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2012/2013



energy

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Energy
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF ENERGY

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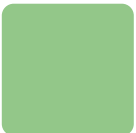
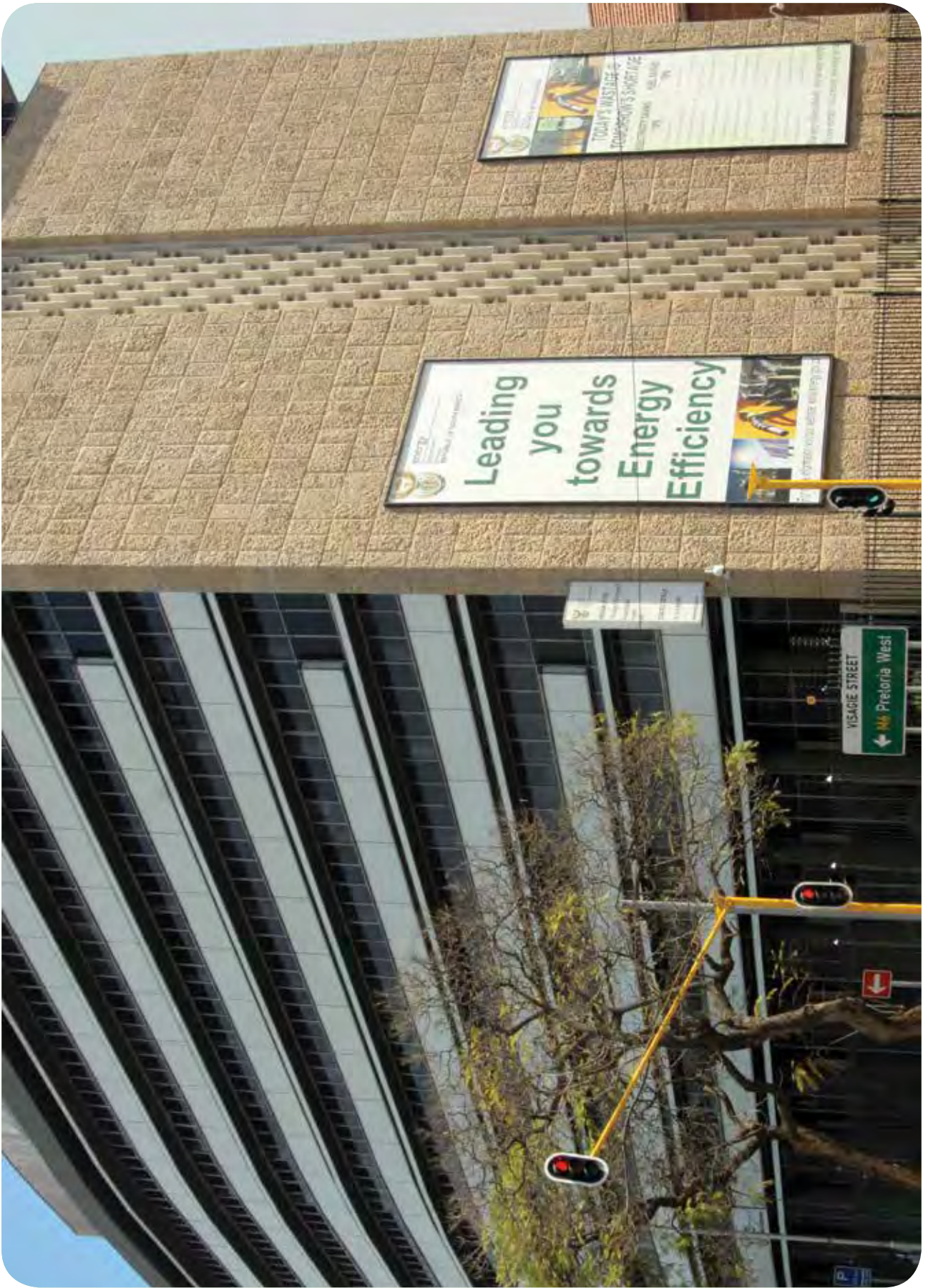
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PART A GENERAL INFORMATION



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PART A: GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

