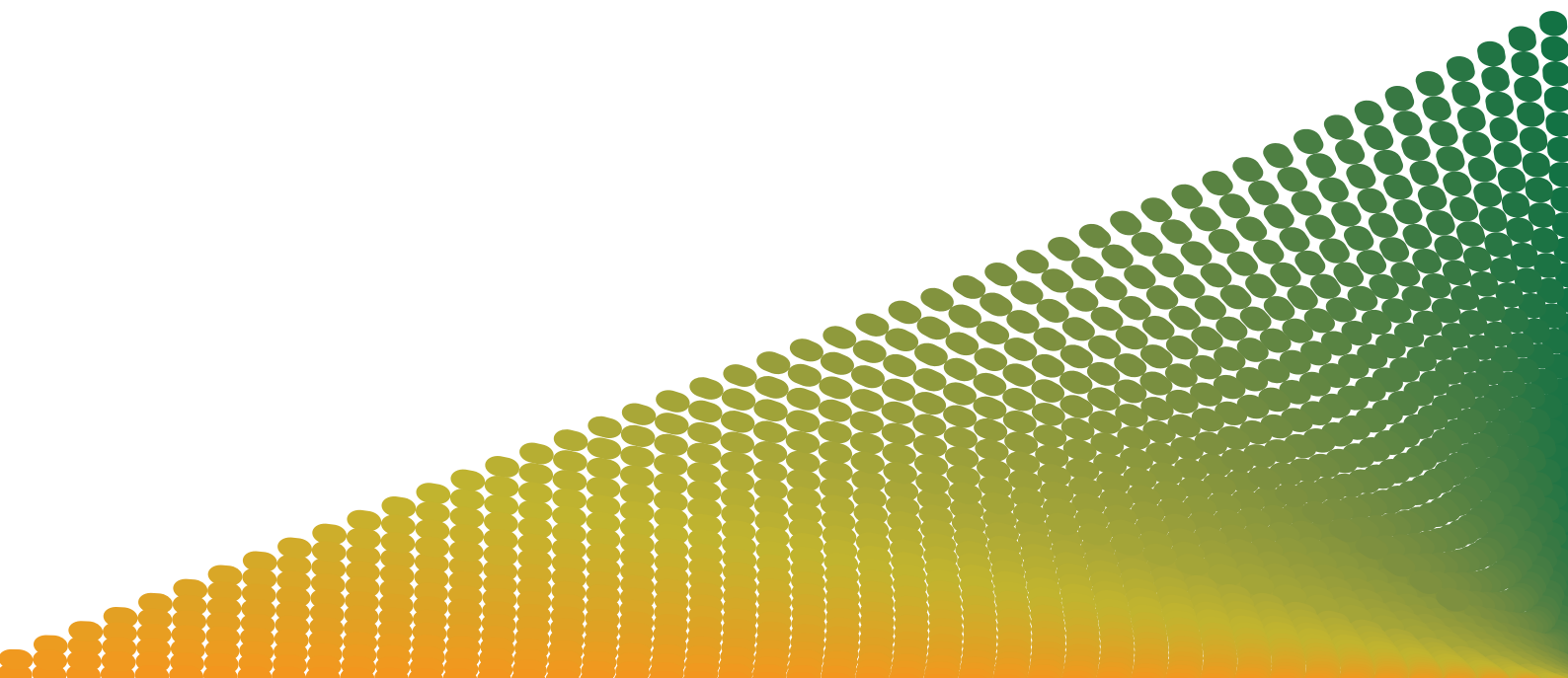


Annual Report 2011/2012



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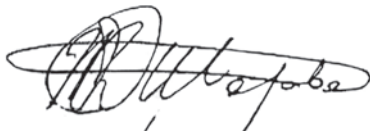
DEPARTMENT OF ENERGY

Annual Report

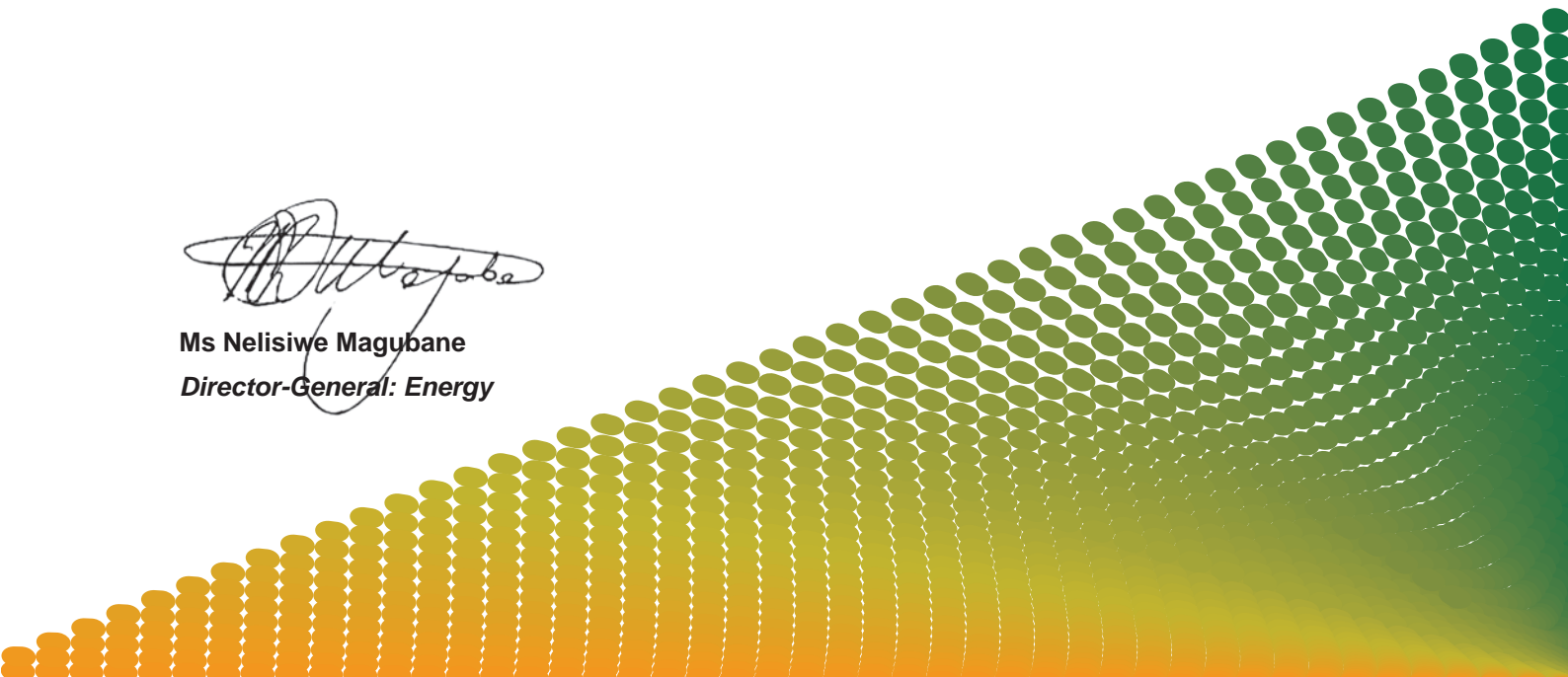
2011/2012

Ms Dipuo Peters, MP
Minister of Energy

I have the honour of submitting the Annual Report of the Department of Energy for the period 1 April 2011 to 31 March 2012.



Ms Nelisiwe Magubane
Director-General: Energy



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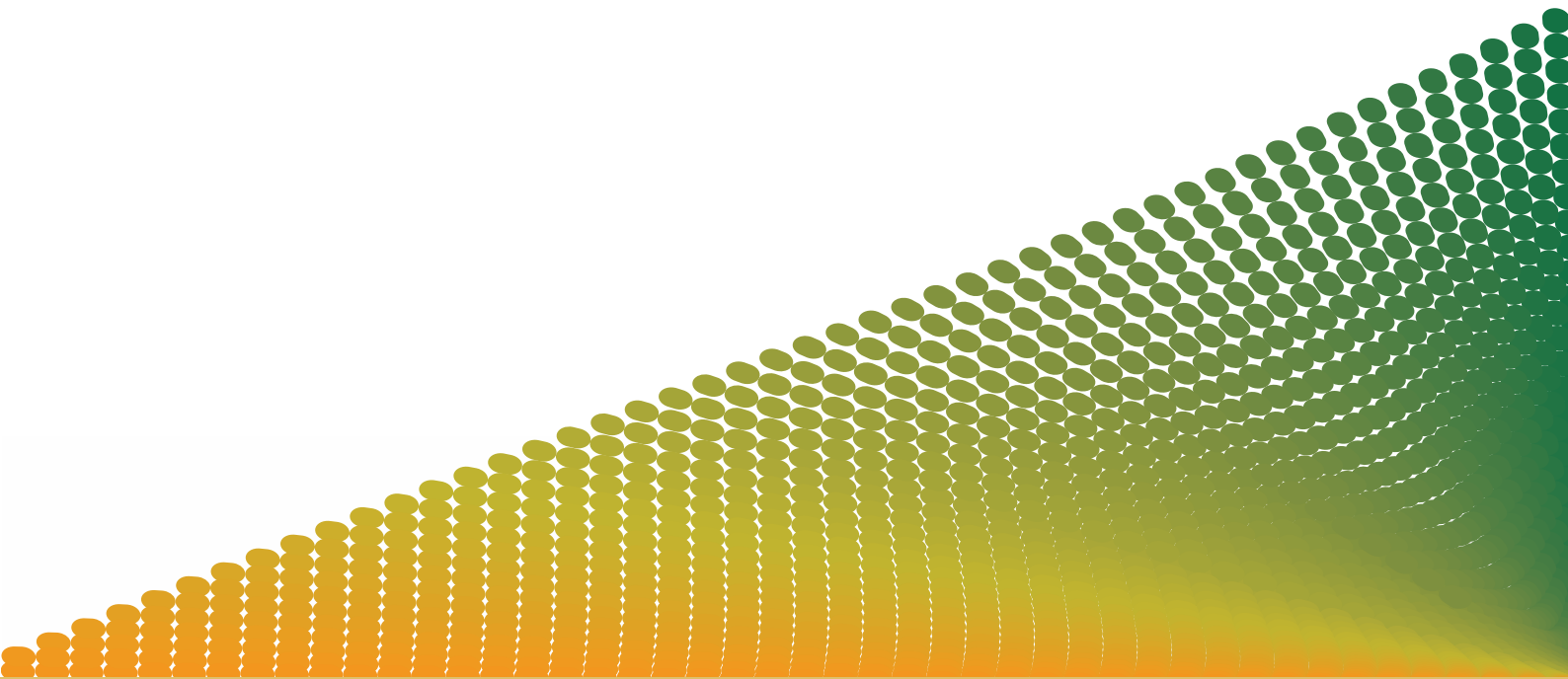
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Section 1

General Information



1.1 VISION, MISSION AND VALUES

1.1.1 Vision 2014

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

1.1.2 Vision 2025

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

1.1.3 Mission

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

1.1.4 Values

- *Batho Pele*
- Ethics
- Honesty
- Integrity
- Accountability
- Professionalism
- *Ubuntu*

1.2 ORGANISATIONAL STRUCTURES

1.2.1 Approved Organisational Structure (as at 1 April 2010)*

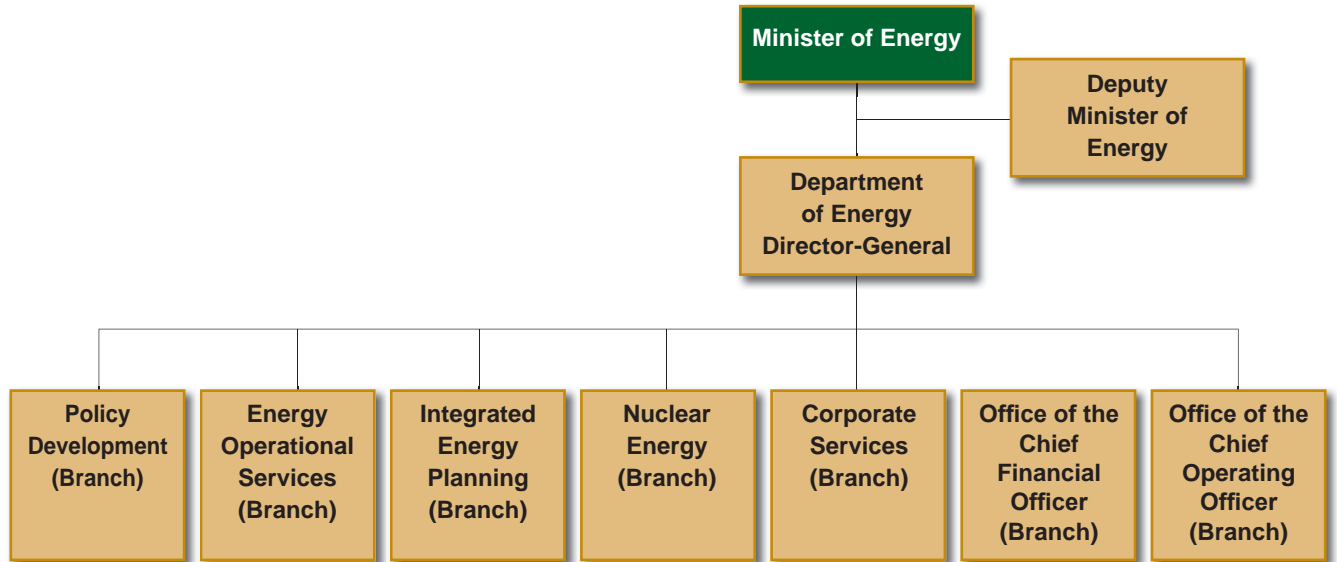


Figure 1

1.2.2 Interim Organisational Structure (implemented on 1 April 2010)*

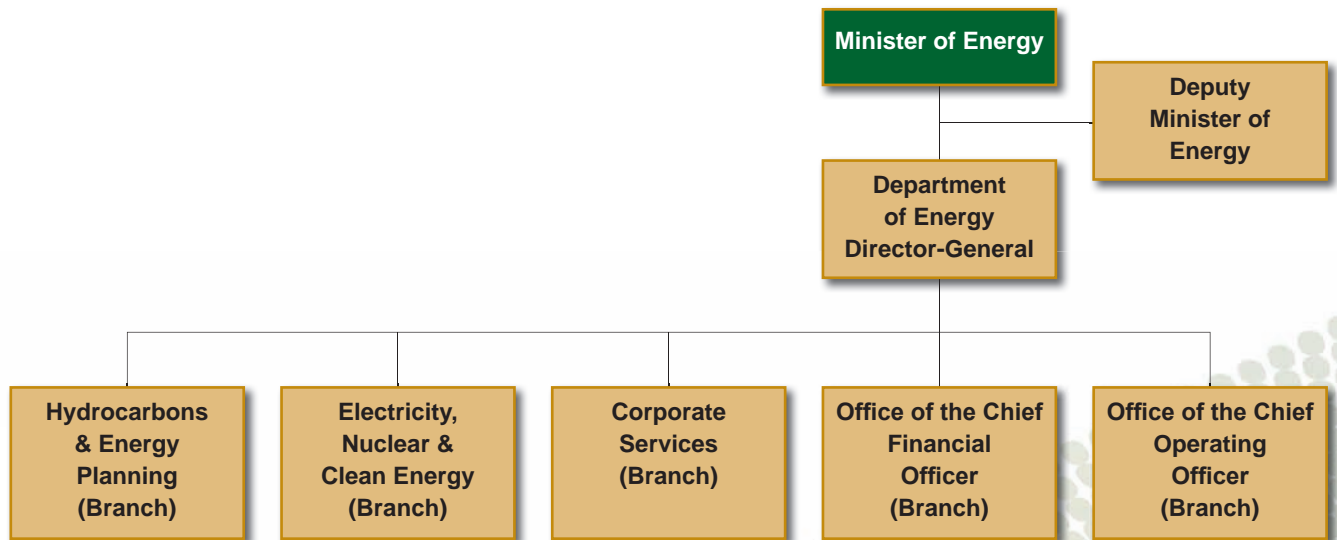


Figure 2

* See paragraph 2.1.5 Overview of the organisational environment for 2011/12

1.3 LEGISLATIVE MANDATE

There have been no significant changes to the Department of Energy's (DoE) legislative mandate. The list of Acts and the description of the Acts have, however, been reviewed to be more accurate, comprehensive and descriptive.

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

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

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

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

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

The Electricity Regulation Act, 2006 establishes a national regulatory framework for the electricity supply industry and makes the National Energy Regulator of South Africa (NERSA) the custodian and enforcer of the national electricity regulatory framework. The Act provides for licences and registration as the instrument by which generation, transmission, distribution and trading (including the import and export) of electricity are regulated. The Minister of Energy, in terms of Section 34 (1), is furthermore empowered to make determinations for the establishment of new generation capacity through Eskom or Independent Power Producers (IPP) for the purpose of greater competition in the electricity generation sector.

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

The Petroleum Products Act, 1977 provides for measures in the saving of petroleum products and the economy in the cost of distribution thereof; the maintenance and control of a price thereof; the furnishing of certain information regarding petroleum products for the rendering of service of a particular kind or

standard in connection with petroleum products; the licensing of persons involved in the manufacturing, wholesaling and retailing of prescribed petroleum products; the promotion of the transformation of the South African petroleum and liquid fuels industry; and the promulgation of regulations relating to such licences and matters incidental thereto.

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

The Central Energy Fund Act, 1977 provides for the payment of certain moneys into the Central Energy Fund (CEF) and for the utilisation and investment thereof; the imposition of a levy on fuel and for the utilisation and investment thereof; the control of the affairs of the CEF (SOC) Ltd by a board of directors; the keeping of records of all transactions entered into for account of the CEF or the Equalisation Fund and of certain other transactions; the investigation, examination and auditing of the books, accounts and statements kept and prepared in connection with the said transactions; and the submission to Parliament of a report relating to the said investigation, examination and auditing. It also provides for matters connected with the Act.

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

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

1.3.6 Other Legislative Mandates

- National Nuclear Regulator 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)
- Electricity Act, 1987 (Act No. 41 of 1987), as amended
- National Environmental Management Act, 1999 (Act No. 107 of 1999)
- Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)

1.3.7 Legislation Tabled in Parliament during 2011/12

- Electricity Regulation Amendment Bill
- The National Energy Regulator Amendment Bill
- The Independent Systems and Market Operator (ISMO) Bill

1.4 ENTITIES REPORTING TO THE MINISTER OF ENERGY

The Minister of Energy is responsible for overseeing the following six state owned entities (SOEs) and their subsidiaries, which are scheduled as Schedule 2 and Schedule 3A Institutions in terms of the Public Finance Management (PFMA) Act, 1999.

1.4.1 National Energy Regulator of South Africa

NERSA derives its mandate from the National Energy Regulator Act, 2004 which establishes NERSA as the competent authority for electricity (in terms of the Electricity Regulation Act, 2006), gas (in terms of the Gas Act, 2001) and petroleum pipelines regulation (in terms of the Petroleum Pipelines Act, 2003) in South Africa. NERSA derives its revenue by imposing prescribed levies on regulated industries. In this regard, the following Acts govern the imposition of such levies:

- Gas Regulator Levies Act, 2002
- Petroleum Pipelines Levies Act, 2004
- Section 5B of the Electricity Act, 1987

1.4.2 The National Nuclear Regulator

The National Nuclear Regulator (NNR) was established in terms of the National Nuclear Regulator Act, 1999. The purpose of the Regulator is to provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.

1.4.3 CEF (SOC) LTD

CEF (SOC) Ltd is incorporated in terms of the Companies Act and governed by the Central Energy Fund Act, 1977. The group operates in the energy sector and manages defined energy interests with commercial, strategic, licensing, and developmental roles on behalf of the South African Government, and more recently, with a special focus on renewable and cleaner alternative energy sources.

The CEF group is made up of 10 operating entities/subsidiaries, namely PetroSA, South African Gas Development Company (iGas), Petroleum Agency SA (PASA), Oil Pollution Control South Africa (OPCSA), Strategic Fuel Fund (SFF), African Exploration Mining (AEMFC), ETA Energy (formerly CEF Sustainability), CEF Carbon, CCE Solutions (Pty) Ltd, and the South African Supplier Development Agency (SASDA). Through the Energy Development Corporation (EDC) division, CEF also has equity interests in the following companies: Baniettor Mining (Pty) Ltd (49%), Darling Wind Power (Pty) Ltd (49%), Biotherm (Pty) Ltd (19%), Johanna Solar BV (3%), Phillips Lighting Maseru (30%), Cradock Sugar Beet and Ener-G Johannesburg (29%).

CEF also manages, on an agency basis, the strategic crude oil stock for the country. PetroSA is involved in the exploration for oil and gas in South Africa as well as the rest of Africa, the production of environmentally friendly petroleum fuels and petrochemical products from gas and condensate at its synfuels refinery outside Mossel Bay, and the management of oil storage facilities. SFF manages South Africa's strategic reserves of crude oil. OPCSA provides oil prevention, control, and clean-up services, mainly in South African ports and coastal areas, in terms of South Africa's National Environmental Management Act, 1999 (NEMA). PASA manages the promotion and licensing of oil and gas exploration, development and production in South Africa and the coastal areas offshore South Africa as part of creating a viable upstream oil industry in the country. iGas acts as the official agent of the South African Government for the development of the hydrocarbon gas industry, comprising liquefied natural gas (LNG) and liquefied petroleum gas (LPG), in South Africa.

1.4.4 Nuclear Energy Corporation of South Africa

The Nuclear Energy Act, 1999 mandates the Nuclear Energy Corporation of South Africa (NECSA) to undertake and promote research and development in the field of nuclear energy and radiation science. NECSA is also responsible for the following institutional obligations on behalf of the state: decommissioning and decontamination of past strategic nuclear facilities, management of nuclear waste disposal on a national basis, application of radiation technology for scientific and medical purposes, operation of the SAFARI-1 nuclear reactor, operation of the Pelindaba site and accompanying services, and execution of the safeguards function.

1.4.5 South African National Energy Research and Development Institute

This entity was established to conduct nationally focused energy research and development, while assisting the DoE to achieve its strategic objectives through energy research activities as well as energy efficiency programmes as set out in the National Energy Act, 2008.

1.4.6 EDI Holdings

EDI Holdings (EDIH) is currently in a wind-down and closing process, which should be completed in 2012/13 as per the Cabinet decision of 8 December 2010 on the future of the electricity distribution industry (EDI).

1.5 MINISTER'S STATEMENT

The Department of Energy has, since its formation in 2009, been at the forefront of ensuring that energy security is pursued as a catalyst for economic growth and prosperity. Our efforts in this regard are driven by the development of an energy infrastructure and capacity development path that assures security of energy supply, within the framework of an energy plan that seeks to meet the needs of our country's growing economy, without compromising our commitment to sustainable development and a clean environment by utilising our energy resources responsibly. Specifically, our response to increasing energy security demands in the electricity space has been manifold and the DoE has placed the Integrated Resource Plan (IRP) at the centre of addressing this mandate.



This 20-year energy mix plan endeavours to ensure the optimisation of costs, the promotion of job creation and mitigation against adverse climate change.

Following the injunction from President Zuma, we have embarked on a massive capital expansion programme as government. We have defined the specific contribution of the DoE to this process, and have sought actively to ensure optimum alignment with the stated policy imperatives and directives, amongst which the New Growth Plan and Industrial Policy Action Plan are key.

1.5.1 Hydrocarbons and Energy Planning

We ended this year at a time when political events in the Middle East and North Africa have had, and continue to have a negative impact in the supply and cost of oil. We have seen the oil price increase to way above the \$ 100 per barrel mark.

During the year, we have engaged various partners in the continent and as far afield as Venezuela, in our attempt to secure oil supply for our country. Together with our national oil company, PetroSA, we have engaged countries like Angola, Ghana, Nigeria, Saudi Arabia and Venezuela in exploring areas of cooperation and increased trading in petroleum products. Internally, the Strategic Fuel Stock Policy has been finalised and will be published for comments early next year. The new Multi-Products Pipeline was commissioned in January 2012 and during 2012/13 we will be making the final R 1.5 billion transfer to Transnet for the security of supply element.

The DoE has also implemented the Regulatory Accounting System (RAS) margins into the fuel price structure on 07 December 2011, the goal of which is to develop a uniform and transparent set of regulatory accounts where costs are allocated according to predetermined methods in order to provide certainty to investors with regards to the returns on assets throughout the downstream petroleum industry value chain. This would be achieved by ring-fencing regulated from unregulated activities in order to eliminate

actual and potential cross-subsidies. The RAS models were mapped into the current fuel price structure to ensure that there were no major changes to the pricing framework in the interim period. The DoE has given the industry a period of 24 months to re-negotiate their commercial agreement in line with the RAS.

Work is in progress to determine the break-even price for biofuels manufacturers and the blending value for refinery operators in order to estimate the level of support that biofuels manufacturers would require from government. The main objective is to promote the uptake of biofuels and contribution in the petroleum sector. Two projects, including an economic model to determine the blending value, were concluded and the DoE developed a draft discussion document on the principles to afford financial support to bio-fuels manufacturers. The discussion document would be subjected to extensive consultation with the relevant stakeholders before it is approved.

Furthermore, the DoE promulgated a draft mandatory blending regulation to solicit public comment in the Government Gazette.

1.5.2 Electricity and Clean Energy

The DoE played a significant role during the 17th Conference of the Parties (COP 17/CMP 7 Conference) held in November and December 2011 in Durban. We successfully hosted 26 energy side events, with an emphasis on clean energy, that were well attended by both local and international stakeholders. During the conference, Denmark, the UK, Germany, Norway and the European Investment Bank signed a landmark agreement committing funds to support the implementation of the South African Renewable Energy Initiative, commonly referred to as SARI.

In the period leading to COP 17, the DoE held several sectoral events, including the African Energy Ministers Conference, which saw the participation of no less than 45 countries. Ministers from the continent outlined priority projects and made a conscious decision to support climate change initiatives through deployment of sustainable energy programmes. Hosted in partnership with the African Union, the conference resulted in the adoption of the Johannesburg Declaration, and the resolutions highlighted the urgent need for the continent to secure clean, affordable, accessible and sustainable energy carriers for all and to reduce energy poverty. The major constraints for increased energy access were identified as funding, technology, technology localisation, skills development and ensuring that the energy sector developments create jobs on the continent, promote regional electricity interconnectivity and provide support to the Southern African Power Pool and related projects.

In line with this continental effort, and responding to our own stated policy imperatives, we have to date selected a total of 47 preferred bidders under Windows One and Two of the Renewable Energy IPP Procurement Programme, for a total of 2 614 MW to be added to the national grid by 2016. Investment in this programme is projected at R 100 billion over the coming period, and will cover the supply, construction, maintenance and operation of the proposed power plants in the Western Cape, Northern Cape, Eastern Cape and the Free State. These provinces have the highest wind and solar resources in the country,

which is why project developers have preferred to make investments there, but also as guided by our own studies, including for instance the Wind Map and Atlas.

In a similar way, it is expected that KwaZulu-Natal, Mpumalanga, and our neighbours Mozambique and Swaziland will dominate the biomass investment, due to the location of the sugar and paper industries in these areas'. Limpopo and North West have solar potential that is also substantial, and we expect that more projects will come from these provinces in future.

We have installed over 250 000 solar water heater systems to date, with a target of 1 million by 2014. Notably, the majority of these systems, particularly the low pressure type, have been imported, and this is clearly unsustainable. The time has arrived for government to intervene decisively if we are to make a difference in creating local job opportunities. The lessons and experiences from the initial period of implementation is being consolidated to ensure that we strengthen the programme, and through this process ensure maximum local participation and job creation. Government has allocated over R 4.7 billion over the Medium Term Expenditure Framework (MTEF) period to ensure that we meet our set targets on this initiative.

1.5.3 Nuclear Energy

We have developed relations with multilateral bodies, that promote the safe use of nuclear and adhere to the principles of non-proliferation. In June 2011, we participated in the Ministerial Conference on Nuclear Safety which was organised by the International Atomic Energy Agency. As part of our contribution to facilitate knowledge sharing on the African continent, South Africa further hosted the International Atomic Energy Agency's (IAEA) 2nd Regional Conference on Energy and Nuclear Power in Africa during the year under review. Bilateral agreements were concluded with other countries where the DoE and its officials have benefited from exchange of information and capacity building.

A key milestone was reached with the establishment by Cabinet of the National Nuclear Energy Executive Coordination Committee, or NNEECC. The NNEECC, headed by the Deputy President, is the authority for decision making, monitoring, and general oversight of the Nuclear Energy Expansion Programme as envisaged in the IRP 2010.

Together with our SOEs, we have engaged the public in our attempt to improve understanding of the nuclear sector. We strongly believe that the success of deployment of nuclear power requires public acceptance, and that our engagement with various sectors and communities must foster a better understanding of all the facts around nuclear technology and its applications.

1.5.4 Public Engagements

In response to the growing public interest in the energy sector, the DoE hosted 15 public engagements during the financial year aimed at promoting knowledge of energy issues among grassroot communities.

These Public Participation Programmes (PPP) primarily took place in areas identified with the highest levels of energy poverty (KwaZulu-Natal, Eastern Cape, Limpopo and Northern Cape).

As part of celebrating March 2012 as Energy Month, we hosted major conferences, including a very successful Energy Planning Colloquium and National Electrification Indaba, both of which attracted key local and international players. During this period, we have also intensified work on other forms of outreach and knowledge sharing, including a focus on the development and distribution of knowledge sources such as various publications, and the increased use of our website.

1.5.5 International Relations

The DoE continues to engage with national and international stakeholders to ensure access to information, technology, funding and best practice, in order to contribute to the security of energy supply for the country. Our international engagements for the 2011/12 financial year have been influenced by the supply challenges in the oil industry, developments in the nuclear and clean energy environment, climate change imperatives and South Africa's role in the Southern African Development Community (SADC) and the Africa continent at large. Various bilateral and multilateral relations were pursued. Our participation in global energy bodies has further enhanced our role as a key decision maker on the global stage.

Within SADC and the rest of Africa, the DoE signed bilateral agreements with Ghana, Lesotho, and the Democratic Republic of Congo (DRC) this year. These agreements cover areas of cooperation and access to capacity building, funding, technology, exchange of information, and development of energy infrastructure on the continent with the objective of increasing generation capacity. Our national oil company, PetroSA, and the national utility, Eskom, are expected to participate in the Ghana and Lesotho projects, respectively.

The DRC/ South Africa Memorandum of Understanding (MoU) on the Grand Inga Project was also signed in November 2011, overseen by the Presidents of the DRC and South Africa. Eskom and the Societe Nationale d' Electricité (SNEL) are expected to be the primary participants in this project. With the Grand Inga having an estimated capacity of 40 000 MW of hydroelectricity, once implemented, it will contribute to a reduction of carbon emissions, ensure security of supply and develop energy infrastructure in the continent and the SADC region in particular.

We also participated in the Energy Ministers Annual Meeting where the development of a renewable energy strategy for SADC and the infrastructure development master plan were approved and further efforts were made to ensure the alignment of regulatory policies to ensure enhanced trade and investment regionally, through structures such as the Regional Electricity Regulatory Authority.

South Africa continues to support the promotion of regional electricity interconnectivity and the Southern African Power Pool (SAPP) and its related projects. Power trading is possible in the SADC region and

there is an urgent need to create an enabling environment. With the SADC, governments, utilities, and developers have identified problems that exist in the enabling environment (e.g. financing, security of supply, regulation, pricing) for long-term cross-border power trading.

I would like to thank the Deputy Minister, Ms Barbara Thompson, the Director General (DG), Ms Nelisiwe Magubane, the entire Team Energy, SOEs as well as our national and international partners and stakeholders, for working tirelessly in ensuring that all South Africans benefit from the work mandated to the DoE.



Ms Dipuo Peters, MP
Minister of Energy

1.6 DEPUTY MINISTER'S REMARKS

South Africa recognises the role of women, youth and people living with disabilities in the transition to clean energy solutions and overall developments in the energy sector. We recognise the urgent need to address the different financial and capacity-building needs, taking into consideration gender, rural and urban specific needs, as well as the experiences and knowledge they can contribute. Our energy solutions will continue to address energy access and technology needs of women.



1.6.1 Electrification

Government has pledged itself to ensuring that all South Africans have access to electricity. Our implementation partners, Eskom and municipalities, have over the years extended their networks, and through electrification projects brought quality of life and economic opportunities to many in underdeveloped areas.

In improving access to electricity, the Integrated National Electrification Programme (INEP) continues to be the backbone of our electricity delivery programme to communities who are under-served in terms of grid and off-grid connection. INEP was allocated a budget of R 3.2 billion this year, to focus primarily on the electrification of rural areas and newly established formal and informal urban settlements. All of the budget allocation was disbursed to Eskom and the municipalities as the implementing agents. A total of 107 000 new grid connections were completed by the end of March 2012, which is a higher percentage than the average of the previous years. The total number of grid and non-grid connections for the 2011/12 financial year will be available after 30 June 2012 as the municipalities' financial year ends in June.

Earlier this year, as part of celebrating March as Energy Month, we hosted an Electricity Indaba in Durban where we identified shortcomings of the current electrification programme. Recommendations received will be addressed through the implementation strategy agreed upon.

Through INEP, we also signed an agreement with the Development Bank of Southern Africa (DBSA) for the next three years (starting 2012/13) to fund large electrification projects to ensure that connections can be completed quicker. An amount of R 2 million for the three years has been allocated by DBSA for this so-called 'front loading' of large municipal electrification projects.

1.6.2 Women and Youth Empowerment

The DoE launched the Clean Energy Education and Empowerment (C-3E) initiative on 20 August 2011. The focus of this initiative is to promote women's participation in the clean green energy business through

mentorships, coaching and other programmes as well as encourage young women to take up studies within the science, technology engineering and mathematics arenas. The launch provided a platform for the development of the implementation plans required to realise these goals and objectives.

One of the key achievements of the launch was the appointment of the steering committee members from the energy sector and the identification of the themes for the working groups. A workshop was held in February 2012 with the purpose of planning around the four areas of education, women empowerment, research and innovation, and marketing and branding. The workshop was also used to define the terms of reference for each working group. In line with the launch document, the delegates confirmed the governance structure.

In partnership with Women in Oil and Energy South Africa (WOESA), we hosted workshops in KwaZulu-Natal, Northern Cape and Gauteng provinces to inform women who are interested in venturing into business within the energy sector. More workshops will be held at other provinces during the next financial year.

Our first annual Learners' Focus Week Workshop was held from 11-14 July 2011 at the University of Natal, Howard College in Durban, and was attended by 220 learners from Grades 9-11. The aim of the learners' focus week is to encourage and inform learners on career opportunities available in the energy sector.

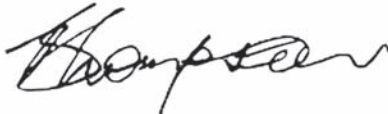
On 25 November 2011, the DoE held the Energy Sector Men's Day to launch the Energy Sector Men's Forum. One hundred and ten men gathered to act on a shared passion for men's issues. The event, sponsored by Sasol, was an opportunity to declare how each attendee can contribute to this important initiative. A charter for the men's forum in the energy sector was developed from the launch and it is expected that it will be signed off in November 2012.

The DoE has for the past two years embraced the Cell C "Take a Girl Child to Work Day initiative" with the aim of exposing young girl learners to the "world of work" and the wide range of career opportunities in the energy sector, as well as giving them the opportunity to meet career role models. The year 2011 marked the 9th year anniversary of the Take a Girl Child to Work Day programme and the theme "Choose your Tomorrow, Today" acknowledges the potential of girl children and provides an opportunity for them to consider the choices they make today that will shape their future. The DoE hosted 28 learners from Bokgoni Technical High School. These campaigns seek to inspire girls to achieve their goals and ambitions and make them aware of the important role they can play in the South African economy. The campaign is in line with goal number 3 of the Millennium Development Goals (MDGs): "To promote gender equality and empower women", and is a clear recognition of the crucial role women play in the development agenda.

Last year we also participated in a three-day conference at the Birchwood Conference Centre, in Boksburg, Johannesburg, attended by women (young and old) representing women formations,

ministries and government departments, labour, business, and women from rural arrears, women living with HIV/AIDS. The focus was on substantive issues for consideration towards a Gender Equality Bill. This conference was attended by more than 1 000 delegates and marked the start of the National Gender Machinery which will provide a platform for women from all sectors and across the country to express their views on a number of key developmental issues affecting them as well as to see that gender equality is mainstreamed across public and private sectors.

To the Minister of Energy, Ms Dipuo Peters, the DG, Ms Nelisiwe Magubane, Team Energy, state owned entities reporting to the DoE, and all our stakeholders, together we have made a contribution to the betterment of the lives of the people of South Africa and beyond, let me take this opportunity to express my sincere gratitude for your support during 2011/12.



Ms Barbara Thompson, MP
Deputy Minister of Energy

1.7 ACCOUNTING OFFICER'S OVERVIEW

Year 2011/12 is the second year that the DoE has been operating as a stand-alone department. During the year under review, the DoE has, despite the limited human and financial resources, continued to deliver on its mandate. The following are some of the highlights:

1.7.1 Security of Supply and Universal Access to Sustainable Energy

Government, through the DoE, has the responsibility of ensuring security of supply and improving access to sustainable energy to all citizens of our country. This we have done through, amongst others, determining the country's strategic fuel stocks requirements, ensuring that refineries are able to produce adequate supplies, ensuring the timely and cost effective delivery of the finished product to consumers as well as introducing and implementing appropriate policies that cover the full fuels value chain. The negative developments in the fuels sector during this financial year, has forced the DoE to review its strategy on the sourcing of fuel from far away countries like the Middle East and pay more focus on the African continent. Through these changes, we were able to avert fuel shortages.

The DoE also extended the 20-Year Liquid Fuels Infrastructure Road Map to incorporate the Refineries Audit Project which is aimed at determining the state and soundness of South African refineries as a result of the frequent unplanned shut downs and supply disruptions. The outcomes of the refineries audit conducted during the year will also assist in determining the extent of the reconfigurations of the refineries for the new cleaner fuel specification and standard.

This year we made the last, but one transfer payment of R 1.5 billion to Transnet for the New Multi-Product Pipeline (NMPP) for the security of the supply portion. The 24-inch trunk line of the NMPP was commissioned in January 2012. The NMPP is able to transport petrol, diesel, jet fuel and gas from Durban to Johannesburg. With the concurrence of the Minister of Finance, the Strategic Fuel Fund was utilised to pay for the diesel used to fill the line. The procurement itself was done through our national oil company, PetroSA. The pipeline has increased capacity to transport fuel to the inland market and improved the Jet fuel stock levels in O.R. Tambo International Airport (ORTIA).

The DoE continued to implement the IRP 2010-2030. Processes to lead to the realisation of the 9 600 MW of nuclear energy are underway. The Cabinet-level oversight committee, chaired by the Deputy President, Mr Kgalema Motlanthe, as well as the technical committee at departmental level, have been established. Within the DoE, the process of establishing an independent nuclear branch is almost complete. This will strengthen our internal capacity and ensure that our plans to include nuclear power as a long term and stable source of power generation is realised.



The development of the different elements of the implementation strategy under the leadership of the Nuclear Energy Technical Committee continues and address different elements, including legal and regulatory framework, skills development, stakeholder engagement and communication, nuclear fuel cycle, industrialisation and localisation, funding and procurement. The Integrated Nuclear Infrastructure Review was initiated during this reporting period and due for completion in the coming financial year. The purpose is to systematically and methodically evaluate the gaps in our nuclear infrastructure that could delay or hamper progress of the nuclear new build. This review is conducted according to the International Atomic Energy Agency's Milestones Approach. The amendments of the founding legislation as well as the development of new legislation for long-term funding provisions for radioactive waste management are being undertaken within the nuclear energy policy implementation.

Consultations continue on the installation of appropriate radiation detection equipment at identified ports of entry. This is a multi-stakeholder project involving both international and national stakeholders. When this project is completed, South Africa will be able to prevent illicit trafficking of nuclear materials through our ports of entry.

During the year under review, we continued to engage with both our local and international partners on the subject of security of energy supply and universal access. These discussions were in ensuring that Africa will in the near future be able to energise economic, social and environmental developments using a diversity of clean energy sources. Among these initiatives was the hosting of the Africa Energy Ministers' Conference in September 2011 which was attended by more than 40 international energy ministers. This conference was a precursor to COP 17 that was held in November and December 2011. The African Ministers' Conference came out with the Johannesburg Declaration which highlighted the need for funding, technology and skills transfer for the continent in the area of clean energy. The conference outlined projects of priority and made a conscious decision to support climate change initiatives through the deployment of sustainable energy programmes.

1.7.2 Important Policy Decisions and Strategic Issues Facing the Department

The IRP was promulgated in May 2011 and outlines the required new generation capacity for the period up to 2030. The IRP includes the different technologies required to ensure that power generation is cost effective, minimises water usage and mitigates adverse climate change. The funding of the projects under the IRP will be premised largely on the extent of tariff increases that are allowed by the NERSA.

The implementation of the IRP started in earnest toward the end of the financial year, with the flagship programme – Renewable Energy IPP Bidding Programme. The flagship programme under the IRP is the Renewable Energy IPP Bidding Programme for the provision of 3 725 MW of capacity from IPPs. The process has lived up to expectations by attracting foreign direct investment into South Africa worth about R 100 billion over a period of 12 months. We are confident that this will boost sector employment growth. More details on other programmes under the IRP are covered in detail in the later part of this Annual Report.

A Request for Proposals (RFP), published in August 2011, provides for the procurement of 3 725 MW of renewable energy up to 2016. In addition, a Request for Information (RFI) was issued to assess the extent of independent power projects that could be introduced side by side with Eskom to improve our energy security outlook. The procurement of alternative sources of energy from the private sector is motivated by the urgent need for new generation capacity to alleviate the current energy constraints.

The development of the Integrated Energy Plan (IEP) continues, and by the end of the financial year broad public stakeholder consultation had been undertaken. In developing this plan, a holistic approach is adopted to plan for our future energy needs as we seek to ensure that environmental, climate change, social development and economic growth are considered in a balanced manner. In March this year, we hosted an Energy Planning Colloquium which was attended by subject matter experts and interest groups. While we obtained a wealth of constructive viewpoints and comments on our processes and approach, there was a call for more stakeholder consultations to provide input into the plan. We will continue to engage with various experts during the development of the IEP next year.

1.7.3 Significant Events that have taken place during the Year

The DoE co-hosted COP 17 in November 2011. A total of 26 energy side events were hosted during the conference, focusing on clean energy and climate change. Together with our social partners we launched the energy efficiency campaign during COP 17. The SARi was also launched during COP with the founding partners UK, Denmark, Norway, Germany and the European Investment Bank signing a Declaration of Intent. SARi aims to design and facilitate the financing arrangements needed to enable a critical mass of renewables.

During COP 17, the Minister also announced 28 preferred bidders for Window One of the Renewable Energy IPP Procurement Programme, which were selected following an evaluation process that took place after the bids were submitted on 04 November 2011. The preferred bidders for Bid Window One were expected to reach financial close by the end of June but have not thus far due to intergovernmental approval processes. On 05 March 2012, 79 bids were received for the Second Window, of which 18 were selected and announced as preferred bidders in May 2012 and are expected to reach financial close by February 2013. From both windows, 2 460 MW have been committed and are expected to be in the grid by 2016. This will alleviate the current constraints on electricity supply, diversify the energy resources mix in the country, bring in private sector investment into the generation industry as well as promote economic development through localisation and job creation.

1.7.4 International Relations

The DoE's approach to international relations and engagements continued to be focused on securing the country's energy supply through introducing, maintaining and sourcing agreements with countries of interest. Developments in the clean energy space have resulted in the signing of bilateral and multilateral agreements that promote clean energy, provide funding proposals with institutions like the World Bank and participating in global energy bodies. During the year we reviewed the DoE's International Relations

Strategy, MoUs and other agreements signed by the DoE to ensure their relevance. Our International Relations Strategy has been aligned to the country's International Engagement Policy addresses the latest International developments in the Energy Sector.

There has been a significant increase in the number of international trips undertaken by the DoE this year. Most of the increase has been as a result of the negative developments in security of fuel supplies as well as the positive engagements in the area of clean energy.

For the 2011/12 financial year, the DoE received a budget allocation of R 6.2 billion, and 99% of our budget was spent by year end. The necessary governance structures in finance, human resources, internal audit, risk management and fraud prevention and SOE oversight have been put in place, though in most cases with very limited capacity.

In conclusion, it is my pleasure to report to Minister, Ms Dipuo Peters; Deputy Minister, Ms Barbara Thompson; Team Energy; and all our national and international stakeholders, that the DoE has, for the second year running, received an unqualified audit report from the AG. A special message of gratitude is extended to our principals, Team Energy, SOEs reporting to the Minister of Energy, participating government departments and other entities for their tireless efforts in making sure that we deliver on our mandate and provide services to our fellow citizens.

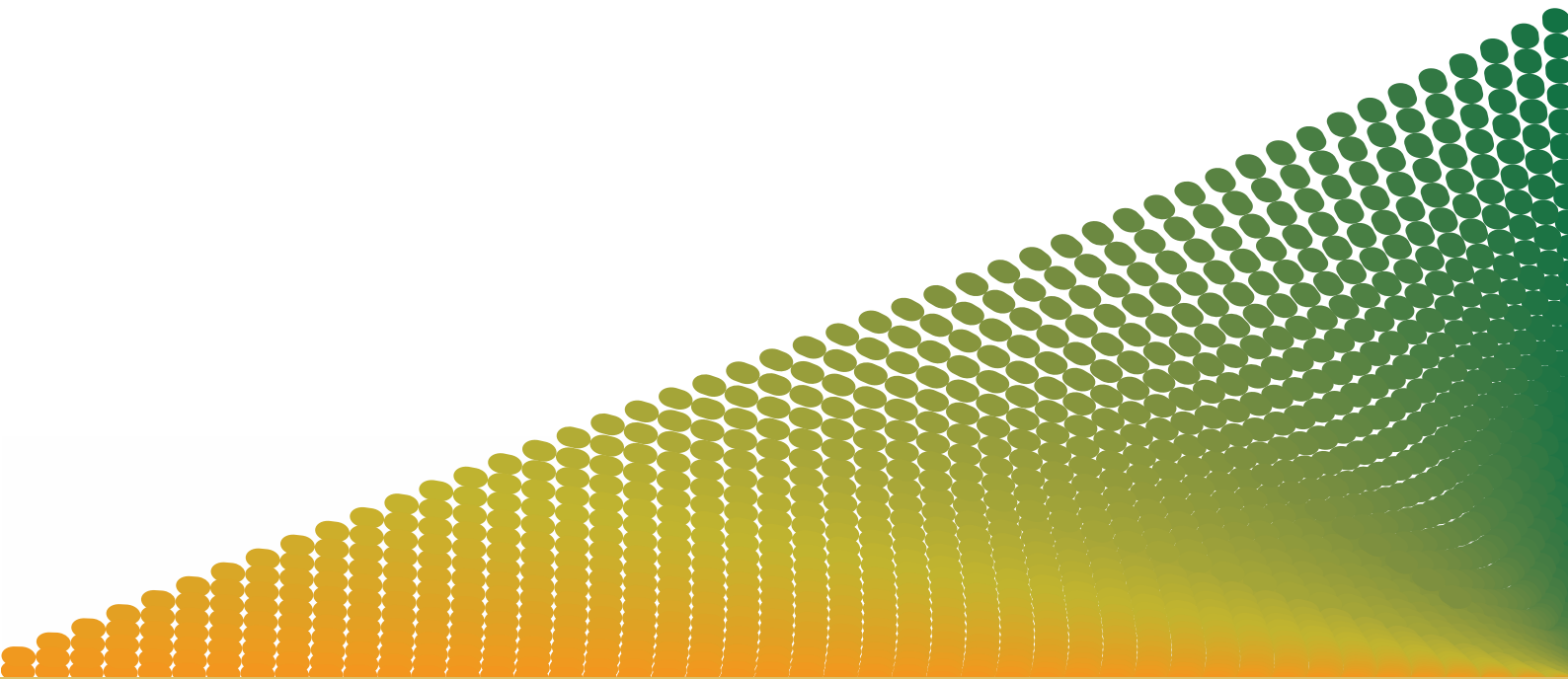
Thank you.



Ms Nelisiwe Magubane
Director-General: Energy

Section 2

Information on Predetermined Objectives



2.1 OVERALL PERFORMANCE

2.1.1 Voted Funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
6 089 902	6 200 909	6 174 262	26 647
Responsible Minister	Minister of Energy		
Administering Department	Department of Energy (DoE)		
Accounting Officer	Director-General (DG) of the DoE		

Table 1

2.1.2 Aim of Vote

The aim of the DoE is to formulate and exercise oversight regarding the implementation of overall energy policies to ensure access to affordable and reliable energy by all South Africans and to promote environmentally friendly energy carriers.

2.1.3 Strategic Outcome-Oriented Goals

Strategic objectives

At its November 2011 annual strategic planning session, the DoE reviewed its strategic objectives to, amongst other things, introduce alignment to Government's outcome-based planning approach.

The strategic objectives of the DoE, expressed as desired end-states, are as follows:

- Energy supply is secure and demand is well managed;
- An efficient, competitive and responsive energy infrastructure network;
- Improved energy regulation and competition;
- Efficient and diverse energy mix for universal access within a transformed energy sector;
- Environmental assets and natural resources protected and continually enhanced by cleaner energy technologies;
- Mitigation against, and adaptation to, the impacts of climate change; and
- Good corporate governance for effective and efficient service delivery.

2.1.4 Overview of the Service Delivery Environment for 2011/12

Energy security is integral to the mandate and function of the DoE.

This year, the DoE has been extensively involved in the deliberations on the global energy agenda with the aim of maintaining energy markets stability, encouraging global sustainable investments in the energy sector and the promotion of cooperation between private and public sectors in developing our energy infrastructure.

The DoE has, during the year, signed several Memoranda of Understanding (MoUs) with different countries and institutions. The bilateral relations within the continent have enabled the country to shift and diversify its sources of crude from countries further afield, such as the Middle East; and Angola and Nigeria closer to home. Further discussions have been held focussing on the African continent, especially the Southern African Development Community (SADC) region in the area of electricity collaboration.

Increasing access to energy through electrification

As much as our country is blessed with an abundance of coal, climate change challenges are forcing us to revisit our future power development plans. With the implementation of the Integrated Resource Plan (IRP) 2010 this year, critical steps in this direction that will ensure positive results in the near and long-term future have been taken. There is an urgent need for us to intensify our efforts towards energy diversification through grid and off-grid technologies.

The White Paper on Energy Policy states that: "Government will evaluate the impact of the National Electrification Programme and will amend the electrification policy and strategy from time to time". During the year under review, the DoE started the process of reviewing the overall performance of the Electrification Programme. Among the initiatives undertaken was the hosting of the Electrification Indaba in March 2012 in Durban, which was attended by more than 200 stakeholders. Amongst the issues raised at the Indaba were the shortcomings of the current electrification programme and the urgent need for the development of a new implementation strategy that would address planning and delivery, and access and funding. The DoE has commenced with the process of addressing these shortcomings with the assistance of the International Finance Corporation in order to increase the rate of new connections of households to the grid.

Petroleum

The energy sector has received much international attention given the political developments in the oil-producing countries which have fermented market fears of instability in the world's largest oil producing region. These political changes happened at a time when the global economy was still struggling to deal with an economic recession and financial instability. These developments have led to a reduction in crude oil production and the subsequent increase in prices which lead to energy market volatility. We have also witnessed a rollercoaster of fuel prices, the increases of which were mainly caused by geopolitical upheavals and associated exploitation of the situation by commodity traders. The move of crude oil prices from US\$ 100 to US\$ 120 per barrel happened in a short space of time.

As a result of the identified constraints throughout the liquid fuels supply chain, the DoE embarked on a process to develop a Liquid Fuels Infrastructure Road Map. One of the key objectives of this Road Map is to enable Government to ensure that South Africa has access to reliable, affordable, clean, sufficient and sustainable sources of energy to meet the country's liquid fuel demand.

In addition, in dealing with the supply challenges of refineries, last year the DoE embarked on a process of conducting an audit of our refineries. The purpose of the audit was to assess the state of our refineries and obtain an understanding of their current capacity.

A preliminary investigation indicates that the country's refineries are experiencing reduced production levels, which is equally a threat to liquid fuels security of supply.

Work was started during the year on the development of the Liquid Fuels Infrastructure Road Map. One of its objectives is to enable Government to ensure that South Africa has access to reliable, affordable, clean, sufficient and sustainable sources to meet the country's liquid fuel demand. The Road Map will form the basis for the implementation of the Presidential Infrastructure Coordinating Commission (PICC) Strategic Implementation Project with regard to refinery upgrades and development, and we will make recommendations on the future of the refinery infrastructure in the country.

Clean and renewable energy

South Africa generates most of its electricity from coal. Coal is abundant and electricity generated from coal is relatively cheap compared to other sources of energy in the production of electricity. Given the climate change imperatives and the need to reduce greenhouse gas emissions, the DoE has been exploring the options available to us for greenhouse gas emission mitigation. Carbon Capture and Storage (CCS) are potential technologies that could be deployed at commercial scale to reduce carbon dioxide emissions into the atmosphere.

The DoE has had engagements with the Clean Energy Ministerial (CEM) to collaborate to learn and exchange information on clean energy solutions, renewable energy and CCS technologies, amongst other things. The CEM is a high-level global forum of Ministers of Energy from 28 like-minded countries to promote policies and programmes that advance clean energy technology, share lessons learnt and best practices, and encourage transition to a global clean energy economy. The DoE has been given financial support to develop local capacity in research institutes and universities to initiate training at postgraduate level to enhance the country's state of readiness to deploy CCS technology once commercialised. As a result of the financial support secured through bilateral and multilateral relations, the South African National Energy Development Institute (SANEDI) has been able to operate the CCS Centre for conducting research. SANEDI has developed a CCS atlas of South Africa, and donor funds secured through bilateral relations are being used to conduct definitive studies in the storage capacity of identified sites in the country.

The DoE has also worked on the South African Renewable Energy Initiative (SARi), a project that connects three interrelated aspects: energy security, industrial development, and financial support. SARi aims to establish and facilitate an international financing partnership to enable investment in the deployment of renewable energy, and the development of industrial capabilities associated with renewable supply chains through securing a critical mass of renewable energy without imposing undue burden on the fiscus or the South African consumer. The funding mechanism being developed will combine climate-related grants, low cost loans and risk guarantee instruments from international sources with modest amounts of domestic funds that may be secured publicly or from private energy users. In line with this objective, the DoE has signed a Declaration of Intent (DoI) with Germany, the United Kingdom, Denmark, Norway, and the European Investment Bank (EIB). Several engagements with other potential partners are also in progress. This agreement will lead to the establishment of a fund to assist in the deployment of renewable energy.

International relations

The DoE has engaged with several stakeholders to ensure that we access information, technology, funding and best practices in order to contribute to the security of energy supply for the country.

At a bilateral level, the DoE signed seven agreements/DoIs with the following countries and organisations: IEA (International Energy Agency), Swiss Confederation, Ghana, Lesotho, Denmark, Korea, and the Democratic Republic of Congo (DRC). Mainly these agreements cover the following areas of cooperation: access to capacity building, funding, technology, exchange of information, and development of energy infrastructure on the continent with the objective of increasing generation capacity.

The DRC/South Africa MoU on the Grand Inga Project was also signed during the year. Once implemented, this project has the capacity to generate 40 000 MW of hydroelectricity, which will lead to considerably accelerated energy infrastructure development of the continent.

The DoE also played a significant role during the 17th Conference of the Parties (COP 17/CMP7 Conference) held November to December 2011 in Durban by hosting 26 energy side events on clean energy that were well attended by both local and international stakeholders. In preparation of COP 17/CMP7, the DoE hosted the African Energy Ministers Conference that was attended by representatives from more than 45 countries and 40 Ministers of Energy from the African continent. The conference resulted in the Johannesburg Declaration, and the resolution highlighted the urgent need for the continent to secure clean, affordable, accessible and sustainable energy carriers for all and to reduce energy poverty. The major drivers for increased energy access were identified as funding, technology, technology localisation, skills development and ensuring that the energy sector developments create jobs on the continent.

Training, skills development and localisation

Training is of the essence in the energy sector, and most MoUs that have been signed include the training aspects. Departmental officials have been trained through the opportunities secured via various multilateral and bilateral agreements. The IAEA (International Atomic Energy Agency), China and IEA have provided training annually to South Africans and this has enhanced the nuclear-related skills base in the country as well as competence in other fields such as renewable energy, energy efficiency and energy planning. Several bilateral relations have availed opportunities for training either in policy or technical skills in the fields of CCS, renewable energy, energy efficiency and nuclear energy.

Report on virements between the main appropriation allocations

During the 2011/12 financial year, the constrained financial environment led to the DoE's submission to the National Treasury (NT) to obtain approval from the NT in accordance with Section 43 (4) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) for the re-classification of R 57.32 million for the 2011/12 financial year, originally appropriated as transfers and subsidies under Programme 3: Energy Regulation for the Renewable Energy Finance Subsidy Office (REFSO) and the Working for Energy Project to provide funding for the operational activities of the DoE under Programme 1: Administration (R 28.3 million), Programme 2: Energy Policy and Planning (R 6 million), Programme 3: Energy Regulation (R 19.02 million) and Programme 5: Nuclear Energy and Regulation (R 4 million).

In response to the above, the NT granted approval to shift an amount of only R 41.32 million appropriated as transfers and subsidies for the REFSO, on condition that a provision is made from the approved funds for the office accommodation lease cost of R 21.8 million and the Independent Power Producer (IPP) unit set-up costs, estimated at R 4 million.

The Accounting Officer also granted a final virement approval on 24 April 2012 to utilise savings from programmes towards the defrayment of excess expenditure under other programmes within the vote and to align budget allocations with actual expenditure for the 2011/12 financial year as follows:

Appropriation per Programme – 31 March 2012							
2011/12							
Programmes		Adjusted Appropriation	Shifting of Funds (after AENE)	Current Budget	Virement (after AENE)	Final Appropriation	Percentage of Virement to Adjusted Appropriation
		R'000	R'000	R'000	R'000	R'000	%
1	Administration	176 340	33 045	209 385	(4 824)	204 561	(2.74)
2	Energy Policy & Planning	1 544 708	-	1 544 708	1 077	1 545 785	0.07
3	Energy Regulation	573 431	(33 045)	540 386	1 186	541 572	0.21
4	National Electrification Programme	3 264 555	-	3 264 555	1 025	3 265 580	0.03
5	Nuclear Energy & Regulation	641 875	-	641 875	1 536	643 411	0.24
Total		6 200 909	-	6 200 909	-	6 200 909	100.00

Table 2

Details of the above listed approvals are listed in the financial section of this report.

Rollover funds

On 31 March 2012, the DoE had an unspent amount of R 26.65 million. The DoE submitted a request to the NT to roll funds of R 26.84 million over from the 2011/12 financial year to the 2012/13 financial year, and included the following:

- Electricity Distribution Industry Holdings (EDIH), transfer payment of R 11.758 million that was not disbursed due to winding up of the entity.
- 2010 FIFA Confederation and Soccer World Cup (SWC) Local Organising Committee (LOC), transfer payment of R 1 million as a surplus.
- Non-personnel current expenditure of R 8.10 million that was not paid to service providers before 31 March 2012. Motivations are provided in the attached Annexure.
- Capital expenditure of R 5.32 million.
- Software and intangible assets of R 0.671 million.

Key achievements/highlights for 2011/12

Highlights of the DoE's key achievements are listed in the following table:

DoE's Strategic Objectives	Key Achievements
<p>1. Energy supply is secure & demand is well managed</p>	<ul style="list-style-type: none"> ➤ The DoE implemented the IRP 2010 during the year, after it was approved by Cabinet in March 2011. ➤ A further R 1.5 billion was transferred to Transnet for the construction of the New Multi-Product Pipeline (NMPP). The pipeline was operationalised in December 2011, improving the supply of jet fuel to OR Tambo International Airport (ORTIA) & other products to inland destinations. ➤ Signing the MoU on the Grand Inga Project in November 2011 (between SA & DRC) paves the way for SADC to exploit the potential of Grand Inga to generate approximately 40 000 MW of hydro power. ➤ The flagship programme of the IRP 2010, the Renewable Energy IPP Bidding Process was launched this year (see details in no. 6 on the opposite page).
<p>2. An efficient, competitive & responsive energy infrastructure network</p>	<ul style="list-style-type: none"> ➤ Initiation of the Approached to Distribution Assets Management (ADAM) to support the electricity distribution network. ➤ The number of connections that can be added to the electricity distribution network are limited. In most of the rural areas, the high to medium voltage networks are constrained due to historically poor infrastructure. In order to address this bottleneck in the delivery of new connections, the Integrated National Electrification Programme (INEP) has embarked on a programme to make increased funds available for the rehabilitation of this infrastructure. During the 2011/12 financial year a total of 503 km of new MV lines were built & energised, four new substations were completed & an additional four are in the final phase of completion. ➤ NMPP (mentioned in no. 1 above).
<p>3. Improved energy regulation & competition</p>	<ul style="list-style-type: none"> ➤ The Independent System and Market Operator (ISMO) Bill sets out to improve the operation efficiencies in the electricity supply industry, by putting in place the institutional mechanism that unbundles the generation, transmission & trading functions. This Bill was introduced in Parliament for deliberation. ➤ The Regulatory Accounts System (RAS) margin models were completed & approved during October 2011. The RAS margins were implemented into the fuel price structures in December 2011.
<p>4. Efficient & diverse energy mix for universal access within a transformed energy sector</p>	<ul style="list-style-type: none"> ➤ The Renewable Energy IPP Bidding Programme was initiated during the year. Twenty-eight successful bidders were selected from Window One announced at COP 17 in December 2011, for a total 1 416 MW through wind & solar technologies. Window Two closed on 5 March 2012 (1 200 MW offered). ➤ In November 2011, Cabinet approved the establishment of the National Nuclear Energy Executive Coordination Committee (NNEECC) to oversee the decision making around the Nuclear Build Programme. The NNEECC is headed by the Deputy President & is the authority for ensuring general oversight of the Nuclear Energy Expansion Programme.

DoE's Strategic Objectives	Key Achievements
5. Environmental assets & natural resources protected & continually enhanced by cleaner energy technologies	<ul style="list-style-type: none"> ➤ The second CCS Research Conference was held on 24-28 October 2011 in Midrand, South Africa. The purpose of the Conference was to disseminate the researchers' progress on CCS in South Africa. In conjunction with the Conference, a number of workshops on the following were held: CO₂ Injection Projects, the CCS legal & regulatory framework, & public outreach & risk assessment. The DoE coordinated the formation of the Interdepartmental Task Team on CCS. The inaugural meeting was held on 21 November 2011. Cabinet endorsed the CCS Road Map in its Cabinet meeting that was held in Pretoria on 3 May 2012. ➤ In March 2012, after a year of measurements, the DoE launched the first verified numerical wind atlas based on international standards. The main objective of the Wind Atlas Project of South Africa (WASA) is to improve knowledge & quality of wind resource assessment methods & tools, as well as to ensure the availability of tools & data for planning & application for wind farm development, off-grid electrification & extreme wind studies. The project provides an updated overview of the wind climate based on reliable wind data using contemporary models. The results will be based on data obtained from 10 measurement stations located in the Western Cape & some parts of the Northern Cape & Eastern Cape. ➤ In addition to this, the DoE, together with the Danish Embassy, embarked on a wind awareness campaign by, amongst others, the distribution of educational material with the Department of Basic Education. The campaign aims to dispel myths on wind energy, and provide actual information to ensure wider understanding. ➤ SARI was launched at COP 17, with the founding partners UK, Denmark, Norway, Germany & the European Investment Bank signing a DoI. SARI's aim is to unlock public & private, and domestic & international funding to scale up renewables. Its objective is to design & facilitate the financing arrangements needed to enable a critical mass of renewables.
6. Mitigation against & adaptation to the impacts of climate change	<ul style="list-style-type: none"> ➤ The DoE co-hosted COP 17 in November & December 2011. A total of 26 energy side events were held, focusing on clean energy & climate change. ➤ The DoE also hosted the African Energy Ministers Conference in September 2011 attended by more than 40 Ministers of Energy on clean energy. <i>With the right mix of domestic policies, innovative technologies & international financial support, the African continent can reconcile growth, clean energy & climate change mitigation efforts</i> – this was the message relayed at the conference. ➤ The DoE's second edition Environmental Management Plan (EMP) and Compliance Report was approved by the Department of Environmental Affairs (DEA) Sub-committee. ➤ Consulted extensively prior to COP 17 with the private sector (i.e. BUSA & NBI) to refocus the Energy Efficiency Accord into the Energy Efficiency Network Leadership and this was launched during COP 17, where over 100 companies signed pledges in support of energy efficiency measures in their activities, including creating awareness nationally. These efforts, through the Industrial Energy Efficiency (IEE) Programme, are to assist companies in developing Energy Management Plans.

DoE's Strategic Objectives	Key Achievements
<p>6. Mitigation against & adaptation to the impacts of climate change (continued)</p>	<ul style="list-style-type: none"> ➤ Published the draft Energy Efficiency Regulations for public comments in October/ November 2011. Consolidation of the comments has since led to the re-drafting of the regulations in the last quarter of 2011/2012 and the first quarter of 2012/2013. ➤ Significant progress was achieved on the Second Review of the Energy Efficiency Strategy with all key stakeholders. ➤ The DoE with all key stakeholders, through the National Economic Development and Labour Advisory Council (NEDLAC) process, developed and signed off the National Energy Efficiency Campaign Strategy in November 2011. ➤ The DoE played a key role in the inputs during the development and finalisation of the National Climate Change Response White Paper (NCCRWP) led by the DEA with special focus on the energy sector. The NCCRWP was approved by Cabinet in October 2011. The NCCRWP sets out a period of two years (i.e. ending in 2013) for all sector departments to lead their respective sectors to develop climate change strategies, which in this case, the DoE is the lead in the energy sector.
<p>7. Good corporate governance for effective & efficient service delivery</p>	<ul style="list-style-type: none"> ➤ 99.57% of the 2011/12 budget allocated was utilised. ➤ The DoE obtained unqualified audit opinion from the Auditor-General South Africa (AGSA) for the 2010/11 financial year.

Table 3

2.1.5 Overview of the Organisational Environment for 2011/12

The limited baseline allocation of the DoE has continued to pose challenges for the DoE to fully implement its approved organisational structure. As a result of the aforementioned, the implementation of the interim organisational structure has continued since its inception in 2010 to date. During the year under review the DoE has, as a result of limited financial resources, operated with two line function branches of the organisational structure of the defunct Department of Minerals and Energy (DME):

- Branch: Hydrocarbons and Energy Planning; and
- Branch: Electricity, Nuclear and Clean Energy.

The NT is continuously being engaged in this regard and the DoE is continuously exploring creative ways to ensure that it delivers effectively on its mandate with the limited capacity at its disposal. The available human resource capacity has continued to be overstretched with voluntarily work for prolonged hours to ensure delivery on the outcomes as agreed to between the Minister and the President. With the appointment of additional employees within support services components, it became imperative that additional office space had to be procured as the current office space was not enough to cater for the needs of the DoE. The split of the DME coincided with the relocation process, which did not cater for the needs of the DoE as a standalone entity. The procurement of alternative office space for headquarters and some regional offices was administered by the Department of Public Works (DPW) in line with the provisions of Government Immovable Asset Management Act (GIAMA). A lease agreement was, as a

result of the aforementioned, signed by the DPW with the new landlord on behalf of the DoE. The DoE will be moving to its new premises next year.

Financial constraints have also contributed to the DoE being able to coordinate 15 Public Participation Programmes (PPP) instead of 20 for both the Minister and Deputy Minister as decided by Cabinet. On the legal services front, service delivery targets were reduced to 50% because of the limited capacity within the legal services. The DoE has continued to implement the Human Resource Development (HRD) Strategy, and 443 employees were trained in various line functions and administrative programmes. As a result of this remarkable achievement the DoE has been awarded two Certificates of Outstanding Performance by the Public Administration Leadership and Management Academy (PALAMA) for the Mass Public Service Induction Programme and the Most Developed Department in the Area of Staff Training. Because of the limited budget, only 26 employees were awarded bursaries and 66 unemployed graduates were engaged on an internship programme.

The DoE has continued to participate in the governance structures of both the Chemical Industries Education and Training Authority (CHIETA) and Energy and Water Sector Education and Training Authority (EWSETA) to ensure that the two Skills Education Training Authorities (SETAs) provide training in the scarce skills areas as required by the energy sector. EWSETA has committed R 3 million for placement of interns in various municipalities to be trained in line with the service delivery imperatives of INEP.

Following the strategic review session that was held towards the end of last year, it became evident that the approved structure that was not funded needed to be revised to ensure that the DoE has the capacity to deliver on the country's energy needs for growth and economic development as well as the capacity to deliver on the 12 Government Outcomes. This makes sense because "structure follows strategy" and it is anticipated that this initiative will enable the DoE to have a structure that is aligned to its current strategic direction, to be responsive to the volatility and complexity of the energy environment, to meet global imperatives on climate change and to effectively deal with constraints on the supply of traditional energy sources versus alternative sources.

To this end, the DoE will be in a position to deliver on user needs pertaining to demand side management, access and effectively deal with economic implications. The newly approved macro organisational structure thus provides for the following key line function components:

- Energy Policy and Planning;
- Petroleum and Petroleum Products Regulation;
- Nuclear;
- Clean Energy; and
- Programmes and Projects.

The Policy and Planning Branch will develop, maintain and implement an integrated energy policy and planning framework. The planning function will comprise the Liquid Fuels Plan, IRP and Integrated Energy Plan (IEP). The energy data repository has been centralised within this branch, thus making information in this regard readily available and accessible with ease. The Petroleum and Petroleum Products Regulation

Branch is responsible for handling and managing the regulation of petroleum and petroleum products, and will deal with licensing compliance and pricing matters and also import and export functions. The Nuclear Branch will deal mainly with the management of the SA nuclear energy industry and ensure overall control of source and special nuclear materials in terms of nuclear legislation. The Clean Energy Branch will manage and facilitate the development and implementation of clean energy initiatives by advancing energy efficiency in South Africa ensuring the integration of off-grid renewable energy into the mainstream energy supply, and will manage climate change and energy environmental issues within the energy sector. The Programmes and Projects Branch will manage, coordinate, monitor and report on energy programmes and projects relating to electrification as well as programmes and projects focused on the development, improvement and transformation of the hydrocarbons refinement, transmission and distribution industry and infrastructure. This branch will furthermore identify, implement, manage and coordinate programmes and projects aimed at empowerment/mainstreaming/upliftment of disadvantaged/vulnerable groups, and raise public awareness and oversee the IPP Programme. The structure will be implemented in phases, as and when funding is made available through the Medium Term Expenditure Framework (MTEF) process.

2.1.6 Key Policy Developments and Legislative Changes

Legislation tabled in Parliament during 2011/12

Electricity Regulation Amendment Bill

The proposed amendments will:

- expedite the establishment of new generation capacity;
- provide alignment between the buyer, procurer and the regulator; and
- provide more clarity in certain sections of the Act to avoid misinterpretation.

The Bill was published in the Government Gazette for public comments in December 2011 with the closing date of 17 February 2012.

The National Energy Regulator Amendment Bill

The proposed amendments will ensure that:

- the energy sector is regulated effectively given the need to increase private sector participation in this space;
- the current governance challenges facing the energy regulator are eliminated by implementing an effective governance structure; and
- there is an effective and efficient regulatory framework.

The Independent Systems and Market Operator Bill

The proposed legislation aims to set up the ISMO as a national public entity. It is also intended to eliminate any conflict of interest between the buyer and seller of electricity in South Africa. A key function of the envisaged ISMO is to maintain a balance between supply and demand of electricity in South Africa. It will

also be responsible for concluding electricity import and export agreements. The bill calls for a phased deployment model for the ISMO.

The ISMO will therefore be responsible for:

- generation resource planning;
- transmission service and implementation;
- buyer; and
- system operations and expansion planning.

2.1.7 Departmental Revenue, Expenditure and Other Specific Topics

Collection of departmental revenue

Departmental revenue is derived from the receipt of administration fees for licence applications processed in terms of the Petroleum Products Amendment Act, 1977, as amended. Revenue decreased from R 3.9 million in 2010/2011 to R 3.4 million in 2011/2012, at an average annual rate of 12%, as a result of decreased licence fee collections. Over the medium term, revenue is expected to increase to R 4.2 million, at an average annual rate of 2.8%, in line with projected increases in the number of new applications received.

In line with the DoE's strategic objectives, the DoE targeted to collect R 3.9 million in revenue in the 2011/12 financial year. The total revenue collected is R 3.4 million, which is R 486 000 less than the projected revenue target. This is mainly due to the lower than expected application fees collected.

The table below should be used to provide a breakdown of the sources of revenue:

Detail of Departmental Receipts							
Economic Classification	2007/08	2008/09	2009/10	2010/11	2011/12	2011/12	2011/12
R'000	Actual	Actual	Actual	Actual	Target	Actual	Variance
Tax receipts	-	-	-	-	-	-	-
Sales of goods & services other than capital assets	1 201	3 343	4 429	3 706	3 867	2 872	995
Administrative fees	1 161	3 300	4 384	3 537	3 820	2 804	1 016
Other sales	40	43	45	169	47	68	(21)
Interest, dividends & rent on land	-	-	-	14	-	168	(168)
Financial transactions in assets & liabilities	-	-	-	197	-	341	(341)
Total Departmental Receipts	1 201	3 343	4 429	3 917	3 867	3 381	486

Table 4

2.1.8 Departmental Expenditure

The original appropriation received for the DoE on 1 April 2011 amounted to R 6.09 billion. In the adjusted budget the appropriation was increased by R 111 million to a total budget allocation of R 6.2 billion for the 2011/12 financial year.

The increase was appropriated to cover approved rollover funds of R 88.22 million relating to the following:

Approved Rollover 2011/12	R'000
CEF	
Uppington Solar Park Feasibility Study	18 191
Vaal Dam Hydro Project	2 000
Installation of solar water heaters by non-grid service providers	57 000
Auditing the compliance of oil companies to the South African Petroleum and Liquid Fuels Charter and Empowerment Framework	1 063
IAEA membership fees	8 462
Socio-Economic Impact Study	1 500
Total	88 216

Table 5

An additional amount of R 1.599 million was also appropriated for higher personnel remuneration increases than were provided for in the 2011/12 budget allocation. An additional amount of R 21.192 million was also appropriated additionally as a transfer payment to provide operational funding to the National Nuclear Regulator (NNR) following the sudden and unexpected closure of the Pebble Bed Modular Reactor Company (PBMR) which led to the withdrawal of the PBMR fees and consequently a loss of NNR revenue.

Of the total budget of R 6.2 billion appropriated, the major portion was utilised for transfers to municipalities, state-owned entities (SOEs) and other organisations (94%). Compensation of employees contributed to 2.98% and operational funding for goods and services amounted to 2.52%. Of the total budget appropriated to the DoE, approximately 5.5% was utilised for operational costs. The balance of the funding was earmarked funding. The total spending for the year amounted to R 6.174 billion (99.57%) and unspent budget amounted to R 26.65 million or 0.43% of the total budget.

2.1.9 Transfer Payments

As at 31 March 2012, the DoE disbursed transfer payments of R 5.829 billion, which represented 99.8% of the budget for the year to public entities, municipalities and implementing agencies. Major transfer payments are reflected in the following table:

Transfer Payments	Original Budget 2011/12	Year to Date Transfer Payments – up to March 2012	Available Balance March 2012	Actual Spending for the Year as Percentage of Total Budget Allocation
	R'000	R'000	R'000	%
Working for Energy Project	25 000	25 000	-	100.00
REFSO	20 191	20 191	-	100.00
SANEDI	20 100	20 100	-	100.00
Transnet Pipelines	1 500 000	1 500 000	-	100.00
EEDSM – Eskom	118 800	118 800	-	100.00
EEDSM – Munic	280 000	280 000	-	100.00
Nuclear Energy Corporation of South Africa (NECSA)	586 034	586 034	-	100.00
NNR	35 430	35 430	-	100.00
EDIH	11 758	-	11 758	-
2010 SWC LOC	282 000	281 000	1 000	99.65
INEP – Eskom	1 737 812	1 737 811	1	100.00
INEP – MuniC	1 096 612	1 096 611	1	100.00
INEP – Non-grid	127 861	127 860	1	100.00
Households	349	163	186	46.70
Total Transfer Payments	5 841 947	5 829 000	12 947	99.78

Table 6

The under-spending can be attributed to the following:

- Cabinet decided in December 2010 that the EDIH process should be discontinued and, in terms of this decision, EDIH ceased to exist on 31 March 2011. This has had the effect that the functions relating to the restructuring of the electricity distribution industry have reverted to the DoE with effect from 1 April 2011. The DoE's strategic plan addresses this by specifically proposing to develop a funding and implementation plan to reduce the electricity distribution infrastructure maintenance backlogs of R 27.4 billion to R 15 billion by 2015. During the 2011/12 financial year, an amount of R 11.758 million was appropriated under Programme 3: Energy Regulation for the winding down process of EDIH. Based on the financial position of EDIH after its closure, sufficient funding was available to settle outstanding legal matters and claims against the company, hence this amount remained in the DoE as at 31 March 2012. The DoE requested approval from the NT to utilise the R 11.758 million being the 2011/12 appropriated funding for EDIH to initiate the ADAM Programme. No funding is currently available within the DoE to complete the initial work for the urgent analysis that has to be done to implement ADAM. It was therefore requested that the R 11.758 million be reclassified and rolled over

to the 2012/13 financial year in order to implement this mini ADAM process as an initial phase of the ADAM Programme to assist the struggling distributors.

- The under-spending of R 1.04 million under Programme 4: National Electrification Programme represents 0.03% of the budget. This is attributed to R 1 million that was not spent in relation to an allocation of R 282 million made to the 2010 SWC LOC.

2.1.10 Public Entities and Other Agencies

All entities that receive funding from the fiscus provide written assurance on an annual basis that they have implemented effective, efficient and transparent financial management and internal control systems in compliance with Section 38 (1) (j) of the PFMA. The Certificates of Assurance signed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the entities are submitted to the DoE prior to any grants being transferred. The purpose and mandate for each of the entities is listed under Section 1: General Information.

The following transfers were made to the following SOEs reporting to the Minister of Energy:

Nuclear Energy Corporation of South Africa

NECSA received a government allocation of R 586 034 million to carry out its mandate.

National Nuclear Regulator

The NNR received R 35 430 million for its operations for the 2011/12 financial year. The NNR is also funded from fees paid by authorisation holders, which are approved annually by the Minister in terms of Section 28 of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999).

South African National Energy Development Institute

From 1 April 2011, SANEDI was operationalised as a stand-alone entity which incorporated the South African Natural Energy Research Institute (SANERI) and National Energy Efficiency Agency (NEEA) (the two entities hived off from the CEF group of companies). The Institute received an allocation of R 20.1 million from the DoE for its operations during the year under review and a further R 6 million from the Department of Science and Technology for its research activities. In addition to this, SANEDI administer the funds for the Energy Efficiency Monitoring and Improvement Project funded with R 13.2 million by the Swiss Development Corporation.

EDI Holdings

An amount of R 11.758 million was allocated to the entity from the fiscus for the 2011/12 financial year to enable them to finalise the winding-up process. This amount was not transferred during the financial year under review as adequate financial resources were still available in the entity's books to enable the administrator to conclude the process.

2.1.11 Conditional Grants and Earmarked Funds

Conditional grants

During the 2011/12 financial year, conditional grants allocated to the DoE through the annual budget process amounted to R 1.377 billion. These grants were paid to several municipalities for the implementation of the electrification projects (R 1.097 billion) and the Energy Efficiency Demand-Side Management Projects (EEDSM) (R 280 million).

Earmarked funds

The following allocations were listed as specifically and exclusively appropriated in the 2011 Appropriation Bill and were subject to the following conditions:

- R 118.8 million was allocated for the EEDSM Project and intended for transfer to Eskom for implementation.
- R 25 million for renewable energy to be utilised under the Working for Energy Programme. This programme is implemented by SANEDI on behalf of the DoE by enhancing the renewable energy mix focusing on areas with a potential for job creation, energy access and energy management.
- R 1.096 billion was earmarked for INEP to be transferred to Eskom and municipalities for the electrification projects.
- R 1.5 billion was allocated for the construction of National Multi-Product Petroleum Pipeline was the second of the three instalments amounting to R 4.5 billion to be transferred to Transnet to ensure security of supply of petroleum products.

As at 31 March 2012, the DoE had disbursed 100% of all earmarked funds to the relevant entities and municipalities in accordance with the conditions imposed by the 2011 Appropriation Bill.

2.1.12 Capital Investment, Maintenance and Assets Management Plan

Capital investment

The DoE is in the process of developing and implementing the Capital Investment, Maintenance and Assets Management Plan. This will be finalised in the 2012/13 financial year. The DoE has developed and implemented an Asset Management Policy in the current financial year.

An amount of R 4.029 million was spent on capital assets in the 2011/12 financial year. The majority of assets purchased were computers and computer equipment.

Assets management

The DoE purchased new assets to the value of R 4.029 million during the financial year. In addition, the assets to the value of R 3.1 million were transferred from EDIH and have been included in the DoE's asset register.

There are no immovable assets and significant assets are motor vehicles and computer equipment. A number of processes and procedures have been implemented to ensure that the asset register is up to

date. These initiatives include amongst other things, increasing resources of the Assets Management Division and the reporting lines for Assets Management changed to enhance internal controls and conducting of monthly assets verification and reconciliations.

No major maintenance of assets was carried out this year as the DoE's assets register consists mainly of new assets.

Maintenance

The DoE is accommodated in leased private properties at Head Office and Regional Offices. Head Office resides at Trevenna Campus in Pretoria, which is a newly constructed building that does not require any major maintenance services. At Regional Offices, the DoE is sharing office accommodation with the Department of Mineral Resources (DMR), which is the custodian of all operating lease agreements and is responsible for the payment of leases and claims back the rental portion due by the DoE accordingly. In terms of the provisions of the lease agreements, the DMR carries out the responsibilities of the lessee. During the financial year under review, there were no major maintenance works carried out and as such no costs were claimed back from the DoE.

Expenditure relating to maintenance is limited to maintenance of office equipment, DoE vehicles, IT equipment and infrastructure. During the 2011/12 financial year, the DoE disbursed R 160 000 for maintenance of machinery and equipment and R 183 000 for the maintenance of other assets.

The DoE does not have any maintenance backlogs.

2.2 PROGRAMME PERFORMANCE

From 21 to 23 November 2010, the Minister of Energy, the DG, and the DoE's senior and middle management met on the outskirts of Pretoria to discuss and set the strategic direction of the DoE for the forthcoming five-year period. Officials from the Presidency and the NT were invited to provide several presentations in the plenary sessions.

Following the end-of-year holidays, the senior management of the DoE met again on 17 January 2011 for the purpose of reviewing, amending and approving the high-level objectives of the DoE for the strategic period as listed on page 22, Section 2.1.3 of this Report. The DoE's programmes (branches) were then tasked with the further development of their respective intermediate outcomes and the means (outputs) by which to achieve their stated objectives. The logic model emanating from these collective efforts is depicted by way of the graphic in Annexure A.

The strategic plan for the 2011/12 to 2015/16 MTEF period was informed by government priorities, the 2011 State of the Nation Address, the DoE's contribution to the Millennium Development Goals (MDGs),

Government Outcomes and the energy environmental scan. The DoE also introduced the outcomes-based planning approach of Government and we will be revising the 2011/12 MTEF plan next year for further compliance.

Below is the the DoE’s response to the 12 Government Outcomes and the MDGs as set out by the United Nations. The DoE is not a lead department in any of the outcomes listed below, however, the Minister is a signatory to the following seven outcomes.

2.2.1 Government Outcomes

Government Outcomes	Departmental Programme
Outcome 2: A long & healthy life for all South Africans	Electrification of clinics & health centres through INEP; introduction of more affordable & cleaner source of energy; Liquefied Petroleum Gas (LPG) for household heating & cooking needs, Free Basic Electricity (FBE), Inclining Block Tariffs (IBT) & Solar Water Heaters (SWH).
Outcome 4: Decent employment through inclusive economic growth	Energy security project implementation & local industrialisation of the main value chains to sustain economic growth and job creation.
Outcome 6: An efficient, competitive & responsive economic infrastructure network	Ensure reliable generation, distribution & transmission of electricity, implement IPPs Programme, address the backlog challenges in the maintenance of the electricity distribution infrastructure; the building of the NMPP between Durban & Johannesburg to ensure a reliable & sustainable supply of liquid fuels inland.
Outcome 7: Vibrant, equitable & sustainable rural communities with food security for all	Electrification of rural households & building of bulk infrastructure through INEP concentrating on 23 district municipalities that have been identified by the Department of Cooperative Governance & Traditional Affairs (CoGTA) and the Department of Rural Development & Land Reform (DRDLR) as the areas in the country that have the most deprived municipalities.
Outcome 8: Sustainable human settlement & improved quality of household life	Contribute to support households & business via the Electrification Programme & the job opportunities presented by the Electrification Programme, the Integrated Energy Centres (IECs), the instalation & maintenance of solar systems & SWH.
Outcome 9: A responsive, accountable, effective & efficient local government system	Electrification of households through INEP & increased service delivery by all municipalities.
Outcome 10: Environmental assets & natural resources that are well-protected & continuously enhanced	Development & implementation of policies to reduce greenhouse gas emissions & climate change impacts, & improve air/atmospheric quality.

Table 7

2.2.2 Millennium Development Goals

MDGs	The DoE's Contribution to the MDGs
MDG 1: Eradicate extreme poverty & hunger	The DoE's focus is on the eradication of energy poverty through the implementation of INEP, energy diversification & affordability, FBE, & IBTs.
MDG 3: Promote gender & equality & empower women	Gender mainstreaming in DoE policies, support of women empowerment initiatives, introduction of clean energy initiatives & enhancement of women's participation in the energy sector.
MDG 7: Ensure environmental sustainability	Introduction & support of sustainable clean & renewable energy initiatives.
MDG 8: Develop global partnerships for development	International cooperation & collaboration at multilateral, bilateral & trilateral levels on energy issues.

Table 8

2.2.3 Department of Energy Programmes

The activities of the DoE are organised under the following programmes (interim organisational structure):

Programme 1: Administration

Provides strategic support and management services to the Ministry and the DoE.

- Subprogramme 1: Executive Support
- Subprogramme 2: Corporate Support
- Subprogramme 3: Finance Information and Supply Chain Management
- Subprogramme 4: Governance and Compliance (office of Chief Operating Officer (COO) Branch)

Programme 2: Hydrocarbons and Energy Planning

Responsible for integrated energy planning to promote the sustainable use of energy resources by developing appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas and renewable energy sources.

- Subprogramme 1: Hydrocarbons
- Subprogramme 2: Energy Planning
- Subprogramme 3: Petroleum Licensing and Monitoring

Programme 3: Electricity, Nuclear and Clean Energy

Responsible for improving and implementing appropriate policies governing the electricity, nuclear and clean energy sectors to promote universal access to electricity by the broader South African population.

- Subprogramme 1: Electricity
- Subprogramme 2: Integrated National Electrification Programme (INEP)
- Subprogramme 3: Nuclear
- Subprogramme 4: Clean Energy

Programme 4: Associated Services

Responsible for managing and monitoring the use of funds transferred in support of the DoE's mandate.

2.2.4 Programme 1 – Administration

Strategic Objectives: Good corporate governance for effective and efficient service delivery.

Subprogramme 1: Executive Support

Subprogramme 1: Executive Support				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011 /12)	Actual (2011/12) *	
1.1 Reporting templates for governance structures.	N/A	1.1 Alignment of reporting templates.	1.1 A - Project reporting templates developed & aligned to other internal reporting frameworks	1.1 No variances to report.
1.2 Provision of Parliamentary responses.		1.2 Development of a Parliamentary Questions Tracking System.	1.2 P - System developed.	1.2 Rollout delayed by IT infrastructure capability.
1.3 Executive Committee (EXCO), Management Committee (MANCO) meetings coordinated as scheduled.		1.3 95% compliance to the meeting annual schedule.	1.3 A - Target achieved.	1.3 & 1.4 No specific targets were set in the Annual Performance Plan (APP) for the relevant Indicators. Targets should be as indicated.
1.4 EXCO, MANCO meetings recorded & decisions followed-up.		1.4 100% compliance.	1.4 A - Target achieved.	
2. Number & scope of programmes/projects aimed at poverty alleviation, rural development, working for energy & mainstreaming/upliftment/empowerment of disadvantaged/vulnerable groups, etc.	N/A	2. Monitoring of job creation per project and compilation of related energy sector statistics.	2. A - Job creation monitored and reported on per electrification project.	2. No variances to report
3. Quantity of specialised assistance provided to programme & project managers as well as management in general & number of projects for which information and report are coordinated on projects.	N/A	N/A	N/A	3. No specific targets were set for 2011/12. Targets to be determined from 2012/13.

Table 9

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 2: Finance, Information and Supply Chain Management

Purpose

To ensure alignment of the budget to the DoE's strategic objectives and related key priorities, including the monitoring of and reporting on donor funding, cash flow management, financial management and the monitoring of compliance with the PFMA, and to provide accurate, timely and relevant financial information.

Background information

The CFO's branch comprises the following components: Financial Planning and Management Accounting, Supply Chain Management (SCM), Information Technology, Expenditure Management and Internal Control and Reporting.

Following the split of the DME and the subsequent establishment of the DoE, all relevant DME policies and procedures were adopted as an interim arrangement during the first year of operation. These policies were subject to review and implementation during the 2011/12 financial year. The branch started the year operating with the critical post of Chief Director: Finance, IT and SCM being vacant. This position was filled in December 2011.

Progress and achievements

Progress achieved

The Inventory Policy was approved and is fully implemented. The procedure to deal with irregular expenditure was drafted and communicated to all DoE officials.

Irregular expenditure transactions decreased by 80% from the previous financial year. The reported irregular expenditure incurred in 2010/11 financial year was R 111.35 million and has decreased to R 22.26 million for the 2011/12 financial year. The threshold value for procurement of goods and services increased from R 200 000 to R 350 000 and financial delegations were also aligned with the procurement threshold values. The procurement of the database system project was finalised.

The procurement of goods and services was done in accordance with the Preferential Procurement Policy Framework Act and the PFMA to ensure fairness, value for money, competitive bidding processes and transparency and to ensure that Black Economic Empowerment (BEE) spending was in accordance with the DoE target. The database, checklists and requisition forms were reviewed and implemented. 95% of creditors were paid within 30 days.

IT systems availability of 98.5% was attained against a target of 95% in an effort to implement effective and efficient systems. In ensuring baseline defence coverage (antivirus, antimalware, and firewall) for the security of information resources, the deployment of up to date antivirus definition files and implementation of user machine firewall had been fully attained. The target of initiating two Information Assurance Awareness Initiatives and its associated indicator of ensuring security of information resources was exceeded by 100%, in that four Information Assurance Awareness Initiatives were attained.

In strengthening the Information and Computer Technology (ICT) governance, three ICT policies have been approved and implemented and an ICT Steering Committee was established and is operational.

A help desk calls resolution of 98.6% was achieved against the target of 96%. In measuring the continuous ICT service delivery improvement, an ICT *Batho Pele* questionnaire was developed and implemented and an approval rating of above 80% on ICT services has been achieved.

The branch continued to implement control and reporting processes to ensure compliance. The review of internal policies and procedures and their implementation, and the strengthening of internal controls to ensure PFMA compliance is a priority area that is being continuously appraised.

Progress partially achieved

The turnaround for processing invoices is 14 days and 95% of creditors were paid within 14 days to the value of R 145 705 938.01. 15% was spent on BEE to the value of R 22 416 307.57 on procurement of goods and services. Although this was partial progress, it is significantly below the equivalent 40% achieved in the previous financial year.

767 system orders were generated to the value of R 187 284 321. The Procurement Plan was submitted to the NT, although not submitted on time.

Progress not achieved

The Travel and Accommodation Policy was not finalised due to further consultative process that was required. Vacant positions were not all filled due to the work-study investigation still in progress by year end. The Contract Management Strategy is still in the process of being developed.

The DoE procured equipment required for Virtual Private Network (VPN) implementation, however, deployment of the equipment was delayed by lack of access to the shared regional offices network rooms.

Reengineering the Petroleum Products Licensing System Project has commenced with the requirements gathering phase, however, development of the system is still in progress.

The branch invited the registration of service providers and 700 were vetted. However, because of technical issues (the IT function found the Intenda system to be corrupt) their information could not be captured on the system. New Terms of Reference (ToR) were developed to acquire a new database system in the next financial year.

Challenges and remedies

The recruitment rate in the DoE has increased by 22% and yet capacity constraints still remain a challenge in SCM. The performance of service providers cannot be effectively monitored due to capacity constraints. Urgent and emergency procurement is also showing an increasing trend, which may lead to the risk of non-compliance of procurement processes.

There were delays in the implementation of the VPN. This has been due to the fact that access to Regional Offices, for the purpose of installing network equipment, was restricted. Efforts are underway to resolve the issue of access to shared Regional Offices.

The alignment of budgets with strategic plans remained a challenge, taking into consideration the fact that strategic planning sessions and events only took place after the approval of the MTEF budget and 2012 Estimates of National Expenditure (ENE). Budget adjustments and additions were, however, included in the 2012 Adjusted Estimates of National Expenditure (AENE) process to re-align allocated budgets with actual expenditure and high-spending areas.

Subprogramme 2: Finance, Information and Supply Chain Management				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
1.1 Ensure alignment of budget to Strategic Plan & Government Outcomes.	Statutory prescripts & guidelines exist. Systems & processes for compliance exist.	1.1 DoE's annual submissions in compliance to the MTEF process (AENE, ENE) consolidated.	1.1 A – All relevant reports were submitted to relevant structures on time.	1. No variances to report.
1.2 Annually plan, coordinate, evaluate & consolidate the departmental budget submission in line with NT deadlines.	Efficient disbursement of budgets based on MTEF allocations. Developed policies, procedures & guidelines.	1.2 Monitor & report on monthly & quarterly spending patterns & facilitate the redirecting of financial resources to critical/ strategic areas.	1.2.1 A – Expenditure control reports were distributed to Responsibility Managers monthly. 1.2.2 A – Quarterly reports compiled & presented to the Energy Parliamentary Portfolio Committee (PPC).	
1.3 Submit in-year monitoring reports, i.e. Departmental database, report on projected & actual revenue & expenditure to NT, CFO, DG & Minister by the 15th of each month.		1.3 Provide monthly financial reports to branches.	1.3 A – Reports compiled & presented to MANCO, EXCO & monthly reports are sent to Cost Centre Managers.	
1.4 Provide branches with monthly expenditure reports five working days after month end.		1.4 Provision of 12 in year monitoring reports to branches, NT, CFO, DG & Ministry.	1.4 A – In-year monitoring reports distributed to the CFO & Minister monthly as per the PFMA.	
1.5 Monitor the DoE's spending.		1.5 Ensure that the approved deficit is <=5%.	1.5 A – The DoE did not incur a deficit in 2011/12 financial year	
2.1 Debt & revenue due to the DoE managed & collected.	Statutory prescripts & guidelines exist. Systems & processes for compliance exist. Developed policies, procedures & guidelines.	2.1 Debt & revenue due to the DoE managed & collected.	2.1 A – The DoE has enhanced the PPALs system & more stringent controls have been implemented by the bank to decrease deposits without reference numbers.	2. No variances to report.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 2: Finance, Information and Supply Chain Management				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
2.2 Departmental assets managed.	Statutory prescripts & guidelines exist.	2.2 Departmental assets managed.	2.2 A – The DoE has a fully functional asset register.	2. No variances to report.
2.3 Cash book managed.	Systems & processes for compliance exist. Developed policies, procedures & guidelines.	2.3 Cash book managed.	2.3 A – The cash book management has improved & there is more engagement with the bank to ensure the accounts are correctly reflected.	
3. Departmental expenditure & creditors managed.	3. Statutory prescripts & guidelines exist. Systems & processes for compliance exist. Developed policies & procedures & guidelines.	3. Accurate & timeous disbursement services provided.	3. P – The DoE pays creditors within 30 days. There are exceptions with valid reasons thereof.	3. The reason for late payments is mainly due to late receipt of invoices or incorrect bank details.
4.1 Establish a fully functional SCM unit in terms of the best practice.	4. Statutory prescripts & guidelines exist. Systems & processes for compliance exist. Developed Policies & procedures & guidelines.	4.1 Develop SCM Policy, Travel & Accommodation Policy & internal processes in line with the NT prescripts.	4.1 P – Travel & Accommodation Policy drafted, however, this is not adopted as yet due to the extended feedback sessions & long consultation processes.	4.1 Further consultative process was necessary with all stakeholders to reach consensus on the changes proposed.
4.2 Provide an integrated SCM service.	Developed Policies & procedures & guidelines.	4.2 100 % compliance with SCM policies, processes & procedures.	4.2 P – Not fully compliant mainly due to urgent/emergency procurement.	4.2 Processes & procedures were not always adhered to due to short time frames stipulated by end users for the receipt of the goods & services.
4.3 Ensure compliance with SCM prescripts.		4.3 Reduced audit queries.	4.3 P – Partial achievement audit queries has reduced by at least 10%, however, the year end final audit report is still under way.	4.3 Awaiting the final AGSA management letter.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 2: Finance, Information and Supply Chain Management				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
5.1 A sound internal control environment created.	Statutory prescripts & guidelines exist. Systems & processes for compliance exist.	5.1 A sound internal control environment created.	5.1 A – Arising out of internal & external audits. Additional improved internal controls have been implemented.	There are non-compliances at times, due to circumstances.
5.2 On-going financial management monitoring & evaluation.	Developed Policies & Procedures & Guidelines.	5.2 On-going financial management monitoring & evaluation.	5.2 A – All budgetary & financial issues are monitored monthly.	5.2 No variances to report.
6.1 Implement functional Petroleum Licensing System.	6. The DoE is currently on shared network infrastructure with DMR. Some systems are limited in functionality & prone to errors. Data collection is manual driven & stored in multiple databases. Limited disaster recovery process has been implemented.	6.1 Phase 1 of the Petroleum Licensing System implemented.	6.1 P – Reengineering of the Petroleum Licensing system is in progress. Project schedule was affected by scope creep in the form of development of function to calculate penalty fee on late license renewal.	6.1 Deployment of the penalty fee module on hold pending approval from NT.
6.2 Implement functional managed VPN.		6.2 Complete implementation of managed VPN.	6.2 N – VPN project on hold.	6.2 Network equipment could not be deployed at Regional Offices.
6.3 Provide mechanism to enhance energy data collection, storage & dissemination (Centralised Energy Database).		6.3 Approved Energy Database project charter, draft high level business requirement charter & User Requirements Specification approved.	6.3 A – Development & test infrastructure has been set up.	6.3 No variances to report.
6.4 Provide ICT disaster recovery site to reduce prolonged systems downtime in the event of disaster.		6.4 ICT disaster recovery site charter approved & hardware procured.	6.4 N – Project has not started.	6.4 Dependent on finalisation of the VPN project.
6.5 Implement Integrated Financial Management System (IFMS).		6.5 Integrated Financial Management system fact finding workshops completed.	6.5 N – Project has not started.	6.5 Dependent on finalisation of the VPN project.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Table 10

Subprogramme 3: Corporate Service

Purpose

To provide a corporate support service to the DoE.

Background information

The Branch Corporate Services provides a support service to the DoE and the Ministry in relation to HR Management and Auxiliary Services, Communication and Knowledge Management, as well as a Legal Support Service. It is this component's responsibility to ensure that the HR plans are in place to ensure that the DoE is capacitated so as to deliver on its mandate in line with its approved strategy for the MTEF period.

Progress and achievement

Progress achieved

During the year under review, the HR Plan of the DoE was finalised as required and the implementation of the plan commenced. Amongst others, following the approval of the delegations of authority from the Minister to the DG and other employees in the DoE in terms of the Public Service Act and its regulations, the turnaround times for the filling of funded posts was improved to a remarkable level of three months on average. This intervention has also enabled the DoE to maintain a vacancy rate of 9.6% throughout the year, which is below the acceptable level of 15% as approved by Cabinet.

The HRD Strategy was also finalised on target and the Annual Training Plan was implemented, utilising the financial resources and assistance at the DoE's disposal. On the training and development of internal staff, the DoE has managed to train 443 employees in both the functional and administrative areas during this financial year. This is a remarkable achievement, particularly when considering the fact that the DoE is still operating with a total staff complement of 52% of the approved establishment that could not be implemented as a result of financial constraints.

The Employment Equity Plan of the DoE was also implemented, and overall, the target of 50% representation of women on establishment was exceeded. There is still a need to intensify the DoE's recruitment drive for people with disabilities. A strategy has been put in place, but the implementation thereof requires dedicated funding for both their recruitment process and their needs.

The DoE has heeded the call by Cabinet to have a minimum of 20 PPPs and other engagement events for both the Minister and Deputy Minister throughout the country. As at the end of the financial year, 15 public participation engagements were conducted and 37 logistical arrangements were made for other DoE events. Financial constraints and lack of capacity within the Chief Directorate have contributed largely to the partial achievement of the set target.

The DoE also continued to strive to resolve all Presidential hotline cases within the given timeframe and we continue to maintain a 100% resolved cases status. This function was also delivered although with very thin and

over stretched capacity within the communications component as well as the appropriate level and challenges relating to the system that links up with the Presidency for this purpose.

Because of capacity constrains relating to provision of effective and efficient legal services provided to the DoE, a set target of 50% of all legal requests was exceeded, and instead 66% of the aforementioned were finalised within set time frames. This was achieved, amongst other things, because of the commitment of the employees who always work extra hours during the day and weekends to meet set deadlines in accordance with applicable legal processes.