ADAM	Approach to Distribution Asset Management
AEEP	Africa-EU Energy Partnership
AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BAC	Budget at Completion
BEE	Black Economic Empowerment
BFP	Basic Fuel Price
BRICS	Brazil, Russia, India, China and South Africa
BSS	Benchmark Service Station
C-3E	Clean Energy, Education and Empowerment
CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
CEF	Central Energy Fund
CEM	Clean Energy Ministerial
CEMA	Conference of Energy Ministers of Africa
CoGTA	Department of Cooperative Governance and Traditional Affairs
DBC	Departmental Bargaining Chamber
DBSA	Development Bank of Southern Africa
DoL	Department of Labour
DPME	Department of Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DPW	Department of Public Works
DRDLR	Department of Rural Development and Land Reform
DST	Department of Science and Technology
ECS	Energy Conservation System
EDI	Electricity Distribution Industry
EDIH	Electricity Distribution Industry Holdings
EE	Energy Efficiency
ENE	Estimates of National Expenditure
EPREV	Emergency Preparedness Review
EU	European Union
EXCO	Executive Committee
FBE	Free Basic Electricity
GCIS	Government Communications Information System
GPSSBC	General Public Service Sector Bargaining Council
GTL	Gas to Liquid
HDSA	Historically Disadvantaged South Africans
HR	Human Resources
HRD	Human Resource Development
IAEA	International Atomic Energy Agency
IBT	Inclining Block Tariffs
ICT	Information and Communication Technologies
IDC	Industrial Development Corporation
IEA	International Energy Agency
IEC	Integrated Energy Centre
IEP	Integrated Energy Plan
INEP	Integrated National Electrification Programme
INIR	Integrated Nuclear Infrastructure Review
IPP	Independent Power Producers
IRP	Integrated Resource Plan
ISMO	Independent System Market Operator
IYM	In-year-monthly
LEU	Low Enriched Uranium
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
M&E	Monitoring and Evaluation



PART A GENERAL INFORMATION

MANCO	Management Committee
MDG	Millennium Developmental Goal
MDZ	Magisterial District Zones
MIS	Management Information System
MISS	Minimum Information Security Standard
MoU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
MV	Medium Voltage
MW	Megawatts
NDP	National Development Plan
NECSA	Nuclear Energy Corporation of South Africa
NERSA	National Energy Regulator of South Africa
NETC	Nuclear Energy Technical Committee
NMPP	New Multi-Product Pipeline
NNEECC	National Nuclear Energy Executive Coordination Committee
NNR	National Nuclear Regulator
NRWDI	National Radioactive Waste Disposal Institute
NT	National Treasury
NTI	New-To-Industry
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administration Justice Act
PASA	Petroleum Association of South Africa
PDD	Project Development Documents
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PIN	Project Identification Notes
PPA	Petroleum Products Act
PPP	Public Participation Programmes/ Triple P
R&D	Research and Development
RAS	Regulatory Accounting System
RECORD	Renewable Energy Centre for Research and Development
REIPPP	Renewable Energy Independent Power Producers Programme
RPM	Radiation Portal Monitor
SADC	Southern African Development Community
SANEDI	South African National Energy Research and Development Institute
SARS	South African Revenue Service
SCM	Supply Chain Management
SHEQ	Safety, Health, Environment and Quality
SIP	Strategic Integrated Projects
SMART	Specific, Measurable, Attainable, Realistic and Timely
SMME	Small, Medium and Micro Enterprises
SMS	Senior Management Service
SOE	State-Owned Entity
SOOG	Strategic Outcomes-Oriented Goals
SOP	Standard Operating Procedure
SRS	Savannah River Site
SSAC	State System of Accounting and Control
SWH	Solar Water Heater
TDP	Transmission Development Plan
TEPCO	Tokyo Electric Power Company
TIA	Technology Innovation Agency
TR	Treasury Regulations
TWh	Terawatt hours
UN	United Nations
UNFCCC	UN Convention on Climate Change
VPN	Virtual Private Network
WAN	Wide Area Network



3. STRATEGIC OVERVIEW

3.1 Aim

The aim of the Department of Energy is to formulate energy policies, regulatory frameworks and legislation, oversee their implementation to ensure energy security, promotion of environmentally-friendly energy carriers and access to affordable and reliable energy for all South Africans.

3.2 Mandate

Ensure secure and sustainable provision of energy for socioeconomic development.

3.3 Vision 2014

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

3.4 Vision 2025

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

3.5 Mission

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



3.6 Values

Introduction

Batho-Pele (Sotho for "People First")	Represents a Department of Energy that is service orientated, strives for excellence in service delivery and commits to continuous service delivery improvement for the achievement of a better-life-for-all and seeks to include all citizens through services and programmes.
Ethics	Represents our moral principles as reflected by the Code of Conduct for Public Servants, i.e. how we understand, know about and mean when we resolve what is right and what is wrong.
Honesty	Represents a facet of moral character and denotes positive, virtuous attributes such as integrity, truthfulness, and straightforwardness along with the absence of lying, cheating, or theft.
Integrity	Represents consistency of actions, values, methods, measures, principles, expectations, and outcomes and is regarded as the honesty and truthfulness or accuracy of one's actions.
Accountability	Represents the acknowledgment and assumption of responsibility for our actions, decisions, policies, administration and governance.
Professionalism	Represents workers who enjoy considerable work autonomy and are commonly engaged in creative and intellectually challenging work that requires impressive competence in a particular activity.
Ubuntu	Represents our interconnectedness and our approach that is open, available and affirming of others.
My Public Servant – My Future (We belong, We care, We serve)	Represents public servants at the centre of delivering quality services to the country's citizens in line with the dictates of the Constitution of the Republic.

3.7 Strategic Outcome Orientated Goals (SOOG's)

During its strategic planning session in November 2011 the Department reconfirmed its SOOG's as follows:

- SOOG 1 -** Universal Access and Transformation: Efficient and diverse energy mix for universal access within a transformed Energy Sector.
- SOOG 2 -** Security of Supply: Energy supply is secure and demand is well managed.
- SOOG 3 -** Regulation and Competition: Improved energy regulation and competition.
- SOOG 4 -** Infrastructure: An efficient, competitive and responsive energy infrastructure network.
- SOOG 5 -** Environmental Assets: Environmental assets and natural resources protected and continually enhanced by cleaner energy technologies.
- SOOG 6 -** Climate Change: Mitigation against and adaptation to, the impacts of climate change.
- SOOG 7 -** Corporate Governance: Good corporate governance for effective and efficient service delivery.



4. LEGISLATIVE AND OTHER MANDATES

4.1 CONSTITUTIONAL MANDATE

On 10 May 2009 President Zuma announced his new Cabinet and the appointment of, amongst others, the Minister of Energy in terms of Chapter 5 (The President and National Executive), Section 91(2) of the Constitution of the Republic of South Africa, 1996 (the Constitution). The new portfolios of some of the Ministers necessitated a re-organisation, renaming and establishment of new departments. Subsequent to the above announcement, the Department of Energy was established following the split of the Department of Minerals and Energy, which resulted in two independent Departments. The President, in terms of Chapter 5 (The President and National Executive), Section 97, of the Constitution, 1996, transferred the administration and powers and functions entrusted by specified legislation to, amongst others, the Minister of Energy by Proclamation No. 44, 2009.

The Department of Energy's implied mandate in terms of the Constitution is to govern the Energy Sector, through reasonable legislative and other measures.

This mandate is limited by Part B of Schedule 4 of the Constitution, which specifies "electricity and gas reticulation" as functional areas of concurrent legislative competence. Chapter 7 (Local Government), Section 156(1) specifies that a "municipality has executive authority in respect of, and has the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5".

Section 155(7) in Chapter 7 (Local Government), however, specifies that "... national government ... has the legislative and executive authority to see to the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5, by regulating the exercise by municipalities of their executive authority referred to in section 156(1)".

The Department's Mission, Vision and Mandate statements as well as its Strategic Outcomes Oriented Goals directly relate to this mandate.



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PART A GENERAL INFORMATION

The following table reflects the primary legislation that mandates the Department:

Act	Description
The National Energy Act, 2008 (Act No. 34 of 2008)	<p>The Act 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. The Act also provides for:</p> <ul style="list-style-type: none"> ◆ energy planning; ◆ 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 ◆ the establishment of an institution to be responsible for the promotion of efficient generation and consumption of energy and energy research.
The Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended	<p>The Act provides for:</p> <ul style="list-style-type: none"> ◆ 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; ◆ 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; ◆ promote the transformation of the South African petroleum and liquid fuels industry; and ◆ the promulgation of regulations relating to such licenses and matters incidental thereto.
The Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended	<p>The Act repealed the Electricity Act, 1987 as amended (Act No. 41 of 1987), with the exception of section 5B, which provides for the funds of the Energy Regulator for the purpose of regulating the electricity industry.</p> <p>The Act establishes a national regulatory framework for the electricity supply industry and it introduces the National Energy Regulator as the custodian and enforcer of the national electricity regulatory framework.</p> <p>The Act also provides for licences and registration as the manner in which generation, transmission, distribution, trading and the import and export of electricity are regulated.</p> <p>Section 34(1) empowers the Minister of Energy to make determinations for the establishment of Independent Power Producers (IPP) for the purpose of creating greater competition in the electricity generation sector, so as to increase the supply of electricity.</p>

The following Acts provide a mandate to the Energy Sector and are also administered by the Department:

- ◆ The Central Energy Fund Act, 1977 (Act No. 38 of 1977), as amended;
- ◆ The Nuclear Energy Act, 1999 (Act No. 46 of 1999);
- ◆ The National Nuclear Regulator Act, 1999 (Act No. 47 of 1999);
- ◆ The National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008);
- ◆ The Petroleum Pipelines Act, 2003 (Act No. 60 of 2003);
- ◆ The Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004);
- ◆ The Gas Act, 2001 (Act No. 48 of 2001);
- ◆ The Gas Regulator Levies Act, 2002 (Act No. 75 of 2002);
- ◆ The National Energy Regulator Act, 2004 (Act No. 40 of 2004);
- ◆ The Abolition of the National Energy Council Act, 1991 (Act 95 of 1991);
- ◆ The Liquid Fuel And Oil Act Repeal Act, 1993 (Act 20 of 1993); and
- ◆ The Coal Act Repeal Act, 1991 (Act 124 of 1991).

In addition to the aforementioned Acts, the Department is further mandated by, amongst others, the National Environmental Management Act, 1999 (Act No. 107 of 1999), the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), the Disaster Management Act, 2002, (Act No. 57 of 2002), the Hazardous Substances Act, 1973, (Act No. 16 of 1973), the National Ports Act, 2005 (Act No. 12 of 2005).



4.3 POLICY MANDATES

4.3.1 White Paper on the Energy Policy, December 1998

The Department of Energy is responsible for ensuring energy security within the country. It does this by undertaking Integrated Energy Planning (IEP), regulating energy industries, and promoting electric power investment in accordance with the Integrated Resource Plan (IRP) for electricity. The Department of Energy also continues to implement the Electricity Regulation Act, 2006, as amended, especially with respect to creating the necessary conditions for the introduction of an independent systems operator and independent power producers in the electricity market.

The Department of Energy is also planning to review and update the 1998 White Paper on the Energy Policy of the Republic of South Africa during the current MTEF period.

4.3.2 White Paper on Renewable Energy, November 2003

The White Paper on Renewable Energy of November 2003 supplements the White Paper on Energy Policy, which recognises that the medium- and long-term potential of renewable energy is significant. This Paper sets out Government's vision, policy principles, strategic goals and objectives for promoting and implementing renewable energy in South Africa. It also informs the public and the international community of the Government's vision, and how the Government intends to achieve these objectives; and informs Government agencies and organs of their roles in achieving the objectives.

4.3.3 Energy Security Master Plan for Liquid Fuels, 2007

The recommendations made in the Energy Security Master Plan for Liquid Fuels, which was approved by Cabinet in 2007, continue to be implemented, with current focus being primarily on addressing the short to medium term infrastructural constraints within the liquid fuels sector.

4.3.4 Nuclear Energy Policy, June 2008

Following the White Paper on the Energy Policy, 1998, the Nuclear Energy Policy was approved by Cabinet in June 2008. The policy provides a framework within which prospecting, mining, milling and use of nuclear materials as well as the development and utilisation of nuclear energy for peaceful purposes shall take place. The long-term vision of the policy is for South Africa to become globally competitive in the use of innovative technology for the design, manufacture and deployment of state of the

art nuclear energy systems such as power reactors and nuclear fuel cycle systems. The Department continues with the implementation of the 2008 Nuclear Energy Policy, including the implementation of intergovernmental decisions leading to the deployment of new nuclear power plants, the associated funding, financing and procurement framework, associated industrialisation and localisation, as well as related training and skills development. The National Radioactive Waste Disposal Institute will be operationalised in 2013/14.