In relation to the provision of effective and efficient auxiliary services provided to the DoE, the Security Risk Management Strategy and Plan were delivered on target and the implementation thereof was rolled out according to plan. An alternative office accommodation space for the DoE was also procured through DPW and in terms of GIAMA.

Progress partially achieved

Our Departmental Communications Strategy and Plan was also implemented in line with the National Communication Strategy. We have achieved 70% of our set target on delivery of the communication strategy with the limited capacity at the DoE's disposal. Budgetary constraints have compelled the DoE to depend on partnerships and the line function components to realise its targeted objectives. On the media relations front, numerous press statements were issued, media briefs and media round tables' discussions conducted, various press conferences were held and the media was continuously monitored and all enquiries attended to timeously.

Subprogramme 3: Corporate Service

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
<p>1.1.1 HR recruitment, selection, development & retention to fulfil DoE's mandate.</p> <p>1.1.2 Reduced vacancy rate.</p> <p>1.1.3 Effective & efficient Performance Management & Development System (PMDS).</p>	<p>1. HR functions have been established, delegations of authority in terms of the Public Service Act & Public Service Regulations have been approved & implemented, draft HR policies have been developed & an interim operational structure has been implemented.</p>	<p>1.1 HR Plan finalised by 30 April 2011; implementation of phase 1 of the HR Plan (approved HR policies) commenced by 30 June 2011 and concluded by 31 March 2012.</p>	<p>1.1 A – Phase I of the HR Plan was finalised at the end of March 2011. The HR Plan was finalised in April, approved by Head of Department on 21 June 2011 & printed on 23 September 2011. All HR policies were finalised on 30 September 2011.</p>	<p>1.1.1 The organisational structure and occupational classifications could not be achieved in December 2011 because of the prolonged consultation process with employee organisations.</p> <p>1.1.2 The matching & placement of staff to the new structure could not be achieved because of the prolonged consultation process with employee organisations.</p>
<p>1.2.1 Personnel trained according to workplace skills development plans.</p> <p>1.2.2 Wellness of employees & equity promoted.</p>	<p>1.2 Development programmes developed, implemented & monitored (internship, bursary allocation, placements & absorption rated).</p>	<p>1.2 A – HRD Strategy & Training plan were finalised before end of June 2011. Bi-annual Performance Reviews were also finalised during June 2011 and the Public Service Health and Wellness Framework was approved & implemented in the first quarter of 2011. The new macro-organisational structure was approved in June 2011 & concurred with by the Minister for Public Service & Administration (MPSA). All funded vacancies on the organisational structure were filled on 30 June 2011. All performance agreements & workplans were finalised before 30 May 2011. The Skills Audit & Plan were finalised on 30 June 2011.</p>	<p>1.2 A – HRD Strategy & Training plan were finalised before end of June 2011. Bi-annual Performance Reviews were also finalised during June 2011 and the Public Service Health and Wellness Framework was approved & implemented in the first quarter of 2011. The new macro-organisational structure was approved in June 2011 & concurred with by the Minister for Public Service & Administration (MPSA). All funded vacancies on the organisational structure were filled on 30 June 2011. All performance agreements & workplans were finalised before 30 May 2011. The Skills Audit & Plan were finalised on 30 June 2011.</p>	<p>1.2 Transfer of skills through exchange programme from the energy sector could not be achieved as a result of the aforementioned.</p>
<p>2. Records Management Plan approved and implemented.</p>	<p>2. Minimum capacity established.</p>	<p>2. Develop Records Management Plan & obtain approval.</p>	<p>2. A - Records Management Plan developed & approved by National Archives.</p>	<p>2. No variances to report.</p>

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 3: Corporate Service				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
3. A safe & secure working environment.	3. Draft Security Risk Management Plan exists but is not approved.	3.1 Security Risk Management (SRS) Plan by 30 April 2011. 3.2 Phase 1 of the SRS Plan implemented by 30 June 2011.	3.1 A – Plan finalised on target and rolled out. 3.2 A – The Branch has reviewed all its standard operating procedures, contingency plan & awareness campaign which were finalised according to plan.	3. No variances to report.
4. Accommodation & facilities provided according to needs assessment.	4. Needs Assessment Report approved (accommodation).	4. Relocation of DoE to new office accommodation.	4. P – DPW went out on tender & a building was subsequently leased & the building is currently being refurbished & will be ready for occupation in July 2012.	4. No variances to report.
5. Professional legal services provided.	N/A	5. 50% of requests processed within prescribed timeframes.	5. A – Annual target exceeded. 66% of requests received as at the end of the last quarter were processed within the prescribed timeframes.	5. Overtime work by employees.
6.1 Approved & implemented Communication Strategy & Plan.	Draft communications strategy & implementation plan.	6.1 DoE Communication Strategy & Plan by 30 June 2011 aligned with National (GCS) Communication Strategy, approved by 30 June 2011, implemented and Strategy effectiveness reviewed.	6.1 P – Strategy has been presented to EXCO in the first quarter for consideration. The draft strategy is being implemented even though not yet approved.	6.1 Capacity constraints impacted negatively on the drafting & development of the strategy.
6.2 Communication policies & procedures developed.		6.2 Aligned communications policies & procedures.	6.2 N – Not achieved.	6.2 Capacity constraints caused by the departure of the appointed Unit Director.
6.3 External services (projects) managed.		6.3 External services (projects) project managed.	6.3 A – External projects including PPPs and DoE events managed.	6.3 – 6.8 No variances to report.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 3: Corporate Service

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
6.4 Implemented media monitoring & liaison services.		6.4 Develop & implement media monitoring & liaison services.	6.4 A – Daily & weekly media monitoring, as well as daily media liaison services provided.	
6.5 Implemented internal communication services.		6.5 Develop & implement the Internal Communication Plan.	6.5 A – Internal Communication Plan developed & implemented from Quarter 4 when a Deputy Director was appointed to the post.	
6.6 Implemented events management support.		6.6 Develop & update events calendar.	6.6 A – Events calendar developed updated, & approved by the Chief Director on an on-going basis.	
6.7 Implemented marketing, advertising & branding plans.		6.7 Develop & implement the Marketing, Advertising & Branding Plan.	6.7 A – Marketing, Advertising & Branding Plan developed & implemented.	
6.8 Implemented publications services.		6.8 Develop & implement the publications services.	6.8 A – Publications services developed & implemented.	
6.9 Stakeholder management Strategy & Plan approved & implemented.		6.9 Approved Stakeholder Management Strategy & Plan.	6.9 P – A plan for stakeholder management was developed & implemented during the year.	6.9 While a plan for stakeholder management was developed & implemented during the year, the unit did not have the capacity to develop a strategy.
7. Approved Knowledge Management Strategy & Plan.	7. The need for a knowledge management function has been identified but still needs to be established in the DoE.	7.1 Develop Knowledge Management Strategy & Plan.	7.1 P - 1st draft of Knowledge Management strategy developed.	7. Due to vacancy in the post until mid-2nd quarter.
		7.2 Submit Knowledge Management Strategies & Plans for departmental approval by 30 June 2011.	7.2 N - Not achieved.	
		7.3 Implement Strategies & Plans.	7.3 N - Not achieved.	
		7.4 Review Strategy effectiveness.	7.4 N - Not achieved.	

Subprogramme 4: Governance and Compliance (Chief Operating Officer Branch)

Purpose

To provide governance and compliance support to the Ministry and the DoE.

Background information

The branch consists of the following Chief Directorates:

1. Strategy and Risk Management (SRM) – Responsible for ensuring that the DoE's outcomes-oriented strategy, Enterprise Risk Management (ERM) Strategy and Fraud Prevention Plan are effectively implemented.
2. Monitoring, evaluation and reporting – Provides results-oriented monitoring, evaluation and reporting services.
3. SOE Oversight – Provides oversight and monitors the SOE's compliance to legislative, financial and administrative requirements.
4. International co-ordination – Provides international relations services to the Ministry, DoE and the energy sector.

This branch started to operate in May 2010 with the capacity of 1%, due to the fact that the approved organisational structure was not adequately resourced. There has been a very slight change during the year under review. The personnel in the branch, as in most areas in support services, had to perform extra duties to ensure that the planned and set strategic goals and objectives of the branch and the DoE were performed and targets achieved. In November 2011, five employees were seconded to assist the COO's branch for a period of four months. For instance, the International Coordination Chief Directorate and the SOE Oversight Directorate are severely under-capacitated. The COO branch is also poorly funded, especially International Coordination Unit. This has had a negative impact on the performance of the branch.

Progress and achievement

Progress achieved

The Strategy and Risk Management Unit was able to draft and produce the 2010/11 Annual Report, facilitate the DoE's annual strategic planning session in November 2011, which resulted in the production of the 2011/12 to 2015/16 Strategic Plan and the 2011/12 Annual Performance Plan that are aligned to the Government Outcomes-based approach. Both plans were tabled in Parliament on time. The DoE's Revised Strategic Plan for 2011/12 to 2015/16 and the Annual Performance Plan were tabled in Parliament in March 2012 and later presented to the Portfolio Committee on Energy and the Select Committee on Economic Development. The DoE has established a Risk Management Unit which includes the Anti-Fraud and Corruption function. Risk Management Committee (RMC) and Risk Management Sub committee structures are in place to oversee the effectiveness of the Risk Management System. Risk assessments were conducted, a Risk Register was produced and mitigation strategies were put in place to enhance the control environment. standard operating procedures for various functional units within the DoE have been developed and recorded in a register.

The Monitoring, Evaluation and Reporting Unit (M&E) came into operation in November 2010 and for the period under review the M&E Unit created the DoE's foundational M&E documents, namely the M&E framework, M&E

policies, procedures and quarterly performance reporting template as well as other data collection instruments. The principle of categorising performance as achieved was consolidated, including in this Annual Report.

The branch continued to provide oversight of SOE's reporting to the Minister of Energy through the SOE Oversight Unit by ensuring that their strategic plans and budgets are aligned to the DoE's and broader Government priorities and that they were submitted on time and approved by the Minister. We also continued to monitor the performance of all SOEs against their approved plans by ensuring that the submitted quarterly performance reports are reviewed and submitted to the Minister with recommendations to improve performance where necessary. The Unit ensured that all SOE Boards were fully capacitated by monitoring the composition of the various Boards and facilitating the filling of any Board vacancies as they arise, which included the appointment of the SANEDI Board, NERSA regulator members, CEF (SOC) Ltd and PetroSA (SOC) Ltd Board Members and Chairpersons. The CEO of PetroSA was also appointed during the 2011/12 financial year. During the year under review the DoE ensured the improved oversight of the activities of the SOEs through quarterly meetings between the Minister and the Chairpersons of the SOEs, the DG's quarterly meetings with the CEOs and quarterly meetings between the DOE Officials and SOE Executives to review the entities' performance against approved plans. These meetings were also used to implement improvement plans where necessary.

As at the end of the financial year the EDIH winding-up process, which was necessitated by the Cabinet decision on 8 December 2010 to discontinue the operations of EDIH, was near completion. The AGSA started the close-out audit in March 2011. The handover report has been completed and the Board will hold its final meeting by the end of July 2012. The EDIH/Administrator is in the process of concluding the CCMA process with the former EDIH employees.

The International Coordination Chief Directorate is responsible for organising international visits, convening local and international conferences and facilitating international engagements between the DoE (and local energy stakeholders), other countries and multilateral organisations.

This year the Chief Directorate facilitated and coordinated the African Energy Ministerial Conference which was attended by more than 40 Ministers. The conference produced a declaration which outlines the energy needs of the continent and political commitments to alleviate energy poverty. The Unit was responsible for the COP 17/CMP7 preparations which included 26 energy side events conducted during the COP 17/CMP7 Conference in December 2011. This was done in collaboration with Clean Energy, Communications, Security and other relevant departments as well as international partners such as the World Bank and the African Union.

The Unit provided support to the Minister, Deputy Minister and the DG at all international engagements. The support included providing prepared briefing notes in consultation with line function, informing the relevant Department of International Relations and Coordination (DIRCO) desk, processing visa applications for all participants, arranging access to the VIP lounge for the Deputy Minister and the Minister on all international travels, accommodation and ground transport for all international engagements of the DG, Deputy Minister and Minister and liaising with the South African missions abroad.

Some of the trips undertaken this year include:

- Norway state visit;
- World Economic Forum;
- International Economic Forum;
- Clean Energy Ministerial;
- 32nd SADC Energy and Officials meeting;
- International Renewable Energy Agency;
- World Economic Forum (WEF) African Summit;
- 3rd International Forum ATOMEXPO 2011;
- Carbon Sequestration Leadership Forum (CSLF) Ministerial Meeting, China;
- Road Show to United Arab Emirates, China, and Korea on the RSA Energy Infrastructure Expansion Programme;
- Deputy President China state visit and the visit to the nuclear power plant;
- OECD meeting of the Governing Board at ministerial level;
- Deputy President visit to Finland, Sweden and Denmark;
- Zayed Future Energy Awards in United Arab Emirates;
- Technical working visit to the DRC; and
- Signing of the Grand Inga Agreement in DRC, Kinshasa.

Visits to the following African countries were also undertaken: Zambia, Mozambique, Botswana, and Namibia.

During the year under review the International Coordination Chief Directorate completed the DoE's International Relations Strategy in line with the South African Foreign Policy and International Relations Strategy. The Unit has conducted an audit of all the International Agreements/MoUs signed by the DoE and has also facilitated the conclusion of agreements/Declaration of Intent with the following countries and organisations: IEA, Swiss Confederation, Ghana, Lesotho, Denmark, Korea and DRC. The SARi was signed with the United Kingdom, Germany, Denmark, Norway and European Investment Bank.

The International Coordination Chief Directorate has participated in the Projects Steering Committee that led to the signing of the DOI on SARi.

The International Coordination Chief Directorate participated in the interdepartmental meetings arranged by DIRCO on international trips, projects/programmes conducted within the DoE with relevant countries, implementation and monitoring of signed international agreements and issues related to the energy sector. The Unit also attended meetings together with line function on the following forums: Permanent Joint Commission, Joint Cooperation Council, Bi-National Commission and Joint Ministerial Commission.

Progress partially achieved

The SOE Oversight Framework draft was completed and circulated to EXCO members for their comments, but it was not approved and rolled out during the year under review due to delays in ensuring alignment to the new Companies Act, King 111 Report on Corporate Governance and alignment with the findings of the Presidential SOE Review Committee.

Changes to planned targets

Over and above the abovementioned targets, the branch also achieved the following:

- Risk Management Implementation Plan in place, Global Risk Assessments Conducted and Reviewed and updated Risk Register in place. Revised Risk Management Policy in place, Risk Management Operational Plan in place and Revised Risk Management Framework in place.
- Revised Anti-Fraud and Corruption Implementation Plan in place, Revised Fraud Prevention and Anti-Corruption Strategy in place and draft and revised Whistle-Blowing Policy in place.
- Reviewed and updated Strategic Plan 2011/12 to 2015/16, Revised and updated Annual Performance Plan 2012 in place and Approved Annual Report 2010/11.

Subprogramme 4: Chief Operating Officer Branch				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
1.1 Full spectrum internal audit services rendered with: 1.1.1 Client satisfaction 1.1.2 Audit Committee satisfaction.	A risk-based annual & three-year audit plan developed in consultation with stakeholders.	1.1 Execution of risk-based annual audit plan with: 1.1.1 70% client satisfaction achieved; and 1.1.2 70% Audit Committee satisfaction achieved;	1.1.1 A – 83% client satisfaction. 1.1.2 A – 85% Audit Committee satisfaction.	1. No variances to report.
1.2 Internal Audit Strategic Plan reviewed & updated.		1.2 Internal Audit Strategic Plan reviewed & updated.	1.2 A – Internal Audit Strategic Plan completed – Achieved.	
1.3 Internal Audit Annual Plan compiled.		1.3 Internal Audit Annual Plan compiled.	1.3 A – Internal Audit Annual Plan done.	
1.4 Internal Audit Charter & Audit Committee Charter reviewed.		1.4 Internal Audit Charter & Audit Committee Charter reviewed.	1.4 A – Internal Audit Charter & Audit Committee Charter done.	
1.5 AGSA Management letter addressed.		1.5 AGSA management letter addressed.	1.5 A – AGSA management letter done.	
2.1 Approved Risk Management Strategy.	Draft Integrated Enterprise-Wide Risk Management Strategy which includes a Fraud Prevention Plan (see Anti-Fraud & Corruption below).	2.1 Enterprise Risk Management Strategy reviewed & recommendation implemented.	2.1 P – Revised Risk Management Strategy in place.	Lack of adequate support structure/capacity to implement & maintain the risk management framework. (Lack of minimum capacity.) Draft & revised documents to be circulated to all managers for inputs & comments prior to adoption by the Risk Management Committee & approval by the Accounting Officer.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 4: Chief Operating Officer Branch

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
2.2.1 Annual global risk assessments conducted.	Draft Integrated Enterprise-Wide Risk Management Strategy which includes a Fraud Prevention Plan (see Anti-Fraud & Corruption below).	2.2.1 – 2.2.3 Low, medium & high risks identified & mitigation strategies prioritised.	2.2.1 – 2.2.3 A – Risk Register with mitigation strategies approved.	Due to unavoidable circumstances, Strategy & Risk Management Committee Meetings including Risk Champions Forums could not be convened separately & as result thereof, they were incorporated into the Management committee & the Executive Management meetings.
2.2.2 Updated Risk Register in place.				
2.2.3 Risk Response Action Plan in place.				
2.2.4 No Indicator – should be: Identified risks reduced by 20% & risk register updated.				
2.3.1 Risk Management Charter in place.				
2.3.2 Risk Management Committee Members appointed in writing.	2.3.1 – 2.3.5 Four Risk Management Committee & four Risk Management Champions Committee meetings held.	2.3.1 – 2.3.5 A – Risk Management Committee meeting held on 4 June 2011 & other meetings were incorporated into the MANCO & EXCO meetings of the DoE.	2.3.1 – 2.3.5 A – Risk Management Committee meeting held on 4 June 2011 & other meetings were incorporated into the MANCO & EXCO meetings of the DoE.	2.4 No specific targets were set in the APP for the relevant indicator. Target should be as indicated.
2.3.3 Risk Management Subcommittee in place.				
2.3.4 Risk Management Subcommittee Members appointed in writing.				
2.3.5 Four Risk Management Committee meetings convened per annum.				
2.4 Risk awareness sessions conducted.				
2.4 Risk awareness sessions conducted.	2.4 Risk awareness sessions conducted.	2.4 A – Presentations made at EXCO & MANCO.	2.4 A – Presentations made at EXCO & MANCO.	2.4 No specific targets were set in the APP for the relevant indicator. Target should be as indicated.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 4: Chief Operating Officer Branch

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
3.1 Approved Fraud Prevention Plan.	Anti-Fraud & Corruption Prevention Plan.	3.1 Reviewed & updated Fraud Prevention Plan.	3.1 A – Fraud Prevention Plan in place.	Lack of adequate support structure/capacity to implement & maintain the risk management framework. (Lack of minimum capacity.)
3.2 Approved Fraud Implementation Plan.	Whistle-Blowing Policy.	3.2 Reviewed & updated Response Action Plan.	3.2 P – Reviewed & updated Response Action Plan drafted.	
3.3 Approved Ethics Policy.	Public Service Code of Conduct.	3.3 No target – should be: Reviewed & updated Ethics Policy.	3.3 A – Ethics Policy in place.	Draft & revised documents to be circulated to all managers for inputs & comments prior to adoption by the Risk Management Committee & approval by the Accounting Officer.
3.4 Approved Fraud Prevention Policy.		3.4 Reviewed & updated Fraud Prevention Policy.	3.4 P – Reviewed & updated Fraud Prevention Policy drafted.	
3.5 Whistle-Blowing Policy in Place.		3.5 Reviewed & updated Whistle-Blowing Policy.	3.5 P – Reviewed & updated Whistle-Blowing Policy drafted.	
3.6 Code of Conduct in place.		3.6 No target – Should be: Departmental Code of Conduct compiled.	3.6 N – Departmental Code of Conduct in place.	A fraud risk presentation was also incorporated in the MANCO meeting.
3.7 Anti-Fraud & Corruption Workshops conducted.		3.7 Anti-Fraud & Corruption Workshops conducted.	3.7 P – Anti-Fraud & Corruption Workshops conducted drafted.	No specific targets were set in the APP for Indicators 3.3 & 3.6.
3.8 Post the hotline numbers in visible areas.		3.8 Post the hotline numbers in visible areas.	3.8 P – Post the hotline numbers in visible areas drafted.	Targets should be as indicated. No indicators were set in the APP for targets 3.7 to 3.10. Indicators should be as indicated.
3.9.1 Reported cases of corruption investigated.		3.9.1 Reported cases of corruption investigated.	3.9 N/A – No cases were reported.	
3.9.2 Outcome of reported cases compiled & submitted.		3.9.2 Compile & submit the outcome of reported cases.		

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 4: Chief Operating Officer Branch				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
3.10 Disclosure forms for Senior Management Service (SMS) members done.		3.10 Ensure that SMS members complete disclosure forms.	3.10. A – Disclosure forms for SMS members done.	
4.1 First draft & second draft of revised five-year Strategic Plan submitted.	2011/12-2015/16 Strategic Plan; & 2011/12 Annual Performance Plan.	4.1 First draft & second draft of revised five-year Strategic Plan submitted.	4.1 A – First draft & second draft of revised five-year Strategic Plan submitted.	4.1 – 4.4 No variances to report.
4.2 Final revised Strategic Plan tabled in Parliament.		4.2 Final revised Strategic Plan tabled in Parliament.	4.2 A – Final revised Strategic Plan tabled in Parliament.	
4.3 First Draft & Second Draft of Annual Performance Plan submitted.		4.3 First draft & second draft of Annual Performance Plan submitted.	4.3 A – First draft & second draft of Annual Performance Plan submitted.	
4.4 Final Annual Performance Plan tabled in Parliament.		4.4 Final Annual Performance Plan tabled in Parliament.	4.4 A – Final Annual Performance Plan tabled in Parliament.	
4.5 Strategic Plan & Annual Performance Plan operationalised through Operational & Business Plans.		4.5 Strategic Plan & Annual Performance Plan operationalised through Operational & Business Plans.	4.5 N – Business plans to be introduced in 2012/13.	4.5 Lack of adequate support structure/capacity.
5.1 Adherence to outcomes-based monitoring, evaluation & reporting principles.	Transition from balanced score card methods to the Government-wide Performance Monitoring & Evaluation approach.	5.1 Planning, Monitoring, Evaluation & Reporting Framework & Strategy established.	5.1 A – The Planning, Monitoring, Evaluation & Reporting Framework & Strategy of the DoE was presented & approved by EXCO on 29 August 2011.	No variances to report. No indicators were set in the APP for Target.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 4: Chief Operating Officer Branch

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
5.2 Internal performance monitoring aligned with Programme of Action (POA) & departmental strategy.	Programme Performance, Monitoring & Evaluation Unit established. Audit baseline to be established by first milestone (review of available audit reports)	5.2 Number of data collection instruments created or updated.	5.2.1 A – Seven data collection instruments have been created including the Monitoring Summary Report template 2010/11 & 2011/12 was created. 5.2.2 A – System architecture created. 5.2.3 A – Audit baseline was established.	
5.3 M&E policies & procedures produced.		5.3 Department M&E policies & procedures updated.	5.3 A – The fourth draft of M&E policies & procedures has been produced.	5.3. Indicator should be as indicated.
6. Oversight, guidance & support to SOEs to deliver on their mandates.	Existing shareholder compacts & draft departmental SOE Oversight Framework.	6.1 Draft SOE Oversight Framework completed. 6.2 Establish AGSA findings baseline & develop action plans for improvement in consultation with SOEs.	6.1 P – Draft Oversight Framework was completed & consultation with EXCO was done. 6.2 A – Baseline was established from the findings AGSA reports of the SOEs for the 2010/11 financial year. The progress on implementing the action plans to address the AGSA findings were monitored on a quarterly basis & discussed with SOE Executives.	6.1 Framework will be finalised during the next financial year after consultations with the SOEs. The Framework will be aligned to the findings of the Presidential SOEs Review Committee once they are released. 6.2 No variances to report.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Subprogramme 4: Chief Operating Officer Branch				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
7. International Relations services aligned with department objectives.	7. International Relations Strategy drafted in line with the National International Relations Strategy.	<p>7.1 Alignment with DIRCO International Strategy.</p> <p>7.2 Departmental approval of Draft International Relations Strategy.</p> <p>7.3 Stakeholder survey conducted.</p> <p>7.4 Five or more engagements with other countries or multilateral engagements.</p> <p>7.5 Draft Monitoring & Evaluation Report on the signed bilateral & multilateral relations.</p> <p>7.6 Document on stakeholder engagement (minutes of briefing notes or report on stakeholder interaction - at least one per quarter).</p>	<p>7.1 A – Draft aligned to DIRCO International Relations Strategy.</p> <p>7.2 A – Draft signed off by DG on 5 October 2011.</p> <p>7.3 A – Inputs received from the stakeholders were incorporated in the report.</p> <p>7.4.1 A – 22 international engagements.</p> <p>7.4.2 A – Six MoUs & two Declarations of Intent signed.</p> <p>7.5 A – Audit completed & draft submission in place.</p> <p>7.6 A – Done, facilitated PetroSA engagement in China, Ghana, Angola; Sasol engagement with China; NECSA engagement with France & the USA.</p>	<p>7.1 – 7.6 No variances to report.</p> <p>7.3 Stakeholders identified were SOEs reporting to the Minister of Energy.</p> <p>7.4 Two MoUs were planned & the rest were due to the country's bilateral engagements initiated by other departments or respective countries.</p>
No indicators &/or targets were set for Inter-Governmental Coordination in 2011/12.	N/A	N/A	N/A	No specific targets were set for 2011/12. Targets to be determined from 2012/13.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Table 12

2.2.5 Programme 2: Hydrocarbons and Energy Planning

Purpose

Integrated energy planning to promote the sustainable use of energy resources by developing appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas and renewable energy sources.

Background information

The Hydrocarbons and Energy Planning Branch consists of the following Chief Directorates:

Hydrocarbons

Responsible for developing policy and regulations to manage the petroleum, coal and natural gas industry.

The Petroleum Controller is responsible for the implementation of the Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003).

Energy Planning

Focuses on promoting the sustainable use of energy resources through integrated energy planning.

Progress and achievements

Progress achieved

Performance indicators and targets

During the 2011/12 financial year the DoE finalised and signed an MoU with the IEA. The primary objective of the MoU is to promote ongoing cooperation between the DoE and the IEA in the field of energy with the primary focus on energy policy areas, which are challenges globally, such as promoting transparency of data to ensure energy security, promoting the development of renewable and clean energy as well as improving energy efficiency. The MoU was signed at a three-day workshop co-hosted by the DoE and IEA and provided a platform for engagement between policy makers and the heads within the National Business Initiative (NBI) to discuss inter-linkages between policy and business in order to ensure improvements in energy efficiency. The IEA also launched their booklet entitled “*Saving Energy a Hurry*” on the first day of the workshop. This publication is a brief study which highlights lessons from electricity shortfalls in Chile, Japan, South Africa and the United States. The study also reinforces three well-established emergency response guidelines, which are: the understanding of the causes of electricity shortfalls, identification of energy savings opportunities and implementing a package of energy savings and Demand-side Management (DSM) measures.

During March we also hosted a Colloquium on Energy Planning. The purpose of the colloquium was for the Minister to formally launch the development of the IEP and invite stakeholders to participate and provide input into the process. The colloquium therefore also provided the DoE with a platform to facilitate debate on key issues facing the energy sector and how these should shape the IEP.

Regulatory Accounting System

Under the measure “Regulatory Accounting System”; the final RAS models were approved and implemented on 7 December 2011, without changing the current fuel price structure. The DoE has given the industry a transitional period of 24 months during which they should align all the lease/contractual agreements to the RAS outcome. This would also afford the DoE an opportunity to consult extensively with the relevant and affected stakeholders.

New Multi-Products Pipeline

The Grant Funding Agreement signed between the DoE and Transnet for the transfer of an amount of R 4.5 billion over three years, starting from the 2010/11 financial year, as part of Government's contribution towards the construction of the 24-inch NMPP was amended to incorporate lessons learnt during the 2010/11 financial year. All funds were transferred accordingly in terms of the amended Grant Funding Agreement and, at the direction of the Minister of Energy, PetroSA procured diesel to be injected into the NMPP trunkline as line fill based on funding from the Strategic Fuel Fund (SFF). This enabled the successful commissioning of the NMPP trunkline during January 2012.

Regulation for the provision of energy data

In March 2012, the DoE published the Regulations on the Mandatory Provision of Energy Data. The regulations make it mandatory for classified data providers to submit to the DoE in the type, manner and form prescribed, energy information when requested. The Regulations also seek to enable the DoE to collect, collate and publish quality energy data and information in an effective and efficient manner in order to address the data quality issues.

Conducting site inspections

Conducting of site inspections for compliance purposes: 1768 site inspections were conducted for the financial year end 2011/2012 thus exceeding the set target of 1 500 by 268.

Awareness campaigns

All awareness campaigns were conducted for the year 2011/2012 financial year.

Progress partially achieved*Cleaner Fuels 2*

Under the measure "Internal Approval of the Department's Discussion Document". The document was approved and published for comments. It was also the intention of the DoE to promulgate the Cleaner Fuels Regulations by the end of March 2012. There has also been progress in this regard in that the State Law Advisor has given positive feedback for promulgation.

20 Year Liquid Fuels Infrastructure Plan

Under the measure "Monitoring against Liquid Fuels 20 Year Infrastructure Plan". Although this target has not been met, the branch recorded several developments; firstly due to the frequent unplanned refinery shutdowns, the Refinery Audit of all South African refineries had to be expedited and this intervention caused a delay in the finalisation of the 20 Year Liquid Fuels Infrastructure Plan. However, there was significant progress made: 80% of the data for the 20 Year Liquid Fuels Infrastructure Plan has been collected and analysed, a stakeholder workshop on refinery audit additional data collection has been held and the first refinery site visits have been completed.

Strategic Stocks Policy

Under the measure “Finalisation of the Implementation Plan with National Treasury”; although the target was not met, progress has been made towards the approval of the Strategic Stocks Policy and the finalisation of the Implementation Plan with the NT. A presentation of the draft Strategic Stocks Policy was made to Cabinet on 20 March 2012. Feedback has been received and is being acted on.

Revised Maximum Refinery Gate Price of LPG & Revised Maximum LPG Retail Price

Under the measure “Revised Maximum Refinery Gate Price of Liquefied Petroleum Gas (LPG) and Revised Maximum LPG Retail Price”; although the target has not been met, a discussion document regarding the new methodology in calculation of the Maximum Refinery Gate Price of LPG has been completed and submitted for internal approval to publish for comments by the public. The revised Maximum LPG retail price will only be finalised once the Maximum Refinery Gate Price has been finalised, since the latter forms part of the working rules that are used to revise the Maximum Retail Price.

Gas Act

Under the measure “Publication of the Gas Amendment Bill”; although the target has not been met, progress has been made in terms of the amendments and internal approval. A presentation of the Draft Gas Amendment Bill was made to Cabinet on 28 March 2012. Feedback was received from Cabinet with few concerns to be addressed and has been attended to.

Coal Policy

Under the measure “First Phase of South African Coal Road Map”; although the target has not been met, progress has been made in terms of the finalisation of the South African Coal Road Map. The first phase of South African Coal Road Map was due to be launched before the end of the 2011/12 financial year. However, the launch was postponed due to conflicting views within the document, as the development and drafting of the study is not under the full control of the DoE. To date, the conflicting statements have been rectified, and the first phase of the South African Coal Road Map is set to be launched this financial year.

Under the measure “Coal Supply Strategy”; although the target has not been met, a draft Coal Supply Strategy has been done and is in circulation for internal approval.

Biofuels pricing framework

Under the measure “Biofuels Pricing Framework”; although the target has not been met. The Biofuels break-even pricing economic models (including the determination of the bioethanol blending value) have been completed. A Stakeholder Workshop on the pricing models for biodiesel and bioethanol was concluded on 16 March 2012. The most important and outstanding matter to conclude in terms of the regulated biofuels pricing framework is the levels of financial support to be afforded to the biofuels manufacturers, the financial support mechanisms (will financial support be in the form of direct support from the fiscus, a rebate on fuel taxes or a combination

thereof) and the related administration matters thereto. The DoE is also in the process, notwithstanding the financial support mechanism to be concluded, to conclude regulations in terms of the Biofuels monthly price-setting methodology.

A Stakeholder Workshop on the Draft Regulations on mandatory biofuels blending was held on 24 February 2012. In line with written and verbal comments received by stakeholders, the draft regulations were amended where necessary. The revised draft regulations will now be submitted to the Office of the Chief State Law Advisor before the final regulations are promulgated in the Government Gazette.

Retail margin for illuminating paraffin

Under the measure “Retail Margin for Illuminating Paraffin”; although the target has not been met, a comparison between the current retail margin-setting methodology of the illuminating paraffin and that of setting the retail margin at a fixed monetary level was published in the Government Gazette on 10 February 2012 to solicit public comment. The submission of public comments closed on 16 April 2012. The only comments received by the DoE were submitted by the South African Petroleum Oil Industry Association (SAPIA). The DoE, to obtain more comments, submitted the said comparison, as published in the Government Gazette, to the Paraffin Safety Association of South Africa and the retail service station organisations (the retail motor industry and the South African Petroleum Retail Association).

Integrated Energy Centres

Under the measure “Integrated Energy Centres”; although the target has not been met, Ministerial submission to request an extension of the completion date for the QwaQwa and Ulundi IECs to the next financial year has been approved, a Ministerial sod-turning ceremony was held on 12 January 2012, the tender process for the appointment of contractors for QwaQwa and Ulundi IECs is underway, the contractor for Mbiza IEC has moved on site and will commence with construction in May 2012 and a Ministerial sod-turning ceremony for Qamata Thembisile Hani IEC is scheduled for 2 June 2012.

Centralised energy data repository

The project charter for the Centralised Energy Database was approved. This outlines a three-year plan for centralising data within the DoE. The first financial year (2011/12) focused on the current sets of data used in the Energy Planning Chief Directorate. The second financial year (2012/13) will be allocated to the data structures required for modelling processes including the IEP and IRP. The third year will be for automating collection and storage of other information in line with the Regulations for the Provision of Energy Data. The database structure for all the current publications (Digest of South African Energy Statistics, the South African Energy Price Report, and the South African Energy Synopsis), energy balances, monthly refinery activity, fuel sales volume and energy price information has been put in place. Historical data for the energy balances 1992-2009, the Joint Oil Data Initiative 2006-2011, fuel sales volume 1996-2011, Eskom electricity sales, energy prices and SARS imports and exports are residing in the Centralised Energy Database. The data structures for the IEP are in place.

Improving the frequency of published data

The national energy balances provide the core datasets for the Digest of South African Energy Statistics and the South African Energy Synopsis. The currency of the data used for the energy balances has been enhanced by automating some of the data collection, quality and integrity processes. Fuel sales volume data is now collected directly from oil companies on a monthly basis and the refinery activity data is also collected monthly. Electricity data continues to be a challenge to collect within the three-year time lag. These challenges are primarily due to the institutional arrangements in collecting data from municipalities.

Synopsis of the Energy Sector published

The South African Energy Synopsis was added as a new publication in 2011. It provides a summary of recent and topical energy policies and the latest national energy statistics in a compact format. The Synopsis complements the South African Energy Digest and Price Report. The Digest summaries historical energy supply and demand and the Price Report provide historical prices of commonly used energy carriers.

2009 and 2010 Energy Balance published

One of the mandates of the DoE is the collection and publication of energy data for use by various stakeholders. South Africa participates and is a signatory to many international and regional multilateral and bilateral institutions and forums wherein the provision of quality energy data is paramount. These include the Joint Oil Data Initiative of the International Energy Forum and the African Petroleum Producers' Association (APPA). Furthermore, the provision of quality energy data also informs the energy planning process for the country. The 2010 Energy Balance data has been compiled and is awaiting approval to be published.

Carbon Capture and Storage Regulatory Framework

Under the measure "Carbon Capture and Storage Regulatory Framework"; although the target has not been met, progress has been made in terms of short listings for appointment of a contractor. The delay is due to the fact that the project is not under the full control of the DoE, and is financially supported by the World Bank whose procurement processes need to be adhered to in order to finalise the appointment of the contractor. A submission requesting the Minister to extend the deadline from 31 March 2012 is awaiting approval. Progress has also been made in terms of establishing the Interdepartmental Task Team on CCS. The inaugural meeting was held with other departments on 21 November 2011. The South African CCS Road Map was tabled in Cabinet on 28 of March 2012. The feedback was received from Cabinet with few suggestions or issues to be addressed and have been attended to. The revised South African Carbon Capture and Storage Road Map was again presented and accepted by Cabinet on 25 April 2012.

Clean Coal Technologies Discussion Paper

Under the measure "Clean Coal Technology Discussion Paper"; although the target has not been met, progress has been made in terms of developing a draft document. The Minister has also approved the extension of deadline to the end of June 2012.

Processing of licenses within the 90 days period

Processing of licence applications for retail/wholesale/manufacturing: 95.5% applications were processed within 90 days falling just short of the required 100% by 4.5%. The reason for this deficit was caused by the special projects that analysts had to deal with during the 2011/2012 financial year end. This short fall was compounded by the lack of an adequate system and inaccurate documents submitted by applicants/clients.

Progress not achieved

LPG Strategy

Under the measure “LPG Strategy Approved”; no progress has been made. The draft Strategy has to be internally approved before publication for comment by the public.

Amendment of the Petroleum Products Act

Considering the skills gap, relevant officials in the DoE underwent a legislative drafting course and commenced the actual drafting of the Petroleum Products Bill (PPB) late during the financial year. The draft PPB has sufficiently progressed for conclusion to be tabled to Cabinet during the 2012/13 financial year.

Integrated Energy Plan

During the financial year, the DoE continued with the development of the IEP and the collection of the necessary data and development of the energy models to inform the IEP. The lack of adequate data and inadequate capacity to collect, format and develop the relevant models has continued to be a challenge. The DoE has started building the relevant capacity in-house and has also contracted with external service providers to assist with the data collection and model development. However, work on the Plausible Futures, Policy Analysis Framework and Key Criteria upon which the outcomes of the IEP will be evaluated has commenced and was shared with stakeholders at the Energy Planning Colloquium.

Arbitrations

Processing of arbitration requests by the office of the Petroleum Controller: This has not been achieved because the processing of arbitration requests has exceeded 14 working days; however, all of them were processed within 21 working days. The complexity of these arbitration requests is the attributing factor that caused the unit to exceed the stipulated period. This has precipitated the unit to request permission to revert back to the initial 21 working days of processing arbitration requests.

2.2.5 Programme 2 – Hydrocarbons and Energy Planning

Programme 2: Hydrocarbons & Energy Planning

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
2.1.1 Increased domestic refining capacity.	2.1.1 708 kilo barrels per day (kbpd).	2.1.1 Monitor & report on domestic refining capacity against targets set in the Liquid Fuels 20-Year Infrastructure Plan.	2.1.1 P – Only 80% of the 20-Year Liquid Fuels Infrastructure Road Map data has been collected & analysed.	2.1.1 Funding challenges. Infrastructure Road Map halted to give way to the processes of expediting the Refinery Audit activities, such as refinery visits.
2.1.2 NMPP from Durban to Johannesburg.	2.1.2 One signed Grant Funding Agreement between DoE & Transnet.	2.1.2 Monitor & report on progress against the milestones determined by the Funding Agreement & Project Plan for the completion of the trunk line.	2.1.2 A – Milestones for 2011/12: <ul style="list-style-type: none"> ➢ Completion of the construction. ➢ Feeling the line with line fill. ➢ Commissioning of the line – January 2012. 	2.1.2 No variances to report.
2.1.3 Improved liquid fuels storage & distribution infrastructure.	2.1.3 Baseline not established - storage & distribution database to be created.	2.1.3 Monitor & report on liquid fuels storage & distribution against targets set in the Liquid Fuels 20-Year Infrastructure Plan.	2.1.3 P – Existing infrastructure records are updated on a monthly basis, based on what is reported to NERSA, for the 20-Year Liquid Fuels Infrastructure Road Map.	2.1.3 The constraint is that the DoE is solely dependent on NERSA for the provision of infrastructure data, which sometimes is not complete.
2.2 Forty-two days of crude oil, 18 days of finished product by government, 14 days of finished product by oil companies.	2.2 Twenty days of crude oil by Government.	2.2 Finalisation of the implementation plan with NT.	2.2 P – A Cabinet Memorandum for the submission of the Draft Strategic Stocks Policy Document was drafted & submitted for Ministerial approval.	2.2 The consultation process especially with external stakeholders has been extensive & took longer than expected. Implementation plan still outstanding.
2.3 Nine Energy Safety Awareness Campaigns.	2.3 Three Awareness Campaigns.	2.3 Nine Energy Safety Awareness campaigns per annum.	2.3 A – Nine public awareness Campaigns were conducted by year end.	2.3 No variances to report.
2.4 Petroleum Products Act & Licensing Awareness Campaigns.	2.4 None.	2.4 Nine Petroleum Products Act & Licensing Awareness campaigns per annum.	2.4 A - Nine public awareness campaigns were conducted by year end.	2.4 No variances to report.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 2: Hydrocarbons & Energy Planning

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
2.5.1 Amendment of the Petroleum Products Act (Act No 120 of 1977) to close regulatory gaps.	2.5.1 Petroleum Products Amendment Act (Act No. 58 of 2003) with annexed liquid fuels charter.	2.5.1 Consolidation of Act No. 120 of 1977, Act No. 58 of 2003, & Act No. 1 of 2005 & review of liquid fuels charter.	2.5.1 N – Drafting is on course & should be finished by end of April 2012.	2.5.1 Capacity challenges.
2.5.2 Amendment of Gas Act (Act No 48 of 2001) to include all methane gases from all sources.	2.5.2 No provision for methane gases from all sources.	2.5.2 Amendments introduced & approved by Minister & Cabinet.	2.5.2 P – Amendments drafted; Minister approved the Gas Amendment Bill in March 2012; & Draft Bill submitted to Cabinet 28 March 2012.	2.5.2 Awaiting Cabinet approval.
2.5.3 Compliance with the Petroleum Products Act monitored.	2.5.3 Inadequate enforcement.	2.5.3 Compliance with the Petroleum Products Act monitored (1 500 inspections).	2.5.3 A – 1 718 site inspections conducted. 2.5.4 P	2.5.3 Annual target exceeded target by 218.
2.5.4 Coal Policy to address security of coal supply for energy generation & issues related to health, environment & quality (HEQ), & contributed & participated in the compilation of the second draft of the South African Coal Road Map.	2.5.4.1 No official policy position. 2.5.4.2 Draft South African Coal Road Map.	2.5.4 Departmental approval of the Coal Policy Discussion Paper & consultations with stakeholders, & contributed & participated in the compilation of the second draft of the South African Coal Road Map.	2.5.4.1 Draft Coal Supply Strategy Discussion Paper has been developed & inputs have been incorporated. 2.5.4.2. Draft South African Coal Road Map has been completed.	2.5.4 The launch of South African Road Map has been delayed & postponed due to conflicting statements in the document.
2.6.1 Development of regulations on LPG, pricing & licensing framework.	2.6.1 LPG retail price regulations in place.	2.6.1 LPG Strategy revised & maximum refinery gate price of LPG & revised maximum LPG retail price approved.	2.6.1 N – The Cabinet memo has to be reviewed. All stakeholders have provided inputs except for one major stakeholder (Afrox). Stakeholder inputs are being collated in preparation for the Stakeholder Workshop.	2.6.1 The process to obtain inputs, especially with external stakeholders took longer than expected.
2.6.2 Fuel pricing system updated.	2.6.2 Basic Fuel Price (BFP) for diesel, illuminating paraffin, & petrol based on import parity.	2.6.2 Study on revision of BFP & Zone Differential Pricing Rules & consultation with stakeholders.	2.6.2 P – The Terms of Reference for the review of the BFP & Magisterial District Zones (MDZ) have been finalised.	2.6.2 Funding is required to source information & contract a consultant to review some of the BFP & MDZ elements.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 2: Hydrocarbons & Energy Planning

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
2.7.1 Installation, testing & commissioning of RAS.	2.7.1 Implementation & monitoring of RAS & two reports per annum on the calculated price margins for the respective segments of the value chain.	2.7.1 Implementation & monitoring of RAS & two reports per annum on the calculated price margins for the respective segments of the value chain.	2.7.1 A – The Rapid RAS margins were implemented in fuel prices structure on 7 December 2011.	2.7.1 The first Technical Committee Meeting was held on 29 March 2012. The DoE will develop a project plan indicating all the activities & timelines by 20 April 2012.
2.7.2 Fourteen working days turnaround time per arbitration request.	2.7.2 Fourteen working days turnaround time per arbitration request.	2.7.2 Fourteen working days turnaround time per arbitration request.	2.7.2 N – All arbitration requests are not being finalised within 14 working days, corrective action is to revert to 21 working days.	2.7.2 Capacity challenges.
2.7.3 100% license applications processed in 90 days.	2.7.3 100% license applications processed in 85 days.	2.7.3 100% license applications processed in 90 days.	2.7.3 P – 95.5% applications were processed within 90 days; 4.5% of the applications could not be processed within 90 days.	2.7.3 Special projects that analysts must finalise, hampering progress made on applications. Inaccurate documents submitted by applicants.
2.8 Improved biofuels production & uptake.	2.8 No regulatory framework to address biofuel's pricing approach.	2.8.1 Approved Biofuels Industrial Strategy. 2.8.2 Approved Industrial Policy Action Plan 2 (IPAP2). 2.8.3 Pilot project.	2.8.1 P – The biofuels blending value & breakeven price studies are completed & the final report approved by the Minister. 2.8.2 & 2.8.3 N/A	2.8.1 The biofuels support mechanism should be finalised with inputs from the NT & the DTI. 2.8.2 & 2.8.3 IPAP2 & the implementation thereof is the responsibility of the DTI, & these targets can therefore not be reported on
2.9 Pro-poor (pro- low income households) pricing initiatives.	2.9 Draft report on fixed retail margin for illuminating paraffin.	2.9 .1 Fixed retail margin for illuminating paraffin approved. 2.9.2 Regulations promulgated & implemented.	2.9.1 P – The Fixed Margin for Illuminating Paraffin Study is completed & approved by the Minister. 2.9.2 N – Regulations not promulgated.	2.9 The study was delayed due to unavailability of the consultant.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 2: Hydrocarbons & Energy Planning				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
2.10 Number of Integrated Energy Centres (IECs).	2.10 7 IECs established.	2.10 2 additional IECs operationalised.	2.10 P – No IECs operationalised.	2.10 The Minister conducted the Sod-Turning Ceremony of the QwaQwa IEC on 12 January 2012. The Hydrocarbons Chief Directorate met with all the partners in a bid to expedite the establishment of the IECs.
2.11 Integrated Energy Plan (IEP) published.	2.11 No integrated energy plan.	2.11.1 Cabinet-approved Integrated Energy Planning Strategy & IEP. 2.11.2 Operational energy modelling system. 2.11.3 Public Stakeholder Workshop.	2.11 N – Work on the Plausible Futures, Policy Analysis Framework & Key Criteria upon which the outcomes of the IEP will be evaluated has commenced & was shared with stakeholders at the Energy Planning Colloquium.	2.11 The lack of adequate data & inadequate capacity to collect, format & develop the relevant models has continued to be a challenge. The DoE has started building the relevant capacity in-house & has also contracted with external service providers to assist with the data collection & model development.
2.12.1 Regulations for the provision of energy data.	2.12.1 Regulations for the provision of energy data.	2.12.1 Gazetted regulations.	2.12.1 A – Regulations gazetted.	2.12.1 No variances to report.
2.12.2 Processes to improve data collection & storage processes developed.	2.12.2 Energy data collection.	2.12.2 2009 & 2010 Energy Balance published.	2.12.2 A – 2010 Energy balance data compiled.	2.12.2 No variances to report.
2.12.3 Centralised Energy Data Repository.	2.12.3 Centralised Energy Data Repository.	2.12.3 Data required for publications & energy planning stored in a central electronic repository.	2.12.3 P – Data for all publications stored in the centralised database.	2.12.3 Process of collecting data for the IEP is still on-going.
2.12.4 Produce current & relevant energy publications.	2.12.4 Produce current & relevant energy publications.	2.12.4.1 Improve currency of published data (no more than three years lag time). 2.12.4.2 Publish Synopsis of the Energy Sector (with data up to 2006).	2.12.4 P – All data gaps addressed but data not published.	2.12.4.1 The 2010 Energy Digest will be circulated for internal review & approval before the end of April 2012. 2.12.4.2 The project was delayed due to World Bank procurement procedures.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 2: Hydrocarbons & Energy Planning				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
2.13 CCS mechanisms established.	2.13.1 Published Atlas for CO ₂ geological storage. 2.13.2 No policy/regulatory framework for CCS. 2.13.3 Establishment of South African Centre for Carbon Capturing & Storage (SACCCS) under SANEDI.	2.13 Approval by Minister of CCS regulatory framework.	2.13 P – CCS Road Map was tabled in Cabinet.	2.13 The project was delayed due to World Bank procurement procedures.
2.14 Increased use of cleaner hydrocarbons.	2.14 Baseline to be established by 2011/12.	2.14 Monitoring against Integrated Resources Plan (IRP 2) & 20-year Liquid Fuels Infrastructure Road Map.	2.14 P – 80% of the 20-Year Liquid Fuels Infrastructure Road Map data has been collected & analysed.	2.14 The finalisation of the collection of the 20-Year Liquid Fuels Infrastructure Road Map has been delayed. Another major constraint has been the lack of funds. This caused consultants to slow down delivery on the project.
2.15 Revised Fuel Specifications & Standards (Clean fuels 2).	2.15 Fuel Specifications & Standards Regulations, 2006.	2.15.1 Approval of DoE's discussion document by Minister. 2.15.2 Publication of the DoE's discussion document.	2.15 P – Draft Amendment Regulations were published in October 2011 for public comment with 15 December 2011 as the closing date. A Stakeholder Workshop was held in February 2012 to discuss comments.	2.15 Finalisation of the Draft Amendment Regulations has been delayed by the extensive & protracted discussion on the issue of cost recovery mechanism for refinery upgrades with the oil industry is demanding from the DoE. This still has to be finalised.
2.16 Clean coal technologies policy.	2.16.1 No policy position on clean coal technologies. 2.16.2 Draft of the South African Coal Road Map.	2.16.1 Approval of Clean Coal Technologies Discussion Paper by Minister. 2.16.2 Consultations with stakeholders. 2.16.3 Contribute to & participate in the drafting of the second South African Coal Road Map.	2.16 N – The draft Clean Coal Technologies Discussion Paper is being developed.	2.16 Capacity challenges. To be achieved by June 2012.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Table 13

2.2.6 Programme 3: Electricity, Nuclear and Clean Energy

Purpose

The purpose of the programme is to:

- Develop, implement and review electricity policies for improved energy regulations and competition;
- Govern the South African nuclear energy industry and control source and special materials in terms of nuclear legislation and policies in order to ensure peaceful use of nuclear energy; and
- Manage and facilitate the development and implementation of clean and renewable energy initiatives.

Background information

The branch consists of the following chief directorates:-

- Electricity
- Nuclear
- Clean Energy
- INEP

Progress and Achievements

Electricity

The regulatory framework for the diversification of our energy sources was improved through the introduction of regulations for new generation capacity through IPPs. Legislation for the separation of generation, transmission and the distribution function was introduced (the ISMO Bill) in Parliament as part of a continuous process to improve sector regulation.

Over and above the Eskom Build Programme, IPPs were introduced for the generation of energy through wind, solar and hydro technologies. Over R 46 billion of investment by the private sector is expected to occur in the renewable energy sector in South Africa, making it one of the biggest drivers of economic growth.

On the socio-economic front, the acceleration of programmes to introduce solar water heating and free basic energy served to cushion the poor against increasing electricity tariffs (driven by the Capital Expansion Programme). To date, over 280 000 solar water heaters have been installed. In addition, about 150 000 households are connected to the grid and through off-grid technologies, through the INEP.

The IRP was adopted in March 2011 and its implementation commenced in the year under review. Apart from the RE IPP Procurement Programme, the Energy Efficiency Campaign was launched in collaboration with the social partners at Nedlac (business, labour and civil society).

Nuclear

The phased decision-making approach for the implementation of the Nuclear Power Programme was adopted with the institutionalisation of the NNEECC, under the stewardship of the Deputy President. This serves as a critical step in making the relevant decisions leading to the procurement of the 9 600 MW of nuclear plants envisaged under the IRP.

Integrated National Electrification Programme

The INEP Business Unit manage the electrification planning, funding and implementation process, including addressing electrification backlogs in the quest to achieve universal access to electricity.

INEP Grid Programme

The unit were able to contract with Eskom and a total number of 143 municipalities during the financial year under review to be implementing agents for INEP. The gazetted allocations for both Eskom – R 1.8 billion and the Municipal allocations of R 1.1 billion was successfully been transferred to the respective implementing agents. A total number of 811 projects were approved which all have met the INEP funding criteria. These projects were all verified prior to the allocations been gazetted. Implemented projects have been continuously been monitored throughout the financial year and close out reports were prepared and submitted to the department by implementing agents who have successfully completed projects.

During the implementation of these 811 projects it has been observed that some projects are not performing as been agreed and contained in the contract. As a result, INEP had to re-gazetted some allocation to other projects or Municipalities. An amount of R278 mil was re-allocated during October 2011 to alternative projects to ensure improved delivery.

INEP Non-Grid Programme

A total number of four concessionaires were appointed by the department to implement the non-grid electrification program within the concessioned areas. These concessioned areas vested within KwaZulu Natal, Eastern Cape and Limpopo. The total allocated budget for the financial year under review amounted to R 70.8 million and 100% of the said allocation was spend. The target connected to the allocations was to provide 10 000 Solar Home Systems (SHS) to households which falls within the criteria of non-grid electrification. INEP have succeeded in connecting 10 268 SHS by the end of 31 March 2012.

INEP Technical audits

Technical audits were conducted on a sample of 30% of the total number of projects completed. The audits focused on ensuring that; (a) the implemented projects are completed with the allocated grant; (b) technical standards, occupational health and safety standard are adhered to; (c) the project are implemented correctly and agrees to the approved technical designs and specifications; and (d) to verify whether the contracted installations were completed and achieved.

Programme 3: Electricity, Nuclear and Clean Energy				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
1.1 New electricity generation capacity.	44 535 MW (2010) low reserve margin.	1.1 Progress on construction of new electricity generation capacity to achieve 45 647 MW by 2012/13.	1.1 A	New generation capacity to the extent of 2 400 MW of renewable energy power stations were introduced through IPPs. Approximately 1.4 TWh (Terra Watts hour) of energy savings realised but not verified (Eskom CEO Report).
1.2 Funding framework for the resourcing of the Eskom Committed Capital Expenditure Programme.		1.2 Ministerial & Cabinet submissions & approval of funding model for Eskom.	1.2 A	
1.3 Monitor & report on progress of approved build plan projects against schedule & budget by Eskom.		1.3 Monitor & report on construction progress against schedule & budget & flag problem areas.	1.3 A	
2. 92 % households electrified (150 000 connections annually with an additional 10 000 off grid).	2. 81 % households electrified (12.5 million) of which 31 643 are solar electricity home systems.	2. 83 % households electrified 150 000 connections annually with an additional 10 000 off grid connections).	2. 141 390 households connected to the grid & 10 000 non-grid connections were made.	2. The remaining connections will be achieved by the end of the municipal financial year, which is in June.
3.1 Report detailing a map of distribution assets status per metro, secondary city & remaining municipalities.	Problem identification report (ADAM). No implementation plan.	3.1 Report detailing a map of distribution assets status per metro.	3.1 A	3.1 No variances to report.
3.2 ADAM rehabilitation (implementation & funding) plan for distribution infrastructure.	EDIH wound down in March 2011. R 27.4 billion backlog.	3.2. ADAM implementation & funding plan approved for metros.	3.2 P	3.2 The extent of the funding requirement is much more than the requirement to fund the Metro Refurbishment Programme.
4.1 Approved Nuclear Procurement Programme relative to IRP.	No Procurement Programme at present. Materials Test Reactor Fuel Manufacturing Facilities only (in conjunction with NECSA). National Radioactive Waste Disposal Institute Act, 2008.	4.1 Cabinet approval of Phased Decision-Making Approach.	4.1 A – Cabinet approved the Phased Decision-Making Approach & establishment of the NINEECC on 9 November 2011.	4.1 No variances to report.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 3: Electricity, Nuclear and Clean Energy

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
4.2 Nuclear Fuel Cycle Infrastructure developed for beneficiation of uranium to support new nuclear build priorities.	No Procurement Programme at present. Materials Test Reactor Fuel Manufacturing Facilities only (in conjunction with NECSA).	4.2 Complete prefeasibility studies.	4.2 Completed.	4.2 This project is not critical to the Nuclear Programme at this stage of the Nuclear Programme. It forms part of the Phased Decision-Making Approach.
4.3 Established National Radioactive Waste Disposal Institute (NRWDI).	National Radioactive Waste Disposal Institute Act, 2008.	4.3 Approved business plan & budget.	4.3 A	4.3 Implementation of NRWDI transitional structure unfunded.
5.1 Security measures at ports of entry standardised. 5.2 Portal Radiation Monitors at main ports of entry installed.	5. Established security systems at ports of entry.	5. Standardisation of security measures at main ports of entry including installation of Radiation Portal Monitors (RPMs).	5. N	5. Consultation process with SARS, ACSA, & Transnet on-going. The visit by the supplier has been undertaken & measurements confirmed. The technical report for one of three ports has been approved by South Africa & IAEA.
6. Legislation for the introduction of ISMO implemented.	6. No legislation for the establishment of ISMO.	6. Legislation for the introduction of ISMO introduced & approved by Minister & Cabinet & promulgated.	6. A – Bill approved by the Minister, Nedlac consultations finalised & public consultations commenced.	6. No variances to report.
7.1 Quantity of power procured from IPPs.	Minimal MW contributed to grid. No IPPs, no independent buyer. IPP procurement done on ad hoc basis with no dedicated project team.	7.1 Regulations for new generation capacity promulgated.	7.1 A – Electricity Regulation Amendment Bill – Cabinet Memo approved for public comments.	7.1 No variances to report.
7.2 Quantity of power generators by IPPs.		7.2.1 Standards set for procurement documentation & dissemination. 7.2.2 RFQ – RFC launched to procure power from IPPs.	7.2 A – The RFQ – RFC documents were launched on 03 August 2011.	7.2 No variances to report.
7.3 IPP unit established for the management of IPP Programme.		7.3 Established IPP unit responsible for managing IPPs with extensive support from external experts.	7.3 P – Agreements with external experts signed.	7.3 In process of filling vacancies.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 3: Electricity, Nuclear and Clean Energy

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
8.1.1 National Nuclear Regulator Act amended.	8.1 Legislation governing nuclear sector over 10 years old.	8.1 Rescheduled due to dependency on procurement process.	8.1 N	8.1 Inputs have been received from the NNR regarding the provisions of the National Nuclear Regulator Act, Act 47 of 1999, that need to be amended. The proposed amendments will be taken through the relevant process which will culminate in the Bill being submitted to Parliament.
8.1.2 Nuclear Energy Act amended.				
8.2 Funding provisions legislated for radioactive waste management.	8.2 No financial provision for long-term management of radioactive waste.	8.2 Draft Fund Bill approved by Cabinet.	8.2 N	8.2 The Radioactive Waste Management Fund Bill document is currently being drafted. It is still an internal document that is not approved.
8.3 Safeguards function removed from nuclear operator to State System of Accounting & Control (SSAC) of nuclear materials.	8.3 Safeguards function implementation currently performed by a nuclear operator.	8.3 Framework for withdrawal of the safeguards function from a licensed operator.	8.3 N	
9.1 Authorisations or denials for nuclear materials & related equipment issued.		9.1 100 authorisations or denials for nuclear materials & related equipment issued within eight weeks.	9.1 A	9.1 No variances to report.
9.2 Nuclear safeguards compliance inspections, audits & investigations conducted.		9.2 Four nuclear safeguards compliance inspections, audits & investigations conducted.	9.2 A	9.2 No variances to report.
9.3 Participated in proceedings in terms of Non-Proliferation Treaty, Nuclear Suppliers Group, Zanger Committee & Pelindaba Treaty.		9.3 Participated in four proceedings in terms of Non-Proliferation Treaty, Nuclear Suppliers Group, Zanger Committee & Pelindaba Treaty.	9.3 P	9.3 Participated in one meeting of the nuclear suppliers group but provided inputs towards the decision making on the Zanger Committee & Pelindaba Treaty & the Non-Proliferation Treaty.
9.4 Number of community outreach events per annum.		9.4 Three community outreach events.	9.4 P – One community event was completed.	9.4 Inadequate funding to achieve this target.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 3: Electricity, Nuclear and Clean Energy

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
10.1 Savings verification mechanism established.	10.1 Some municipalities have no Demand-Site Management (DSM) Programmes.	10.1 Savings verification mechanism established.	10.1 P – Information required for verification not finalised.	10.1 The information received & to be received from municipal EEDSM Programme & other implementers will still need to be verified or audited, & financial resources will be required for this. An RFI on energy savings from sectors has been issued for submission by end May 2012.
10.2 Quantity of EEDSM savings realised.	10.2 No incentive scheme for EEDSM.	10.2 One TWh combined savings verified from EEDSM projects, including municipal & Eskom contributions.	10.2 A – About 1.471 TWh has been achieved beyond the 1 TWh.	10.2 However, these figures exclude electricity savings from the municipal Energy Efficiency Programme where the data will be received by end June 2012.
10.3 Energy efficiency incentive scheme established & implemented.	10.3 No verification system for EEDSM savings.	10.3 Energy efficiency incentive scheme & regulations developed & introduced.	10.3 A – The Standards for Energy Management (SANS 50010) & Measurement & Verification (M&V) (SANS 50001) were finalised & gazetted.	10.3 No variances to report.
10.4 Energy efficiency projects implemented.		10.4 Monitor & report on project implementation.	10.4 P – EEDSM monitoring protocols & M&V scope developed & workshopped with stakeholders.	10.4 The achievement of this target is pending appointment M&V experts to verify the energy savings.
10.5 One million solar water heating units installed in residential & commercial sectors by 2014/15.	10.5 55 000 solar water heating units installed.	10.5 250 041 solar water heating units installed.	10.5 P – 242 000 solar water heaters (SWH) installed.	10.5 Energy Conservation Scheme (ECS) rules were drafted but still pending approval. Energy Efficiency Accord with Business revised & launched in the form of the Energy Efficiency Leadership Network.
10.6 EE Campaign.		10.6 Approved EE Campaign Strategy.	10.6 P – Energy Efficiency Campaign Strategy was developed & launched at COP 17 in December 2011.	10.6 However, the implementation of the Campaign will be done in the next financial year.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 3: Electricity, Nuclear and Clean Energy

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
11. Medium-Term Risk Mitigation Plan (MTRMP) adopted.	11. Draft MTRMP Low reserve margin.	11.1 Draft MTRMP published for public comment. 11.2. MTRMP approved by Minister/Cabinet as part of the of the establishment of IPPs.	11. A	11. No variances to report.
12. Cost reflective tariffs completed, including measures to protect the poor.	Electricity Pricing Policy in place; IBT introduced but does not cover prepaid meters. Multi-year price. Determination 2 has awarded a 25% increase for the next three years (2010/11 to 2012/13) with IBT for qualifying households.	12.1 Improve the implementation of the IBT in all the municipalities. 12.2 Monitor effectiveness of Multi-Year Price Determination (MYPD2) in aligning the tariff to the true cost of production. 12. 3 Extend IBT to cover prepaid meters in Eskom areas.	12.1 P 12.2 A – Asset valuation approach has been aligned with policy. 12.3 A – IBT for prepaid metering was introduced in Eskom areas.	12.1 IBT implemented in approximately 70% of the municipalities. Further consultation in progress to introduce IBT to the remaining municipalities. 12.2 No variances to report. 12.3 No variances to report.
13.1 Completed Renewable Energy White Paper Review.	2 000 GWh (1% of consumption rate). Only pilot projects for landfill gas, wind (Darling) & Hydro (Bethlehem). 1. Zero MW.	13.1 None. 13.2 4 000 GWh generated.	13.1 N/A 13.2 P – Renewable Energy IPP process commenced but actual generation of electricity not commenced. 1 415 MW allocated in first bidding window.	13.1 No specific targets were set for 2011/12. Targets to be determined from 2012/13. 13.2 REFIT (Renewable Energy Feed-in Tariff) Programme was replaced by the Renewable Energy Independent Power Producers (RE-IPP) Programme.
14.1 Co-hosting COP 17.	No dedicated project team. No preparation in place. No dedicated funding in place.	14.1.1 Project plan proposal approved covering activities, logistics, roles & responsibilities & funding. 14.1.2 Coordination with lead departments & other governments. Inter-departmental workgroup established (2011/12).	14.1 – 14.5 A	14.1 – 14.5 No variances to report.

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Programme 3: Electricity, Nuclear and Clean Energy				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
14.2 SA position paper on issues related to Clean Development Mechanism (CDM).	No dedicated project team. No preparation in place.	14.2 Updated position paper on CDM.		
14.3 Participate in UNFCCC events.	No dedicated funding in place.	14.3 Participate in UNFCCC events.		
14.4 Implementation of UNFCCC decisions.		14.4 Implementation of UNFCCC decisions.		
14.5 Reports on the outcomes of the UNFCCC meetings.		14.5 Reports on the outcomes of the UNFCCC meetings.		
15.1 Approved CDM projects.		15.1 100% of all CDM applications processed within the set timeframes - 45 working days for Project Design Documents (PDDs) & 30 working days for Project Information Notes (PINs).	15.1 P – 101 projects (66 PINs & 35 PDDs) were submitted to DNA. Out of the 101 projects 68 projects were reviewed within the timeframe, 25 were late & eight pending.	15.1 PDDs submitted without draft signed, Validation Report & outstanding record of decision & internal delays on submissions.
15.2 CDM awareness leading to the increase of projects.		15.2.1 Update the guidance based on the Conference & Meeting of Parties decision on CDM. 15.2.2 CDM Awareness Campaign. 15.2.3 Develop sector booklets.	15.2.1 P – DNA advisory meeting hosted. 15.2.2 A – Five provincial (Gauteng, North-West, Western Cape, Limpopo, Kwa-Zulu Natal) & one sector (Carbon Finance). 15.2.3 A – Waste sector booklet completed & printed. Construction & transport sector booklets completed but not printed.	15.2.1 Due to financial constraints the booklets for construction & transport sector could not be printed. 15.2.2 & 15.2.3 No variances to report.
16. Improve biofuels production & uptake.	16. No regulatory framework to address biofuel's pricing approach.	16. Pilot project.	16. N – This target has been deferred to the next financial year, 2012/13.	16. Bio-fuels project could not be initiated before completion of the projects listed in 2.8 above.
17. Environmental Management.	17. 3rd Environmental Management Plan (EMP).	17. 3rd EMP developed & implemented. 2010/11 EMP Compliance Report developed & submitted.	17. A – 2010/11 EMP compliance approved by DG & submitted to Environmental Affairs.	17. No variances to report.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 3: Electricity, Nuclear and Clean Energy

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
18. Energy efficiency.	18.1 Energy Efficiency Target Monitoring. 18.2 Energy efficiency in the industrial sector. Energy Conservation Scheme rules operational for key industrial sectors.	18.1.1 Energy Efficiency Target Monitoring System in the building sector established.	18.1.1 N – Only appointment of Energy Efficiency Target Monitoring experts appointed.	18.1.1 The process of appointing Energy Efficiency Target Monitoring experts took more time than expected.
		18.1.2 Capacity Assessment for implementation of the Energy Efficiency Target Monitoring conducted.	18.1.2 N – Only scope of the Capacity Assessment in the form of Terms of Reference (ToR) was developed.	18.1.2 The delays were due to the alignment of the scope of this Capacity Assessment with other projects (i.e. Industrial Energy Efficiency, etc.).
		18.2 Energy Efficiency Regulations & Policy developed.	18.2.1 A – The Standards for Energy Management (SANS 50010) & M&V (SANS 50001) were finalised & gazetted. 18.2.2 P – Energy Conservation Scheme (ECS) rules were drafted but still pending approval.	18.2.1 No variances to report. 18.2.2 The draft document on the ECS rules is ready for final internal consultation.
18.3 Energy Efficiency Tax Incentive Regulations (EETIR).	18.3 Energy Efficiency Tax Incentive Regulations (EETIR).	18.3 EETIR promulgated.	18.3 P – Energy Efficiency Accord with Business revised & launched in the form of the Energy Efficiency Leadership Network. 18.2.4 A – Capacity building courses have been conducted in energy management & systems optimisation i.e. (optimisation of pumps, motors & process heating).	18.2.3 & 18.2.4 No variances to report.
			18.3 P – The EETIR was gazetted for public comments, & comments are being integrated into the final EETIR for promulgation by June 2012.	18.3 The extent of the public comments resulted in certain sections of the EETIR being re-drafted.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 3: Electricity, Nuclear and Clean Energy

Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
19. Renewable energy deployed.	18.4 National Energy Efficiency Strategy.	18.4 National Energy Efficiency Strategy (NEES) reviewed.	18.4 P – A draft reviewed NEES has been finalised & workshopped with selected stakeholders, & will be finalised in May 2012.	18.4 The NEES review process was not completed within the 2011/12 financial year due to delays in stakeholder consultation.
	18.5 Energy & Climate Change Strategy.	18.5 Approved Energy & Climate Change Strategy.	18.5 N – The development of the Energy & Climate Change Strategy was not achieved due to the alignment with the National Climate Change White Paper Policy.	18.5.1 The target was not achieved pending finalisation of the National Climate Change Response White Paper Policy. 18.5.2 Financial constraints also contributed to this variance.
19. Renewable energy deployed.	19.1 Implementation REFIT Programme.	19.1 REFIT Programme launched to procure renewable energy IPP.	19.1 A – First window of the RE-IPP Programme closed on 4th November 2012. 54 proposals received & evaluated. 28 preferred bidders were selected for the RE-IPP Programme.	19.1 No variances to report.
	19.2 Solar park initiative.	19.2 Feasibility study completed. Roll out of projects in line with feasibility report.	19.2 N – Tender evaluation completed, contracts not awarded.	19.2.1 The Premier's Office granted formal access to the land to allow technical studies to be conducted through a letter dated 09 September 2011. 19.2.2 Due to the financial commitments for this study, the team could not proceed with appointments until a formal agreement on access to this land has been signed.
20. "Green Economy" projects deployed.	20. "Green Economy" projects for job creation & sustainable development.	20.1 More renewable energy/energy efficiency projects undertaken.	20.1 P – There is an increase in the number of Energy Efficiency & Renewable Energy Programmes.	The process of appointing Energy Efficiency Target Monitoring experts took more time than expected. The delays were due to the alignment of the scope of this Capacity Assessment with other projects (i.e. Industrial Energy Efficiency, etc.).

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 3: Electricity, Nuclear and Clean Energy				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
21. Operationalise REFIT Programme.	21. Operationalise REFIT Regulatory Framework.	20.2 Increasing number of jobs created through the projects.	20.2 A – A total of 259 jobs have been created by both fiscus funded EEDSM Programme for both Eskom & municipalities, however, socio-economic assessment of the EEDSM Programme still needs to be conducted. Eskom reported that 24 suppliers created 640 jobs (persons employed) & 70 distributors created 1462 jobs. Total: 2 361 jobs created.	20.2 No variances to report.
		21.1 Concluded regulatory framework for REFIT.	21.1.1 P – ISMO – Process of consolidation of public comments completed & submitted to State Law Advisor for Certification. 21.1.2 P – Electricity Regulation Act, 2006 (ERA) – Cab Memo approved by Cabinet for public comments. 21.1.3 P – National Energy Regulator Act, 2004 (NERA) – Cab Memo approved by Cabinet for public comments.	21.1 No variances to report.
		21.2 Procurement documentation launched to procure REFIT Programme.	21.2 A – 53 bids were received by the closing date, 04 November 2011. Evaluation was completed on 28 November & successful bidders were announced on 07 December 2011. About 1 415 MW were committed. The second window for submission of bids closed on 05 March 2012. The evaluation team is currently in the process of evaluating the submissions.	21.2 No variances to report.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Programme 3: Electricity, Nuclear and Clean Energy				
Performance Indicator	Baseline (Actual Output) 2010/11	Actual Performance against Target		Reason for Variance
		Target (2011/12)	Actual (2011/12) *	
22. Operationalise solar park.	22. Feasibility studies & enabling conditions.	22.1 Finalised feasibility study. 22.2 Funding plan approved. 22.3 Implementation of feasibility study recommendations. 22.4 Standards set for procurement documentation. 22.5. Project developers selected.	22.1 P – Consultants have been shortlisted for the feasibility study, & preferred bidders have been identified for the Environmental Impact Assessment (EIA) & geotechnical studies. 22.2 A – The budget for the feasibility study comprises of funds from the DoE (20%) & 80% from the CEF. 22.3 N 22.4 N 22.5 N	22.1 – 22.5 The Northern Cape Premier's Office, on a letter dated 9 September 2012, granted formal access to the land to allow technical studies to be conducted. Due to the financial commitments for this study, the team could not proceed with appointments until a formal agreement on access to this land has been signed.

* A = Target Achieved; P = Target Partially Achieved; N = Target Not Achieved; N/A = Not Applicable

Table 14

2.2.7 Programme 4: Associated Services

Purpose

The entities provide related services in support of the DoE's mandate through funded and non-funded statutory bodies and organisations.

Set out below is a summary of the activities of the SOEs reporting to the Minister of Energy during the 2011/12 financial year.

Nuclear Energy Corporation of South Africa

NECSA was established in terms of the Nuclear Energy Act (1999). Its functions are to undertake and promote research on nuclear energy, radiation sciences and technology; to process source, special, and restricted nuclear material, including uranium enrichment; and to collaborate with other entities. The Act also delegates specific responsibilities to the corporation, including: the operation of the SAFARI-1 reactor, applying radiation technology for medical and scientific purposes, managing nuclear waste disposal nationally, and implementing and executing national safeguards.

The adoption of the 2008 Nuclear Energy Policy re-confirmed NECSA's mandate, and designated the organisation as the lead agency in nuclear research and development. The policy also highlighted the need for the corporation to develop viable nuclear fuel cycle options to support the new Build Nuclear Power Programme.

The NECSA Group, through NTP Radioisotopes and with the SAFARI-1 research reactor playing a key role, continued to be a reliable, leading supplier of radiochemicals to the global healthcare market. NTP remained the only supplier in the world with the ability to produce Molybdenum-99 (Mo-99) on an industrial scale using a process entirely based on low enriched uranium (LEU).

In the face of challenging global market conditions, the NTP Group achieved sales of R 857 million during the 2011/12 financial year. The SAFARI-1 reactor achieved its best ever operational availability (308.3 days against scheduled availability of 303.5 days; 101.6%), at an average reactor power of 19.98 MW. The world average for research reactors with a high utilisation rate is only 235 days per annum. This was the result of an effective maintenance programme, and the implementation of a reactor ageing management and life extension programme.

The implementation of Pelchem's growth strategy gathered momentum with the Kettlepehla joint venture for the manufacturing of active pharmaceutical ingredients for antiretrovirals (ARVs). The Kettlepehla Business Plan which was submitted to the DST was approved by Cabinet.

Good progress was made with the Nuclear Technologies in Medicine and the Biosciences Initiative (NTeMBI) by establishing project teams with members from various universities and research institutions to expand the range

of medical radiopharmaceuticals being produced. NECSA continued with its participation in the development of advanced science and engineering skills through various in-house and collaborative activities.

In line with NECSA's core research and development (R&D) mandate its innovation outputs have grown well, with 11 new innovation disclosures recorded during the 2011/12 financial year as well as 40 peer-reviewed publications.

The NECSA Visitor Centre which was officially launched in February 2011 and opened its doors to the public in May 2011 has already seen 10 000 visitors. The Centre aims to improve understanding of the true value and benefits of nuclear technologies.

NECSA's Nuclear Skills Development (NSD) Centre Programme deserves special mention as it continued to grow and fulfil its mandate in responding to the call made by Government through the National Skills Development Strategy. The NSD Centre partnered with various organisations such as the DPW, the Development Bank of South Africa, Alstom, DB Thermal and others on job creation projects. A total of 447 apprentices benefited from the semester training programmes offered by the Centre.

NECSA attained American Society of Mechanical Engineers (ASME) III certification in May 2011, a significant milestone which will enable equipment manufacturing according to nuclear quality standards and provide a platform for participation in the Nuclear New-Build Localisation Programme.

It should be noted that the reducing trend of the Government grant allocated to NECSA over the past three MTEF budget processes together with more challenging market conditions for its commercial subsidiaries, has increased the risk that NECSA will not be able to fully meet its legislative and policy mandates.

For the foreseeable future NECSA's financial constraints are expected to deteriorate without significant intervention. This is mainly as a result of:

- An increase in NECSA's salary expenditure over the last few years while the level of Government grant has been declining in real terms, and while the level of growth from external income generation has also not kept pace to ensure an affordable and sustainable salary bill;
- The impact of the unfavourable economic climate on NECSA's income generating activities;
- High increases from Eskom on the electricity bill;
- Considerable increases of licensing fees from the NNR; and
- The inflationary effect on all expenditure.

CEF (SOC) Ltd

Strategic overview: 2006/07 to 2012/13

The CEF is a private company, governed by the Central Energy Fund Act (1977). It researches, finances, develops and exploits appropriate energy solutions across the spectrum of energy sources to meet South Africa's future energy needs. In terms of its governing legislation, the CEF is also mandated to manage the Equalisation Fund, which collects levies from retail sales of petroleum products help to eliminate unnecessary fluctuations in the retail price of liquid fuel and to give tariff protection to the synthetic fuel industry. The CEF Group is made up of ten operating entities/subsidiaries, namely PetroSA, South African Gas Development Company (iGas), Petroleum Agency SA (PASA), Oil Pollution Control South Africa (OPCSA), Strategic Fuel Fund (SFF), African Exploration Mining (AEMFC), ETA Energy, CEF Carbon, CCE Solutions (Pty) Ltd and South African Supplier Development Agency (SASDA). Through its division EDC, CEF also has equity interests in the following companies: Baniettor Mining (Pty) Ltd (49%), Darling Wind Power (Pty) Ltd (49%), Biotherm (Pty) Ltd (19%), Johanna Solar BV (3%), Phillips Lighting Maseru (30&), Cradock Sugar Beet and Ener-G Johannesburg (29%).

Over the medium term, the CEF will focus on improving the security of energy supply by diversifying sources and by building and managing strategic energy stocks and energy infrastructure, investing in and developing renewable and alternative energy sources and investing in energy efficiency, developing human capacity and investing in energy research and development activities, managing and exploiting local strategic energy and related resources, and mitigating against environmental impacts and maximising sustainable development.

CEF and its subsidiaries operate in the energy sector, and in particular in fossil fuels, in renewable and energy efficiency and in cross-cutting activities. It is a much diversified business with 11 subsidiaries operating in a number of energy spheres. The largest subsidiaries are PetroSA (which operates the Gas to Liquid (GTL) facility at Mossel Bay) and Strategic Fuel Fund (SFF) (which manages strategic crude stocks and infrastructure).

Highlights of the 2011/12 financial year

The appointment of a new Group Chairman and a reinforcement of the Board and other governance structures have been welcomed by the Group. CEF was responsible for the successful incubation of two significant entities:

- SANEDI which is now a separately listed Schedule 3 Entity; and
- African Exploration which received Cabinet approval to be hived off as a standalone entity. CEF invested R 241million to date in the start-up and incubation of this entity.

The merging of PetroSA and iGas has now been operationalised, with a final decision on a value recovery mechanism to be made shortly by the CEF Board. This fulfils a Ministerial directive. The NMPP diesel line fill was completed late in December 2011. 155 million litres of product was procured by PetroSA in line with the Ministerial directive. The successful execution of this complex procurement project has given more depth to the PetroSA Trading Division. SFF is finalising the payment and the process of taking title of the product.

The Solar Park Project is on course though slightly behind schedule. The CEF Group has been on a restructuring and rationalisation drive which has resulted in a reduction in the number of subsidiaries, thus enhancing the governance of the Group.

Challenges

The medium-term financial sustainability of the CEF Group is the most pressing challenge. The Africa Exploration (AE) and iGas subsidiary transfers did not yield immediate cash consideration for the holding company. CEF still hopes to recoup the value of iGas in the event that PetroSA is hived off from the Group.

Implementation of the Solar Park Project has been slowed by the lack of security of access and tenure on the identified land. A spike in staff departures was experienced in the second half of the financial year. The Board and Management are working vigorously to fill the vacancies thus caused.

The renewable energy activities of the CEF Group have not been successful to date. The group has, however, catalysed the industry. Developmental projects have continued and will continue to address energy poverty challenges.

Despite the funding challenge, CEF continues to investigate new clean energy opportunities including the manufacture of clean energy components (e.g. solar water geysers). The rollout of high-pressure SWH has not proceeded smoothly with a number of significant obstacles being identified. The cost of units and financing is a particular challenge in this particular market segment. Management is grappling with finding viable opportunities in the renewable energy space. Some smaller subsidiaries (e.g. SASDA) have developed business lines that are outside of CEF's mandate. A sensible and sensitive solution will have to be found (e.g. transfer to a more appropriate owner within Government).

PetroSA has experienced feedstock flow constraints that have led to reduced output. Efforts are underway to increase local gas production through the development of the FO gas field.

National Energy Regulator of South Africa

NERSA's mandate is anchored on four primary Acts, namely the National Energy Regulator Act, 2004 (Act No. 40 of 2004); the Electricity Regulation Act, 2006 (Act No. 4 of 2006); the Gas Act, 2001 (Act No. 48 of 2001); and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

NERSA derives its revenues by, amongst other things, imposing prescribed levies on the regulated industries following a prescribed transparent procedure. The imposition of such levies are governed by the Gas Regulator Levies Act, 2002 (Act No. 75 of 2002); the Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004); and Section 5B of the Electricity Act, 1987 (Act No. 41 of 1987). In terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), NERSA is funded through money appropriated by Parliament; levies imposed by or under separate legislation.

*Highlights of the 2011/12 financial year***Electricity Industry Regulation:**

➤ Tariffs

The Energy Regulator approved 177 municipal tariffs and reviewed nine tariff applications for 2011/12. They also approved a revised tariff increase for Eskom for the period 1 April 2012 to 31 March 2013 of 16% instead of the originally approved tariff of 25.9% on 9 March 2012, and concurred with the determination made by the Minister of Energy in line with Section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) on the procurement process for renewable energy.

➤ Generation

The Energy Regulator conducted national hearings on the licence applications by the 28 “DoE Renewable Energy IPP Programme” preferred bidders, and also granted five generation licences during the 2011/12 financial year.

➤ Distribution

The mediation between the Chiawelo community and Eskom was successfully completed after the adoption of the report Testing of Disputed Electricity Prepaid Meters in Chiawelo, Soweto, and the Energy Regulator granted one distribution licence and revoked one distribution licence.

Piped-Gas Industry Regulation:

➤ Pricing and tariffs

The Energy Regulator approved the Methodology to Approve Maximum Prices For Piped-Gas, and held three stakeholder workshops to inform stakeholders on the Methodology to Approve Maximum Prices for Piped-Gas.

➤ Licensing

The Regulator granted five licences for the construction of gas transmission facilities and two licences for the construction of gas distribution facilities, and also granted two operation licences and one trading licence.

➤ Other

NERSA organised and facilitated a gas dialogue on hurdles facing investment in gas infrastructure; and made a determination that there is inadequate competition in the piped-gas industry. This determination paves the way for the implementation of the Maximum Pricing Methodology.

Petroleum Pipelines Industry Regulation:

➤ Tariffs

The Energy Regulator approved an increase of 31.58% in allowable revenue for Transnet for the period 2012/13, and also approved storage facility tariffs for nine licensees.

➤ Licensing

The Regulator approved three construction licences and one operation licence and revoked 10 storage licences during the reporting period.

Challenges:

Some of the key challenges facing the regulated industries during the financial year were as follows:

Electricity Industry Regulation:

- Security of supply;
- Non-compliance issues especially with municipal distributors – maintenance backlog and not meeting reporting requirements; and
- Implementation of IBTs.

Piped-Gas Industry Regulation:

- Regulation of certain piped-gas activities not specifically catered for in the Gas Act, 2001 (Act No. 48 of 2001) (compressed natural gas);
- Monitoring and enforcing Sasol's compliance with the regulatory agreement (enforcement of the market value pricing);
- Approve maximum prices in absence of clear market value of gas; and
- Private sector investment and markets for gas.

Petroleum Pipelines Industry Regulation:

- Security of supply of petroleum to the inland areas;
- SOE (Transnet) funding challenges and the setting of its tariffs; and
- Promoting access to petroleum storage facilities by historically disadvantaged South African wholesalers.
- National Nuclear Regulator

The NNR was established in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999), which came into effect in February 2000. The Act mandates the regulator to regulate diverse activities in the nuclear sector, including the operation of nuclear power plants, power reactors, research reactors, nuclear fuel fabrication, nuclear technology applications, and the mining and processing of uranium and other radioactive ores.

The mandate of the regulator encompasses the provision of protection to persons, property and the environment against nuclear damage by establishing safety standards and regulatory practices, exercising regulatory oversight and control over any action that may cause nuclear damage, and over nuclear installations including vessels propelled by nuclear power or that contain radioactive material. The regulator issues nuclear authorisations and enforces compliance. It has to ensure that provisions for nuclear emergency planning are in place, and ensure compliance with the IAEA's regulations for safe transport. The regulator is also mandated to advise the Minister of Energy on all nuclear-related matters.

Highlights of the 2011/12 financial year

The first quarter of 2011/12 saw heightened local and international concerns as a result of the Fukushima nuclear accident in Japan. This led to much needed introspection from the nuclear international fraternity regarding the adequacy of emergency preparedness measures in the event that a nuclear accident occurs.

To this end, the NNR directed Eskom and NECSA to conduct reassessments of their respective reactors (of Koeberg and SAFARI-1) in order to provide assurance that the design parameters, operations and beyond design basis of the plants are sufficiently robust to withstand all types of major external events. In the 4th quarter of 2011/12, the NNR focused on the review of the reassessment reports provided by NECSA and Koeberg on their safety considerations following the Fukushima nuclear accident in Japan.

The NNR has completed its review of these reports, with the following conclusions:

- The assessments conducted conform to the NNR directive and are in accordance with best international practice.
- The nuclear installations have been adequately designed, and are maintained and operated to withstand all the external events that were considered in the original design basis.
- Nothing has been found to warrant curtailing their operation or to question the design margins of these facilities.
- The safety reassessments identified a number of potential improvements to further reduce risk beyond the design requirements. Eskom and NECSA will be required to implement such improvements.
- The NNR has identified five areas for improvement of the regulatory standards and regulatory practices. These areas for improvement will be addressed as part of the current review of the Regulatory Framework Project.

The NNR is satisfied that the said holders have robust systems in place to provide acceptable assurance of nuclear safety in case of an accident, such as the one that occurred in Fukushima. A few recommendations for improvements have been noted and will be implemented by the holders under the oversight of the NNR.

Challenges for the financial year

During 2011/12 special case mines have been a continuing source of concern with regard to the possible exposure of workers to radiation levels above those prescribed in the regulatory standards. The NNR has continued to monitor these closely and in certain relevant instances issued directives in terms of which holders were required to institute engineering controls and related interventions in order to mitigate exposure to workers.

The continuing trend of diminishing state allocation coupled with delays in the approval and gazetting of authorisation fees has made it financially challenging for the NNR to assertively implement plans. This is in particular reference to programmatic plans such as positioning regulatory requirements for the New Nuclear Build and other expansion programmes where the NNR will be confronted with the need to authorise new reactor technologies for power generation as well as isotope production. From a regulatory perspective capacitation is key in rendering effective monitoring and regulation of new programmes as well as existing ones.

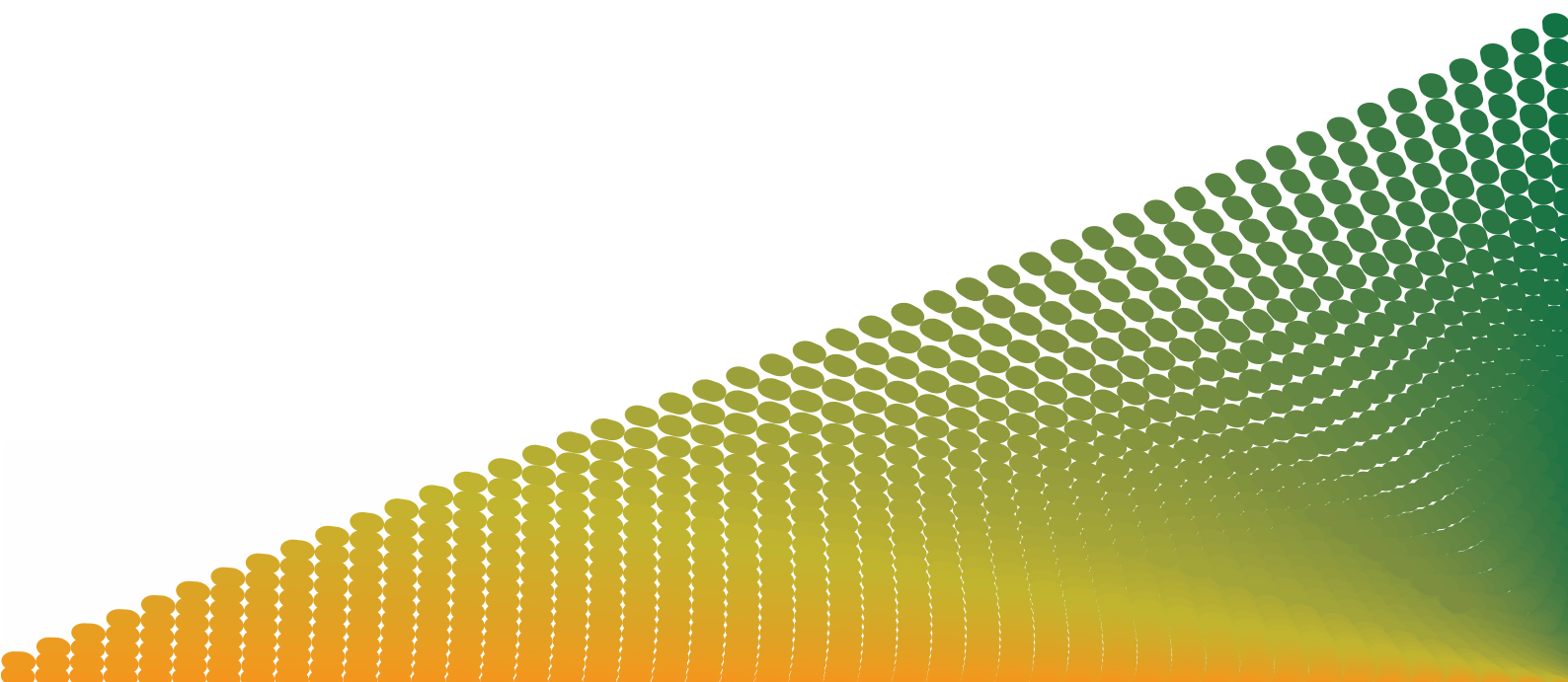
Overlapping mandates as well as inadequacy of funding and capacity in the area of derelict mines regulation, have made it difficult for NNR to take robust action against such activities as they continue to pose a threat to communities and the general public. The NNR's view is that such radiological hazards presented by derelict and abandoned mines require a proactive and integrated strategy and framework born out of cooperation between relevant government departments.

During 2011/12 the relevant incident to cite relates to the Tudor Shaft Informal Settlement which was surveyed, and based on the surveillance results the NNR was concerned about the exposure of community dwellers to hazardous levels of radiation. As a result, the Mogale City Municipality was informed that this was not ideal for habitation and that preventative safety precautions should be considered. This resulted in the said community being relocated to a nearby settlement which has very low to no exposure to radiation hazards, as these fall below the regulatory limits. However, a comprehensive strategy is required to address many other settlements that are located on the tailings of historical mining activities. The NNR continues to follow up on this matter with all affected communities and local municipalities.

Section 3

Annual Financial Statements for the National Department of Energy Vote 29

for the year ended 31 March 2012



National Department of Energy – Vote 29
Report of the Audit Committee
 for the year ended 31 March 2012

REPORT OF THE AUDIT COMMITTEE OF THE DEPARTMENT OF ENERGY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012.

Overview and Introduction

We are pleased to present our report for the financial year ended 31 March 2012. The mandate of the Audit Committee requires it to adhere to high-quality standards of accountability to ensure the quality of the financial reporting process, internal control systems and processes, risk management and to help maintain a high degree of integrity in both the external and internal audit processes.

Audit Committee Members and Attendance

The Audit Committee consists of three (3) independent members listed hereunder. During the year seven (7) meetings were held and attendance was as follows:

Name of Member	Number of Meetings Held	Number of Meetings Attended
Mr YN Gordhan CA (SA) (Chairperson)	7	6
Mr T Mofokeng CA (SA) & CIA	7	7
Mr N Swana CA (SA)	7	6

Audit Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from Sections 38 (1)(a) and 77 of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has performed its responsibilities, conducted its affairs in accordance with its Audit Committee Charter and discharged all its responsibilities thereto.

We report that we have adopted appropriate formal terms of reference in our Audit Committee Charter in accordance with the requirements of **Section 77** of the Public Finance Management Act, No. 1 of 1999 (“PFMA”) and **Treasury Regulations 27.1.7 and 27.1.10 (b) and (c)**. We further report that we:

- Conducted our affairs in compliance with this approved Audit Committee Charter;
- Monitored compliance to the PFMA;
- Reported deficiencies based on the internal and external auditors’ reports and made appropriate recommendations to the Accounting Officer; and
- Monitored the audit coverage by both the internal and external auditors.

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for the year ended 31 March 2012

Risk Management

The Department has established a process for the management and monitoring of the risk management process. This initiative was enhanced with the appointment of a Chief Risk Officer in the current year. The committee reviewed the strategic risk register during the current year and recommended improvements to some of the processes. The maturity of the enterprise risk management process was found to be at an evolutionary stage and requires further commitment and improvement.

The Effectiveness of Internal Control

The Department has a system of internal control to provide cost-effective assurance that the Department's goals will be economically, effectively and efficiently achieved. In line with the PFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, Internal Audit provided the Audit Committee and Management with quarterly internal audit reports in terms of its approved annual and three-year rolling Internal Audit Plan. That was achieved by means of the risk management process review, the governance review and the identification of corrective actions and proposed enhancements.

From the various reports of the in-house and co-sourced Internal Auditors and of the Auditor-General, it was noted that there were continued deficiencies in the internal control system. In particular, the internal audit findings flowing from the 2011/2012 annual internal audit plan, internal controls in the main were found to be partially adequate, partially effective and partially efficient. Management has undertaken to address the deficiencies reported and to improve the internal control environment.

Internal Audit

The Audit Committee reviewed the internal audit quarterly reports to ensure that internal audit activities were conducted in terms of the approved annual and three-year rolling plan. The Audit Committee, as in the previous year, again registered its concerns with the Accounting Officer and Management regarding the adequacy of resources within the Internal Audit function. Although some enhancements have been made, there is a necessity for an evaluation in accordance with the IIA Standards of the internal audit function.

In July 2012 the Audit Committee had a meeting with the Minister of Energy and, inter alia, raised this internal audit capacity constraint. An assurance was given to address this problem.

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for the year ended 31 March 2012

Quality of Management Reports

During the period under review, quarterly management reports were presented to the Audit Committee during its meetings. The Audit Committee urged management to improve the content and the quality of the reports. Management has undertaken to improve the timely presentation and the content of the required reports.

Evaluation of the audited Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the Auditor-General's final Management Report with the Accounting Officer and Management. An undertaking has been given to address all the reported items;
- Reviewed and discussed with the Accounting Officer and Management the 31 March 2012 audited annual financial statements to be included in the 31 March 2012 Annual Report;
- Reviewed and discussed the appropriateness of the accounting policies and practices;
- Reviewed and discussed the unqualified audit opinion. The Audit Committee takes note of the other reported items included in the Auditor-General's Report which the Accounting Officer and Management will address in the ensuing financial year.

The Audit Committee has discussed, concurs with and accepts the conclusions of the Auditor-General on the annual financial statements and recommends these to the Accounting Officer.

Appreciation

The Audit Committee expresses its sincere appreciation to the Accounting Officer, senior management team and the Auditor-General of South Africa for their contributions.



YN Gordhan (CA) (SA)
Chairman of the Audit Committee
22 August 2012

National Department of Energy – Vote 29
Report of the Accounting Officer
 for the year ended 31 March 2012

**REPORT OF THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND
 PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA**

1. Services Rendered by the Department of Energy

1.1 Services

The mission of the DoE is to regulate and transform the energy sector for the provision of secure, sustainable and affordable energy. In order to achieve the above mission, the DoE is split into three key programmes, namely: Administration; Hydrocarbons and Energy Planning; and Electricity, Nuclear and Clean Energy. These three key programmes are responsible for, amongst other things:

- promoting the sustainable use of energy resources through integrated energy planning and the appropriate promotion, including policy and regulation development of petroleum products, coal, gas, renewable energy and energy efficiency including exercising oversight over state-owned entities (SOEs) – Hydrocarbons and Energy Planning;
- ensuring the development, monitoring enhancement and implementation of policies governing the electricity, nuclear, renewable energy and energy-efficiency sectors, and to support the achievement of universal access to electricity, including exercising oversight over SOEs – Electricity, Nuclear and Clean Energy; and
- The provision of a support service to the DoE.

In addition to the electrification and energy-efficiency services, the DoE also hosts the Designated National Authority (DNA), where a repository of Clean Development Mechanism (CDM) initiatives is managed. Project developers register their projects with the DNA for consideration in terms of the United Nations Framework Convention on Climate Change (UNFCCC).

1.2 Tariff policy

Petroleum products licensing fees

The following fees are charged in terms of the Petroleum Products Amendment, 2003 (Act No. 58 of 2003)

Site licence	R 1 000
Wholesale licence	R 1 000
Retail licence	R 500
Annual retail licence	R 500
Temporary retail licence	R 500
Duplicate licence	R 500
Site licence transfer	R 500
Amendment licence	R 500
Manufacturing licence	R 10 000
Annual manufacturing licence	R 5 000

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for the year ended 31 March 2012

1.3 Free Basic Services Policy

The Free Basic Electricity Policy seeks to direct local government to provide free basic electricity to indigent households as one of the instruments for poverty alleviation. The policy continues to experience implementation challenges. These are currently being addressed by the National Treasury (NT), the Department of Co-operative Governance and Traditional Affairs (COGTA) and municipalities.

1.4 Security of supply and universal access to sustainable energy

Government, through the DoE, has the responsibility of ensuring security of energy supply and improving access to sustainable energy to all citizens of our country.

The DoE has achieved this through, amongst other things, determining the country's strategic fuel stock requirements, ensuring that refineries are able to produce adequate supplies, ensuring the timely and cost-effective delivery of the finished product to consumers as well as introducing and implementing appropriate policies that cover the full liquid fuels value chain. The negative developments in the liquid fuels sector during the last financial year have forced the DoE to review its strategy and diversify sources of liquid fuels.

The DoE also extended the 20-Year Liquid Fuels Infrastructure Road Map to incorporate the Refineries Audit Project which is aimed at determining the state and soundness of South African refineries as a result of the frequent unplanned shutdowns and supply disruptions. The Refineries Audit Project will also assist in determining the extent of the reconfigurations of the refineries for the new cleaner fuel specification and standard.

The DoE made the last but one transfer payment to Transnet for the New Multi-Product Pipeline (NMPP) of R 1.5 billion for the security of supply portion. The 24-inch trunk line of the NMPP was commissioned in January 2012. With the concurrence of the Minister of Finance, the Strategic Fuel Fund was utilised to pay for the diesel used to fill the line. The procurement itself was done through PetroSA. The pipeline has increased capacity to transport fuel to the inland market and the jet fuel stock levels in OR Tambo International Airport (ORTIA).

In improving access to electricity, the Integrated National Electrification Programme (INEP) continues to be the backbone of our Electricity Delivery Programme to communities who are under-served in terms of grid and off-grid connection. INEP was allocated a budget of R 3.2 billion this year to focus primarily on the electrification of rural areas and newly established formal and informal urban settlements. All of the budget allocation was disbursed to Eskom and the municipalities as the implementing agents.

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for the year ended 31 March 2012

During the year under review, the DoE continued to engage with both local and international partners on the subject of security of energy supply and universal access. These discussions were in ensuring that Africa will, in the near future, be able to energise economic, social and environmental developments using a diversity of clean energy sources.

The DoE also hosted an Africa Energy Ministers' Conference in September 2011, which was attended by 46 International Energy Ministers and came out with a Johannesburg Declaration which further addressed issues of energy in Africa.

1.5 Job creation and poverty alleviation

The energy sector is a catalyst to job creation by other sectors. In this regard we have facilitated about 5 000 direct jobs during the construction of service stations, plus a further 1 260 permanent operational jobs. Within INEP, approximately 5 000 jobs were created last year. Going forward, more job opportunities are expected with the implementation of the Renewable Energy Independent Power Producer Programme.

The DoE continues to contribute towards energy poverty alleviation and ensure access to affordable energy sources through the establishment of Integrated Energy Centres (IECs) in rural areas. These IECs are established in partnership with the oil industry and operated by the communities themselves. On 12 January 2012, the Minister launched the QwaQwa Maluti-a-Phofung IEC. The DoE expects to operationalise three additional IECs in this financial year.

The concept of Inclining Block Tariff (IBT) means that the less electricity you use, the less you pay. This decision was taken in order to provide for cross-subsidies for low income domestic customers, and this is applicable to both Eskom and municipal customers.

The implementation of the IBT for customers with prepaid meters in municipalities is lagging behind the Eskom IBT roll-out programme. This is mainly due to two reasons. Firstly, municipalities are struggling technically to change the meters. Secondly, each municipality has to change its tariff structure to allow for changes in revenue and these adjustments are made in more than one financial year. We are working with affected municipalities and Eskom to improve this situation.

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for the year ended 31 March 2012

1.6 Important policy decisions and strategic issues facing the Department of Energy

Integrated Resource Plan 2010 – 2030

The Integrated Resource Plan (IRP) was promulgated in May 2011 and outlines the required new generation capacity for the period up to 2030. The IRP includes the different technologies required to ensure that power generation is cost-effective, minimises water usage and mitigates adverse climate change. The funding of the projects under the IRP will be premised largely on the extent of tariff increases that are allowed by the National Energy Regulator of South Africa (NERSA).

The implementation of the IRP started in earnest toward the end of the financial year, with the flagship programme entitled Renewable Energy Independent Power Producer (IPP) Bidding Programme. (Details of other programmes under the IRP are covered in detail later in the Annual Report.)

A Request for Proposals (RFP) published in August 2011 provides for the procurement of 3 725 MW of renewable energy up to 2016. In addition, a Request for Information (RFI) was issued to assess the extent of independent power projects that could be introduced side by side with Eskom to improve our energy security outlook. The procurement of alternative sources of energy from the private sector is motivated by the urgent need for new generation capacity to alleviate the current energy constraints.

Integrated Energy Plan

The development of the Integrated Energy Plan (IEP) continues, and by the end of the financial year, broad public stakeholder consultation had been undertaken. In developing this plan, a holistic approach is adopted to plan for our future energy needs as we seek to ensure that environmental issues, climate change, social development and economic growth are considered in a balanced manner.

In March this year, the DoE hosted an Energy Planning Colloquium which was attended by subject matter experts and interest groups. While the DoE obtained a wealth of constructive viewpoints and comments on its processes and approach, there was a call for more stakeholder consultations to provide input into the plan. The DoE will continue to engage with various experts during the development of the IEP.

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1.7 Significant events that have taken place during the year

The flagship programme under the IRP is the Renewable Energy IPP Bidding Programme for the provision of 3 725 MW of capacity from independent power producers. The process has lived up to expectations by attracting foreign direct investment into South Africa worth around R 100 billion over a period of 12 months. We are confident that this will boost sector employment growth.

Together with our social partners, we launched the Energy Efficiency Campaign during the 17th Conference of the Parties (COP 17).

In November 2011, Cabinet approved the establishment of the National Nuclear Energy Executive Coordination Committee (NNEECC), chaired by Deputy President Kgalema Motlanthe, to oversee the roll-out of the Nuclear Build Programme, and the provision for upscaling nuclear capacity by 9.6 GW in the period up to 2030.

In March this year, as part of celebrating March 2012 as energy month, INEP hosted an Electricity Indaba in Durban, where the DoE identified shortcomings of the current electrification programme which will be addressed in the process that is currently underway to develop a new implementation strategy.

INEP has managed to transfer all Division of Revenue Act (DoRA) funds effectively during the financial year under review for grid and non-grid projects to the various entities.

Against the backdrop of the United Nations declaration of 2012 as the International Year of “Sustainable Energy Access”, INEP was invited to partake in a debate organised by the World Bank in Washington DC on how to ensure that this can be achieved.

A total of about 107 000 new grid connections were completed by end of March 2012, which is a much higher percentage than the average of the previous number of years. The total number of grid and non-grid connections for the 2011/12 financial year will be available after 30 June 2012 as the municipalities' year end is June.

In line with the high public interest in energy issues, the DoE developed an annual events calendar to encompass the need for high levels of public engagement with all interested parties. Thus, during the past financial year, the Ministry of Energy hosted 15 (75%) Public Participation Programme (PPP) interactions.

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Aimed at promoting knowledge of energy issues among grass roots communities, the PPPs primarily took place in areas identified among those with the highest levels of energy poverty. This included KwaZulu-Natal, Eastern Cape, Limpopo and the Northern Cape.

In addition, the Ministry of Energy engaged a wider cross section of local and international energy stakeholders through the hosting and participation at 37 events attended by myself, the Deputy Minister, and senior officials. Amongst these was the Independent Power Producers (IPP) Conference attended by more than 1 000 local and international parties interested in the Request for Bids for the 3 725 MW Renewable Energy IPP Bidding Programme. More recently, the DoE hosted major conferences attracting local and international players to discuss the challenges and potential solutions for the IEP, as well as the development of the IEP. Thus, in recognition of the spirit of the Cabinet decision of 24 March 2010 to promote political principals' interaction with all sectors of the public, the DoE has maintained a diverse public engagement programme across society in order to promote an enhanced understanding, appreciation and ownership of the IEP.

2. General Review of the State of Financial Affairs

The year under review, 2011/12, is the second year that the DoE has been operating as a stand-alone department. There has not been any significant increase in the DoE's budget allocation between the years 2010/11 and 2011/12. Of the 12% increase between the two years, 10.6% went to transfers and subsidies and only 1.4% went to the DoE's operational budget. Needless to say, the challenges of the inadequate baseline allocation for the DoE resulting from the split of the Department of Minerals and Energy (DME) have yet to be addressed.

From this year's total budget allocation of R 6.2 billion, 95% went to transfers:

- INEP received R 3.2 billion;
- Transnet's NMPP received R 1.5 billion;
- Nuclear Energy Corporation of South Africa (NECSA) received R 586 million;
- The Energy Efficiency Demand Side Management (EEDSM) Project was allocated R 398 million; and
- The balance went to transfers to SOEs and other smaller programmes.

Only 5% of the total budget was allocated for the DoE's operational needs, amounting to R 305 million. The DoE spent 99.6% of its allocated 2011/12 budget.

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2.1 Major projects undertaken or completed during the year

- The DoE, through INEP, has signed an agreement with Development Bank of Southern Africa (DBSA) for the next three years (starting 2012/13) to counter fund large electrification projects to ensure that connection can be completed quicker.
- In dealing with the regulatory uncertainty in the liquid fuels sector, the DoE initiated a programme to develop a Regulatory Accounts System (RAS), which establishes a uniform and transparent set of regulatory accounts where costs are allocated according to predetermined methods. The RAS margin models were completed and approved in October 2011 and implemented into the fuel price structures in December 2011.

2.2 Spending trends

The original appropriation received by the DoE on 1 April 2011 amounted to R 6.09 billion. The outcome of the adjustments budget process resulted in an additional allocation of R 111 million to the appropriation. This amount increased the total 2011/12 budget allocation of the DoE to R 6.2 billion.

The increase was appropriated to cover approved rollover funds of R 88.22 million relating to the following:

Approved Rollover 2011/12	R'000
CEF – Upington Solar Park Feasibility Study	18 191
CEF – Vaal Dam Hydro Project	2 000
Installation of solar water heaters by non-grid service providers	57 000
Auditing the compliance of oil companies to the South African Petroleum & Liquid Fuels Charter & Empowerment Framework	1 063
International Atomic Energy Agency membership fees	8 462
Socio-Economic Impact Study	1 500
Total	88 216

An additional amount of R 1.599 million was also appropriated to provide for higher personnel remuneration increases than was budgeted for in the 2011/12 budget allocation. An additional amount of R 21.192 million was also appropriated additionally as a transfer payment to the National Nuclear Regulator (NNR). This amount was to bridge the funding gap created by the sudden and unexpected closure of the Pebble Bed Modular Reactor Company (PBMR).

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The total budget of R 6.2 billion was appropriated as follows:

- The major portion of 94% was utilised for transfers to municipalities, SOEs and other organisations.
- Approximately 5.5% was utilised for operational costs for compensation of employees (2.98%), and goods and services (2.52%).
- The balance of the funding was earmarked for capital assets.
- The total spending for the year amounted to R 6.174 billion (99.57%) which resulted in an unspent budget total of R 26.65 million or 0.43%. A rollover request has been submitted for this amount.

The spending trend during the first quarter of the financial year was slow from April 2011 to June 2011. However, the spending pattern increased from July 2011 onwards with major increases in expenditure during July 2011, August 2011, November 2011 and March 2012. The high spending during these months is attributable to large payments that were disbursed to Eskom for both INEP and the EEDSM Programme. The average spending per month was R 514.5 million (inclusive of transfers to public entities).

The following table shows the budget overview per programme for the financial year ended 31 March 2012:

Budget Overview 2011/12				
Programmes	Budget	Actual Spending 31/03/2012	Actual Percentage of Budget Spent	Available
	R'000	R'000	%	R'000
1. Administration	204 561	196 259	95.9	8 302
2. Energy Policy & Planning	1 545 785	1 545 690	100.0	95
3. Energy Regulation	541 572	529 268	97.7	12 304
4. INEP	3 265 580	3 264 540	100.0	1 040
5. Nuclear Energy & Regulation	643 411	638 505	99.2	4 906
Total	6 200 909	6 174 262	99.6	26 647

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Programme 1: Administration

The under-spending relates mainly to the timing of payments for international membership fees and procurement of computer software and hardware.

During the 2011/12 financial year, the Director-General (DG) granted approval for the following:

- An amount of R 2.191 million to The African Petroleum Producers' Association (APPA) for the 2012 international membership fees. The amount was paid on 29 March 2012. However, the disbursement only took place on 3 April 2012 due to process delays for foreign currency payments.
- Acquisition of audit software packages for an amount of R 670 799.15. Due to delays associated with procurement processes, the software packages were not acquired before the closure of the 2011/12 financial year.
- The acquisition, installation and configuration of data and voice network cabling at the DoE's new offices. A service provider was appointed for this purpose to the value of R 4.649 million and an additional tender was awarded for an amount of R 668 606.71 for the procurement of computer servers. Due to the delays in the relocation of the DoE to its new accommodation, the services were not delivered at the close of the financial year.

Programme 2: Energy Policy and Planning

The under-spending of 0.01% (R 95 000.00) in Energy Policy and Planning is attributable to the late receipt of invoices and subsequent late payments.

Programme 3: Energy Regulation

The under-spending of 2.3% (R 12.3 million) in Energy Regulation is attributable to the late receipt of invoices, subsequent delay in payments and time frames required for the re-classification of funds.

During the 2011/12 financial year, a financial contribution to the International Renewable Energy Agency (IRENA) for 2012 international membership fees to the value of R 666 809.00 was approved. Although this amount was paid on 29 March 2012, the disbursement only took place on 3 April 2012 due to process delays for foreign currency payments.

Based on a decision taken by Cabinet in December 2010 on Electricity Distribution Industry Holdings (EDIH), a state-owned company that ceased operations as at 31 March 2011, some of the functions relating to the restructuring of the electricity distribution industry, which were previously performed by EDIH, have reverted to the DoE with effect from 1 April 2011. During the 2011/12 financial year, an amount

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of R 11.758 million was appropriated within Energy Regulation for the winding down process of EDIH. Based on the strong financial position of EDIH after its closure, adequate funding was available within EDIH to pay its outstanding debts including possible legal claims made against it, hence this amount remained in the DoE as at 31 March 2012. No funding is currently available within DoE to undertake the initial work for the urgent analysis that has to be conducted to implement Approach to Distribution Assessment Management (ADAM). Hence the DoE requested the R 11.758 million be reclassified and rolled over to the 2012/13 financial year.

Programme 4: Integrated National Electrification Programme

The under-spending of 0.03% (R 1.04 million) in INEP is entirely attributable to an under-spending of R 1 million relating to the 2010 Soccer World Cup (SWC) Local Organising Committee (LOC). The final invoice and subsequent payment was only R 281 million against a budget of R 282 million, resulting in an under-spending of R1 million.

Programme 5: Nuclear Energy and Regulation Programme

The under-spending of 0.8% (R 4.9 million) in the Nuclear Energy and Regulation Programme is due to the late receipt of invoices.

During the 2011/12 financial year, approval to contribute to the International Atomic Energy Agency (IAEA) for International membership fees, an amount of R 5.05 million was granted. Although the amount was paid on 29 March 2012, the disbursement only took place on 3 April 2012 due to process delays for foreign currency payments.

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Major Spending Areas

The following were the major cost drivers for the financial year under review:

Major Spending Areas 2011/12				
Economic Classification	Budget	Actual Spending 31/03/2012	Actual Percentage of Budget Spent	Available
	R'000	R'000	%	R'000
Compensation of employees	184 869	184 837	100.0	32
Goods & services	164 877	156 337	94.8	8 540
Transfers & subsidies	5 841 947	5 829 000	99.8	12 947
Payments capital assets	9 155	4,029	44.0	5 126
Payments financial assets	61	59	100.0	2
Total	6 200 909	6 174 262	99.6	26 647

The adjusted allocation for goods and services was a total of R 126.4 million. This was adjusted to R 164.9 million with the inclusion of funding reclassified from the Renewable Energy Finance and Subsidy Office (REFSO).

Major Cost Drivers

Major spending items under the category goods and services were:

Major Cost Drivers – Goods & Services	
Expenditure Item: Goods & Services	Actual Spending 31/03/2012
	R'000
Travel & subsistence	40 121
Cons/Prof: Business & advisory services	35 653
Lease payments	25 830
Operating payments	13 463
Venues & facilities	8 210
Computer services	6 598
Communication	5 826
Audit cost: external	4 104
Inventory	3 019
Advertising	2 703
Training & development	2 522
Administrative fees	2 331
Other	5 957
Total	156 337

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2.3 Virements

In the current financial year, the DoE operated within severe financial constraints due to limited allocation of financial resources through the annual Medium Term Expenditure Framework (MTEF) process. The situation was exacerbated by unfunded commitments, and subsequent payments for accommodation leases, international membership fees and costs associated with PPPs.

These financial constraints consequently resulted in a submission to the NT to obtain approval in accordance with Section 43 (4) of the PFMA for the re-classification of R 57.32 million for the 2011/12 financial year, originally appropriated as transfers and subsidies under Programme 3: Energy Regulation for the Renewable Energy Finance Subsidy Office and the Working for Energy Project. This was done to provide funding for the operational activities of the DoE under Programme 1: Administration (R 28.3 million), Programme 2: Energy Policy and Planning (R 6 million), Programme 3: Energy Regulation (R 19.02 million) and Programme 5: Nuclear Energy and Regulation (R 4 million). However, the NT granted approval to shift an amount of only R 41.32 million appropriated as transfers and subsidies for REFSO, on condition that a provision is made for the office accommodation lease cost of R 21.8 million and the IPP unit set-up costs, estimated at R 4 million.

The DG subsequently granted approval to redistribute the remaining R 15.52 million, being the balance from REFSO's reclassified funds, as follows:

Programme	Amount
	R'000
Programme 1: Administration	11 245
International coordination	800
Special programmes & outreach project	610
Minister's office	2 528
Communication Chief Directorate	4 567
Internal audit	2 740
Programme 3: Energy Regulation	4 275
Hydrocarbons operations	2 175
Clean Energy – COP 17	2 100
Total Reallocated	15 520

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The Accounting Officer granted an approval for the final virement on 24 April 2012 to utilise savings from programmes towards the defrayment of excess expenditure within these areas in the vote and to align budget allocations with actual expenditure for the 2011/12 financial year as follows:

Appropriation per Programme – 31 March 2012						
2011/12						
Programmes	Adjusted Appropriation	Shifting of Funds (after AENE)	Current Budget	Virement (after AENE)	Final Appropriation	Percentage of Virement to Adjusted Appropriation
	R'000	R'000	R'000	R'000	R'000	%
1 Administration	176 340	33 045	209,385	(4 824)	204 561	(2.74)
2 Energy Policy & Planning	1 544 708	-	1 544 708	1 077	1 545 785	0.07
3 Energy Regulation	573 431	(33 045)	540 386	1 186	541 572	0.21
4 National Electrification Programme	3 264 555	-	3 264 555	1 025	3 265 580	0.03
5 Nuclear Energy & Regulation	641 875	-	641 875	1 536	643 411	0.24
Total	6 200 909	-	6 200 909	-	6 200 909	100.00

Although the DoE was allocated additional funding through the Adjusted Estimates of National Expenditure (AENE) process for operational activities, several directorates reflected an overspending under compensation of employees and goods and services. To ensure that all directorates remained within their allocated budgets and that allocations appropriated for main divisions in the vote were not exceeded, corrective measures were taken after quarterly expenditure reviews.

This included the shifting of funds within and between main divisions of the vote. This exercise allows for reprioritisation of activities periodically when changes become necessary. The revised organisational structure was not implemented at the beginning of the year, hence this has also contributed to the allocation of funding being adjusted accordingly. All virement submissions were approved by the Accounting Officer and NT.

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2.4 Other material financial matters

➤ Irregular expenditure

During the year under review the DoE identified irregular expenditure to the amount of R 22.26 million. This amount is made up of R 165 590.00 attributable to non-compliance to procurement procedures, and further irregular expenditure in the amount of R 22.09 million incurred as a result of payments made against an unsigned lease, which was one of the operational consequences that had to be borne by the DoE after the split from the DME.

The DoE is awaiting condonation for R 22.09 million for the 2011/12 financial year and R 17.40 million for the 2010/11 financial year for the unsigned lease relating to office accommodation.

➤ Unauthorised expenditure

During the 2010/11 financial year, R 14.8 million was disbursed from the incorrect vote. A request for condonation has been submitted to the NT for consideration. The DoE is awaiting a final decision. No unauthorised expenditure was incurred in the 2011/12 financial year.

➤ Contingent liability

A potential liability in the amount of R 1.9 million relates to the disputed hours and costs between the DoE and the service provider for the forensic audit into suspected irregularities within the non-grid electrical services environment, which started in the 2009 financial year, whilst the DoE was part of the Department of Minerals and Energy. The DoE has made a payment of R 600 725 as full and final settlement of the account. The DoE has further written to the service provider indicating their fees charged were unjustified and no reply in this regard has been received.

3. Capacity Constraints

The DoE is still operating on an interim organisational structure although the macro-organisational structure was approved and concurred with by the Minister for Public Service and Administration in July 2011. The subordinate components of the macro organisational structure have been determined, however, they are in a process of being finalised. In terms of the proposed organisational structure a total number of 764 posts will be required for it to be fully functional. The total post establishment has been reduced from 927 of the approved establishment that could not be funded, to a minimum of 764. The rationale behind the aforementioned is for the DoE to have a lean, cost-effective and efficient establishment that will enable the DoE to deliver on its mandate. Of the 576 positions approved on the interim organisational structure, 54 could not be filled pending the full implementation of the macro organisational structure.

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The implementation of the interim organisational structure has led to a situation where some employees have to act in higher positions for long periods without the post being filled, which sometimes compromises service delivery, the acting employees and also contradicts the regulatory provisions. In some instances, delivery on other key performance areas had to be deferred because of lack of capacity. In some instances, overtime remuneration has to be considered particularly when delivery of specific services is linked to very tight time frames. Because of lack of both financial and human resources capacity, the DoE has also embarked on partnerships to deliver other key services within its mandate.

The limited budget hinders the implementation of training programmes identified by senior managers in the line function components. Some training courses are offered outside the country and this makes it difficult for the DoE to release these employees to attend the aforementioned courses, taking into account service delivery implications.

4. Utilisation of Donor Funds

The Government of South Africa and the Government of Switzerland recognise climate change as a fundamental risk to future development and livelihood. Based on the South African Long Term Mitigation Scenarios (LTMS), the different options for climate change reductions have been assessed and it is acknowledged that energy efficiency is one of the most cost-effective mitigation options in South Africa. South Africa launched its strategy for energy efficiency in 2005 but implementation is constrained by lack of capacity at national, municipal and the sector practitioners' level.

During the 2011/12 financial year the DoE received donor funding to a total of R 3.4 million from the Swiss Confederation, acting through the Swiss Agency for Development and Cooperation to contribute towards the Energy Efficiency Monitoring and Implementation Project in South Africa. A payment of R 3.4 million was subsequently disbursed to the South African National Energy Development Institute as the implementing agent for the mentioned project.

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5. Trading Entities and Public Entities

The DoE continues to monitor the performance of the entities under its control with specific reference to governance and financial management. The table below illustrates the performance of the entities reporting to the Minister of Minerals and Energy in relation to the Auditor-General South Africa’s (AGSA) report for the 2010/11 financial year. It is clear from this report that the financial controls and monitoring systems put in are effective. During 2011/12 the DoE continued to improve its oversight over these entities. Although the AGSA’s report for 2011/12 will only be finalised in July 2012, it is expected that the entities will continue improving their performance.

Entity	Funding Source	Audit Opinion for 2009/10	Audit Opinion for 2010/11
NERSA	Levies from regulated industries	Unqualified	Unqualified
EDIH	Eskom multi-year pricing determination (MYPD) allocation & government grant	Unqualified	Unqualified
NNR	Fees from nuclear authorisation holders & government grant	Unqualified	Unqualified
NECSA	Own & government grant	Unqualified	Unqualified
Central Energy Fund (CEF)	Own	Unqualified	Unqualified

EDIH ceased operations on 31 March 2011 in line with Cabinet decision of December 2010. The board-appointed administrator has concluded the process of winding up the company and the transfer and disposing of all the remaining assets and liabilities as at the end of March 2012.

The South African National Energy Development Institute (SANEDI) commenced operations during the 2011/12 financial year. The National Energy Efficiency Agency (NEEA) and the South African National Energy Research Institute (SANERI), which were subsidiaries of CEF (SOC) Ltd, have been transferred to SANEDI as divisions.

Details on entities reporting to the Minister of Energy are listed under General Information in the Annual Report.

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6. Organisations to Whom Transfer Payments Have Been Made

The transfer of payments to municipalities has been made in accordance with the approved transfers DoRA requirements (refer to note 7 to the annual financial statements).

6.1 Transfers and subsidies

As at 31 March 2012, the DoE disbursed transfer payments to the value of R 5.829 billion, which represented 99.8% of the budget for the year to public entities, municipalities and implementing agencies.

Major transfer payments are reflected in the following table:

Transfer Payments	Original Budget 2011/12	Year to Date Transfer Payments- up to March 2012	Available Balance March 2012	Actual Spending for the Year as a Percentage of Total Budget Allocation
	R'000	R'000	R'000	%
Working for Energy Project	25 000	25 000	-	100.00
REFSO	20 191	20 191	-	100.00
SANEDI	20 100	20 100	-	100.00
Transnet Pipelines	1 500 000	1 500 000	-	100.00
EEDSM – Eskom	118 800	118 800	-	100.00
EEDSM – Municipality	280 000	280 000	-	100.00
NECSA	586 034	586 034	-	100.00
NNR	35 430	35 430	-	100.00
EDIH	11 758	-	11 758	-
SWC 2010 LOC	282 000	281 000	1 000	99.65
INEP – Eskom	1 737 812	1 737 811	1	100.00
INEP – Municipality	1 096 612	1 096 611	1	100.00
INEP – Non-grid	127 861	127 860	1	100.00
Households	349	162	187	46.42
Total Transfer Payments	5 841 947	5 828 999	12 948	99.78

Transfers and subsidies are included under Annexure 1A, 1B and 1C to the annual financial statements.

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7. Public Private Partnerships

There were no public private partnerships for the financial year ended 31 March 2012.

8. Corporate Governance Arrangements

The DoE subscribes to principles of sound corporate governance. In line with this principle, the following processes and structures have been put in place:

- The DoE's management structures continued to function effectively during the year with the Executive Committee (EXCO) meetings held every second week and the Management Committee (MANCO) meetings held on a monthly basis. The terms of reference of MANCO and EXCO were approved during the year under review. The Minister also held meetings with the DG and all the Deputy Directors-General (DDG). We also held quarterly meetings between the Minister and the Chairpersons of the SOEs; and the DG and the Chief Executive Officers (CEOs) of the SOEs reporting to the Minister of Energy.
- Senior Managers are required to disclose their financial interests annually in line with the Financial Disclosure Framework.
- The DoE's Risk Management Unit was established in May 2011 with the appointment of the Chief Director and a Deputy Director. A Risk Management Committee and a Risk Management Subcommittee is in place to oversee the effectiveness of the risk management system. The terms of reference for the Risk Management Committee and the Risk Management Subcommittee are in place and aligned to the Risk Management Strategy and Risk Management Implementation Plan.
- Risk assessments are conducted annually and a response action plan is in place to improve the control environment. The Risk Register is monitored and evaluated by management to assess the effectiveness of the mitigation strategies.
- A Fraud Prevention Plan is in place to fight and combat all activities of fraud and corruption within the DoE. A code of conduct is in place and communicated to employees, during the orientation and induction sessions together with other policies and prescripts of the DoE.
- The DoE has an internal audit activity that is under the guidance, direction and supervision of the Chief Audit Executive. The function is responsible for providing independent, objective assurance and consulting services that are aimed at adding value and increasing the DoE's opportunities towards accomplishing its objectives. The function carries out its activities with proficiency and due professional care. To ensure its effectiveness and efficiency, the function makes use of a systematic, disciplined approach to evaluate the adequacy, effectiveness and efficiency of the DoE's governance, risk management and control processes.
- To maintain its independence, the Internal Audit Activity appropriately reports administratively to the Accounting Officer and functionally to the Audit Committee. Its authority includes unlimited access

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to all staff, information and property of the DoE. The function obtains its mandate from the Internal Audit Charter, which was prepared and approved in the reporting period. During the financial period under review, the Committee met six times. The matters tabled for consideration by the Committee included the review of financial statements, the AGSA's management letters, reports and activities of the Internal Audit Activity and the Risk Management Office, and matters relating to compliance with laws, regulations and policies.

9. External Assurance

- The DoE's Audit Committee continued to function in terms of Section 77 of the PFMA. The term of appointment of the three members of the DoE's Audit Committee is for three years, ending in August 2013. The members of the Audit Committee have the requisite skills, knowledge and competence to deal with financial, risk management, governance, ethical and other matters that pertain to its responsibility. The Committee operates in line with its approved Charter.
- The AGSA also provides external assurance to the DoE through its audit function in line with the Public Audit Act.

10. Discontinued Activities/Activities to be Discontinued

Cabinet took a decision to cease operations and deregister EDIH as at 31 March 2011. The wind-up process is at its final stages. No activities were undertaken by EDIH during the year under review. The final audited annual financial statements for EDIH will be submitted to the NT on 31 May 2012.

11. New/Proposed Activities

The process of transferring some of the electricity distribution oversight functions from EDIH to the DoE with effect from 1 April 2011 was anticipated to be completed by the end of the financial year. By year end, discussions between the NT, NERSA and the DoE on the provision of additional capacity within the DoE, the funding model for the EDIH rehabilitation and maintenance programme and the utilisation of the Multi-Year Price Determination (MYPD) funds remaining from the MYPD2 transfers to EDIH were far advanced.

12. Asset Management

The asset register complies with the minimum requirements for an asset register with all assets procured during the 2011/12 financial year. Assets at a fair value amount of R 3.1 million were transferred from EDIH to the DoE in the current financial year.

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13. Inventories

Inventories purchased in the current financial year end amount to:

Details	R'000
Learning & teaching support material	2
Fuel, oil & gas	17
Other consumable materials	402
Maintenance material	122
Stationery & printing	2 452
Medicine	24
Total	3 019

Refer to note 5.5 of the annual financial statements.

14. Events after the Reporting Date

There are no significant events after the reporting date.

15. Information on Predetermined Objectives

The DoE held its annual strategic planning retreat in November 2011. The strategic plan is informed by the DoE's mandate, recent Cabinet decisions involving policy matters such as the restructuring of the electricity distribution industry, energy planning and the Minister's signed performance agreement which covers outcomes 2, 4, 6, 8 and 10 of the Government Outcomes. With regard to our response to government outcomes, we broadened our approach to include even those outcomes that our Minister did not sign delivery agreements for.

During the strategic planning session the DoE identified the following strategic objectives, which were based on an environmental scan of the operational environment and the risks identified:

- Secure energy supply and well-managed demand;
- An efficient, competitive and responsive energy infrastructure network;
- Improved energy regulation and competition;
- Efficient and diverse energy mix for universal access within a transformed energy sector;
- Environmental assets and natural resources protected and continually enhanced by cleaner energy technologies;
- Mitigation against, and adaptation to, the impacts of climate change; and
- Good corporate governance for effective and efficient service delivery.

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Each of the objectives was cascaded down to the responsible branch/component, giving details of the planned activities to be undertaken to achieve the said objectives. Reports detailing progress against planned activities are presented to the monthly DoE MANCO. In terms of Section 30 of the PFMA and Chapter 5 of the Treasury Regulations, a quarterly performance report is compiled and submitted to the Minister via the DG in which the DoE's performance against predetermined objectives is reviewed.

Details of the 2011/12 programmes' performance against the DoE's predetermined objectives as aligned to the government outcomes and the Millennium Development Goals (MDGs) are listed under Section 2.2 Programme Performance later in this Annual Report.

16. Prior Modifications to Audit Reports

The following matters were brought to the attention of the Accounting Officer in the 2010/11 financial year as emphasis of matter in the report of the Auditor-General:

Matters of Non-Compliance	Financial Year it Arose	Progress Made
1. The DoE incurred unauthorised expenditure of R 14.860 million due to funds that were expended for purposes which were not in accordance with the vote.	2010/11	The DoE has made a request to the NT for retrospective authorisation for this expense. The DoE is awaiting feedback in this regard.
2. The DoE incurred irregular expenditure of R 110.992 million due contravention of Treasury Regulation 8.2.2 relating to expenditure not approved according to the DoE's financial delegation.	2010/11	The Accounting Officer has subsequently condoned the irregular expenditure. Stricter internal control measures have been implemented to prevent a recurrence.
3. The DoE incurred irregular expenditure of R 1.371 million, due contravention of Treasury Regulation 16.A.3 relating to supply chain management.	2010/11	The Accounting Officer has subsequently condoned the irregular expenditure. However, the DoE's disciplinary policy was enforced and employees received either a verbal or written warning.

17. SCOPA Resolution

No carry-over resolutions relating to the 2010/11 audit were made by Standing Committee on Public Accounts (SCOPA) during the year under review.

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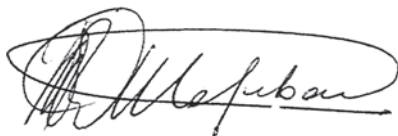
18. Financial Position

The financial position of the DoE as at 31 March 2012 and the results of its operations are set out in the attached annual financial statements; which includes:

- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Changes in Net Assets;
- Cash Flow Statement;
- Notes to the annual financial statements (including Accounting Policies); and
- Disclosure Notes to the annual financial statements and Annexure.

19. Approval

The annual financial statements set out on pages 124 to 206 have been approved by the Accounting Officer.



Ms Nelisiwe Magubane
Director-General
Department of Energy

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 29: DEPARTMENT OF ENERGY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of Energy set out on pages 124 to 185, which comprise the appropriation statement, the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with The Departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2012 (Act No.06 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Energy as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with the departmental financial reporting framework prescribed by the National Treasury and the requirements of the PFMA and the DoRA.

Additional matters

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

Unaudited supplementary schedules

8. The supplementary information set out on pages 186 to 206 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.

Financial reporting framework

9. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they “present fairly”. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the information in the Annual performance report as set out on pages 21 to 92 of the annual report.
12. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report

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relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned programmes. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

13. There were no material findings on the Annual performance report concerning the usefulness and reliability of the information.

Additional matters

14. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

15. Of the total number of planned targets, only 96 targets were achieved during the year under review. This represents 43% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Compliance with laws and regulations

16. I performed procedures to obtain evidence that the department has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Annual financial statements, performance and annual reports

17. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(b) of the PFMA. A material misstatement of a disclosure item identified by the auditors in the submitted financial statement was subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.
18. The annual report for the year under review does not include information on the extent of monitoring performed by the department of the compliance by municipalities with the DoRA and the conditions of the allocation provided in the grant framework, as required by section 13(2) of the DoRA.

National Department of Energy – Vote 29
Report of the Auditor-General
for the year ended 31 March 2012

Expenditure management

19. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1.

Procurement and contract management

20. Employees of the department performed remunerative work outside their employment in the department without written permission from the relevant authority as required by section 30 of the Public Service Act.
21. Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury regulation 16A8.3.
22. Quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by Treasury Regulations 16A9.1(d) and the Preferential Procurement Regulations.

Transfer of funds

23. The arrangements and requirements for the Integrated National Electrification Programme (Municipal) grant as defined in the framework for the allocation were not adhered to, as the Department did not sign the memorandum of agreements with all the municipalities before the beginning of the financial year in contravention with section 10(1)(e) of the Division of Revenue Act.

INTERNAL CONTROL

24. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Financial and performance management

25. The reviewing and monitoring of compliance with applicable laws and regulations supported by National Treasury practice notes were ineffective when dealing with transfer payments and procurement through quotations.

National Department of Energy – Vote 29
Report of the Auditor-General
for the year ended 31 March 2012

26. Controls were not monitored and reviewed to ensure accurate and complete financial and performance reports that are supported and evidenced by reliable information to avoid material adjustments to the financial statements and the annual performance report submitted for audit.

OTHER REPORTS

Investigations

27. The department in conjunction with the Special Investigation unit are in the process of investigating allegations that state employees are involved in the procurement processes.



Pretoria

22 August 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Appropriation per Programme										
Appropriation Statement	2011/12					2010/11				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1. Programme 1: Administration										
Current payment	168 120	(1 098)	28 161	195 183	192 094	3 089	98.4	134 267	128 340	
Transfers & subsidies	349	-	-	349	98	251	28.1	351	78	
Payment for capital assets	7 871	1 098	-	8 969	4 008	4 961	44.7	5 240	3 320	
Payment for financial assets	-	-	60	60	59	1	98.3	-	-	
2. Programme 2: Energy Policy and Planning										
Current payment	44 708	(150)	1 077	45 635	45 690	(55)	100.1	26 386	21 187	
Transfers & subsidies	1 500 000	-	-	1 500 000	1 500 000	-	100.0	1 500 000	1 500 000	
Payment for capital assets	-	150	-	150	-	150	-	20	-	
3. Programme 3: Energy Regulation										
Current payment	56 262	(36)	9 460	65 686	65 113	573	99.1	60 940	57 958	
Transfers & subsidies	517 169	-	(41 320)	475 849	464 134	11 715	97.5	436 160	410 968	
Payment for capital assets	-	36	-	36	21	15	58.3	21	-	
Payment for financial assets	-	-	1	1	-	1	-	-	-	
4. Programme 4: National Electrification Programme										
Current payments	20 270	-	1 025	21 295	21 258	37	99.8	18 414	18 225	
Transfers & subsidies	3 244 285	-	-	3 244 285	3 243 282	1 003	100.0	2 864 114	2 763 095	
Payments for capital assets	-	-	-	-	-	-	-	150	-	
5. Programme 5: Nuclear Energy & Regulation										
Current payments	20 411	-	1 536	21 947	17 019	4 928	77.5	8 530	8 147	
Transfers & subsidies	621 464	-	-	621 464	621 486	(22)	100.0	594 064	594 064	
Payments for capital assets	-	-	-	-	-	-	-	7	-	
Total	6 200 909	-	-	6 200 909	6 174 262	26 647	99.6	5 648 664	5 505 382	

National Department of Energy - Vote 29
Appropriation Statement
 for the year ended 31 March 2012

	2011/12		2010/11	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
Total (brought forward)	6 200 909	6 174 262	5 648 664	5 505 382
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	3 381		3 917	
Aid assistance	3 400		5 541	
Actual amounts per statement of financial performance (total revenue)	6 207 690		5 658 122	
ADD				
Aid assistance		3 400		869
Actual amounts per statement of financial performance (total expenditure)		6 177 662		5 506 251

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Appropriation per Economic Classification									
Detail	2011/12					2010/11			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	183 317	-	1 552	184 869	184 837	32	100.0	143 255	142 826
Goods & services	126 454	(1 284)	39 707	164 877	156 337	8 540	94.8	105 505	91 032
Transfers and subsidies									
Provinces & municipalities	1 376 612	-	-	1 376 612	1 376 611	1	100.0	1 240 104	1 253 382
Departmental agencies & accounts	67 288	-	-	67 288	55 530	11 758	82.5	86 536	81 536
Public corporations & private enterprises	4 439 018	-	(41 320)	4 397 698	4 396 695	1 003	100.0	4 067 698	3 933 209
Households	349	-	-	349	164	185	47.0	351	78
Payments for capital assets									
Machinery & equipment	7 871	1 284	-	9 155	4 029	5 126	44.0	5 195	3 320
Software & other intangible assets	-	-	-	-	-	-	-	19	-
Payment for financial assets									
Total	6 200 909	-	61	6 200 909	6 174 262	26 647	99.6	5 648 663	5 505 383

National Department of Energy – Vote 29
Appropriation Statement

for the year ended 31 March 2012

Detail per Programme 1: Administration	2011/12				2010/11				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	21 549	(228)	6 551	27 872	27 860	12	100.0	18 971	20 900
Transfers & subsidies	-	-	-	-	62	(62)	-	-	-
Payment for capital assets	-	-	-	-	(22)	22	-	48	45
1.2 Management									
Current payment	28 716	(2 289)	3 422	29 849	27 250	2 599	91.3	27 402	25 114
Payment for capital assets	-	-	-	-	-	-	-	55	27
Payment for financial assets	-	-	5	5	5	-	100.0	-	-
1.3 Audit Services									
Current payment	2 886	(686)	2,336	4 536	4 484	52	98.9	2 647	2 346
Transfers & subsidies	-	-	-	-	-	-	-	22	22
Payment for capital assets	-	686	-	686	-	686	-	-	-
1.4 Corporate Services									
Current payment	45 937	2 759	4 392	53 088	52 878	210	99.6	45 071	46 873
Transfers & subsidies	349	-	-	349	26	323	7.4	329	56
Payment for capital assets	1 064	412	-	1 476	608	868	41.2	278	112
Payment for financial assets	-	-	1	1	-	1	-	-	-
1.5 Financial Management									
Current payment	61 508	(654)	(6 340)	54 514	54 362	152	99.7	33 106	26 037
Transfers & subsidies	-	-	-	-	10	(10)	-	-	-
Payment for capital assets	6 807	-	-	6 807	3 422	3 385	50.3	4 859	3 136
Payment for financial assets	-	-	54	54	54	-	100.0	-	-
1.6 Office Accommodation									
Current payment	7 524	-	17 800	25 324	25 260	64	99.7	7 070	7 070
Total	176 340	-	28 221	204 561	196 259	8 302	95.90	139 858	131 738

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Economic Classification Programme 1	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	83 311	-	1 197	84 508	84 491	17	100.0	58 476	61 195
Goods & services	84 809	(1 098)	26 964	110 675	107 603	3 072	97.2	75 791	67 146
Transfers and subsidies									
Households	349	-	-	349	98	251	28.1	351	78
Payment for capital assets									
Machinery & equipment	7 871	1 098	-	8 969	4 008	4 961	44.7	5 221	3 320
Software & other intangible assets	-	-	-	-	-	-	-	19	-
Payments for financial assets									
	-	-	60	60	59	1	98.3		
Total	176 340	-	28 221	204 561	196 259	8 302	95.9	139 858	131 739

National Department of Energy – Vote 29
Appropriation Statement

for the year ended 31 March 2012

Detail per Programme 2: Energy Policy & Planning	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Electricity Policy									
Current payment	14 869	145	699	15 713	15 630	83	99.5	12 810	12 260
Payment for capital assets	-	-	-	-	-	-	-	20	-
2.2 Hydrocarbons Policy									
Current payment	13 944	-	1 564	15 508	15 456	52	99.7	6 543	6 065
Transfers & subsidies	1 500 000	-	-	1 500 000	1 500 000	-	100.0	1 500 000	1 500 000
2.3 Nuclear Policy									
Current payment	2 067	-	1 792	3 859	3 762	97	97.5	-	-
2.4 Energy Planning and Research									
Current payment	13 828	(295)	(2 978)	10 555	10 842	(287)	102.7	7 033	2 862
Payment for capital assets	-	150	-	150	-	150	-	-	-
Total	1 544 708	-	1 077	1,545 785	1 545 690	95	99.9	1 526 406	1 521 187

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Economic Classification Programme 2	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	30 355	-	3 237	33 592	33 953	(361)	101.1	17 859	15 836
Goods & services	14 353	(150)	(2 160)	12 043	11 737	306	97.5	8 527	5 351
Transfers and subsidies to:									
Public corporations & private enterprises	1 500 000	-	-	1 500 000	1 500 000	-	100	1 500 000	1 500 000
Payment for capital assets									
Machinery & equipment	-	150	-	150	-	150	-	20	-
Total	1 544 708	-	1 077	1 545 785	1 545 690	95	100	1 526 406	1 521 187

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Detail per Programme 3: Energy Regulation	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Petroleum Licensing & Monitor									
Current payment	33 581	(36)	(214)	33 331	33 187	144	99.6	31 272	29 816
Transfers & subsidies	-	-	-	-	44	(44)	-	-	-
Payment for capital assets	-	36	-	36	21	15	58.3	21	-
3.2 Hydrocarbons Operations									
Current payment	9 101	-	155	9 256	9 244	12	99.9	12 992	11 603
3.3 Clean Energy									
Current payment	13 580	-	9 519	23 099	22 682	417	98.2	16 676	16 539
Transfers & subsidies	485 311	-	(41 320)	443 991	443 990	1	100.0	436 160	410 968
Payment for financial assets	-	-	1	1	-	1	-	-	-
3.4 Public Entity Oversight									
Transfers & subsidies	31 858	-	-	31 858	20 100	11 758	63.1	-	-
Total	573 431	-	(31 859)	541 572	529 268	12 304	97.7	497 121	468 926

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Economic Classification Programme 3	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	47 232	-	940	48 172	47 799	373	99.2	47 837	47 083
Goods & services	9 030	(36)	8 520	17 514	17 314	200	98.9	13 102	10 875
Transfers and subsidies:									
Provinces & municipalities	280 000	-	-	280 000	280 000	-	100.0	220 000	220 000
Departmental agencies & accounts	31 858	-	-	31 858	20 100	11 758	63.1	66 582	61 582
Public corporations & private enterprises	205 311	-	(41 320)	163 991	163 990	1	100.0	149 578	129 386
Households	-	-	-	-	44	(44)	-	-	-
Payment for capital assets									
Machinery & equipment	-	36	-	36	21	15	58.3	21	-
Payment for financial assets	-	-	1	1	-	1	-	-	-
Total	573 431	-	(31 859)	541 572	529 268	12 304	97.7	497 120	468 926

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Detail per Programme 4: National Electrification Programme	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Business Planning									
Current payment	20 270	(2 173)	3 128	21 225	21 211	14	99.9	13 836	14 800
Transfers & subsidies	282 000	-	-	282 000	281 000	1 000	99.6	-	-
Payment for capital assets	-	-	-	-	-	-	-	150	-
4.2 Grant Management and Monitoring									
Current payment	-	2 173	(2 103)	70	47	23	67.1	4 578	3 425
Transfers & subsidies	2 962 285	-	-	2 962 285	2 962 282	3	100.0	2 864 114	2 763 095
Total	3 264 555	-	1 025	3 265 580	3 264 540	1 040	100.0	2 882 678	2 781 320

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Economic Classification Programme 4	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	14 965	-	(325)	14 640	14 639	1	100.0	13 894	13 537
Goods & services	5 305	-	1 350	6 655	6 619	36	99.5	4 520	4 688
Transfers & subsidies									
Provinces & municipalities	1 096 612	-	-	1 096 612	1 096 611	1	100.0	1 020 104	1 018 522
Public corporations & private enterprises	2 147 673	-	-	2 147 673	2 146 671	1 002	100.0	1 844 010	1 744 573
Payment for capital assets									
Machinery & equipment	-	-	-	-	-	-	-	150	-
Total	3 264 555	-	1 025	3 265 580	3 264 540	1 040	100.0	2 882 678	2 781 320

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Detail per Programme 5: Nuclear Energy & Regulation	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Nuclear Safety & Regulation									
Current payment	17 284	1	4 106	21 391	16 500	4 891	77.1	5 882	5 594
Transfers & subsidies	-	-	-	-	22	(22)	-	-	-
Payment for capital assets								7	-
5.2 Nuclear Non-Proliferation & Radiation Security									
Current payment	3 127	(1)	(2 570)	556	519	37	93.3	2 648	2 553
5.3 Public Entity Oversight									
Transfers & subsidies	621 464	-	-	621 464	621 464	-	100.0	594 064	594 064
Total	641 875	-	1 536	643 411	638 505	4 906	99.2	602 601	602 211

National Department of Energy – Vote 29
Appropriation Statement
 for the year ended 31 March 2012

Economic classification Programme 5	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as Percentage of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	7 454	-	(3 497)	3 957	3 955	2	99.9	5 189	5 175
Goods & services	12 957	-	5 033	17 990	13 064	4 926	72.6	3 341	2 972
Transfers & subsidies									
Provinces & municipalities	35 430	-	-	35 430	35 430	-	100.0	19 954	19 954
Public corporations & private enterprises	586 034	-	-	586 034	586 034	-	100.0	574 110	574 110
Households	-	-	-	-	22	(22)	-	-	-
Payment for capital assets									
Machinery & equipment	-	-	-	-	-	-	-	7	-
Total	641 875	-	1 536	643 411	638 505	4 906	99.2	602 601	602 211

National Department of Energy – Vote 29
Notes to the Appropriation Statement

for the year ended 31 March 2012

1. Details of Transfers and Subsidies as per Appropriation Act (after Virement)

Details of these transactions can be viewed in note 7 (Transfers and Subsidies) and Annexure 1(A-D) to the annual financial statements.

2. Details of Specifically and Exclusively Appropriated Amounts Voted (after Virement)

Details of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.

3. Explanations of Material Variances per Programme

Programme 1	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a Percentage of Final Appropriation
Administration	204 561	196 259	8 302	4.06

The under-spending of R 8.3 million mainly relates to the procurement of goods and services. This is as a result of orders being placed but for which expenditure is pending due to delays in the delivery of goods and services, or late receipt of invoices and consequent delays in the processing of payments. The item goods and services thus reflects an under-spending.

During the 2011/12 financial year, approval was granted to contribute an amount of R 2 191 525.85 to APPA for the 2012 international membership fees. Although this amount was paid on 29 March 2012, the disbursement only took place on 3 April 2012 due to process delays in foreign currency payments and the time frames attached to foreign currency exchange to foreign entities.

During the 2011/12 financial year, approval was granted for the acquisition of internal audit software packages for an amount of R 670 799.15. Due to delays associated with procurement processes these goods were not acquired before the closure of the 2011/12 financial year. On 31 March 2012 an amount of R 670 799.15 for the acquired internal audit software remained unpaid due to the problems highlighted above. A saving realised under the item software and intangible assets during the 2011/12 financial year will be utilised to finalise outstanding payments in the 2012/13 financial year.

During the 2011/12 financial year approval was granted for the acquisition of the installation and configuration of data and voice network cabling (structured cabling system) for the DoE's new offices. The tender was awarded to the successful bidder to the value of R 4 649 605.69. In addition to this, a tender was awarded to a successful bidder for an amount of R 668 606.71 for a computer server. Due to delays in the relocation of the DoE to the new accommodation the services could not delivered pending the finalisation of accommodation agreements and the relocation project.

National Department of Energy – Vote 29 Notes to the Appropriation Statement

for the year ended 31 March 2012

Programme 2	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a Percentage of Final Appropriation
Energy Policy & Planning	1 545 785	1 545 690	95	0.01

The under-spending of R 95 000.00 (0.01%) under Programme 2 is attributable to the late receipt of invoices and subsequent delay in payments.

Programme 3	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a Percentage of Final Appropriation
Energy Regulation	541 572	529 268	12 304	2.27

The Electricity, Nuclear Branch and Clean Energy recorded an under-spending of R 12.3 million which represents an under-spending of 2.27%. Cabinet decided in December 2010 that EDIH should cease operations and, in terms of this decision, EDIH ceased to exist on 31 March 2011. This has the effect that the functions relating to the restructuring of the electricity distribution industry have reverted to the DoE with effect from 1 April 2011. The DoE's strategic plan addresses this by specifically proposing to develop a funding and implementation plan to reduce the electricity distribution infrastructure maintenance backlogs of R 27.4 billion to R 15 billion by 2015. During the 2011/12 financial year, an amount of R 11.758 million was appropriated under Programme 3 for the winding down process of the EDIH. Based on the financial position of the EDIH after its closure, sufficient funding was available within the EDIH to settle outstanding legal matters and claims against the EDIH. The DoE requested approval from the NT to utilise the R 11.758 million being the 2011/12 appropriated funding for the EDIH to initiate ADAM. No funding is currently available within DoE to complete the initial work for the urgent analysis that has to be done to implement ADAM. It was therefore requested that the R 11.758 million be reclassified and rolled over to the 2012/13 financial year in order for DoE to implement this "mini ADAM" process as an initial phase of ADAM to assist the struggling distributors with their network planning.

During the 2011/12 financial year approval was granted to contribute R 666 809.00 to IRENA for 2012 international membership fees. Although the amount was paid on 29 March 2012, the disbursement only took place on 3 April 2012 due to process delays in foreign currency payments and the time frame attached to foreign currency exchange to foreign entities.

Programme 4	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
INEP	3 265 580	3 264 540	1 040	0.03

The under-spending of R 1.04 million (0.03%) under Programme 4 is mostly due to an under-spending of R 1 million relating to an allocation of R 282 million made to the 2010 Soccer World Cup (SWC) Local Organising Committee (LOC). The final invoice and subsequent payment was however only R 281 million resulting in an under-spending of R 1 million.

National Department of Energy – Vote 29 Notes to the Appropriation Statement

for the year ended 31 March 2012

Programme 5	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a Percentage of Final Appropriation
Nuclear Energy & Regulation	643 411	638 505	4 906	0.76

The Nuclear Energy and Regulation Branch recorded an under-spending of R 4.9 million (0.76%).

During the 2011/12 financial year, approval was granted to contribute an amount of R 5 049 922.46 to the IAEA for international membership fees. Although the amount was paid on 29 March 2012, the disbursement only took place on 3 April 2012 due to process delays in foreign currency payments and the time frame attached to foreign currency exchange to foreign entities.

4. Explanations of Material Variances: per Economic Classification

Per Economic Classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current Payments				
Compensation of employees	184 869	184 837	32	0.02
Goods & services	164 877	156 337	8 540	5.18
Transfers & Subsidies				
Provinces & municipalities	1 376 612	1 376 611	1	0.00
Departmental agencies & accounts	67 288	55 530	11 758	17.47
Public corporations & private enterprises	4 397 698	4 396 695	1 003	0.02
Households	349	164	185	53.01
Payments for Capital Assets				
Machinery & equipment	9 155	4 029	5 126	55.99
Software & other intangible assets				
Payments for Financial Assets	61	59	2	3.28
Total	6 200 909	6 174 262	26 647	0.43

National Department of Energy – Vote 29 Notes to the Appropriation Statement

for the year ended 31 March 2012

Goods and services

The under-spending in goods and services is mainly due to process delays in foreign currency payments and the time frames attached to foreign currency exchange to foreign entities. The following payments were effected on 29 March 2012, for which the disbursements only took place on 3 April 2012:

- APPA for the 2012 international membership fees, an amount of R 2 191 525.85;
- IAEA for international membership fees, an amount of R 5 049 922.46; and
- IRENA for 2012 international membership fees, an amount of R 666 809.00.

Transfers and subsidies

The under-spending in transfers and subsidies is mainly attributable to:

- The non-transfer of an amount of R 11.758 million was appropriated for EDIH. Based on the financial position of EDIH after it ceased operations, sufficient funding was available to settle outstanding legal matters and claims against EDIH; and
- R 1 million relating to an allocation of R 282 million made to the 2010 SWC LOC. The final invoice and subsequent payment was only R 281 million resulting in an under-spending of R 1 million.

Payments for capital assets

The under-spending in payments for capital assets is due to the following:

- Audit software packages for an amount of R 670 799.15 remained unpaid as at 31 March 2012 due to delays associated with procurement of these goods.
- The acquisition, installation and configuration of data and voice network cabling (structured cabling system) to the value of R 4 649 605.69 and a computer server in the amount of R 668 606.71 could not be delivered due to delays in the relocation of the DoE to the new accommodation. These goods are pending the finalisation of accommodation agreements and the relocation project.

National Department of Energy – Vote 29 Statement of Financial Performance

for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
Revenue			
Annual appropriation	1	6 200 909	5 648 664
Departmental revenue	2	3 381	3 917
Aid assistance	3	3 400	5 541
Total		6 207 690	5 658 122
Expenditure			
Current Expenditure			
Compensation of employees	4	184 837	142 826
Goods & services	5	156 337	91 031
Aid assistance	3	-	869
Total		341 174	234 726
Transfers & subsidies			
Transfers & subsidies	7	5 829 000	5 268 205
Aid assistance	3	3 400	-
Total		5 832 400	5 268 205
Expenditure for Capital Assets			
Tangible capital assets	8	4 029	3 320
Total		4 029	3 320
Payments For Financial Assets	6	59	-
Total Expenditure		6 177 662	5 506 251
		30 028	151 871
Surplus For the Year			
Reconciliation of Net Surplus for the Year			
Voted funds	15	26 647	143 282
Annual appropriation		26 647	143 282
Departmental revenue & National Revenue Fund (NRF) receipts	2	3 381	3 917
Aid assistance	3	-	4 672
Surplus for the Year		30 028	151 871

National Department of Energy – Vote 29
Statement of Financial Position
 for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
Assets			
Current Assets			
		26 935	161 811
Unauthorised expenditure	9	14 860	14 860
Cash & cash equivalents	10	11 853	136,284
Prepayments & advances	11	98	60
Receivables	12	124	10 607
Non-Current Assets			
		2 205	2,205
Investments	13	2 205	2,205
Loans	14	-	-
Total		29 140	164 016
Liabilities			
Current Liabilities			
		26,935	161 811
Voted funds to be surrendered to the Revenue Fund	15	26 647	158 142
Departmental revenue & NRF receipts to be surrendered to the Revenue Fund	16	218	49
Payables	17	70	42
Aid assistance repayable	3	-	3,578
Total		26 935	161 811
Net Assets		2 205	2 205
Represented by:			
Capitalisation reserve	13	2 205	2 205
Total		2 205	2 205

National Department of Energy – Vote 29
Statement of Changes in Net Assets

for the year ended 31 March 2012

	2011/12	2010/11
	R'000	R'000
Capitalisation Reserves		
Opening balance	2 205	-
Transfers:		
Other movements		2 205
Closing balance	2 205	2 205
Total	2 205	2 205

National Department of Energy – Vote 29 Cash Flow Statement

for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
Cash Flows from Operating Activities			
Receipts		6 207 690	5 658 122
Annual appropriated funds received	1.1	6 200 909	5 648 664
Departmental revenue received	2	3 381	3 917
Aid assistance received	3	3 400	5 541
Net (increase) in working capital		10 473	(25 485)
Surrendered to Revenue Fund		(161 354)	(3 868)
Surrendered to RDP Fund/Donor		(3 578)	(1 094)
Current payments		(341 174)	(219 866)
Payments for financial assets		(59)	
Transfers & subsidies paid		(5 832 400)	(5 268 205)
Net Cash Flow available from Operating Activities	18	(120 402)	139 604
Cash Flows from Investing Activities			
Payments for capital assets	8	(4 029)	(3 320)
(Increase) in investments		-	(2 205)
Net Cash Flow from Investing Activities		(4 029)	(5 525)
Cash Flows from Financing Activities			
Increase in net assets		-	2 205
Net Cash Flow Financing Activities		-	2 205
Net increase (decrease) in cash & cash equivalents		(124 431)	136 284
Cash & cash equivalents at beginning of period	10	136 284	-
Cash & cash equivalents at end of period	19	11 853	136 284

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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 PFMA (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, 2010 (Act No. 1 of 2010).

1. Presentation of the Financial Statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the DoE.

1.3 Rounding

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

1.4 Comparative figures

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.

1.5 Comparative figures – Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

2. Revenue

2.1 Appropriated funds

Appropriated funds comprise departmental allocations as well as direct charges against Revenue Fund (i.e. statutory appropriation).

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

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Any amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund is recognised as a payable in the Statement of Financial Position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are, however, disclosed in the disclosure note to the annual financial statements.

2.3 Direct exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund at the end of the financial year is recognised as a payable in the Statement of Financial Position.

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

2.4 Direct exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Aid assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the Annexure to the annual financial statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All Criminal Asset Recovery Account (CARA) funds must be recorded as revenue when received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the Statement of Financial Position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the Revenue Fund.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the annual financial statements at their face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his or her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post-employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the DoE. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer's department.

Employer contributions made by the DoE for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R 5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and/or under-spending of appropriated funds. The write-off occurs at year end or when funds are available. No provision is made for irrecoverable amounts, but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods and/or services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

4.6 Loans

Loans are recognised in the Statement of Financial Position when the cash is paid to the beneficiary. Loans that are outstanding at year end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year end are reflected using the weighted average cost or first-in, first-out (FIFO) cost formula.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R 1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as expenditure for capital assets and is capitalised in the asset register of the DoE on completion of the project.

Repairs and maintenance is expensed as current goods and services in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R 1 unless the fair value for the asset has been reliably estimated.

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

Subsequent recognition

Work in progress of a capital nature is recorded in the Statement of Financial Performance as expenditure for capital assets. On completion, the total cost of the project is included in the asset register of the DoE that is accountable for the asset.

Repairs and maintenance is expensed as current goods and services in the statement of financial performance.

4.8.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R 1.

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as expenditure for capital asset and is capitalised in the asset register of the department.

Maintenance is expensed as current goods and services in the Statement of Financial Performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the DoE, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

National Department of Energy – Vote 29 Accounting Policies

for the year ended 31 March 2012

5.4 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the Statement of Financial Position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

5.8 Impairment

The DoE tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flow/service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed 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 will be required to settle the obligation and a reliable estimate of the obligation can be made.

National Department of Energy – Vote 29
Accounting Policies

for the year ended 31 March 2012

6. Receivables for Departmental Revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. Net Assets

7.1 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 underlining asset is disposed and the related funds are received.

7.2 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.

8. Related Party Transactions

Specific information with regard to related party transactions is included in the disclosure notes.

9. Key Management Personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10. Public Private Partnerships

A description of the public private partnerships arrangement, the contract fees, and current and capital expenditure relating to the public private partnerships arrangement is included in the disclosure notes.

National Department of Energy – Vote 29 Notes to the Annual Financial Statements

for the year ended 31 March 2012

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:

Programmes	Final Appropriation	2011/12	Funds Not Requested/Not Received	2010/11
		Actual Funds Received		Appropriation Received
	R'000	R'000	R'000	R'000
Administration	204 561	204 561	-	127 016
Energy Policy & Planning	1 545 785	1 545 785	-	1 570 058
Energy Regulation	541 572	541 572	-	431 830
INEP	3 265 580	3 265 580	-	3 519 760
Nuclear Energy & Regulation	643 411	643 411	-	-
Total	6 200 909	6 200 909	-	5 648 664

2. Departmental Revenue

		2011/12	2010/11
	Note	R'000	R'000
Sales of goods & services other than capital assets	2.1	2 872	3 706
Interest, dividends & rent on land	2.2	168	14
Transactions in financial assets & liabilities	2.3	341	197
Departmental revenue collected		3 381	3 917

2.1 Sales of goods and services other than capital assets

	2011/12	2010/11
	R'000	R'000
Sales of goods & services produced by the DoE	2 872	3 706
Sales by market establishment	255	169
Administrative fees	2 549	3 537
Other sales	68	-
Total	2 872	3 706

National Department of Energy – Vote 29 Notes to the Annual Financial Statements

for the year ended 31 March 2012

Revenue under sales of goods and services produced by the DoE includes rental from under-cover parking, petroleum licence fees, replacement of security cards and commissions from insurance and garnishees.

	Note	2011/12 R'000	2010/11 R'000
2.2 Interest, dividends and rent on land	2		
Interest		168	14
Total		168	14
2.3 Transactions In Financial Assets And Liabilities	2		
Receivables		66	197
Other receipts including recoverable revenue		275	-
Total		341	197

Revenue under transactions in financial assets and liabilities includes recovery of prior year expenses.

3. Aid Assistance

3.1 Aid assistance received in cash from the Reconstruction and Development Programme (RDP)

Foreign

Opening balance	3 578	-
Revenue	3 400	5 541
Expenditure	(3 400)	(869)
Current	-	(869)
Transfers	(3 400)	-
	3 578	4 672
Surrendered to the RDP	(3 578)	(1 094)
Closing balance	-	3 578

National Department of Energy – Vote 29
Notes to the Annual Financial Statements

for the year ended 31 March 2012

	Note	2011/12	2010/11
		R'000	R'000
3.2 Analysis of Balance			
Aid assistance repayable to the RDP		-	3 578
Closing balance		-	3 578
4. Compensation of Employees			
4.1 Salaries and Wages			
Basic salary		124 568	94 333
Performance award		2 522	2 531
Service-based		478	640
Compensative/circumstantial		2 730	3 596
Periodic payments		-	84
Other non-pensionable allowances		32 485	25 019
Total		162 783	126 203
4.2 Social Contributions			
Employer contributions			
Pension		15 664	11 975
Medical		6 362	4 625
Bargaining council		28	23
Total		22 054	16 623
Total compensation of employees		184 837	142 826
Average number of employees		541	526

National Department of Energy – Vote 29 Notes to the Annual Financial Statements

for the year ended 31 March 2012

5. Goods and Services	Note	2011/12	2010/11
		R'000	R'000
Administrative fees		2 331	1 990
Advertising		2 703	2 571
Assets less than R 5 000	5.1	230	728
Bursaries (employees)		837	416
Catering		1 623	1 453
Communication		5 826	4 261
Computer services	5.2	6 598	2 834
Consultants, contractors & agency/outsourced services	5.3	38 327	10 534
Entertainment		119	83
Audit cost: external	5.4	4 104	1 878
Inventory	5.5	3 019	2 012
Operating leases	5.9	25 830	22 205
Owned & leasehold property expenditure	5.6	472	606
Rental & hiring		2	-
Travel & subsistence	5.7	40 121	30 357
Venues & facilities		8 210	4 338
Training & staff development		2 522	1 322
Other operating expenditure	5.8	13 463	3 443
Total		156 337	91 031
5.1 Assets less than R 5 000	5		
Tangible assets			
Machinery & equipment		228	728
Transport assets		2	-
Total		230	728
5.2 Computer service	5		
State Information Technology Agency (SITA) computer services		4 371	1 718
External computer service providers		2 227	1 116
Total		6 598	2 834

National Department of Energy – Vote 29
Notes to the Annual Financial Statements

for the year ended 31 March 2012

	<i>Note</i>	2011/12 R'000	2010/11 R'000
5.3 Consultants, contractors and Agency/outsourced services	5		
Business and advisory services		35 653	6 658
Legal costs		767	46
Contractors		1 481	3 119
Agency & support/outsourced services		426	711
Total		38 327	10 534
5.4 Audit Cost: external	5		
Regularity audits		4 104	1 878
Total		4 104	1 878
5.5 Inventory	5		
Learning & teaching support material		2	48
Fuel, oil & gas		17	10
Other consumable materials		402	104
Maintenance material		122	151
Stationery & printing		2 452	1 699
Medicine		24	-
Total		3 019	2 012
5.6 Property payments	5		
Cleaning services		469	605
Fumigation		3	1
Total		472	606
Expenditure under owned and leasehold property expenditure includes cleaning services.			
5.7 Travel and subsistence	5		
Domestic		27 167	18 445
International		12 954	11 912
Total		40 121	30 357

National Department of Energy – Vote 29
Notes to the Annual Financial Statements

for the year ended 31 March 2012

	<i>Note</i>	2011/12 R'000	2010/11 R'000
5.8 Other operating expenditure	5		
Professional bodies, membership & subscription fees		10 418	2 562
Resettlement costs		216	350
Other		2 829	531
Total		13 463	3 443

Expenditure under other operating expenditure includes courier and delivery services, licences, permits, vehicle tracking, freight services, taking over study loan obligations, and printing and publication services.

5.9 Operating leases	5		
Office equipment		571	361
Office accommodation		25 259	21 844
Total		25 830	22 205

6. Payments for Financial Assets

Other material losses written off	6.1	54	-
Debts written off	6.2	5	-
Total		59	-

6.1 Other material losses written off

Nature of losses			
Assets written off (e.g. laptops stolen)		54	-
Total		54	-

6.2 Debts written off

Nature of debts written off			
Debts written off		5	-
Total		5	-

National Department of Energy – Vote 29
Notes to the Annual Financial Statements

for the year ended 31 March 2012

	<i>Note</i>	2011/12 R'000	2010/11 R'000
7. Transfers and Subsidies			
Provinces & municipalities	<i>Annexure 1A</i>	1 376 611	1 253 382
Departmental agencies & accounts	<i>Annexure 1B</i>	55 530	81 536
Public corporations & private enterprises	<i>Annexure 1C</i>	4 396 696	3 933 209
Households	<i>Annexure 1D</i>	161	78
Gifts, donations & sponsorships made	<i>Annexure 1G</i>	2	-
Total		5 829 000	5 268 205

8. Expenditure for Capital Assets

Tangible assets	4 029	3 320
Machinery & equipment	4 029	3 320
Total	4 029	3 320

8.1 Analysis of funds utilised to acquire capital assets – 2011/12

		Voted Funds R'000	Aid Assistance R'000	Total R'000
Tangible assets		4 029	-	4 029
Machinery & equipment	30.1	4 029	-	4 029
Total		4 029	-	4 029

National Department of Energy – Vote 29
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8.2 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted Funds	Aid Assistance	Total
	R'000	R'000	R'000
Tangible assets	3 320	-	3 320
Machinery & equipment	3 320	-	3 320
Total	3 320	-	3 320

9. Unauthorised Expenditure

Note

	2011/12	2010/11
	R'000	R'000

9.1 Reconciliation of unauthorised expenditure

Opening balance	14 860	-
Unauthorised expenditure – in current year	-	14 860
Unauthorised expenditure awaiting authorisation / written off	14 860	14 860

9.1.1 Analysis of unauthorised expenditure awaiting authorisation per economic classification

Transfers & subsidies	14 860	14 860
Total	14 860	14 860

9.1.2 Analysis of unauthorised expenditure awaiting authorisation per type

Unauthorised expenditure relating to a transfer that was not budgeted for within the vote	14 860	14 860
Total	14 860	14 860

9.1.3 Details of unauthorised expenditure – current year

No unauthorised expenditure occurred in the current financial year. The 2010/11 amount of R 14 860 million is awaiting condonation from the National Treasury.

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Details of unauthorised expenditure – prior year

Incident	Disciplinary Steps Taken/Criminal Proceedings	2010/11
		R'000
Transfer payment to Mthonjaneni Municipality in respect of the infrastructure grant paid in the 2010/2011 year which related to the 2008/2009 financial year	Verbal & subsequent written warning	14 860
Total		14 860

10. Cash and Cash Equivalents

	2011/12	2010/11
	R'000	R'000
Consolidated paymaster general account	18 947	138 155
Disbursements	(7 184)	(5 846)
Cash on hand	46	46
Cash with commercial banks (local)	44	3 929
Total	11 853	136 284

11. Prepayments and Advances

Travel & subsistence	98	60
Total	98	60

12. Receivables

		2011/12	2010/11
	Note	R'000	R'000
		Less Than One Year	One to Three Years
		R'000	R'000
		Older Than Three Years	R'000
		R'000	Total
Claims recoverable	12.1	-	12
Recoverable expenditure	12.2	-	18
Staff debt	12.3	-	94
Total		-	124

12.1 Claims recoverable

	2011/12	2010/11
	R'000	R'000
12		
National departments	12	1 183
Local government – overpayments to municipalities	-	9 311
Recoverable from third parties	-	-
Total	12	10 494

The prior year claims recoverable from third parties is restated as a result of new information that emerged in the current year under review.

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	<i>Note</i>	2011/12 R'000	2010/11 R'000
12.2 Recoverable expenditure	12		
Disallowed damages & losses		21	-
Disallowance miscellaneous		8	-
Less: amounts recovered		(11)	-
Total		18	-
12.3 Staff debt	12		
Staff debtors		94	113
Total		94	113
13. Investments			
Non-current			
Shares & other equity		2 205	2 205
Total		2 205	2 205
Analysis of non-current investments			
Opening balance		2 205	-
Non-cash movements		-	2 205
Closing balance		2 205	2 205

Investments are recorded at cost in terms of the Accounting Policy. Refer to Annexure 2A for the net asset value as at 31 March 2012.

14. Loans

This amount is R 1 (one Rand) only. The loan to the Portuguese Government towards the Hydro Electrica de Cahora Bassa scheme was written down from R 347 million to R 1 (one rand) during the 2003/04 financial year. This amount includes capitalised interest of R 308 million, while the capital amount in respect of the loan was R 39 million.

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	<i>Note</i>	2011/12 R'000	2010/11 R'000
15. Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		158 142	-
Transfer from statement of financial performance		26 647	143 282
Add: Unauthorised expenditure for current year		-	14 860
Paid during the year		(158 142)	-
Closing balance		26 647	158 142

16. Departmental Revenue and National Revenue Fund (NRF) Receipts to be Surrendered to the Revenue Fund

Opening balance		49	-
Transfer from Statement of Financial Performance		3 381	3 917
Paid during the year		(3 212)	(3 868)
Closing balance		218	49

17. Payables – Current

Clearing accounts	17.1	70	42
Other payables	17.2	-	-
Total		70	42

17.1 Clearing accounts

Salary: pension fund	3	5
Salary: income tax	67	39
Salary: medical aid	-	(2)
Total	70	42

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Note	2011/12 R'000	2010/11 R'000
17.2 Other payables		
Claims payable to national departments	-	-
Total	-	-

The prior year claims payable to National departments is restated as a result of new information that emerged in the current year under review.

18. Net Cash Flow Available from Operating Activities

Net surplus as per Statement of Financial Performance	30 028	151 871
Add back non-cash/cash movements not deemed operating activities	(150 430)	(12 267)
(Increase) Decrease in receivables – current	10 483	(10 607)
(Increase) in prepayments & advances	(38)	(60)
Increase in payables – current	28	42
Expenditure on capital assets	4 029	3 320
Surrenders to revenue fund	(161 354)	(3 868)
Surrenders to RDP fund/donor	(3 578)	(1 094)
Net cash flow generated by operating activities	(120 402)	139 604

19. Reconciliation of Cash and Cash Equivalents for Cash Flow Purposes

Consolidated paymaster general account	18 947	138 155
Disbursements	(7 184)	(5 846)
Cash on hand	46	46
Cash with commercial banks (local)	44	3 929
Total	11 853	136 284

The amounts below are not recognised in the annual financial statements and are disclosed to enhance the usefulness of the annual financial statements.

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	Note	2011/12 R'000	2010/11 R'000
20. Contingent Liabilities and Contingent Assets			
20.1 Contingent liabilities			
Liable to	Nature		
Housing loan guarantee	Employee	60	60
Bank facility guarantee	NECSA	20 000	20 000
Legal costs in dispute **		1 944	1 994
Claims against the DoE		470	470
Other departments (interdepartmental unconfirmed balances)		-	4 004
Total		22 474	26 528

**A potential liability exists relating to disputed hours and costs between the DoE and a service provider regarding the forensic audit into suspected irregularities within the non-grid electrical services environment. The DoE has made a payment of R 600 725 as full and final settlement of the account. The DoE has further written to the service provider indicating their fees charged were unjustified and no reply has been received thus far.

20.2 Contingent assets

Nature of contingent assets

Feasibility studies	5 900	5 900
Total	5 900	5 900

Feasibility studies

The DoE has a contingent asset of R 5.9 million relating to the payment made for feasibility studies on the land secured for the Independent Power Plant Project (Peaker's Project). A guarantee in the amount of R 7.288 million was received from the Ministry of Finance for the land in Avon, KwaZulu-Natal for the construction of the Independent Power Station (refer to note 27). The DoE has a first option, valued at R 228 000, to purchase the land (refer to note 31).

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The DoE will recover the cost incurred on the above project once the preferred bidder finalises its financing on the project in order to reimburse the DoE for all the funds that are due. The preferred bidder will only be able to receive funding once the following has taken place:

- The National Treasury has finalised the approval for the government guarantee; and
- The Department of Public Enterprises has approved Eskom's participation in the project in terms of section 54 of the PFMA.

The above process is expected to be concluded before the end of June 2012.

	2011/12	2010/11
	R'000	R'000
21. Commitments		
Current expenditure		
Approved & contracted	41 176	3 015 048
Approved but not yet contracted	-	1 660
Capital expenditure		
Approved & contracted	20	61 700
Total	41 196	3 078 408

22. Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods & services	6 445	5 000	11 445	318 829
Total	6 445	5 000	11 445	318 829

Listed by programme level

Programme 1: Administration	6 156	19 324
Programme 2: Hydrocarbons and Energy Planning	2 075	207
Programme 3: Electricity, Nuclear and Clean Energy	689	293 997
Programme 4: Associated Service	2 461	5 301
Travelling - all programmes	64	-
Total	11 445	318 829

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Included in Accruals is an amount of R 2 192 000 for subscriptions payable to the APPA.

	Note	2011/12 R'000	2010/11 R'000
Confirmed balances with other departments	<i>Annexure 5</i>	6 647	167
Total		6 647	167

23. Employee Benefits

Leave entitlement	5 727	4 659
Service bonus (thirteenth cheque)	4 801	3 904
Performance awards	2 813	2 149
Capped leave commitments	2 507	1 929
Total	15 848	12 641

24. Lease Commitments

24.1 Operating leases expenditure

2011/12	Buildings & Other Fixed Structures	Machinery & Equipment	Total
Not later than one year	31 348	1 292	32 640
Later than one year but not later than five years	134 015	2 532	136 547
Later than five years	269 975	-	269 975
Total	435 338	3 824	439 162

2010/11	Buildings & Other Fixed Structures	Machinery & Equipment	Total
Not later than one year	23 290	1 348	24 638
Later than one year but not later than five years	-	-	-
	77 830	352	78 182
Total	101 120	1 700	102 820

Included in the lease commitments is a lease that was entered into in the 2011/12 financial year by the

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Department of Public Works (DPW) on behalf of the DoE for new accommodation totalling 12 738 m². The lease agreement will commence from July 2012 for a period of 10 years. The financial implications of this lease agreement have been fully accounted for in the financial statements.

	<i>Note</i>	2011/12 R'000	2010/11 R'000
25. Receivables for Departmental Revenue			
Sales of goods & services other than capital assets	25.1	257	105
Total		257	105
25.1 Analysis of receivables for departmental revenue			
Opening balance		105	-
Less: amounts received		(1 618)	-
Add: amounts recognised – annual petroleum licences	25	1 770	105
Closing balance		257	105
26. Irregular Expenditure			
26.1 Reconciliation of irregular expenditure			
Opening balance		111 350	-
Add: irregular expenditure – relating to current year	26.2	22 255	112 363
Add: irregular expenditure – relating to prior year		17 395	-
Less: prior year irregular expenditure investigated & found not to be irregular		(260)	-
Less: amounts condoned	26.3	(110 992)	(1 013)
Irregular expenditure awaiting condonation		39 748	111 350

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<i>Note</i>	2011/12	2010/11
	R'000	R'000
Analysis of awaiting condonation per age classification		
Current year	22 255	111 350
Prior year	17 493	-
Total	39 748	111 350

The amounts awaiting condonation were condoned subsequent to the financial year end.

26.2 Details of irregular expenditure – current year

Incident	Disciplinary Steps Taken/ Criminal Proceedings	2011/12 R'000
Failure to comply with the departmental procurement procedures	Matter under investigation	20
Failure to comply with the departmental procurement procedures	Matter under investigation	71
Failure to comply with the departmental procurement procedures	Matter under investigation	65
Failure to comply with the departmental procurement procedures	Matter under investigation	5
Failure to comply with the departmental procurement procedures	Matter under investigation	4
Failure to comply with the departmental procurement procedures (see note below)	Matter under investigation	22 090
Total		22 255

This irregular expenditure relates to leasehold property expenditure in respect of office accommodation at the Trevenna Campus. The lease agreement for the office accommodation at Trevenna Campus was signed between the Department of Minerals and Energy (DME) and the landlord on 18 April 2008, prior to the DME being split into two departments; namely the Department of Mineral Resources (DMR) and the DoE, effective from 1 April 2010.

In terms of the Memorandum of Agreement (MoU) signed between the DMR and the DoE in October 2009, the DMR was to defray all accommodation costs and claim back the DoE portion as incurred by the DMR. This arrangement was adhered to from October 2009 until the end of April 2010, when the DoE was directed by the DMR to pay for its portion of the office accommodation directly to the landlord. To avoid disruption of service delivery and possible eviction from the Trevenna Campus, the DoE, from May 2010, paid its portion of the rental directly to the landlord whilst such payments should have been paid to the landlord via the DMR. For the financial years 2010/2011 and 2011/2012, the total amounts paid for office accommodation rental at the Trevenna Campus are R17 395 000.00 and R22 090 255.00, respectively.

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26.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2011/12
		R'000
Non-compliance with departmental procedures	Accounting Officer	110 992
Total		110 992

Note	2011/12	2010/11
	R'000	R'000

27. Related Party Transactions

Year end balances arising from revenue/payments

Receivables from related parties	<i>Annexure 4</i>	722	1 254
Payables to related parties	<i>Annexure 5</i>	(6 647)	(167)
Total		(5 925)	1 087

The Department has a related party relationship with all the public sector entities falling within the portfolio of the Minister of Energy as well as all National Departments.

Other

Guarantees issued – NECSA	20 000	20 000
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The DoE issued guarantees to NECSA for a bank facility and environmental rehabilitation liability.

Guarantees received – Ministry of Finance	7 288	7 288
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The DoE received a guarantee from the Ministry of Finance for the land in Avon, KwaZulu-Natal for the construction of the Independent Power Station (refer to note 20.2).

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28. Key Management Personnel

	Note	2011/12	2010/11
		R'000	R'000
	Number of Individuals		
Political office bearers	2	3 514	2 405
Officials:			
Level 15 to 16	7	7 151	7 627
Level 14	17	11 697	6 706
Total		22 362	16 738

29. Provisions

Provision for doubtful debts (staff)		5	6
Provision for environmental rehabilitation liability	29.1	3 703 373	3 567 060
Total		3 703 378	3 567 066

The provision for the environmental rehabilitation liability is inclusive of VAT, and the prior year amount has been adjusted accordingly.

29.1 Environmental rehabilitation liability

The DoE has a potential liability arising from decontamination and decommissioning of past strategic nuclear facilities as per Section 1 (xii) (a) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999).

In terms of the Nuclear Liabilities Management Plan, which was approved by Cabinet, the liability was estimated at R 1 796 000 000 during the previous assessment in 2004, while the 2010/11 re-assessment estimate amounted to R 3 567 060 000.

The current potential liability arising from decontamination and decommissioning of past strategic nuclear facilities is estimated at R 3 703 373 000. The current estimate of the liability increased by approximately R 120 000 000 (excluding VAT) when compared with the 2010/11 liability estimate. This is made up of the 6% CPIX adjustment of R 187 740 000 minus the decontamination and decommissioning grant of R 68 167 000.

The total cost of carrying out the proposed liability discharge amounts to R 3 703 860 000 over the remaining period. The main aspects of the process are decommissioning, decontamination and waste management (which includes the eventual disposal of the waste).

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30. Movable Tangible Capital Assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2012

	Opening Balance	Current Year Adjustments to Prior Year Balances	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
Heritage assets	-	-	228	-	228
Heritage assets	-	-	228	-	228
Machinery & equipment	20 729	-	4 993	(383)	25 339
Transport assets	1 526	-	1 259	-	2 785
Computer equipment	10 004	(472)	2 117	(366)	11 283
Furniture & office equipment	7 221	472	986	(17)	8 662
Other machinery & equipment	1 978	-	631	-	2 609
Total	20 729	-	5 221	(383)	25 567

30.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2012

	Cash	Non-Cash	Total
	R'000	R'000	R'000
Heritage assets	-	228	228
Heritage assets	-	228	228
Machinery and equipment	4 029	964	4 993
Transport assets	1 259	-	1 259
Computer equipment	1 742	375	2 117
Furniture & office equipment	527	459	986
Other machinery & equipment	501	130	631
Total	4 029	1 192	5 221

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Non-cash additions relate to assets taken over from the DMR and EDIH. Heritage assets are made up of artwork paintings taken over from EDIH.

30.2 Disposals

Disposals of movable tangible capital assets per asset register for the year ended 31 March 2012

	Sold for Cash	Transfer Out or Destroyed or Scrapped	Total Disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Machinery and equipment				
Transport assets	-	-	-	-
Computer equipment	-	366	366	-
Furniture & office equipment	-	17	17	-
Other machinery & equipment	-	-	-	-
Total		383	383	-

30.3 Movement for 2010/11

Movement in movable tangible capital assets per asset register for the year ended 31 March 2011

	Opening Balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Heritage assets				
Heritage assets	-	-	-	-
Machinery and equipment				
		20 729	-	20 729
Transport assets		1 526	-	1 526
Computer equipment		10 004	-	10 004
Furniture & office equipment		7 221	-	7 221
Other machinery & equipment		1 978	-	1 978
Total		20 729	-	20 729

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30.4 Minor assets

Minor assets of the DoE as at 31 March 2012

	Machinery and Equipment	Total
	R'000	R'000
Opening balance	4 302	4 302
Additions	2 159	2 159
Disposals	(336)	(336)
Total	6 125	6 125

	Machinery and Equipment	Total
Number of R 1 minor assets	39	39
Number of minor assets at cost	2 190	2 190
Total number of minor assets	2 229	2 229

Minor assets include assets transferred from DMR and EDIH.

30.5 Minor assets

Minor assets of the DoE as at 31 March 2011

	Machinery and Equipment	Total
	R'000	R'000
Additions	4 302	4 302
Total	4 302	4 302

	Machinery and Equipment	Total
Number of minor assets at cost	2 398	2 398
Total number of minor assets	2 398	2 398

Minor assets include assets transferred from DMR.

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30.6 Movable assets written off

Movable assets written off for the year ended 31 March 2012

	Machinery and Equipment	Total
	R'000	R'000
Assets written off	54	54
Total	54	54

31. Intangible Capital Assets

Movement in intangible capital assets per asset register for the year ended 31 March 2012

	Opening Balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Computer software	2 622	-	-	2 622
Option to purchase land	228	-	-	228
Total	2 850	-	-	2 850

Movement in intangible capital assets per asset register for the year ended 31 March 2011

	Opening Balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Computer software	-	2 622	-	2 622
Option to purchase land	-	228	-	228
Total	-	2 850	-	2 850

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32. Statement of Conditional Grants Paid to Municipalities

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Abaqulusi	13 773	-	-	13 773	13 773	-	-
Ba-Phalaborwa	4 000	-	-	4 000	4 000	-	-
Beaufort West	20 000	-	4 000	24 000	24 000	-	-
Bitou	6 000	-	(4 000)	2 000	2 000	-	-
Blouberg	3 000	-	-	3 000	3 000	-	-
Blue Crane Route	29	-	-	29	29	-	-
Breede Valley	1 500	-	-	1 500	1 500	-	-
Buffalo City	25 000	-	5 895	30 895	30 895	-	-
Bushbuckridge	5 560	-	286	5 846	5 846	-	-
Camdeboo	1 000	-	-	1 000	1 000	-	-
Cederberg	2 800	-	-	2 800	2 800	-	-
City of Cape Town	25 000	-	20 000	45 000	45 000	-	-
City of Johannesburg	57 982	-	20 000	77 982	77 982	-	-
City of Matlosana	8 719	-	-	8 719	8 719	-	-
City of Tshwane	46 000	-	19 000	65 000	65 000	-	-
Dannhauser	8 000	-	-	8 000	8 000	-	-
Dipaleseng	1 533	-	-	1 533	1 533	-	-

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Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Drakenstein	2 000	-	-	2 000	2 000	-	-
Eden District	4 000	-	(4 000)	-	-	-	-
Ekurhuleni Metropolitan	127 000	-	20 000	147 000	147 000	-	-
Elundini	1 000	-	-	1 000	1 000	-	-
Emakhazeni	634	-	(292)	342	342	-	-
Emalahleni (E. Cape)	4 480	-	-	4 480	4 480	-	-
Emalahleni (Mpumalanga)	18 629	-	-	18 629	18 629	-	-
Emfuleni	22 256	-	-	22 256	22 256	-	-
Emnambithi-Ladysmith	19 000	-	(11 000)	8 000	8 000	-	-
Emthanjeni	260	-	-	260	260	-	-
Endurmeni	5 000	-	-	5 000	5 000	-	-
Engcobo	54 000	-	(10 000)	44 000	44 000	-	-
eThekweni	55 500	-	20 000	75 500	75 500	-	-
Ezinqoleni	-	-	2 000	2 000	2 000	-	-
Gamagara	3 533	-	(1 460)	2 073	2 073	-	-
Gariep	1 000	-	(1 000)	-	-	-	-
George	9 349	-	(4 000)	5 349	5 349	-	-
Govan Mbeki	5 122	-	-	5 122	5 122	-	-
Great Kei	2 000	-	-	2 000	2 000	-	-

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Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Greater Giyani	4 000	-	-	4 000	4 000	-	-
Greater Letaba	-	-	3 000	3 000	3 000	-	-
Greater Tubatse	19 800	-	(10 370)	9 430	9 430	-	-
Greater Tzaneen	5 000	-	-	5 000	5 000	-	-
Hantam	1 513	-	-	1 513	1 513	-	-
Hessequa	7 700	-	(4 000)	3 700	3 700	-	-
Hibiscus Coast	2 520	-	-	2 520	2 520	-	-
Hlabisa	12 000	-	-	12 000	12 000	-	-
Imbabazane	6 150	-	-	6 150	6 150	-	-
Impendle	5 436	-	450	5 886	5 886	-	-
Indaka	7 000	-	-	7 000	7 000	-	-
Ingwe	6 000	-	3 000	9 000	9 000	-	-
Jozini	8 000	-	-	8 000	8 000	-	-
Kannaland	4 000	-	(1 810)	2 190	2 190	-	-
Karoo Hoogland	2 500	-	-	2 500	2 500	-	-
Khara Hais	1 829	-	-	1 829	1 829	-	-
King Sabata Dalindyebo	10 000	-	7 400	17 400	17 400	-	-
Knysna	1 300	-	3 000	4 300	4 300	-	-
Kopanong	800	-	-	800	800	-	-

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Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Kouga	2 000	-	4 500	6 500	6 500	-	-
KwaDukuza	2 000	-	-	2 000	2 000	-	-
Langeberg	3 000	-	-	3 000	3 000	-	-
Lekwa	1 389	-	-	1 389	1 389	-	-
Lepelle-Nkumpi	3 000	-	-	3 000	3 000	-	-
Lesedi	3 000	-	-	3 000	3 000	-	-
Letsement	594	-	-	594	594	-	-
Lukhanji	1 000	-	-	1 000	1 000	-	-
Madibeng	9 202	-	(2 000)	7 202	7 202	-	-
Mafube	12 100	-	-	12 100	12 100	-	-
Makhado	3 500	-	-	3 500	3 500	-	-
Makhuduthamaga	7 500	-	2 500	10 000	10 000	-	-
Maletswai	3 000	-	-	3 000	3 000	-	-
Maluti-A-Phofung	19 600	-	20 000	39 600	39 600	-	-
Mangaung Metropolitan	25 000	-	8 000	33 000	33 000	-	-
Mantsopa	810	-	-	810	810	-	-
Maphumulo	10 000	-	-	10 000	10 000	-	-
Maquassi Hills	780	-	-	780	780	-	-
Matjhabeng	2 286	-	(1 986)	300	300	-	-

National Department of Energy – Vote 29
 Disclosure Notes to the Annual Financial Statements
 for the year ended 31 March 2012

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Matzikama	2 592	-	-	2 592	2 592	-	-
Mbhashe	20 680	-	-	20 680	20 680	-	-
Mbizana	20 000	-	(9 000)	11 000	11 000	-	-
Mbombela	18 034	-	(18 034)	-	-	-	-
Mdoni	2 300	-	(2 300)	-	-	-	-
Merafong	8 400	-	-	8 400	8 400	-	-
Metsimaholo	2 000	-	-	2 000	2 000	-	-
Mhlontlo	1 000	-	-	1 000	1 000	-	-
Midvaal	2 600	-	-	2 600	2 600	-	-
Mkhabathini	7 000	-	-	7 000	7 000	-	-
Mkhondo	-	-	8 464	8 464	8 464	-	-
Mnquma	10 000	-	-	10 000	10 000	-	-
Modimolle	2 000	-	(2 000)	-	-	-	-
Mogalakwena	6 000	-	-	6 000	6 000	-	-
Mohokare	627	-	-	627	627	-	-
Moghaka	3 360	-	2 040	5 400	5 400	-	-
Mossel Bay	6 000	-	(4 000)	2 000	2 000	-	-
Msinga	7 000	-	-	7 000	7 000	-	-
Msukaligwa	7 236	-	-	7 236	7 236	-	-

National Department of Energy – Vote 29
 Disclosure Notes to the Annual Financial Statements
 for the year ended 31 March 2012

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Msunduzi	4 000	-	(4 000)	-	-	-	-
Mthonjaneni	10 000	-	800	10 800	10 800	-	-
Mutale	3 000	-	(1 832)	1 168	1 168	-	-
Nala	-	-	2 000	2 000	2 000	-	-
Naledi	4 320	-	(4 320)	-	-	-	-
Nama Khoi	10 156	-	(3 000)	7 156	7 156	-	-
Ndlambe	2 000	-	-	2 000	2 000	-	-
Nelson Mandela Bay	45 000	-	(10 000)	35 000	35 000	-	-
New Castle	8 000	-	-	8 000	8 000	-	-
Ngqiza Hill	9 000	-	(7 000)	2 000	2 000	-	-
Ngwathe	5 183	-	-	5 183	5 183	-	-
Nkandla	12 000	-	-	12 000	12 000	-	-
Nkomazi	19 383	-	-	19 383	19 383	-	-
Ntabankulu	15 000	-	-	15 000	15 000	-	-
Ntambanana	16 000	-	-	16 000	16 000	-	-
Nyandeni	10 000	-	-	10 000	10 000	-	-
Nxuba	1 000	-	7 000	8 000	8 000	-	-
Okhahlamba	7 480	-	-	7 480	7 480	-	-
Oudtshoorn	851	-	-	851	851	-	-

National Department of Energy – Vote 29
 Disclosure Notes to the Annual Financial Statements
 for the year ended 31 March 2012

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %
Overstrand	2 000	-	-	2 000	2 000	-	-
Phokwane	2 184	-	-	2 184	2 184	-	-
Phongolo	8 000	-	(8 000)	-	-	-	-
Phumelela	2 640	-	-	2 640	2 640	-	-
Polokwane	24 000	-	10 800	34 800	34 800	-	-
Randfontein	3 762	-	-	3 762	3 762	-	-
Richmond	4 000	-	-	4 000	4 000	-	-
Rustenburg	23 400	-	(13 000)	10 400	10 400	-	-
Sakhisizwe	4 000	-	-	4 000	4 000	-	-
Saldanha Bay	5 000	-	-	5 000	5 000	-	-
Siyacuma	2 964	-	(656)	2 308	2 308	-	-
Sol Plaatjie	18 003	-	-	18 003	18 003	-	-
Steve Tshewete	1 440	-	-	1 440	1 440	-	-
Swellendam	2 000	-	-	2 000	2 000	-	-
Thaba Chweu	1 442	-	-	1 442	1 442	-	-
Thabazimbi	1 600	-	-	1 600	1 600	-	-
The Big Five False Bay	6 000	-	(575)	5 425	5 425	-	-
Theewaterskloof	1 000	-	-	1 000	1 000	-	-
Thembelihle	2 500	-	-	2 500	2 500	-	-

National Department of Energy – Vote 29
 Disclosure Notes to the Annual Financial Statements
 for the year ended 31 March 2012

Name of Municipality	Grant Allocation				Transfer		
	Division of Revenue Act	Rollovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Thembisile Hani	1 813	-	-	1 813	1 813	-	-
Thulamela	40 000	-	-	40 000	40 000	-	-
Tsolwana	2 000	-	-	2 000	2 000	-	-
Tswaing	11 693	-	(2 500)	9 193	9 193	-	-
Ulundi	8 000	-	-	8 000	8 000	-	-
Umhlabuyalingana	8 000	-	(8 000)	-	-	-	-
Umjindi	12 784	-	-	12 784	12 784	-	-
Umlalazi	660	-	-	660	660	-	-
Umsobomvu	61 170	-	(40 000)	21 170	21 170	-	-
Umtshezi	4 500	-	-	4 500	4 500	-	-
Umvoti	6 000	-	-	6 000	6 000	-	-
Umzimkhulu	10 000	-	-	10 000	10 000	-	-
Ventersdorp	2 886	-	-	2 886	2 886	-	-
Vulamehlo	2 000	-	-	2 000	2 000	-	-
Total	1 376 611	-	-	1 376 611	1 376 611	-	-

National Department of Energy - Vote 29
Annexure to the Annual Financial Statements

for the year ended 31 March 2012

Annexure 1A Statement of Conditional Grants Paid to Municipalities												
Name of Municipality	GRANT ALLOCATION 2011/12				TRANSFER 2011/12				SPENT 2011/12			2010/11
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department	Amount Received by Municipality	Amount Spent by Municipality	Percentage of Available funds spent by Municipality	Division of Revenue Act	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%		R'000
Abaqulusi Municipality	13 773	-	-	13 773	13 773	-	100	13 773	-	-	10 000	10 000
Aganang Municipality	-	-	-	-	-	-	-	-	-	-	2 000	2 000
Albert Luthuli Municipality	-	-	-	-	-	-	-	-	-	-	2 500	2 500
Ba-Phalaborwa Municipality	4 000	-	-	4 000	4 000	-	100	4 000	-	-	6 000	6 000
Baviaans Municipality	-	-	-	-	-	-	-	-	-	-	2 380	2 380
Beaufort West Municipality	20 000	-	4 000	24 000	24 000	-	100	24 000	-	-	12 000	12 000
Bela Bela Municipality	-	-	-	-	-	-	-	-	-	-	3 000	3 000
Bergvriervier Municipality	-	-	-	-	-	-	-	-	-	-	1 056	1 056
Bitou Municipality	6 000	-	(4 000)	2 000	2 000	-	100	2 000	1 460	73%	10 000	10 000
Blouberg Municipality	3 000	-	-	3 000	3 000	-	100	3 000	1 839	61%	5 000	5 000
Blue Crane Route Municipality	29	-	-	29	29	-	100	29	-	-	468	468
Breede Valley Municipality	1 500	-	-	1 500	1 500	-	100	1 500	1 237	82%	-	-
Buffalo City Municipality	25 000	-	5 895	30 895	30 895	-	100	30 895	7 144	23%	24 000	24 000
Bushbuckridge Municipality	5 560	-	286	5 846	5 846	-	100	5 846	729	12%	5 000	5 000
Cape Agulhas Municipality	-	-	-	-	-	-	-	-	-	-	2 000	2 000
Camdeboo Municipality	1 000	-	-	1 000	1 000	-	100	1 000	441	44%	-	-
Cederberg Municipality	2 800	-	-	2 800	2 800	-	100	2 800	2 800	100%	-	-

Name of Municipality	GRANT ALLOCATION 2011/12				TRANSFER 2011/12				SPENT 2011/12			2010/11
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department	Amount Received by Municipality	Amount Spent by Municipality	Percentage of Available funds spent by Municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
City of Cape Town Municipality	25 000	-	20 000	45 000	45 000	-	100	45 000	18 530	41%	28 000	
City of Johannesburg Municipality	57 982	-	20 000	77 982	77 982	-	100	77 982	48 131	62%	92 261	
City of Matlosana Municipality	8 719	-	-	8 719	8 719	-	100	8 719	258	3%	-	
City of Tshwane Municipality	46 000	-	19 000	65 000	65 000	-	100	65 000	32 691	50%	78 000	
Dannhauzer Municipality	8 000	-	-	8 000	8 000	-	100	8 000	-	-	-	
Delmas Municipality	-	-	-	-	-	-	-	-	-	-	3 300	
Dikgatlong Municipality	-	-	-	-	-	-	-	-	-	-	897	
Dipaleseng Municipality	1 533	-	-	1 533	1 533	-	100	1 533	1 415	92%	-	
Drakenstein Municipality	2 000	-	-	2 000	2 000	-	100	2 000	2 000	100%	5 000	
Eden District Municipality	4 000	-	(4 000)	-	-	-	-	-	-	-	6 000	
Edumbe Municipality	-	-	-	-	-	-	-	-	-	-	2 508	
Ekurhuleni Metropolitan Municipality	127 000	-	20 000	147 000	147 000	-	100	147 000	104 767	71%	50 000	
Elias Motsoaledi Municipality	-	-	-	-	-	-	-	-	-	-	3 000	
Elundini Municipality	1 000	-	-	1 000	1 000	-	100	1 000	-	-	-	
Emakhazeni Municipality	634	-	(292)	342	342	-	100	342	20	6%	-	
Emalahleni Municipality (Eastern Cape)	4 480	-	-	4 480	4 480	-	100	4 480	-	-	5 000	
Emalahleni Municipality (Mpumulanga)	18 629	-	-	18 629	18 629	-	100	18 629	500	3%	2 970	
Emfuleni Municipality	22 256	-	-	22 256	22 256	-	100	22 256	13 824	62%	-	
Ernambethi-Ladysmith Municipality	19 000	-	(11 000)	8 000	8 000	-	100	8 000	-	-	10 006	
Ernhanjeni Municipality	260	-	-	260	260	-	100	260	260	100%	540	
Endumeni Municipality	5 000	-	-	5 000	5 000	-	100	5 000	-	-	-	
Engcobo Municipality	54 000	-	(10 000)	44 000	44 000	-	100	44 000	-	-	35 000	

Name of Municipality	GRANT ALLOCATION 2011/12				TRANSFER 2011/12				SPENT 2011/12			2010/11
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department	Amount Received by Municipality	Amount Spent by Municipality	Percentage of Available funds spent by Municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Ethekwini Municipality	55 500	-	20 000	75 500	75 500	-	100	75 500	35 107	46%	60 000	
Ezinqolweni Municipality	-	-	2 000	2 000	2 000	-	100	2 000	-	-	8 000	
Gamagara Municipality	3 533	-	(1 460)	2 073	2 073	-	100	2 073	-	-	2 500	
Gariep Municipality	1 000	-	(1 000)	-	-	-	-	-	-	-	8 000	
Ga-Segonyana Municipality	-	-	-	-	-	-	-	-	-	-	2 500	
George Municipality	9 349	-	(4 000)	5 349	5 349	-	100	5 349	4 528	85%	8 000	
Govan Mbeki Municipality	5 122	-	-	5 122	5 122	-	100	5 122	1 601	31%	10 000	
Great Kei Municipality	2 000	-	-	2 000	2 000	-	100	2 000	-	-	-	
Greater Giyani Municipality	4 000	-	-	4 000	4 000	-	100	4 000	3 200	80%	10 000	
Greater Kokstad Municipality	-	-	-	-	-	-	-	-	-	-	1 848	
Greater Letaba Municipality	-	-	3 000	3 000	3 000	-	100	3 000	-	-	9 000	
Greater Tzaneen Municipality	19 800	-	(10 370)	9 430	9 430	-	100	9 430	2 177	23%	9 000	
Greater Tzaneen Municipality	5 000	-	-	5 000	5 000	-	100	5 000	-	-	10 000	
Hantam Municipality	1 513	-	-	1 513	1 513	-	100	1 513	1 299	86%	-	
Hessequa Municipality	7 700	-	(4 000)	3 700	3 700	-	100	3 700	-	-	11 300	
Hibiscus Coast Municipality	2 520	-	-	2 520	2 520	-	100	2 520	-	-	18 000	
Hlabisa Municipality	12 000	-	-	12 000	12 000	-	100	12 000	2 125	18%	10 000	
Imbabazane Municipality	6 150	-	-	6 150	6 150	-	100	6 150	-	-	-	
Impendle Municipality	5 436	-	450	5 886	5 886	-	100	5 886	-	-	1 360	
Indaka Municipality	7 000	-	-	7 000	7 000	-	100	7 000	-	-	-	
Ingwe Municipality	6 000	-	3 000	9 000	9 000	-	100	9 000	-	-	5 000	
Jozini Municipality	8 000	-	-	8 000	8 000	-	100	8 000	-	-	10 000	

Name of Municipality	GRANT ALLOCATION 2011/12				TRANSFER 2011/12				SPENT 2011/12			2010/11
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department	Amount Received by Municipality	Amount Spent by Municipality	Percentage of Available funds spent by Municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Kamiesberg Municipality	-	-	-	-	-	-	-	-	-	-	-	2 630
Kannaland Municipality	4 000	-	(1 810)	2 190	2 190	-	100	2 190	-	-	-	6 363
Kgatelopele Municipality	-	-	-	-	-	-	-	-	-	-	-	402
Karoo Hoogland Municipality	2 500	-	-	2 500	2 500	-	100	2 500	2 500	100%	-	-
Khara Hais Municipality	1 829	-	-	1 829	1 829	-	100	1 829	1 552	85%	310	-
King Sabata Dalindyebo Municipality	10 000	-	7 400	17 400	17 400	-	100	17 400	-	-	-	8 000
Knysna Municipality	1 300	-	3 000	4 300	4 300	-	100	4 300	1 441	34%	1 452	-
Kopanong Municipality	800	-	-	800	800	-	100	800	70	9%	963	-
Kouga Municipality	2 000	-	4 500	6 500	6 500	-	100	6 500	891	14%	-	-
Kwadukuza Municipality	2 000	-	-	2 000	2 000	-	100	2 000	-	-	-	-
Kwa-Sani Municipality	-	-	-	-	-	-	-	-	-	-	-	7 488
Langeberg Municipality	3 000	-	-	3 000	3 000	-	100	3 000	2 964	99%	90	-
Lekwa Municipality	1 389	-	-	1 389	1 389	-	100	1 389	309	22%	-	-
Lepelle-Nkumpi Municipality	3 000	-	-	3 000	3 000	-	100	3 000	-	-	-	2 500
Lephalale Municipality	-	-	-	-	-	-	-	-	-	-	-	3 281
Lesedi Municipality	3 000	-	-	3 000	3 000	-	100	3 000	3 000	100%	-	-
Letsement Municipality	594	-	-	594	594	-	100	594	512	86%	-	-
Lukhanji Municipality	1 000	-	-	1 000	1 000	-	100	1 000	-	-	-	-
Madibeng Municipality	9 202	-	(2 000)	7 202	7 202	-	100	7 202	7 202	100%	-	-
Matube Municipality	12 100	-	-	12 100	12 100	-	100	12 100	2 774	23%	8 000	-
Makana Municipality	-	-	-	-	-	-	-	-	-	-	-	7 410
Makhado Municipality	3 500	-	-	3 500	3 500	-	100	3 500	-	-	-	9 719

Name of Municipality	GRANT ALLOCATION 2011/12				TRANSFER 2011/12				SPENT 2011/12			2010/11
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department	Amount Received by Municipality	Amount Spent by Municipality	Percentage of Available funds spent by Municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Makhuduthama Municipality	7 500	-	2 500	10 000	10 000	-	100	10 000	7 500	75%	5 000	
Maletswai Municipality	3 000	-	-	3 000	3 000	-	100	3 000	3 000	100%	10 000	
Maluti-A-Phofung Municipality	19 600	-	20 000	39 600	39 600	-	100	39 600	19 600	49%	10 000	
Mangaung Metropolitan Municipality	25 000	-	8 000	33 000	33 000	-	100	33 000	-	-	18 000	
Mantsopa Municipality	810	-	-	810	810	-	100	810	-	-	-	
Maphumulo Municipality	10 000	-	-	10 000	10 000	-	100	10 000	1 000	10%	-	
Maquassi Hills Municipality	780	-	-	780	780	-	100	780	-	-	-	
Matatiele Municipality	-	-	-	-	-	-	-	-	-	-	31 000	
Majabeng Municipality	2 286	-	(1 986)	300	300	-	100	300	-	-	500	
Matzikama Municipality	2 592	-	-	2 592	2 592	-	100	2 592	496	19%	2 000	
Mbhashe Municipality	20 680	-	-	20 680	20 680	-	100	20 680	-	-	10 000	
Mbizana Municipality	20 000	-	(9 000)	11 000	11 000	-	100	11 000	-	-	10 000	
Mbombela Municipality	18 034	-	(18 034)	-	-	-	-	-	-	-	9 220	
Mdoni Municipality	2 300	-	(2 300)	-	-	-	-	-	-	-	-	
Merafong Municipality	8 400	-	-	8 400	8 400	-	100	8 400	626	7%	18 800	
Metsemaholo Municipality	2 000	-	-	2 000	2 000	-	100	2 000	-	-	3 000	
Mhlonlolo Municipality	1 000	-	-	1 000	1 000	-	100	1 000	718	72%	38 000	
Midvaal Municipality	2 600	-	-	2 600	2 600	-	100	2 600	1 970	76%	-	
Mkhathini Municipality	7 000	-	-	7 000	7 000	-	100	7 000	820	12%	-	
Mkhondo Municipality	-	-	8 464	8 464	8 464	-	100	8 464	-	-	-	
Mnquma Municipality	10 000	-	-	10 000	10 000	-	100	10 000	3 996	40%	-	
Modimolle Municipality	2 000	-	(2 000)	-	-	-	-	-	-	-	-	

Name of Municipality	GRANT ALLOCATION 2011/12				TRANSFER 2011/12				SPENT 2011/12			2010/11
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department	Amount Received by Municipality	Amount Spent by Municipality	Percentage of Available funds spent by Municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Mogalakwena Municipality	6 000	-	-	6 000	6 000	-	100	6 000	496	8%	-	
Mogale City Municipality	-	-	-	-	-	-	-	-	-	-	5 000	
Mohokare Municipality	627	-	-	627	627	-	100	627	627	100%	-	
Moghaka Municipality	3 360	-	2 040	5 400	5 400	-	100	5 400	3 360	62%	4 000	
Mossel Bay Municipality	6 000	-	(4 000)	2 000	2 000	-	100	2 000	657	33%	13 500	
Msinga Municipality	7 000	-	-	7 000	7 000	-	100	7 000	-	-	8 000	
Msukaligwa Municipality	7 236	-	-	7 236	7 236	-	100	7 236	4 325	60%	2 100	
Msunduzi Municipality	4 000	-	(4 000)	-	-	-	-	-	-	-	4 000	
Mthonjaneni Municipality	10 000	-	800	10 800	10 800	-	100	10 800	-	-	-	
Mutale Municipality	3 000	-	(1 832)	1 168	1 168	-	100	1 168	-	-	-	
Nala Municipality	-	-	2 000	2 000	2 000	-	100	2 000	-	-	5 600	
Naledi Municipality	4 320	-	(4 320)	-	-	-	-	-	-	-	-	
Nama Khoi Municipality	10 156	-	(3 000)	7 156	7 156	-	100	7 156	7 156	100%	15 000	
Ndlambe Municipality	2 000	-	-	2 000	2 000	-	100	2 000	2 000	100%	8 000	
Nelson Mandela Bay Municipality	45 000	-	(10 000)	35 000	35 000	-	100	35 000	24 444	70%	45 000	
New Castle Municipality	8 000	-	-	8 000	8 000	-	100	8 000	-	-	7 358	
Ngquza Hill Municipality	9 000	-	(7 000)	2 000	2 000	-	100	2 000	450	23%	15 000	
Ngwathe Municipality	5 183	-	-	5 183	5 183	-	100	5 183	764	15%	7 000	
Nkandla Municipality	12 000	-	-	12 000	12 000	-	100	12 000	-	-	10 000	
Nkomazi Municipality	19 383	-	-	19 383	19 383	-	100	19 383	16 610	86%	4 500	
Ntambankulu Municipality	15 000	-	-	15 000	15 000	-	100	15 000	2 230	15%	10 000	
Ntambanana Municipality	16 000	-	-	16 000	16 000	-	100	16 000	-	-	26 400	

Name of Municipality	GRANT ALLOCATION 2011/12				TRANSFER 2011/12				SPENT 2011/12			2010/11
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department	Amount Received by Municipality	Amount Spent by Municipality	Percentage of Available funds spent by Municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Nyandeni Municipality	10 000	-	-	10 000	10 000	-	100	10 000	437	4%	-	
Nxuba Municipality	1 000	-	7 000	8 000	8 000	-	100	8 000	-	-	16 000	
Okhahlamba Municipality	7 480	-	-	7 480	7 480	-	100	7 480	-	-	-	
Oudtshoorn Municipality	851	-	-	851	851	-	100	851	851	100%	-	
Overstrand Municipality	2 000	-	-	2 000	2 000	-	100	2 000	2 000	100%	3 639	
Phokwane Municipality	2 184	-	-	2 184	2 184	-	100	2 184	2 055	94%	163	
Phongolo Municipality	8 000	-	(8 000)	-	-	-	-	-	-	-	-	
Phumelela Municipality	2 640	-	-	2 640	2 640	-	100	2 640	1 139	43%	-	
Polokwane Municipality	24 000	-	10 800	34 800	34 800	-	100	34 800	12 000	34%	20 000	
Randfontein Municipality	3 762	-	-	3 762	3 762	-	100	3 762	-	-	2 200	
Richmond Municipality	4 000	-	-	4 000	4 000	-	100	4 000	-	-	-	
Rustenburg Municipality	23 400	-	(13 000)	10 400	10 400	-	100	10 400	10 400	100%	16 000	
Sakhisizwe Municipality	4 000	-	-	4 000	4 000	-	100	4 000	-	-	6 000	
Saldanha Bay Municipality	5 000	-	-	5 000	5 000	-	100	5 000	5 000	100%	1 983	
Siyacuma Municipality	2 964	-	(656)	2 308	2 308	-	100	2 308	100	4%	1 733	
Sol Plaatjie Municipality	18 003	-	-	18 003	18 003	-	100	18 003	12 849	71%	2 500	
Steve Tshewete Municipality	1 440	-	-	1 440	1 440	-	100	1 440	1 440	100%	10 000	
Swartland Municipality	-	-	-	-	-	-	-	-	-	-	3 000	
Swellendam Municipality	2 000	-	-	2 000	2 000	-	100	2 000	-	-	469	
Thaba Chweu Municipality	1 442	-	-	1 442	1 442	-	100	1 442	-	-	-	
Thabazimbi Municipality	1 600	-	-	1 600	1 600	-	100	1 600	1 333	83%	5 000	
The Big Five False Bay Municipality	6 000	-	(575)	5 425	5 425	-	100	5 425	570	11%	-	

Name of Municipality	GRANT ALLOCATION 2011/12				TRANSFER 2011/12				SPENT 2011/12			2010/11
	Division of Revenue Act	Rolovers	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by NT or National Department	Amount Received by Municipality	Amount Spent by Municipality	Percentage of Available funds spent by Municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Theewaterskloof Municipality	1 000	-	-	1 000	1 000	-	100	1 000	880	88%	-	
Thembelohle Municipality	2 500	-	-	2 500	2 500	-	100	2 500	338	14%	-	
Thembisile Hani Municipality	1 813	-	-	1 813	1 813	-	100	1 813	-	-	-	
Thulamela Municipality	40 000	-	-	40 000	40 000	-	100	40 000	33 991	85%	40 000	
Tlokwe Municipality	-	-	-	-	-	-	-	-	-	-	5 366	
Tokologo Municipality	-	-	-	-	-	-	-	-	-	-	3 000	
Tsolwana Municipality	2 000	-	-	2 000	2 000	-	100	2 000	159	8%	-	
Tswaing Municipality	11 693	-	(2 500)	9 193	9 193	-	100	9 193	4 679	51%	-	
Ulundi Municipality	8 000	-	-	8 000	8 000	-	100	8 000	-	-	2 490	
Umdoni Municipality	-	-	-	-	-	-	-	-	-	-	4 536	
Umhlabuyalingana Municipality	8 000	-	(8 000)	-	-	-	-	-	-	-	9 000	
Umjindi Municipality	12 784	-	-	12 784	12 784	-	100	12 784	11 056	86%	8 500	
Umlalazi Municipality	660	-	-	660	660	-	100	660	-	-	2 000	
Umswathi Municipality	-	-	-	-	-	-	-	-	-	-	8 000	
Umsobomvu Municipality	61 170	-	(40 000)	21 170	21 170	-	100	21 170	1 170	6%	3 317	
Umtshezi Municipality	4 500	-	-	4 500	4 500	-	100	4 500	-	-	660	
Umvoti Municipality	6 000	-	-	6 000	6 000	-	100	6 000	-	-	-	
Umkhulu Municipality	10 000	-	-	10 000	10 000	-	100	10 000	-	-	5 768	
Umkhumbi Municipality	-	-	-	-	-	-	-	-	-	-	20 000	
Umkhumbi Municipality	-	-	-	-	-	-	-	-	-	-	10 800	
Uphongolo Municipality	-	-	-	-	-	-	-	-	-	-	9 000	
Ventersdorp Municipality	2 886	-	-	2 886	2 886	-	100	2 886	-	-	-	
Vulamehlo Municipality	2 000	-	-	2 000	2 000	-	100	2 000	-	-	-	
Witzenberg Municipality	-	-	-	-	-	-	-	-	-	-	2 000	
Total	1 376 611	-	-	1 376 611	1 376 611	-	-	1 376 611	516 590	-	1 240 104	

National Department of Energy – Vote 29
Annexure to the Annual Financial Statements
 for the year ended 31 March 2012

Annexure 1B						
Statement of Transfers to Departmental Agencies and Accounts						
Department/agency/account	Transfer Allocation			Transfer		2010/11 Appropriation Act R'000
	Adjusted Appropriation R'000	Rollovers R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
SA National Energy Development Institute	20 100	-	-	20 100	20 100	100
National Nuclear Regulator	35 430	-	-	35 430	35 430	100
Total	55 530	-	-	55 530	55 530	-

National Department of Energy – Vote 29
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Annexure 1C									
Statement of Transfers/Subsidies to Public Corporations and Private Enterprises									
Name of Public Corporation/Private Enterprise	Transfer Allocation				Actual Transfer	Percentage of Available Funds Transferred	Expenditure		2010/11 Appropriation Act
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available			Capital	Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public corporations									
CEF (SOC) Ltd	20 191	-	-	20 191	20 191	100	-	20 191	20 000
Eskom	1 856 611	-	-	1 856 611	1 856 611	100	1 828 611	28 000	1 828 710
SA Nuclear Energy Corp	586 034	-	-	586 034	586 034	100	130 667	455 367	574 110
Non-grid households	127 860	-	-	127 860	127 860	100	127 860	-	124 200
	2 590 696	-	-	2 590 696	2 590 696		2 087 138	503 558	2 547 020
Private enterprises									
Transnet Pipelines (Petronet)	1 500 000	-	-	1 500 000	1 500 000	100	1 500 000	-	1 500 000
FIFA	281 000	-	-	281 000	281 000	100	281 000	-	-
Subsidies									
Renewable Energy Finance & Subsidy Office	25 000	-	-	25 000	25 000	100	-	25 000	20 678
	1 806 000	-	-	1 806 000	1 806 000		1 781 000	25 000	1 520 678
Total	4 396 696	-	-	4 396 696	4 396 696		3 868 138	528 558	4 067 698

National Department of Energy – Vote 29
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 for the year ended 31 March 2012

Annexure 1D						
Statement of Transfers to Households						
	TRANSFER ALLOCATION			EXPENDITURE		2010/11 Appropriation Act
	Adjusted Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	%
Households						
Transfers						
Leave gratuity paid to employees	349	-	-	349	139	40
Act of grace household paid to deceased employee's family	-	-	-	-	22	-
Total	349	-	-	349	161	79

National Department of Energy – Vote 29
 Annexure to the Annual Financial Statements

for the year ended 31 March 2012

Annexure 1E			
Statement of Gifts, Donations and Sponsorships Received			
Name of Organisation	Nature of Gift, Donation or Sponsorship	2011/12	2010/11
		R'000	R'000
Received in kind			
German Development Cooperation	Disbursements to Burgeap/EDG Engineers, Lebone Engineers & KwaZulu Energy Services for monitoring the service provider on the project	-	25 283
African Energy Commission (AFREC) 1st working group meeting held in Addis Ababa, Ethiopia	Air ticket & accommodation	13	-
Energy information session	T-shirts & pens	15	-
Energy information session	Scientific calculators & mathematical sets	30	
Increase understanding of the petroleum sector	Course: Leadership in Oil & Energy	58	
Total		116	25 283

National Department of Energy – Vote 29
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for the year ended 31 March 2012

Annexure 1F Statement of Aid Assistance Received					
Name of Donor	Purpose	Opening Balance	Revenue	Expenditure	Closing Balance
		R'000	R'000	R'000	R'000
Received in cash					
Norwegian Government	Reconstruction & Development Programme	1 272	(1 272)	-	-
Swedish Government	The Support for Energy Efficiency Monitoring & Implementation Project	3 399	-	3 399	-
Total		4 671	(1 272)	3 399	-

National Department of Energy – Vote 29
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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	2011/12 R'000	2010/11 R'000
Remissions, refunds & payments made as an act of grace		
Payment as an act of grace to the family of the deceased employees	22	22
Subtotal	22	22
Paid in cash		
Donations made to deceased employee's family	2	-
Subtotal	2	-
Total	24	22

National Department of Energy – Vote 29
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for the year ended 31 March 2012

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)	Percentage Held 11/12	Percentage Held 10/11	Number of Shares Held		Cost of Investment R'000	Net Asset Value of Investment R'000	Profit/(Loss) for the Year R'000	Losses Guaranteed	Yes/No	
				2011/12	2010/11						
National/provincial public entity											
The South African Nuclear Corporation Ltd	Schedule 2	100	100	2 205	2 205	2 205	381 507	(53 069)		No	(7 497)
CEF (SOC) Ltd	Schedule 2	100	100	1	-	-	6 111 128	(46 588)		No	1 564 027
EDI Holdings	Schedule 3A	100	100	100	-	-	#	-	#	No	6 421
Total				2 306	2 306	2 205	6 492 635	(99 657)			1 562 951

Parliament took a decision for EDIH to cease operations as at 31 March 2011. The process to cease operations commenced in the 2011/12 financial year, and the final audit is currently in progress by the AGSA.

National Department of Energy – Vote 29
Annexure to the Annual Financial Statements

for the year ended 31 March 2012

Annexure 2B									
Statement of Investments in and Amounts Owing by/to Entities (Continued)									
Name of Public Entity	Nature of Business	Cost of Investment R'000		Net Asset Value of Investment R'000		Amounts Owing to Entities R'000		Amounts Owing by Entities R'000	
		2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
Controlled entities									
CEF (SOC) Ltd	Financing & promotion of the acquisition of, research into & exploitation of energy-related products & technology	-	-	6 111 128	24 728 356	-	-	-	-
EDI Holdings	Facilitate the restructuring of the electricity distribution	-	-	-	-	-	-	-	15
Total		-	-	6 111 128	24 728 356	-	-	-	15

National Department of Energy – Vote 29
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 for the year ended 31 March 2012

Annexure 3A										
Statement of Financial Guarantees Issued as at 31 March 2012 – Local										
Guarantor Institution Guarantee in Respect of	Original Guaranteed Capital Amount	Opening Balance 1 April 2011	Guarantees Draw Downs During the Year	Guarantees Repayments/ Cancelled/ Reduced/ Released During the Year	Revaluations	Closing Balance 31 March 2012	Guaranteed Interest for Year Ended 31 March 2012	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	R'000	R'000		R'000
ABSA Bank	-	60	-	-	-	60	-	-		-
ABSA Bank	-	20 000	-	-	-	20 000	-	-		-
Total	-	20 060	-	-	-	20 060	-	-		-

National Department of Energy – Vote 29
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Annexure 3B Statement of Contingent Liabilities as at 31 March 2011						
Nature of Liability	Opening Balance 1 April 2011	Liabilities Incurred During the Year	Liabilities Paid/Cancelled/Reduced During the Year	Liabilities Recoverable (Provide Details Hereunder)	Closing Balance 31 March 2012	
	R'000	R'000	R'000	R'000	R'000	R'000
Claims against the DoE						
Claims against the DoE	470	-	-	-	470	470
Subtotal	470	-	-	-	470	470
Other						
Legal fees in dispute**	1 944	-	-	-	1 944	1 944
Subtotal	1 944	-	-	-	1 944	1 944
Total	2 414	-	-	-	2 414	2 414

**A potential liability exists relating to disputed hours and costs between the DoE and a service provider regarding the forensic audit into suspected irregularities within the non-grid electrical services environment.

National Department of Energy – Vote 29
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 for the year ended 31 March 2012

Annexure 4 Claims Recoverable						
Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2012 R'000	31/03/2011 R'000	31/03/2012 R'000	31/03/2011 R'000	31/03/2012 R'000	31/03/2011 R'000
Department						
Department of Education	-	23	-	-	-	23
Department of Mineral Resources	-	1 160	-	-	-	1 160
Department of Communication and Information System	-	71	-	-	-	71
Department of Local Government & Housing	6	-	-	-	6	-
Department of Justice	2	-	-	-	2	-
Department of Cooperative Governance	4	-	-	-	4	-
Department of International Relations & Cooperation	710	-	-	-	710	-
	722	1 254	-	-	722	1 254
Other						
Claims recoverable from third parties	4 037	4 037	-	-	4 037	4 037
	4 037	4 037	-	-	4 037	4 037
Other government entities						
Lephalale Municipality	-	1	-	-	-	1
Blue Crane Route Municipality	-	15	-	-	-	15
Bela-Bela Municipality	-	1 300	-	-	-	1 300
Emalahleni Municipality	-	2 495	-	-	-	2 495
Nelson Mandela Bay Municipality	-	5 500	-	-	-	5 500
	-	9 311	-	-	-	9 311
Total	4 759	14 602	-	-	4 759	14 602

Subsequent to year end, all overpayments to the municipalities have been fully recovered.

National Department of Energy – Vote 29
 Annexure to the Annual Financial Statements
 for the year ended 31 March 2012

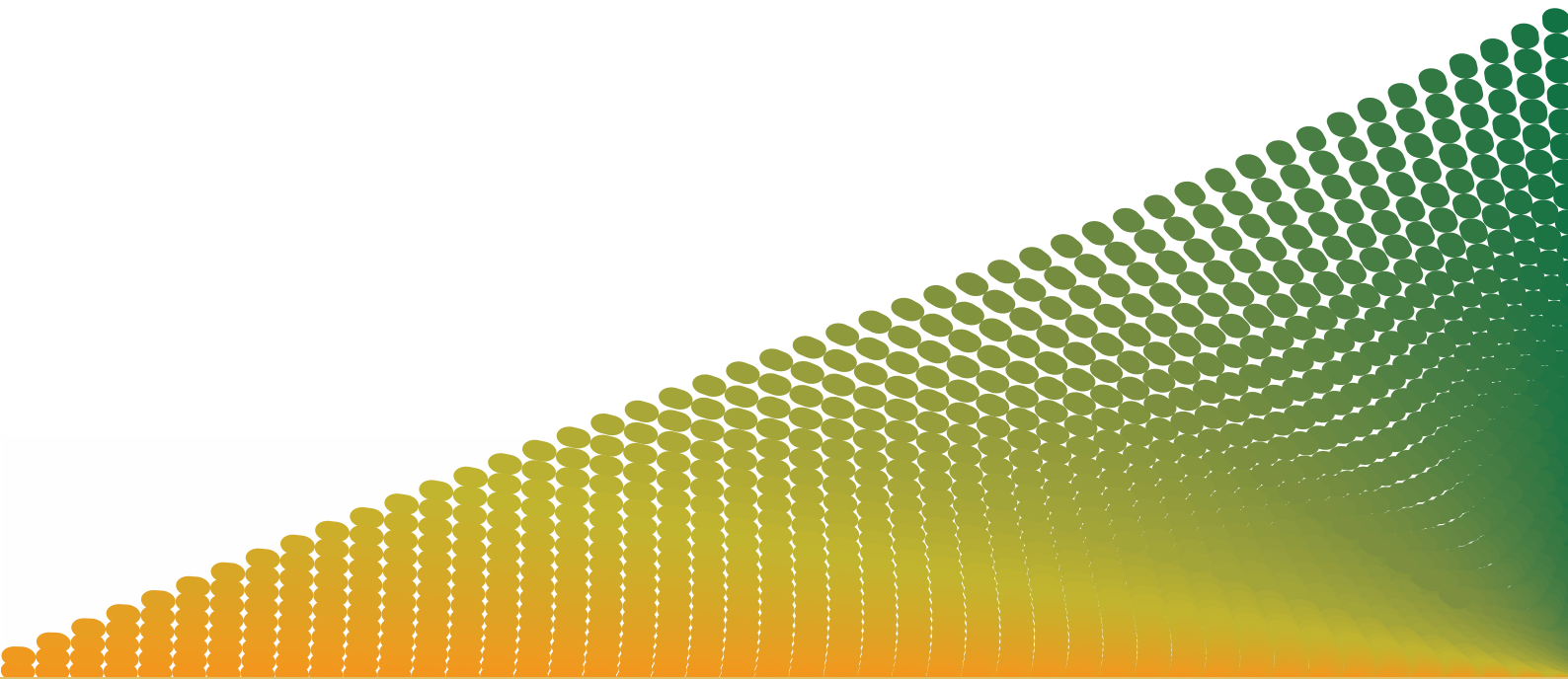
Annexure 5 Inter-Government Payables						
Government Entity	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
Departments Current						
Department of Mineral Resources	6 602	167	-	4 004	6 602	4 171
Department of Justice	23	-	-	-	23	-
The Presidency	22	-	-	-	22	-
Total	6 647	167	-	4 004	6 647	4 171

National Department of Energy – Vote 29
Annexure to the Annual Financial Statements
 for the year ended 31 March 2012

Annexure 6 Inventory					
Inventory	Note	Quantity	2011/12 R'000	Quantity	2010/11 R'000
Opening balance		83 411	519	-	-
Add adjustments to prior year balance			379		
Add: additions/purchases – cash		107 874	3 019	146 635	2 013
Add: additions – non-cash		-	-	26 417	296
Less: disposals		(90)	(20)	-	-
Less: issues		(112 253)	(3 141)	(89 641)	(1 790)
Add: adjustments		3 529	37	-	-
Closing balance		82 471	793	83 411	519

Section 4

Human Resource Management



4.1 SERVICE DELIVERY

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

Table 1.1: Programme 1 – Administration: Corporate Services Branch

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Security Risk Management					
Develop & implement a Physical & Intellectual Risk Plan	Department of Energy (DoE) personnel & visitors	DoE Personnel & visitors	Quantity	Standardised security as per South African Police Service (SAPS) & National Intelligence Agency (NIA) security recommendations.	Completed in 2010/11.
			Quality	Reduction of risk.	Vetting, physical security, document security, communication security & key control. Security procedural manuals developed & completed in 2010/11. Security Risk Management Plan drafted. Access control procedures in place.
	Time		12 months.	March 2012.	
	Cost		Compensation of employee as per budget.	Budget constraints prevented increases in personnel.	
	Consultation		National Intelligence Agency (NIA) & South African Police Service (SAPS).	Ongoing meetings take place with NIA & SAPS.	
	Access		Officials taking security as their responsibility.	Access control procedure memo was circulated to staff for compliance in 2010/11. Staff signs after-hours registers. Staff declares their personal items to risk management officials deployed at every access point.	
	Service information		Security guidelines & procedures on the intranet.	Completed in 2010/11.	
Complaints mechanism		Market security at EXCO & Chief Directorate meetings.	Security matters were a standing item in the EXCO agenda in 2010/11.		

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Special Projects/Programmes					
Redress the past imbalances & create access for the vulnerable groups to benefit from the energy sector	Community formations, media, non-governmental organisations, other government departments, state-owned enterprises (SOEs), Women in Oil & Energy South Africa (WOESA), Women in Nuclear South Africa (WINSA)	All designated vulnerable groups resident in areas in & around energy industry operations, i.e. women, youth, disabled, children & the aged	Quantity	According to South African demographics, as per policy.	KwaZulu-Natal, Northern Cape, Gauteng, Limpopo & Mpumalanga.
			Quality	As per policy.	Hosted the annual Learners Focus Week. Held information sessions & workshops. Take a Girl Child to Work Programme. Launch of the Men's Forum in the Energy Sector. Draft a Youth Development Strategy.
			Time	March 2012.	31 March 2012.
			Cost	Within the allocated budget.	The budget allocated was not sufficient to address the priorities of the Directorate.
			Consultation	All provinces to be reached.	Outstanding Provinces: Western Cape, Eastern Cape, Free State & North West.
			Access	Ensure information dissemination to all vulnerable groups through workshops, information sessions & consultations.	Business opportunities available in the Energy Sector. Career opportunities in the energy sector. Learners Focus Week.
			Service information	Continue with information sessions as per plan of action.	Western Cape, Eastern Cape, Free State & North West. Information sessions are held at Public Participation Programmes (PPP). Interpret all enquiries sent to the DoE in a fair & transparent manner.
			Complaints mechanism	Monitor equity through surveys & data collection.	N/A

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Provide an efficient External & Internal Communication service to both the DoE & the Ministry	Communications Chief Directorate South African public, DoE Stakeholders & internal staff		Quantity	Streamline all DoE external events. Revamp all service-related publications. Strengthen internal communications. Embark on at least three marketing campaigns. Host more content driven Imbizo/Public Participation events. Updated & develop new publications. More stakeholder & public liaison events to be hosted. Optimise the number and formats of internal communication interactions to enhance the quality of engagement; Internal communications events held more frequently. Marketing campaigns rolled out.	Maintenance of calendar of events. PPP for the Minister, Deputy Minister, as well as Stakeholder Engagement opportunities for the Director General. The Draft marketing strategy is being implemented.
	Time	March 2012.			
			Cost	Within the allocated budget. Properly procured services to ensure value for money. More proactive involvement in the budgeting process to ensure that allocations are streamlined with priorities.	31 March 2012. A comprehensive budget proposal was submitted for the Chief Directorate. However, the budget allocated was not sufficient to address the priorities of the Directorate. Procured desk-pad calendars, pop-up banners, Valentine's Day mugs, booklets (e.g. careers in nuclear energy & booklets on nuclear, oil & gas energy), tear-drop banners, snack packs, brochure stands, electrical appliances (e.g. kettles, irons & stoves) & fixed broken banners.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Communications Chief Directorate					
			Cost	<p>Offices of the DG & Ministry. Engage media players.</p> <p>Line function branches for strategic communications on internal matters.</p> <p>Engage Human Resources (HR) & Chief Financial Officer's (CFO's) office, especially those that provide a service to internal DoE staff.</p>	<p>Conducted 47 Public Participation Programme (PPP) to engage communities on DoE mandate and service delivery issues, and Stakeholder Engagements.</p> <p>Filled 10 (1 x SMS; 1 x MMS; 2 ASD; 6 Officers) vacancies in the Chief Directorate.</p> <p>Meetings held weekly to address communication issues.</p> <p>Communication strategies developed for all public participation programmes of both the Minister & the Deputy Minister between January & March 2011.</p> <p>Conducted 47 Public Participation Programme (PPP) to engage communities on DoE mandate and service delivery issues, and Stakeholder engagements.</p> <p>Staff information sessions were held with DoE officials to enhance their knowledge and awareness of Departmental programmes such as the Employee Awareness Programme, the government Programme of Action and significance of national days, i.e. Human Rights Day, Freedom Day.</p>
			Access	<p>Update information on all DoE service-related programmes available on the website & intranet, quarterly staff newsletter, monthly bulletin from the Minister & monthly meetings with Deputy Director-Generals (DDGs).</p>	<p>DoE website & intranet created & launched.</p> <p>Upload information on Departmental programmes on the website and Departmental events, vacancies, tenders.</p> <p>Developed and distributed internal newsletter to DoE officials to make them aware of Departmental activities.</p>

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Communications Chief Directorate					
			Service information	Proactive line function submission of their plans/ programmes each year by November. Continuous interaction & consultations on the changing needs of line-function branches.	Involved in Branch sub-working committees to address their communication needs, ie. marketing strategies, media plans, branding materials, PR exercises. Achieved
			Complaints mechanism	Chief Directorate Communication responsible for Presidential Hotline Enquiries, and General DoE received enquiries. Media Analysis Report submitted to EXCO on a weekly basis	Because of financial constraints, marketing activities for the DoE remained limited to free media publicity & exhibitions. All queries registered on the Presidential Hotline Enquiries are resolved. Resolved all queries registered on info@energy.gov.za
Expenditure Management					
Pay creditors invoice within 30 days of receipt of invoice	External & internal stakeholders	External & internal stakeholders	Quantity	21 days.	Orders: 1 018. Sundry: 441.
			Quality	< 3% rejection due to incorrectly loaded bank details.	1.81% rejections.
			Time	By March 2011.	Target achieved on Sundry payments.
			Cost	Timely payments that do not attract finance charges. Remuneration for additional staff	Creditors paid within turnaround time. On target.
			Consultation	Informative: circulars, memos, letters, telephones & emails.	All payment stubs distributed daily.
			Access	Integrated registers on S:Drive.	Access granted to authorised officials.
			Service information	Reasons for delayed payment provided consistently.	Expenditure management administrators trained.
			Complaints mechanism	Established complaints centre.	Still to be established on intranet.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Expenditure Management					
Reconcile payments	External & internal stakeholders	External & internal stakeholders	Quantity	100% of payments reconciled.	100% of payments reconciled.
			Quality	Payment of fraudulent beneficiaries is prevented.	100% of payments to fraudulent beneficiaries are prevented.
			Time	Within a day of payment run & ongoing.	Daily.
			Cost	Funds transferred to valid beneficiaries only. Remuneration of dedicated official to implement control measures.	Daily. On target.
			Consultation	Proactive: daily reconciliation enables anomalies to be picked up before Electronic Funds Transfer (EFT) is effected.	On target.
			Access	Reconciliation statement on S:Drive.	Access to authorised officials.
			Service information	Reasons for delayed payment provided consistently. Proactive: delays explained immediately on identification. Policy & procedures, templates, remittance advice/payment stubs.	Report to National Treasury (NT) monthly. Daily. Payment policies approved.
			Complaints mechanism	Established complaints centre.	According to occurrences.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Expenditure Management	External & internal stakeholders	External & internal stakeholders	Quality	All processes.	On target.
			Quantity	Average turnaround time per month is exceeded by not more than 5%.	0% turnaround time per month is exceeded.
			Time	By March 2012.	Working towards target.
			Cost	Increased production & lesser queries. Remuneration for additional staff.	On target. Within budget.
			Consultation	Proactive: weekly review & feedback sessions, road shows & workshops.	Annually.
			Access	Integrated registers on S:Drive. SMS, email, standard letters & telephone.	Access granted to authorised officials on S:Drive.
			Service information	Reasons for delayed responses are provided consistently. Stubs, reports, statistics & SMS. Monthly reports, statistics, integrated reports & registers on S:Drive.	Administrators trained on email system on Outlook. Daily. Monthly.
			Complaints mechanism	Prompt feedback to clients is provided.	On target.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Financial Planning & Management Accounting					
Process cash/cheque for DoE services	Applicants (information, petroleum licenses) debtors	Applicants (information, petroleum licenses) debtors	Quantity	Process all monies received.	All monies received are recorded, reconciled & deposited as prescribed. Receipt deposit control account – zero (all receipts that sweep into the HQ account from regional accounts confirmed with regional offices).
			Quality	System-generated receipts.	All receipt batches captured on bank deposit.
			Time	Issue receipt within five minutes of cash/cheque receipt.	On target. Receipts for R 2 948.03 issued by hand.
			Cost	Monthly salary of staff.	On target. Total receipts for 2011/12: R 3 380 713.
			Consultation	Issue receipt.	All receipts issued over the counter immediately.
			Access	Offices open during weekdays between 07:30 and 16:30.	Cashier services available from 07:30 to 16:00.
			Service information	Send statement of balances. Annual financial statements.	Revenue received classified & reported to the NT on a monthly basis.
			Complaints mechanism	Provide client feedback for unfavourable applications.	Refunds & queries followed-up regularly. However, delays are experienced at times because of delays in verification of banking details as required by the NT.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Supply Chain Management					
Supplier Management	Service Providers DoE users	Service Providers DoE users	Quantity	No standards set.	Details of 1 162 service providers captured.
			Quality	Increase number of credible/prequalified service providers that are readily available per strategic commodity.	Screening & capturing process finalised.
			Time	End of June 2012.	Working towards achieving all performance targets.
			Cost	Enough suppliers to promote cost effectiveness & transparency through quote comparison. Within the allocated budget.	Enough suppliers available to ensure competition & fairness. On target.
			Consultation	Commodities identified from Procurement Plans.	Office visit & telephonic consultation is ongoing.
			Access	Forms on internet, intranet & reception.	Available on Internet as & when active projects arise.
			Service information	Users & service providers treated with respect (<i>Batho Pele</i> principles). Advert placed in newspapers, Tender Bulletin & Internet. Advert placed in newspapers, Tender Bulletin & Internet.	Cashier services available from 07:30 to 16:00. On-going feedback provided to clients on the status of orders and payments via email.
			Complaints mechanism	Vetted supplier available.	Available & captured.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Supply Chain Management					
Bid & Contract Administration	Service Providers & DoE users, DoE management & NT	Service Providers & DoE users, DoE management & NT	Quantity	No standards set.	Eight bids advertised in 2011/12. One contract awarded to a Service Provider.
			Quality	Correct bid information advertised.	When advertising bids, the accuracy of information & compliance with the requirements of the Government Printing Works is ensured.
			Time	Six weeks from bid closure.	On target. The time allowed may become lengthy depending on the availability of competent authorities to approve.
			Cost	Enough suppliers to promote cost effectiveness & transparency through bid comparison. Within the allocated budget.	In progress. Monthly targeted expenditure versus actual.
			Consultation	Better consultation through Bid Specification Committee.	The committee established on an <i>ad hoc</i> basis if considered necessary.
			Access	Bid adverts & documents available on the Internet & Tender Bulletin. Newspaper adverts to be encouraged on more technical bids.	On target. The DoE advertised in the Government Tender Bulletin only.
			Service information	Users & service providers are treated with respect (<i>Batho Pele</i> principles). Bid award advertised on the same advert mode. Public opening of bids upon requests. Bid Evaluation Committee/Bid Adjudication Committee (BAC) Charter made available to all committee members & users on request. Structured reporting intervals. Annual training of BAC members conducted.	Ongoing. On target. Completed.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Supply Chain Management					
Logistics Management: Prompt delivery of Goods & Services	Service Providers & DoE users	Service Providers & DoE users	Complaints mechanism	Increased participation on technical bids. Increased Small , Medium and Micro Enterprise (SMME) spent on 60%. Implementation of Contract Management Strategy.	15% (R 22 416 307.57) spent on BEE for procurement of goods & services.
			Quantity	No standards set.	1 060 creditors paid to the value of R 145 705 938.01.
			Quality	Orders expedited upon placement to ensure prompt delivery. Strict adherence to the turnaround times for delivery of inventory items.	767 system orders generated to the value of R 187 284 321.91.
			Time	Throughout the 2011/12 financial year.	On target.
			Cost	Increased productivity. Within allocated budget.	None. Transit office needed to provide service effectively. On target. Further improvement expected.
			Consultation	Constant follow-up on outstanding orders.	Weekly follow-ups on outstanding orders.
			Access	Clearly defined contact centres for users & service providers.	Contact Centre established & available.
			Service information	Avoid queries. Turnaround times published. Inventory items published. Description on orders linked to quotation.	Ongoing. On target. Adhered to.
			Complaints mechanism	Delivery according to agreed lead time.	Suppliers adhered to delivery times stipulated in orders.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Information Technology					
Network Optimisation	External & Internal Stakeholders	External & Internal Stakeholders	Quantity	95% uptime.	Achieved Wide Area Network (WAN) availability of 98.5%.
			Quality	Bandwidth management.	Bandwidth utilisation optimal for 2011/12.
			Time	2011/12 financial year.	2011/12 financial year.
			Cost	Within the allocated budget.	Ensured availability of WAN & Local Area Network (LAN) in accordance with State Information Technology Agency (SITA) target of 98% per month.
				Negotiate cost reduction.	WAN availability target achieved. Total cost: R 1 000 per annum.
			Consultation	Liaise with Change Control & Website Committees.	Change Control Committee formed to evaluate & inform users on outcome of requested change.
			Access	24/7 accessibility.	System accessibility target of 95% achieved.
			Service information	Advise on status & have a dedicated resource. Provide performance statistics. Informative communiqué.	Users informed continuously about unavailability of the network & business systems. Bandwidth Utilisation Report & Network Availability Report available on shared folder (S:Drive). The reports detail the state of health of WAN for a specific period. Information on high-impact incidents that could potentially disrupt the availability of business systems forwarded to users. Help Desk informed users on status of calls.
			Complaints mechanism	Establish Service Evaluation Analysis.	Change Committee informed change originators on status of change requests. User satisfaction survey created & distributed to all users through email.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Petroleum Products Licensing System (PPALS)	Systems Development & Maintenance				The need for the re-engineering of the PPALS system has overtaken these targets. The re-engineering process has been initiated & enhanced system Modules are in the process of development and deployment.
	External & Internal Stakeholders	External & Internal Stakeholders	Quantity	100% of all licence types are currently issued by the system & maintained at 100% system availability.	
			Quality	There should be no backlog of annual returns.	
			Time	March 2012.	
			Cost	All petroleum licence types are issued from the system. Within the allocated budget.	
			Consultation	Change control meetings for enhancements.	
			Access	Electronic access.	
			Service information	A patch is in place for errors that cannot be done on the system. System is audited from time to time & AGSA Management Report issued. All petroleum licence types, reports & system queries.	
			Complaints mechanism	Patch built for correction of incorrect transaction & audit trail is available.	

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
<p>Systems Development & Maintenance</p> <p>Document/ Parliament & Questions Tracking System (Magic Systems)</p>	External & Internal Stakeholders	External & Internal Stakeholders	Quantity	Two systems.	Document Tracking System in operation
			Quality	Document & parliamentary questions can be tracked in real time & officials escalated where necessary.	Parliamentary Questions Tracking System is in pilot phase. Users are able to generate petroleum licence reports from Magic Petroleum Licensing module.
			Time	March 2012.	On target.
			Cost	Queries & reports generated from the system. Within the allocated budget.	User log files indicating the date & time on & at which users interact with system in place. Maintenance & support costs negotiated with service provider & businesses when required.
			Consultation	Ministry, DG's Office & all DDGs.	Consultation with users on complete business & ICT re-engineering of petroleum licensing system is ongoing.
			Access	Electronic access.	One head office-based user utilised the petroleum licensing system on Magic platform.
			Service information	Enhancements are processed through change control. Reports & queries from the system. Data & reports.	Users continuously updated on status of requests for change or additional system functions. Reports & queries from the system. Petroleum licence fees paid annually.
			Complaints mechanism	Improved IT infrastructure & adequate resources.	Petroleum licensing server tuned for optimal performance. WAN bandwidth to regional offices to be upgraded as part of roll-out of VPN technologies throughout the DoE.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012			
Transport, Facilities & Records Management								
Applications for access to information	External & Internal Stakeholders	External & Internal Stakeholders	Quality	70.	20% of requests were received & processed.			
			Quantity	Files opened & delivered to Deputy Information Officers (DIO).	13 files opened & delivered to DIO.			
			Consultation	Liaise with line functions & the public.	Requests are received from the public & line functions are consulted to ensure that the required information is available before the file can be opened.			
			Access	Electronic access.	Request form is available online for public to apply.			
			Courtesy	Reason for delay to be provided consistently & regularly.	All requests with receipt for the fee payment were processed on time.			
			Open & transparency	Monthly reports & statistics to be provided.	Available regularly.			
			Information	Reports & statistics.	Available.			
			Complaints mechanism	Prompt feedback.	Response is provided within the prescribed period.			
			Value for money	Minimise complaints from the public.	Available information is provided within a prescribed period.			
			Time	Within 30 days.	On time.			
			Cost	Within the allocated budget.	No allocated budget.			
			Processing of correspondence (letters) from the public	External & Internal Stakeholders	External & Internal Stakeholders	Quantity	1 000.	6 000 letters are processed per year.
						Quality	Letters distributed daily.	502 letters are distributed per year.
						Consultation	Liaise with users & Post Office.	If users were expecting letters that were not received by the registry, the registry contacts the DoE Liaison Officer to check the letter or parcel & when found, the Liaison Officer informs the Registry to collect it.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Transport, Facilities & Records Management					
			Access	Telephone & email.	Users phone the registry to collect the mail.
			Courtesy	Reason for delay to be provided regularly.	Post is collected & delivered daily to the users.
			Open & transparency	Register mail regularly.	Mail is registered & delivered daily to the users.
			Information	Provide statistics according to categories.	5 804 & 196 were returned to the senders.
			Redress	Minimise lost mail.	Mail is registered upon collection from the post office.
			Value for money	Minimise complaints from the users.	Mail is delivered timeously.
			Time	Within a day.	Daily.
			Cost	Within the allocated budget.	Response is provided within the prescribed period.
			Value for money	Minimise complaints from the public.	Available information is provided within a prescribed period.
			Time	Within 30 days.	On time.
			Cost	Within the allocated budget.	R 30 000.00.

Table 1.2: Programme 2 – Hydrocarbons and Energy Planning Branch

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Petroleum Controller					
Issue licences for petroleum products	Petroleum Manufacturing, Wholesale & Retail Industry.	Petroleum Manufacturing, Wholesale & Retail Industry.	Quantity	Issue 1 200 new licences for all licence types.	The set target was monitored differently in recognition that issuing licences is dependent on timeous quality information submitted for analysis. As a result, emphasis was on ensuring that applications are processed within the prescribed timeframe. The 90 days tracking plan was adopted & ensured that 95% of all licence applications with adequate information were processed.
			Quality	Improved productivity & employee satisfaction. Train people to acquire more qualitative & quantitative analysis skills.	The first group of employees attended the PAJA & Introduction to Quality Management Course (ISO 9001:2008).
			Time	All new to industry licences issued within 60 days. Other licences issued within 90 days.	Achieved. Achieved.
			Cost	Robust client interface & improved turnaround times. Within the allocated budget.	Achieved. The lack of funding for some activities resulted in approaches at regional offices with no funding implications, e.g. conducting of in-house workshops.
			Consultation	Road shows, advertisements, & visual & audio media.	Achieved.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Petroleum Controller			Access	<p>Regional representation.</p> <p>Provision of mobile services. DoE website.</p>	<p>All regional offices up & running with full staff complement.</p> <p>Not yet achieved because of budget constraints. Website updated on a monthly basis on licence application status.</p>
			Service information	<p>Implement regional office structure with a help desk & more user-friendly licence applications guidelines.</p> <p>More media exposure through adverts in newspapers, radio & TV.</p> <p>Regional collaboration with stakeholders.</p> <p>Pamphlets, workshops, seminars & flyers.</p>	<p>Regional structure with help desk fully implemented.</p> <p>Not done because of budget constraints.</p> <p>Achieved, though with limitations because of lack of funding.</p> <p>Achieved. Regional offices conducted petroleum licensing & compliance information sessions.</p>
			Complaints mechanism	<p>Improve technology used to speed up the issuing process & more electronic services to government.</p>	<p>PPALS II Project called off. New project in the process of being conceptualised.</p>

Table 1.3: Programme 3 – Electricity, Nuclear and Clean Energy Branch

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Integrated National Electrification Programme					
Alleviate poverty through increased access to modern energy carriers	Households & schools	Departments of Basic Education, Health, Corporate Governance & Traditional Affairs	Quantity	Connect 150 000 households to the grid. Connect 10 000 households off-grid. Fund the building of 10 bulk substations.	141 390 households connected to the grid (municipal financial year ends in June & the remaining connections will be achieved by then). 10 000 households connected off-grid. Building of seven bulk infrastructure projects including substations was achieved.
			Quality	Audit.	Less than 10% instead of 30% of projects were audited due to financial constraints.
			Time	End March 2012.	End March 2012.
			Cost	Within the allocated budget.	68% spent. Rest to be spent at the end of the municipal financial year (June 2012).
			Consultation	IDP Process, Eskom, municipalities, Department of Human Settlements, Department of Cooperative Governance & Traditional Affairs, & Department of Basic Education.	Consultation is ongoing & is being achieved.
			Access	Email & telephone.	Achieved.
			Service information	Website & workshops.	11 workshops achieved including Electrification Indaba. There are functional provincial & district energy forums. Information still to be updated on the DoE website.
			Complaints mechanism	Client feedback & query escalation processes.	Achieved.

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012	
Independent Power Producers						
Facilitate private sector participation in the Electricity Sector	South African public & industry players	South African public & industry players	Quality	1 000 MW.	The project has not been completed as yet. We are yet to conclude the Power Purchase Agreement (PPA), Implementation Agreement (IA) and the Transmission Agreement (TA). We are awaiting approval (decision) from the National Treasury on the issuing of a guarantee for the project.	
			Quantity	Peaking power.		
			Time	End March 2012.		
			Cost	Budget spent in line with priorities as allocated.		
			Consultation	National Energy Regulator of South Africa (NERSA) & Eskom.		Consultation is an on-going concern and is being achieved.
			Access	Email, telephone & meetings.		Achieved. Through these interaction and publications, information is shared. Queries and concerns are followed-up on and feedback given on email
			Service information	Implement <i>Batho Pele</i> principles.		
			Complaints mechanism	Meetings & publications. Information is shared with all key stakeholders via the website & workshops. Client feedback & query escalation processes.		
Clean Energy						
Providing funding through Renewable Energy Finance & Subsidy Office (REFSO) to entrepreneurs & Black Economic Empowerment (BEEs) organisations.	Entrepreneurs applying for funding to develop renewable energy projects	Entrepreneurs applying for funding to develop renewable energy projects	Quantity	Five subsidised projects.	Since the IPP programme was initiated, a decision was made that REFSO be discontinued to prevent double dipping by project developers. This was approved by NT.	
			Quality	Commercial viable renewable energy projects.		
			Time	March 2012.		
			Cost	Additional 300 GWh per annum should be added to energy mix through REFSO support. R 10 million.		

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Clean Energy			Consultation	Intensify awareness campaigns. Workshops across the country.	See note on page 227.
			Access	Involve municipalities & work with DoE colleagues at the regions.	
			Service Information	Meetings, telephonically, workshops & conferences. Clear application procedure & clear appeal process for aggrieved applicants.	
				Project information dissemination help desk.	
			Complaints mechanism	Client feedback & query escalation processes.	
Energy Efficiency					
Regulatory framework for large scale implementation & monitoring of energy efficiency	The South African public & industry	The South African public & industry	Quantity	Roll-out of one million solar water heaters by 2013.	The Energy Efficiency function was reviewed and the approach with regard to these initiatives has been redefined into various different programmes and rescheduled accordingly. The targets set in terms of this Service Delivery Improvement Plan are therefore no longer relevant.
			Quality	A well-drafted document with action plans until 2015 & strategic direction up to 2050.	
			Time	The energy efficiency improvements in the country will have to continue & be accelerated to address global warming & climate change up to 2050.	

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Energy Efficiency			Service information	<p>Keeping it voluntary as far as possible but commencing with regulations on areas where the voluntary approach is not functioning & implement incentives to encourage widespread use.</p> <p>Strategy implementation & continued involvement of stakeholders.</p> <p>Providing more information for each sector specifically including standards, codes of practice, implementation guidelines & checklists to ensure the implementation of energy efficiency on a large scale.</p>	See note on page 228.
			Complaints mechanism	<p>Provide assistance by means of low interest loans & other incentives for the SMMEs to continue & training of more operators of equipment at different levels by ensuring unit standards.</p>	

Main Service	Actual Customers	Potential Customers	Service Delivery Facet	Standard of Service (2012/13)	Actual Achievements against Standard Progress as at 31 March 2012
Energy Efficiency					
			Cost	<p>Payback periods will continue to decrease as the price of energy is increasing. More & more projects will become financially viable which will have a positive impact on the economy of the county.</p> <p>The monitoring will have to continue up to 2050 but the costs will significantly reduce once the modelling mechanism has been implemented. It will then only be the cost of data gathering & personnel to analyse the data.</p>	See note on page 228.
			Consultation	Continued consultation & establishment of an intergovernmental working group to ensure the implementation & coordination at different government departmental levels.	
			Access	Promote & encourage individuals, companies, building owners, etc., to use the available mechanisms to determine their carbon footprint based on their energy consumption & implement energy efficiency programmes to reduce or offset.	

4.2 EXPENDITURE

The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of the programmes or salary bands within the DoE.

Table 2.1: Personnel costs by programme, 2011/12

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as Percentage of Total Expenditure	Average Compensation of Employees: Cost per Employee (R'000)	Employment
Den: Administration	196 259	84 491	2 275	20 923	43	152	560
Den: Energy Policy & Planning	1 545 690	33 953	123	6 681	2	61	560
Den: Energy Regulation	529 268	47 799	99	8 322	9	84	560
Den: National Electrification Programme	3 264 540	14 639	6	-	-	26	560
Den: Nuclear Energy & Regulation	638 505	3 955	19	495	1	7	560
Total as on financial systems (BAS)	6 174 262	184 837	2 522	36 421	3	330	560

Table 2.2: Personnel costs by salary band, 2011/12

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department Including Goods and Transfers (R'000)	Number of Employees
Skilled (levels 3-5)	7 998	4.2	135 559	189 918	59
Highly skilled production (levels 6-8)	29 265	15.4	212 065	189 918	138
Highly skilled supervision (levels 9-12)	82 325	43.3	401 585	189 918	205
Senior management (levels 13-16)	48 700	25.6	737 879	189 918	66
Contract (levels 1-2)	2 598	1.4	43 300	189 918	60
Contract (levels 3-5)	2 415	1.3	172 500	189 918	14
Contract (levels 6-8)	470	0.2	156 667	189 918	3
Contract (levels 9-12)	3 471	1.8	385 667	189 918	9
Contract (levels 13-16)	6 571	3.5	1 095 167	189 918	6
Periodical remuneration	228	0.1	76 000	189 918	3
Total	184 041	96.9	326 893	189 918	563

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 2.3: Salaries, overtime, home owners allowance and medical assistance by programme, 2011/12

Programme	Salaries (R'000)	Salaries as Percentage of Personnel Cost	Overtime (R'000)	Overtime as Percentage of Personnel Cost	HOA (R'000)	HOA as Percentage of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as Percentage of Personnel Cost	Total Personnel Cost per Programme (R'000)
Den: Administration	55 939	66.2	1 338	1.6	1 919	2.3	2 937	3.5	84 491
Den: Energy Policy & Planning	22 826	67.2	26	0.1	997	2.9	986	2.9	33 953
Den: Energy Regulation	32 951	68.9	18	-	1 561	3.3	1 874	3.9	47 799
Den: National Electrification Programme	10 180	69.5	1	-	269	1.8	468	3.2	14 639
Den: Nuclear Energy & Regulation	2 672	67.5	12	0.3	201	5.1	98	2.5	3 955
Total as on financial systems (BAS)	124 568	67.4	1 395	0.8	4 947	2.7	6 363	3.4	184 837

Table 2.4: Salaries, overtime, home owner s allowance and medical assistance by salary band, 2011/12

Salary bands	Salaries (R'000)	Salaries as Percentage of Personnel Cost	Overtime (R'000)	Overtime as Percentage of Personnel Cost	HOA (R'000)	HOA as Percentage of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as Percentage of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Skilled (levels 3-5)	5 263	64.2	493	6	474	5.8	606	7.4	8 199
Highly skilled production (levels 6-8)	20 874	70.2	462	1.6	1 089	3.7	1 933	6.5	29 727
Highly skilled supervision (levels 9-12)	62 149	72.7	402	0.5	1 938	2.3	2 995	3.5	85 545
Senior management (levels 13-16)	40 370	80.2	-	-	1 342	2.7	722	1.4	50 341
Contract (levels 1-2)	2 596	98.3	3	0.1	-	-	-	-	2 641
Contract (levels 3-5)	2 127	86.7	33	1.3	52	2.1	38	1.5	2 452
Contract (levels 6-8)	389	81.4	-	-	6	1.3	2	0.4	478
Contract (levels 9-12)	2 800	78.7	19	0.5	21	0.6	14	0.4	3 559
Contract (levels 13-16)	5 875	87.1	-	-	-	-	-	-	6 746
Periodical remuneration	-	-	-	-	-	-	-	-	230
Total	142 443	75	1 412	0.7	4 922	2.6	6 310	3.3	189 918

4.3 EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

Table 3.1: Employment and vacancies by programme, 31 March 2012

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Energy Policy & Planning, permanent	77	70	9.1	8
Energy Regulation, permanent	157	136	13.4	17
Energy Regulation, temporary	1	1	0	0
National Electrification Programme, permanent	49	48	2	15
Nuclear Energy & Regulation, permanent	22	21	4.5	2
Programme 1 Admin, permanent	309	284	8.1	45
Total	615	560	8.9	87

Table 3.2: Employment and vacancies by salary band, 31 March 2012

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Skilled (levels 3-5), permanent	66	59	10.6	-
Highly skilled production (levels 6-8), permanent	156	138	11.5	5
Highly skilled supervision (levels 9-12), permanent	223	204	8.5	1
Highly skilled supervision (levels 9-12), temporary	1	1	-	-
Senior management (levels 13-16), permanent	77	66	14.3	-
Contract (levels 1-2), permanent	60	60	-	60
Contract (levels 3-5), permanent	14	14	-	12
Contract (levels 6-8), permanent	3	3	-	2
Contract (levels 9-12), permanent	9	9	-	4
Contract (levels 13-16), permanent	6	6	-	3
Total	615	560	8.9	87

Table 3.3: Employment and vacancies by critical occupation, 31 March 2012

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, permanent	58	51	12.1	6
Client information clerks (switchboard, reception & information clerks), permanent	7	7	-	-
Communication & information related, permanent	11	9	18.2	-
Economists, permanent	2	2	-	-
Finance & economics related, permanent	11	11	-	-
Financial & related professionals, permanent	15	15	-	1
Financial clerks & credit controllers, permanent	11	10	9.1	-
Food services aids & waiters, permanent	1	1	-	-
General legal administration & related professionals, permanent	1	1	-	-
Head of department/chief executive officer, permanent	1	1	-	-
Human resources & organisational development & related professionals, permanent	21	20	4.8	-
Human resources clerks, permanent	10	8	20	-
Human resources related, permanent	11	11	-	-
Information technology related, permanent	7	7	-	-
Language practitioners, interpreters & other communicators, permanent	2	2	-	2
Legal related, permanent	3	-	100	-
Library mail & related clerks, permanent	22	21	4.5	12
Logistical support personnel, permanent	6	5	16.7	-

Table 3.3: Employment and vacancies by critical occupation, 31 March 2012 (continued)

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Material-recording & transport clerks, permanent	14	11	21.4	1
Messengers, porters & delivery staff, permanent	5	5	-	-
Natural sciences related, permanent	171	156	8.8	1
Other administration & related clerks & organisers, permanent	9	9	-	-
Other administrative policy & related officers, permanent	1	1	-	-
Other information technology personnel, permanent	7	7	-	-
Other occupations, permanent	2	2	-	-
Risk management & security services, permanent	9	9	-	-
Interns	60	60	-	60
Secretaries & other keyboard-operating clerks, permanent	50	42	16	1
Security officers, permanent	19	19	-	-
Senior managers, permanent	63	56	11.1	3
Senior managers, temporary	1	1	-	-
Trade/industry advisers & other related professionals, permanent	4	-	100	-
Total	615	560	8.9	87

The information in each case reflects the situation as at 31 March 2012. For an indication of changes in staffing patterns over the year under review, please refer to Section 4.5 Employment Changes, of this report.

4.4 JOB EVALUATION

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. 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 at salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister of the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) 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 4.1: Job evaluation, 1 April 2011 to 31 March 2012

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts 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.

Salary Band	Number of Posts	Number of Jobs Evaluated	Percentage of Posts Evaluated	Number of Posts Upgraded	Percentage of Upgraded Posts Evaluated	Number of Posts Downgraded	Percentage of Downgraded Posts Evaluated
Lower skilled (levels 1-2)	-	-	-	-	-	-	-
Contract (levels 1-2)	60	-	-	-	-	-	-
Contract (levels 3-5)	14	1	7.1	-	-	-	-
Contract (levels 6-8)	3	-	-	-	-	-	-
Contract (levels 9-12)	9	-	-	-	-	-	-
Contract (band A)	5	-	-	-	-	-	-
Contract (band B)	1	-	-	-	-	-	-
Skilled (levels 3-5)	66	5	7.6	-	-	-	-
Highly skilled production (levels 6-8)	156	4	2.6	-	-	-	-
Highly skilled supervision (levels 9-12)	224	21	9.4	1	4.8	-	-
Senior Management Service (band A)	55	9	16.4	-	-	-	-
Senior Management Service (band B)	14	1	7.1	-	-	-	-
Senior Management Service (band C)	5	4	80	-	-	-	-
Senior Management Service (band D)	3	-	-	-	-	-	-
Total	615	45	7.3	1	2.2	-	-

Table 4.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2011 to 31 March 2012

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

Beneficiaries	African	Asian	Coloured	White	Total
Female	5	-	-	1	6
Male	4	-	-	-	4
Total	9	-	-	1	10
Employees with a disability	-	-	-	-	-

Table 4.3: Employees whose salary level exceed the grade determined by job evaluation, 1 April to 31 March 2012 (in terms of PSR 1.V.C.3)

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No. of Employees in Dept
HR related	1	8	8	Retention	1
Risk management	1	7	9	Retention	1
Total	2				
Percentage of total employment	0.4				560

Table 4.4: Profile of employees whose salary level exceeded the grade determined by job evaluation, 1 April 2011 to 31 March 2012 (in terms of PSR 1.V.C.3)

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

Beneficiaries	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	2	-	-	-	2
Total	2	-	-	-	2
Employees with a disability	-	-	-	-	-

* Regulation V C.3 of Chapter 1 of the Public Service Regulations, 2001.

4.5 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 (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3).

Table 5.1: Annual turnover rates by salary band for the period 1 April 2011 to 31 March 2012

Salary Band	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Skilled (levels 3-5), permanent	58	11	-	-
Highly skilled production (levels 6-8), permanent	121	18	3	2.5
Highly skilled supervision (levels 9-12), permanent	192	11	9	4.7
Highly skilled supervision (levels 9-12), temporary	1	-	-	-
Senior management service (band A), permanent	38	3	2	5.3
Senior management service (band A), temporary	-	1	-	-
Senior management service (band B), permanent	9	2	1	11.1
Senior management service (band C), permanent	4	-	-	-
Senior management service (band D), permanent	3	-	-	-
Subtotal	426	46	15	3.5
Salary Band	Contract Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Contract (levels 1-2 inclusive of interns)	2	76	20	1000
Contract (levels 3-5 inclusive of interns)	55	17	50	90.9
Contract (levels 6-8), permanent	2	4	2	100
Contract (levels 9-12), permanent	7	4	2	28.6
Contract (B & A), permanent	2	4	3	150
Contract (B & B), permanent	1	1	1	100
Contract (B & C), permanent	1	-	1	100
Contract (B & D), permanent	1	-	1	100
Subtotal	71	106	80	112.7
Total	497	152	95	19.1
Transfers (not included above)				
		Transfers to the DoE	Transfers from the DoE	
Total employment		39	24	

Table 5.2: Annual turnover rates by critical occupation for the period 1 April 2011 to 31 March 2012

Occupation	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Administrative related, permanent	47	8	5	10.6
Client information clerks (switchboard, reception & information clerks), permanent	4	4	-	-
Communication & information related, permanent	7	4	1	14.3
Economists, permanent	-	1	-	-
Finance & economics related, permanent	3	7	1	33.3
Financial & related professionals, permanent	12	2	-	-
Financial clerks & credit controllers, permanent	12	1	-	-
Food services aids & waiters, permanent	1	4	3	300
General legal administration & related professionals, permanent	1	-	-	-
Head of department/chief executive officer, permanent	1	-	-	-
Human resources & organisational development & related professionals, permanent	19	-	3	15.8
Human resources & organisational development & related professionals, temporary	1	-	-	-
Human resources clerks, permanent	9	1	-	-
Human resources related, permanent	6	2	-	-
Information technology related, permanent	7	-	-	-
Language practitioners, interpreters & other communicators, permanent	2	-	-	-
Legal related, permanent	1	-	-	-
Library mail & related clerks, permanent	8	14	1	12.5
Logistical support personnel, permanent	6	-	-	-
Material-recording & transport clerks, permanent	10	1	1	10

Occupation	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Messengers, porters & delivery staff, permanent	3	2	-	-
Natural sciences related, permanent	156	8	6	3.8
Other administration & related clerks & organisers, permanent	9	-	-	-
Other administrative policy & related officers, permanent	1	-	-	-
Other information technology personnel, permanent	7	-	-	-
Other occupations, permanent	2	-	-	-
Risk management & security services, permanent	5	1	-	-
Interns	53	76	64	120.8
Secretaries & other keyboard-operating clerks, permanent	37	5	2	5.4
Security officers, permanent	19	2	1	5.3
Senior managers, permanent	47	8	7	14.9
Senior managers, temporary	-	1	-	-
Social sciences related, permanent	1	-	-	-
Total	497	152	95	19.1

Table 5.3: Reasons why staff is leaving the DoE

Table 5.3 identifies the major reasons why staff left the department.

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, permanent	2	2.1	0.4	95	497
Resignation, permanent	18	18.9	3.6	95	497
Expiry of contract, permanent	74	77.9	14.9	95	497
Dismissal: misconduct, permanent	1	1.1	0.2	95	497
Total	95	100	19.1	95	497

Resignations as Percentage of Employment
19.1

Table 5.4: Granting of employee initiated severance packages

Category	Number of Applications Received	Number of Applications Referred to the MPSA	Number of Applications Supported by MPSA	Number of Packages Approved by Department
Total	-	-	-	-

Table 5.5: Promotions by critical occupation

Occupation	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a Percentage of Employment	Progressions to another Notch within Salary Level	Notch Progressions as a Percentage of Employment
Administrative related	47	7	14.9	20	42.6
Client information clerks (switchboard, reception & information clerks)	4	-	-	1	25
Communication & information related	7	4	57.1	1	14.3
Economists	-	2	-	-	-
Finance & economics related	3	1	33.3	2	66.7
Financial & related professionals	12	1	8.3	6	50
Financial clerks & credit controllers	12	-	-	5	41.7
Food services aids & waiters	1	-	-	-	-
General legal administration & related professionals	1	-	-	-	-
Head of department/chief executive officer	1	-	-	-	-
Human resources & organisational development & related professionals	20	6	30	9	45
Human resources clerks	9	2	22.2	-	-
Human resources related	6	5	83.3	1	16.7
Information technology related	7	-	-	1	14.3
Language practitioners, interpreters & other communicators	2	-	-	2	100
Legal related	1	-	-	1	100

Table 5.5: Promotions by critical occupation (continued)

Occupation	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a Percentage of Employment	Progressions to another Notch within Salary Level	Notch Progressions as a Percentage of Employment
Library mail & related clerks	8	2	25	2	25
Logistical support personnel	6	-	-	5	83.3
Material-recording & transport clerks	10	1	10	6	60
Messengers, porters & delivery staff	3	-	-	2	66.7
Natural sciences related	156	9	5.8	109	69.9
Other administration & related clerks & organisers	9	1	11.1	5	55.6
Other administrative policy & related officers	1	-	-	1	100
Other information technology personnel	7	-	-	3	42.9
Other occupations	2	-	-	-	-
Risk management & security services	5	5	100	5	100
Interns	53	-	-	-	-
Secretaries & other keyboard-operating clerks	37	9	24.3	14	37.8
Security officers	19	2	10.5	2	10.5
Senior managers	47	7	14.9	1	2.1
Social sciences related	1	1	100	-	-
Total	497	65	13.1	204	41

Table 5.6: Promotions by salary band

Salary Band	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a Percentage of Employment	Progressions to another Notch within Salary Level	Notch Progressions as a Percentage of Employment
Skilled (levels 3-5). permanent	58	9	15.5	11	19
Highly skilled production (levels 6-8). permanent	121	24	19.8	68	56.2
Highly skilled supervision (levels 9-12). permanent	192	21	10.9	123	64.1
Highly skilled supervision (levels 9-12). temporary	1	-	-	-	-
Senior management (levels 13-16). permanent	54	11	20.4	1	1.9
Contract (levels 1-2). permanent	2	-	-	-	-
Contract (levels 3-5). permanent	55	-	-	-	-
Contract (levels 6-8). permanent	2	-	-	-	-
Contract (levels 9-12). permanent	7	-	-	1	14.3
Contract (levels 13-16). permanent	5	-	-	-	-
Total	497	65	13.1	204	41

4.6 EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 6.1: Total number of employees (including employees with disabilities) per occupational category (SASCO) as on 31 March 2012

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials & managers, permanent	23	3	4	30	4	20	-	2	22	3	59
Legislators, senior officials & managers, temporary	1	-	-	1	-	-	-	-	-	-	1

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionals, permanent	45	-	-	45	2	32	-	1	33	5	85
Technicians & associate professionals, permanent	123	1	-	124	5	144	-	-	144	-	273
Clerks, permanent	22	1	-	23	-	81	-	-	81	4	108
Service & sales workers, permanent	22	-	-	22	-	6	-	-	6	-	28
Elementary occupations, permanent	4	1	-	5	-	1	-	-	1	-	6
Total	240	6	4	250	11	284	-	3	287	12	560
Employees with disabilities	-	-	-	-	2	1	-	-	1	1	4

Table 6.2: Total number of employees (including employees with disabilities) per occupational band as on 31 March 2012

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top management, permanent	2	-	-	2	-	4	-	1	5	-	7
Senior management, permanent	25	3	4	32	4	19	-	1	20	3	59
Professionally qualified & experienced specialists & mid-management, permanent	106	-	-	106	3	93	-	-	93	2	204
Professionally qualified & experienced specialists & mid-management, temporary	1	-	-	1	-	-	-	-	-	-	1
Skilled technical & academically qualified workers, junior management, supervisors, foremen, permanent	42	1	-	43	-	89	-	1	90	5	138
Semi-skilled and discretionary decision making, permanent	31	1	-	32	-	26	-	-	26	1	59

Table 6.2: Total number of employees (including employees with disabilities) per occupational band as on 31 March 2012 (continued)

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Contract (senior management), permanent	1	1	-	2	2	1	-	-	1	1	6
Contract (professionally qualified), permanent	3	-	-	3	1	5	-	-	5	-	9
Contract (skilled technical), permanent	2	-	-	2	-	1	-	-	1	-	3
Contract (semi-skilled), permanent	3	-	-	3	-	11	-	-	11	-	14
Contract (unskilled), permanent	24	-	-	24	1	35	-	-	35	-	60
Total	240	6	4	250	11	284	-	3	287	12	560

Table 6.3: Recruitment for the period 1 April 2011 to 31 March 2012

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior management, permanent	3	-	1	4	-	1	-	-	1	-	5
Senior management, temporary	1	-	-	1	-	-	-	-	-	-	1
Professionally qualified & experienced specialists & mid-management, permanent	6	-	-	6	-	5	-	-	5	-	11
Skilled technical & academically qualified workers, junior management, supervisors, foremen, permanent	7	-	-	7	-	11	-	-	11	-	18
Semi-skilled and discretionary decision making, permanent	4	-	-	4	-	7	-	-	7	-	11
Contract (senior management), permanent	1	-	-	1	2	-	-	1	1	1	5

Table 6.3: Recruitment for the period 1 April 2011 to 31 March 2012 (continued)

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Contract (professionally qualified), permanent	3	-	-	3	-	1	-	-	1	-	4
Contract (skilled technical), permanent	3	-	-	3	-	1	-	-	1	-	4
Contract (semi-skilled), permanent	3	-	-	3	-	14	-	-	14	-	17
Contract (unskilled), permanent	34	-	-	34	1	41	-	-	41	-	76
Total	65	-	1	66	3	81	-	1	82	1	152
Employees with disabilities	-	-	-	-	1	-	-	-	-	-	1

Table 6.4: Promotions for the period 1 April 2011 to 31 March 2012

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior management, permanent	5	-	1	6	1	3	-	1	4	1	11
Professionally qualified & experienced specialists & mid-management, permanent	72	-	1	73	2	66	-	1	67	2	142
Skilled technical & academically qualified workers, junior management, supervisors, foremen, permanent	28	1	-	29	-	54	-	1	59	4	92
Semi-skilled & discretionary decision making, permanent	11	1	-	12	-	8	-	-	8	-	20
Contract (professionally qualified), permanent	-	-	-	-	1	-	-	-	-	-	-
Total	116	2	2	120	4	131	-	3	138	7	265
Employees with disabilities - no data	-	-	-	-	-	-	-	-	-	-	-

Table 6.5: Terminations for the period 1 April 2011 to 31 March 2012

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior management, permanent	3	-	-	3	-	-	-	-	-	-	3
Professionally qualified & experienced specialists and mid-management, permanent	2	-	-	2	1	6	-	-	6	-	9
Skilled technical & academically qualified workers, junior management, supervisors, foremen, permanent	-	-	-	-	-	3	-	-	3	-	3
Contract (top management), permanent	2	-	-	2	-	-	-	-	-	-	2
Contract (senior management), permanent	1	-	-	1	1	-	-	1	1	1	4
Contract (professionally qualified), permanent	1	-	-	1	-	-	1	-	1	-	2
Contract (skilled technical), permanent	2	-	-	2	-	-	-	-	-	-	2
Contract (semi-skilled), permanent	16	-	-	16	-	34	-	-	34	-	50
Contract (unskilled), permanent	12	-	-	12	-	8	-	-	8	-	20
Total	39	-	-	39	2	51	1	1	53	1	95
Employees with disabilities – no data	-	-	-	-	-	-	-	-	-	-	-

Table 6.6: Disciplinary action for the period 1 April 2011 to 31 March 2012

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Total	17	1	1	19	2	13	-	-	13	1	35

Table 6.7: Skills development for the period 1 April 2011 to 31 March 2012

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials & managers	27	1	3	-	3	15	-	2	-	3	54
Professionals	42	-	-	-	1	34	-	-	-	1	78
Technicians & associate professionals	70	-	-	-	-	57	-	-	-	-	127
Clerks	14	-	-	-	-	45	-	-	-	-	59
Service & sales workers	2	-	-	-	-	1	-	-	-	-	3
Skilled agriculture & fishery workers	-	-	-	-	-	-	-	-	-	-	-
Craft & related trades workers	-	-	-	-	-	-	-	-	-	-	-
Plant & machine operators & assemblers	-	-	-	-	-	-	-	-	-	-	-
Elementary occupations	-	-	-	-	-	-	-	-	-	-	-
Interns	33	-	-	-	1	40	-	-	-	-	74
Total	188	1	3	-	5	192	-	2	-	4	395
Employees with disabilities – no data	-	-	-	-	2	1	-	-	-	-	3

4.7 PERFORMANCE MANAGEMENT

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 7.1), salary band (Table 7.2) and critical occupations (Table 7.3).

Table 7.1: Performance rewards by race, gender and disability, 1 April 2011 to 31 March 2012

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, female	106	283	37	1 117	10 842
African, male	88	240	37	1 174	13 343
Asian, female	2	3	67	33	16 681

Table 7.1: Performance rewards by race, gender and disability, 1 April 2011 to 31 March 2012 (continued)

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Asian, male	1	4	25	16	16 274
Coloured, male	2	6	33	15	7 516
Total Blacks, female	108	286	38	1 150	10 953
Total Blacks, male	91	250	36	1 206	13 247
White, female	7	11	64	76	10 924
White, male	3	9	33	60	19 889
Employees with a disability	-	4	-	-	-
Total	209	560	37	2 492	12 096

Table 7.2: Performance rewards by salary band for personnel below Senior Management Service, 1 April 2011 to 31 March 2012

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Skilled (levels 3-5)	11	59	18,6	54	4 909
Highly skilled production (levels 6-8)	69	138	50	536	7 768
Highly skilled supervision (levels 9-12)	122	205	59,5	1 745	14 303
Contract (levels 1-2)	-	60	-	-	-
Contract (levels 3-5)	-	14	-	-	-
Contract (levels 6-8)	-	3	-	-	-
Contract (levels 9-12)	1	9	11,1	24	24 000
Periodical remuneration	-	3	-	-	-
Total	203	491	41,3	2 359	11 621

Table 7.3: Performance rewards by critical occupations, 1 April 2011 to 31 March 2012

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	21	51	41.2	237	11 286
Client inform clerks(switchb receipt inform clerks)	1	7	14.3	7	7 000
Communication and information related	4	9	44.4	56	14 000
Economists	-	2	-	-	-
Finance and economics related	2	11	18.2	28	14 000
Financial and related professionals	7	15	46.7	71	10 143
Financial clerks and credit controllers	7	10	70	45	6 429
Food services aids and waiters	-	1	-	0	-
General legal administration & rel. professionals	-	1	-	0	-
Head of department/chief executive officer	-	1	-	0	-
Human resources & organisat developm & relate prof	12	20	60	186	15 500
Human resources clerks	2	8	25	9	4 500
Human resources related	-	11	-	-	-
Information technology related	1	7	14.3	10	10 000
Language practitioners interpreters & other commun	2	2	100	16	8 000
Library mail and related clerks	3	21	14.3	19	6 333
Logistical support personnel	5	5	100	38	7 600
Material-recording and transport clerks	6	11	54.5	38	6 333
Messengers porters and deliverers	2	5	40	11	5 500
Natural sciences related	102	156	65.4	1 415	13 873

Table 7.3: Performance rewards by critical occupations, 1 April 2011 to 31 March 2012 (continued)

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Other administrat & related clerks and organisers	5	9	55.6	28	5 600
Other administrative policy and related officers	1	1	100	7	7 000
Other information technology personnel.	3	7	42.9	23	7 667
Other occupations	-	2	-	-	-
Risk management and security services	5	9	55.6	57	11 400
Interns	-	60	-	-	-
Secretaries & other keyboard operating clerks	12	42	28.6	90	7 500
Security officers	2	19	10.5	12	6 000
Senior managers	4	57	7	89	22 250
Total	209	560	37.3	2 492	11 923

Table 7.4: Performance-related rewards (cash bonus) by salary band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	Personnel Cost SMS (R'000)
Band A	6	52	11.5	133	22 167	35 098
Band B	-	13	-	-	-	-
Band C	-	4	-	-	-	-
Band D	-	3	-	-	-	-
Total	6	72	8.3	133	22 166.70	35 098

Table 7.5: Table 7.5: Information for the performance cycle 2011/2012

SMS Level	Total Number of SMS per Level as on 30 September 2011	Total Number of Signed PA by 30 September 2011	Percentage of Signed PA	Number of PAs Not Signed by 30 September 2011	Reasons for Non-Compliance
DG	1	1	100	-	
Salary level 16, but not DG	1		-	1	In the absence of a valid reason, disciplinary action was instituted in September 2011. The employee has since left the DoE.
Salary level 15	4	4	100	-	
Salary level 14	13	11	84.61	2	In the absence of a valid reason, disciplinary action was instituted in September 2011.
Salary level 13	52	40	76.92	12	In the absence of a valid reason, disciplinary action was instituted in September 2011. Note that 3 of the 12 Managers were newly appointed/promoted at that time and still had three months to submit their PAs.
Total SMS	71	56	78.87	15	

4.8 FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Table 8.1: Foreign workers, 1 April 2011 to 31 March 2012, by salary band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Highly skilled supervision (levels 9-12)	2	66.7	-	-	(2)	200	3	2	(1)
Senior management (levels 13-16)	1	33.3	2	100	1	(100)	3	2	(1)
Total	3	100	2	100	(1)	100	3	2	(1)

Table 8.2: Foreign workers, 1 April 2011 to 31 March 2012, by major occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Professionals and managers	3	100	2	100	(1)	100	3	2	(1)
Total	3	100	2	100	(1)	100	3	2	(1)

4.9 LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2011 TO 31 DECEMBER 2011

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 (Table 9.1) and disability leave (Table 2.9). In both cases, the estimated cost of the leave is also provided.

Table 9.1: Sick leave, 1 January 2011 to December 2011

Salary Band	Total Days	Percentage of Days with Medical Certification	Number of Employees Using Sick Leave	Percentage of Total Employees Using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total Number of Employees Using Sick Leave	Total Number of Days with Medical Certification
Skilled (levels 3-5)	351	84.6	49	11.9	7	116	413	297
Highly skilled production (levels 6-8)	764	81.2	112	27.1	7	435	413	620
Highly skilled supervision (levels 9-12)	1 163	81.5	153	37	8	1 363	413	948
Senior management (levels 13-16)	253	80.6	50	12.1	5	704	413	204
Contract (levels 1-2)	66.5	78.2	27	6.5	2	16	413	52
Contract (levels 3-5)	69	73.9	14	3.4	5	19	413	51
Contract (levels 9-12)	8	75	3	0.7	3	16	413	6
Contract (levels 13-16)	30	90	5	1.2	6	82	413	27
Total	2 705	81.5	413	100	7	2 751	413	2 205

Table 9.2: Disability leave (temporary and permanent), 1 January 2011 to December 2011

Salary Band	Total Days	Percentage of Days with Medical Certification	Number of Employees Using Disability Leave	Percentage of Total Employees Using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total Number of Days with Medical Certification	Total Number of Employees Using Disability Leave
Skilled (levels 3-5)	47	100	1	11.1	47	14	47	9
Highly skilled production (levels 6-8)	19	100	3	33.3	6	10	19	9
Highly skilled supervision (levels 9-12)	59	100	3	33.3	20	86	59	9
Senior management (levels 13-16)	4	100	1	11.1	4	11	4	9
Contract (levels 1-2)	21	100	1	11.1	21	5	21	9
Total	150	100	9	100	17	126	150	9

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 200 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 9.3: Annual leave, 1 January 2011 to December 2011

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who Took Leave
Skilled (levels 3-5)	923.24	15	62
Highly skilled production (levels 6-8)	2 555	17	148
Highly skilled supervision (levels 9-12)	4 141	20	211
Senior management (levels 13-16)	1 267	18	69
Contract (levels 1-2)	620.92	6	98
Contract (levels 3-5)	259	7	35
Contract (levels 6-8)	11	6	2
Contract (levels 9-12)	113	10	11
Contract (levels 13-16)	106	11	10
Total	9 996.16	15	646

Table 9.4: Capped leave, 1 January 2011 to December 2011

Salary Band	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2011	Number of Employees who Took Capped Leave	Total Number of Capped Leave Available at 31 December 2011	Number of Employees as at 31 December 2011
Highly skilled production (levels 6-8)	4	2	16	2	238	15
Highly skilled supervision (levels 9-12)	5	3	20	2	367	18
Senior management (levels 13-16)	12	6	52	2	675	13
Total	21	4	28	6	1 280	46

Table 9.5: Leave payouts for the period 1 April 2011 to 31 March 2012

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

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2011/12 due to non-utilisation of leave for the previous cycle	188	10	18 800
Capped leave payouts on termination of service for 2011/12	445	34	13 088
Current leave payout on termination of service for 2011/12	218	29	7 517
Total	851	73	11 658

4.10 HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 10.1: Steps taken to reduce the risk of occupational exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV & Related Diseases (if any)	Key Steps Taken to Reduce the Risk
Employees between the ages of 20-35	Health education through weekly articles
	Introduction of Wellness Champions (peer educators) to help in discussing HIV and AIDS issues to all employees

Table 10.2: Details of health promotion and HIV/AIDS programmes

Question	Yes	No	Details, if Yes
1. Has the DoE designated a member of the Senior Management Service (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		Ms Ansie Botha.
2. Does the DoE have a dedicated unit or have you 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. No allocated budget.
3. Has the DoE introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	x		Health promotion, wellness, counselling, health & safety, & HIV & AIDS management.
4. Has the DoE 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	

Table 10.2: Details of health promotion and HIV/AIDS programmes (continued)

Question	Yes	No	Details, if Yes
5. Has the DoE reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		HIV and AIDS Policy & Wellness Policy.
6. Has the DoE 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		HIV & AIDS Policy.
7. Does the DoE encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	x		HCT once a quarter together with Health Risk Assessment. 114 staff members responded in the financial year.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		x	

4.11 LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department.

Table 11.1: Collective agreements, 1 April 2011 to 31 March 2012

Subject Matter	Date
Records Management Policy	2011-04-11
Non-Smoking & Smoking Break Policy	2011-04-11
Fraud Prevention Strategy	2011-04-11
Suspension & Transfers as a Precautionary Measure	2011-06-01
Security Risk Management Policy	2011-06-01
Code of Conduct & Fraud Prevention Policy	2011-06-01
Facilities Management Policy	2011-07-12
Transport Policy	2011-07-12
Adult Basic Education and Training (ABET) Policy	2011-07-12
Bursary Policy	2011-07-12
Education, Training & Development Policy	2011-07-12
Learnership Policy	2011-07-12
Mentoring Policy	2011-07-12

Table 11.1: Collective agreements, 1 April 2011 to 31 March 2012 (continued)

Subject Matter	Date
Internship Policy	2011-07-28
Performance Management Development System (PMDS) Policy	2011-07-28
Internship Policy	2011-08-05
Laptop Allocation Policy	2011-09-05
ICT Usage Policy	2011-09-06
Recruitment & Selection Policy	2011-11-28
Software Asset Management Policy	2011-11-26
Sexual Harassment Policy	2011-11-30
Logical Access Policy	2011-11-30
ICT Risk Management Policy	2011-11-30
ICT Business Continuity Management Policy	2011-11-30
ICT Incident & Problem Management Policy	2011-11-30
Resettlement Expenditure	2012- 1-25
Policy Guidelines on Management of Leave	2012- 1-25

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

Table 11.2: Misconduct and disciplinary hearings finalised, 1 April 2011 to 31 March 2012

Outcomes of Disciplinary Hearings	Number	Percentage of Total	Total
Guilty: dismissal	1	100	1
Total	1	100	1

Table 11.3: Types of misconduct addressed at disciplinary hearings

Type of Misconduct	Number	Percentage of Total	Total
Negligence	2	6	35
Misrepresentation	1	3	35
Absenteeism	4	11	35
Dereliction of duties	2	6	35

Table 11.3: Types of misconduct addressed at disciplinary hearings (continued)

Type of Misconduct	Number	Percentage of Total	Total
Non-compliance: PMIDS	19	54	35
Insubordination	2	6	35
Poor work performance	1	3	35
Irregular expenditure	1	3	35
Unethical behaviour	2	6	35
Non-compliance: Petty Cash Policy	1	3	35
Total	35	100	35

Table 11.4: Grievances lodged for the period 1 April 2011 to 31 March 2012

Number of Grievances Addressed	Number	Percentage of Total	Total
Total	10	100	10

Table 11.5: Disputes lodged with Councils for the period 1 April 2011 to 31 March 2012

Number of Disputes Addressed	Number	Percentage of Total
Upheld	-	-
Dismissed	1	100
Total	1	100

Table 11.6: Strike actions for the period 1 April 2011 to 31 March 2012

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

Table 11.7: Precautionary suspensions for the period 1 April 2011 to 31 March 2012

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

4.12 SKILLS DEVELOPMENT

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

Table 12.1: Training needs identified, 1 April 2011 to 31 March 2012

Occupational Categories	Gender	Employment as at 1 April 2011	Learnerships	Skills Programmes & Other Short Courses	Other Forms of Training (Bursaries & Internships)	Total
Legislators, senior officials & managers	Female	20	-	18	2	20
	Male	29	-	30	4	34
Professionals	Female	35	-	29	6	35
	Male	34	-	33	10	43
Technicians & associate professionals	Female	139	-	51	11	62
	Male	125	-	46	19	65
Clerks	Female	65	-	24	21	45
	Male	26	-	7	7	14
Service & sales workers	Female	7	-	1	-	1
	Male	18	-	2	-	2
Skilled agriculture & fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft & related trades workers	Female	4	-	-	-	-
	Male	4	-	-	-	-
Plant & machine operators & assemblers	Female	-	-	-	-	-
	Male	-	-	-	-	-

Table 12.1: Training needs identified, 1 April 2011 to 31 March 2012 (continued)

Occupational Categories	Gender	Employment as at 1 April 2011	Learnerships	Skills Programmes & Other Short Courses	Other Forms of Training (Bursaries & Internships)	Total
Elementary occupations	Female	-	-	-	-	-
	Male	-	-	-	-	-
Interns/temporaries	Female	39	-	-	41	41
	Male	31	-	-	33	33
Gender subtotals	Female	-	-	-	-	-
	Male	-	-	-	-	-
Total		576	-	241	154	395

Table 12.2: Training provided, 1 April 2011 to 31 March 2012

Occupational Categories	Gender	Employment as at 1 April 2-11	Learnerships	Skills Programmes & Other Short Courses	Other Forms of Training (e.g Bursaries, Scholarships & Internships)	Total
Legislators, senior officials & managers	Female	2-	-	18	2	2-
	Male	29	-	3-	4	34
Professionals	Female	35	-	29	6	35
	Male	34	-	33	1-	43
Technicians & associate professionals	Female	139	-	51	11	62
	Male	125	-	46	19	65
Clerks	Female	65	-	24	21	45
	Male	26	-	7	7	14
Service & sales workers	Female	7	-	1	-	1
	Male	18	-	2	-	2

Table 12.2: Training provided, 1 April 2011 to 31 March 2012 (continued)

Occupational Categories	Gender	Employment as at 1 April 2-11	Learnerships	Skills Programmes & Other Short Courses	Other Forms of Training (e.g Bursaries, Scholarships & Internships)	Total
Skilled agriculture & fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft & related trades workers	Female	4	-	-	-	-
	Male	4	-	-	-	-
Plant & machine operators & assemblers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Elementary occupations	Female	-	-	-	-	-
	Male	-	-	-	-	-
Interns/temporaries	Female	39	-	-	41	41
	Male	31	-	-	33	33
Gender subtotals	Female	-	-	-	-	-
	Male	-	-	-	-	-
Total		576	-	241	154	395

4.13 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 13.1: Injury on duty, 1 April 2011 to 31 March 2012

Nature of Injury on Duty	Number	Percentage of Total
Required basic medical attention only	1	50
Temporary total disablement	1	50
Permanent disablement	-	-
Fatal	-	-
Total	2	100

4.14 UTILISATION OF CONSULTANTS

Table 14.1: Report on consultant appointments using appropriated funds

Project Title	Total Number of Consultants that Worked on the Project	Duration: Work Days	Contract Value in Rand
Auditing of monthly fuel price adjustments and fuel price media statements administered by DoE for two years	2	2 years	276 628.00
Handling of recruitment and any other advertisements in the DoE for a period of two years	4	2 years	Based on percentage discounts R3 000 000.00
Services of Information Technology (IT) resources	3	6 months	1 860 480.00
Auditing of compliance to the South African Petroleum and Liquids Fuels Charter by oil companies and assessing its impact	11	12 months	1 979 314.00
Development of a 20-year Liquids Fuels Road Map	5	6 months	4 559 256.00
Determining of an appropriate level of return on assets for bioethanol and biodiesel	1	4 months	540 000.00
Assessing the blending value of bioethanol with petrol at local refineries and depots	4	6 months	2 500 000.00
Rendering of technical expertise with the development of relevant energy models to inform the development of the Integrated Energy Plan (IEP) for South Africa	13	3 months	2 667 600.00
The co-sourcing of internal audit activities at DoE	5	2 months	656 400.00
Appointment of a service provider to assist with the financial year processes as at 31 March 2011	1	2 months	259 758.58
Total Number of Projects	Total Individual Consultants	Total Duration: Work days	Total Contract Value in Rand
10	49	2 670 days	18 299 436.58

Table 14.2: Analysis of consultant appointments using appropriated funds, in terms of HDIs

Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups that Work on the Project
Auditing of monthly fuel price adjustments and fuel price media statements administered by DoE for two years	53.40	53.40	2
Handling of recruitment and any other advertisements in the DoE for a period of two years	51 & 100	51 & 100	4
Services of IT resources	100	100	3
Auditing of compliance to the South African Petroleum and Liquids Fuels Charter by oil companies and assessing its impact	99	99	4
Development of a twenty-year liquids fuels Road Map	100	100	1
Determining of an appropriate level of return on assets for bioethanol and biodiesel	-	-	-
Assessing the blending value of bioethanol with petrol at local refineries and depots	66	66	2
Rendering of technical expertise with the development of relevant energy models to inform the development of the Integrated Energy Plan (IEP) for South Africa	-	-	-
The co-sourcing of internal audit activities at DoE	100	100	5
Appointment of a service provider to assist with the financial year processes as at 31 March 2011	3.28	3.28	-

Table 14.3: Report on consultant appointments using donor funds

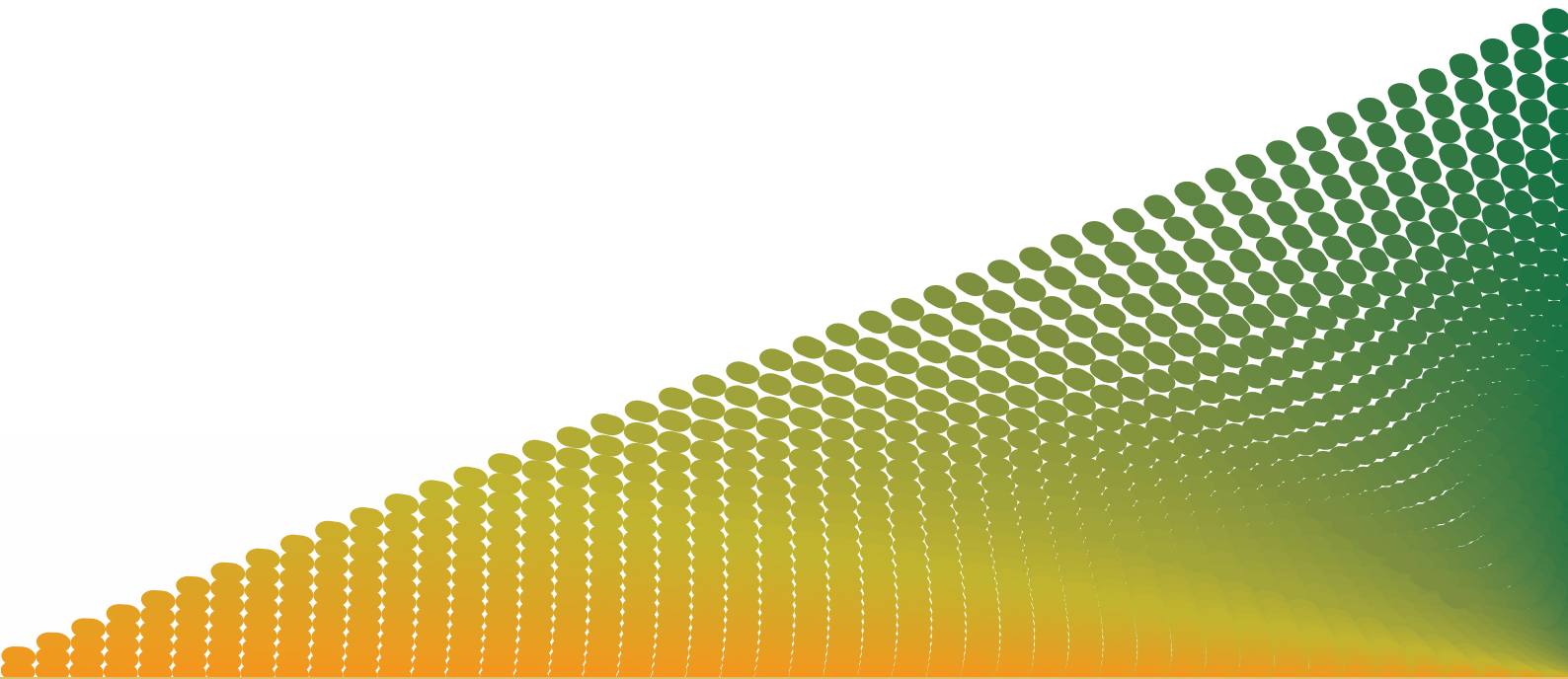
Project Title	Total Number of Consultants that Worked on the Project	Duration: Work Days	Donor and Contract Value in Rand
Cooperation between NERSA and Norwegian Water Resources and Energy Administration (NVE) concerning capacity building in the electricity sector – New Energy Project	1	7.8125	302 555.91
Cooperation between Chief Directorate: Hydrocarbons and NVE; institutional support – New Energy Project	4	28.25	388 107.04
New Energy Project	5	36.0625	690 662.95
Total Number of Projects	Total Individual Consultants	Total Duration: Work Days	Total Contract Value in Rand
3	10	72.125	1 381 325.90

Table 14.4: Analysis of consultant appointments using donor funds, in terms of HDIs

Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups that Work on the Project
None	-	-	-

Section 5

Other Information



ACRONYMS

ABET	Adult Basic Education and Training
ADAM	Approach to Distribution Assets Management
AE	African Exploration
AEMFC	African Exploration Mining
AENE	Adjusted Estimates of National Expenditure
AFREC	African Energy Commission
AGSA	Auditor-General
APP	Annual Performance Plan
APPA	African Petroleum Producers' Association
ARV	Antiretroviral
ASME	American Society of Mechanical Engineers
BAC	Bid Adjudication Committee
BAS	Basic Accounting System
BEE	Black Economic Empowerment
BFP	Basic Fuel Price
C-3E	Clean Energy Education and Empowerment
CARA	Criminal Assets Recovery Account
CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
CEF	Central Energy Fund
CEM	Clean Energy Ministerial
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHIETA	Chemical Industries Education and Training Authority
CMP 7	Conference of the meeting of the Parties to the Kyoto Protocol
COO	Chief Operating Officer
COGTA	Department of Cooperative Governance and Traditional Affairs
COP 17	17th Conference of the Parties
CPIX	Consumer Price Index
CSLF	Carbon Sequestration Leadership Forum
CSP	Concentrated Solar Power
DBSA	Development Bank of Southern Africa
DDG	Deputy Director-General
DEA	Department of Environmental Affairs
DFI	Development Finance Institutions
DG	Director-General
DIO	Deputy Information Officers
DIRCO	Department of International Relations and Cooperation
DME	Department of Minerals and Energy
DMR	Department of Mineral Resources
DNA	Designated National Authority
DoE	Department of Energy
DoRA	Division of Revenue Act
DPW	Department of Public Works
DRC	Democratic Republic of Congo

DRDLR	Department of Rural Development & Land Reform
DSM	Demand-Side Management
DTI	Department of Trade and Industry
ECS	Energy Conservation Scheme
EDC	Energy Development Corporation
EDI	Electricity Distribution Industry
EDIH	Electricity Distribution Industry Holdings
EEDSM	Electricity Efficiency Demand-Side Management Project
EETIR	Energy Efficiency Tax Incentive Regulations
EFT	Electronic Fund Transfer
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIP	Environment Implementation Plan
EMP	Environmental Management Plan
ENE	Estimates of National Expenditure
ERA	Electricity Regulation Act
ERM	Enterprise Risk Management
EWSETA	Energy and Water Sector Education and Training Authority
EXCO	Executive Committee
FBE	Free Basic Electricity
GCIS	Government and Communication & Information System
GIAMA	Government Immovable Asset Management Act
GTL	Gas to Liquid
GW	Gigawatt
GWh	Gigawatt hours
HDI	Historically Disadvantaged Individuals
HEQ	Health, Environment and Quality
HOA	Home Owners Allowance
HQ	Headquarters
HR	Human Resources
HRD	Human Resource Development
IAEA	International Atomic Energy Agency
IBT	Inclining Block Tariffs
ICT	Information and Computer Technology
IEA	International Energy Agency
IEC	Integrated Energy Centres
IEE	Industrial Energy Efficiency
IEP	Integrated Energy Plan
IFMS	Integrated Financial Management System
iGAS	South African Gas Development Company
INEP	Integrated National Electrification Programme
IPAP	Industrial Policy Action Plan
IPP	Independent Power Producers
IRENA	International Renewable Energy Agency
IRP	Integrated Resource Plan
ISMO	Independent Systems and Market Operator
IT	Information Technology
Kbpd	Kilo barrels per day

LEU	Low Enriched Uranium
LNG	Liquefied Natural Gas
LOC	Local Organising Committee
LPG	Liquefied Petroleum Gas
LTMS	Long Term Mitigation Scenarios
MANCO	Management Committee
MDG	Millennium Development Goal
M&E	Monitoring, Evaluation and Reporting Unit
MoU	Memorandum of Understanding
MPSA	Minister of Public Service Administration
MTEF	Medium Term Expenditure Framework
MV	Medium Voltage
M&V	Measurement and Verification
MW	Mega Watt
MYPD	Multi-Year Price Determination
NBI	National Business Initiative
NCCRWP	National Climate Change Response White Paper
NECSA	Nuclear Energy Corporation of South Africa
NEEA	National Energy Efficiency Agency
NEES	National Energy Efficiency Strategy
NEMA	National Environmental Management Act
NERSA	National Energy Regulator of South Africa
NIA	National Intelligence Agency
NIASA	Nuclear Industry Association of South Africa
NMPP	New Multi-Product Pipeline
NNEECC	National Nuclear Energy Executive Coordination Committee
NNR	National Nuclear Regulator
NRF	National Revenue Fund
NRWDI	National Radioactive Waste Disposal Institute
NSD	Nuclear Skills Development
NT	National Treasury
NTeMBI	Nuclear Technologies in Medicine and the Biosciences Incentive
NVE	Norwegian Water and Energy Directorate
OPCSA	Oil Pollution Control South Africa
ORTIA	O.R. Tambo International Airport
PAA	Public Audit Act
PAIA	Promotion of Access to Info Act, Act No. 2 of 2000
PAJA	Promotion of Administrative Justice Act, Act No. 3 of 2000
PALAMA	Public Administration Leadership and Management Academy
PASA	Petroleum Agency SA
PBMR	Pebble Bed Modular Reactor
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PIN	Project Information Notes
PMDS	Performance Management Development System
POA	Programme of Action
PPA	Petroleum Products Act
PPALS	Petroleum Products Licensing System

PPC	Parliamentary Portfolio Committee
PPP	Public Participation Programme
PSR	Public Service Regulations
PV	Photo Voltaic
R&D	Research and Development
RAS	Regulatory Accounts System
REFIT	Renewable Energy Feed-in Tariff
REFSO	Renewable Energy Finance & Subsidy Office
RE-IPP	Renewable Energy Independent Power Producers
RFI	Request for Information
RFP	Request for Proposals
RMC	Risk Management Committee
RMG	Risk Management Committee
RPM	Radiation Portal Monitors
SACCCS	South African Centre for Carbon Capture and Storage
SADC	Southern African Development Community
SANEDI	South African National Energy Research and Development Institute
SANERI	South African Natural Energy Research Institute
SAPS	South African Police Service
SARi	South African Renewable Energy Initiative
SASCO	South African Classification of Occupations
SASDA	South African Supplier Development Agency
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SETA	Skills Education Training Authority
SFF	Strategic Fuel Fund
SHS	Solar Home Systems
SITA	State Information Technology Agency
SMME	Small, Micro, and Medium Enterprises
SMS	Senior Management Service
SNEL	Societe Nationale d' Electricité of the DRC
SOC	State-Owned Company
SOE	State-Owned Entity
SRM	Strategy and Risk Management
SRS	Security Risk Management
SSAC	State System of Accounting and Control
SWC	Soccer World Cup
SWH	Solar Water Heaters
ToR	Terms of Reference
TWh	Terawatt hours
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
VPN	Virtual Private Network
WAN	Wide Area Network
WASA	Wind Atlas Project of South Africa
WINSA	Women in Nuclear South Africa
WOESA	Women in Oil and Energy South Africa

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