4.3.5 Draft Integrated Energy Plan

The Department of Energy has released a Draft Integrated Energy Planning Report for public consultation. The Draft Report was approved by Cabinet to be published in the Government Gazette on 24 July 2013. Once this consultative process has been completed, the Report will be finalised.

The document outlines the potential implications of pursuing alternative energy policy options. Thus, this Report effectively provides a roadmap for South Africa's future energy landscape, with particular reference to energy infrastructure investments and policy developments.

The entire process is designed to facilitate the development of an Integrated Energy Plan, or IEP, which will guide future energy infrastructure investments and policy.

The energy security master plan for liquid fuel identified a number of capacity constraints and challenges faced by the petroleum sector in meeting energy demand. In responding to these challenges, the national strategic fuels stock policy was submitted to Cabinet during the 2011/12 financial year. This policy will set out the framework for the storage of fuels stock by government as well as industry. It also seeks to guide the necessary investment decisions within the liquid fuels sector to ensure the security of energy supply. As part of this process, towards the end of September 2010, the Department drafted and published Regulations in respect of Strategic Stocks to be kept by Oil Companies, which was also finalised during the 2011/12 financial year.

4.3.5 Draft Strategic Stocks Petroleum Policy

On 8 March 2013, the Department of Energy published, in the Government Gazette, the Draft Strategic Stocks Petroleum Policy and draft strategic stocks implementation policy, in accordance with section 17 of the National Energy Act, 34 of 2008 (notice 192 of 2013).

This draft policy thus proposes that the current policy framework, including the responsibilities of stakeholders



and that of Government, be reviewed and that such review should result in the introduction of a legal obligation on the oil industry to hold specified quantities and categories of stock.

The approval of this policy would ensure uninterrupted supply of Petroleum products in the Country, through the provision of adequate strategic stocks and infrastructure, such as storage facilities and pipeline capacity.

4.3.6 National LPG Strategy

The conclusion of the National LPG Strategy, whose objective is to provide access to safe, cleaner, efficient, portable, environmentally friendly and affordable thermal fuel for all households, was temporarily halted. This was done in order to concentrate on the persistent LPG supply challenges experienced mainly during winter months. That effort produced the lowest LPG supply challenges during 2012/2013.

4.3.7 Cleaner Fuels Programme

As a precursor the implementation of the Cleaner Fuels II Programme, the Department promulgated Amendment Regulations regarding Fuel Specifications and Standards. These will become effective from July 2018 in order to allow oil companies to effect refinery upgrades. Furthermore, the Department has initiated discussions with National Treasury on the most appropriate cost recovery mechanism to cover the costs of the refinery upgrades.

4.3.8 Promoting Clean and Renewable Energy Sources

Promoting the development and usage of clean and renewable energy resources remains a key priority for the Department. The renewable energy feed-in tariffs have been set for a diverse portfolio of renewable energy sources, including wind, solar, biomass and small-scale hydro. Producers who invest in renewable energy are incentivised by tariffs which cover the cost of generation, plus an attractive return.

4.3.9 Energy Efficiency Programmes

Similarly, energy efficiency programmes are prioritised, and the Department has developed a solar water heating framework, which consolidates all solar water heating programmes currently run by various municipalities, public entities and the private sector. Energy efficiency in the residential, commercial and industrial sectors remain one of the most attractive (in terms of cost and time to deploy) options that the Department will focus on. The measurement and verification of energy efficiency

outcomes will accordingly become a focal area with the Energy Efficiency Target Monitoring System, serving as a repository for all energy efficiency interventions and outcomes. These initiatives assist the Department to achieve its target of 10 000 GWh from renewable sources by 2013, and to improve energy efficiency by 12 percent by 2015.

4.3.10 Independent Power Producers

The Department moved away from the Renewable Energy Feed-in Tariffs framework, to a criteria-based bidding approach for proposals to finance, construct, operate and maintain renewable energy generation facilities. These criteria include consideration of potential for the creation of a local industry, job creation, black economic empowerment and technology transfer.

4.3.11 Infrastructure Rehabilitation

As we improve the electricity supply-demand situation, it has become critical to address the problems facing the electricity distribution network, particularly municipal infrastructure. The Approach to Distribution Asset Management (ADAM) programme will be introduced to rehabilitate the identified municipal infrastructure which poses a risk to energy security.

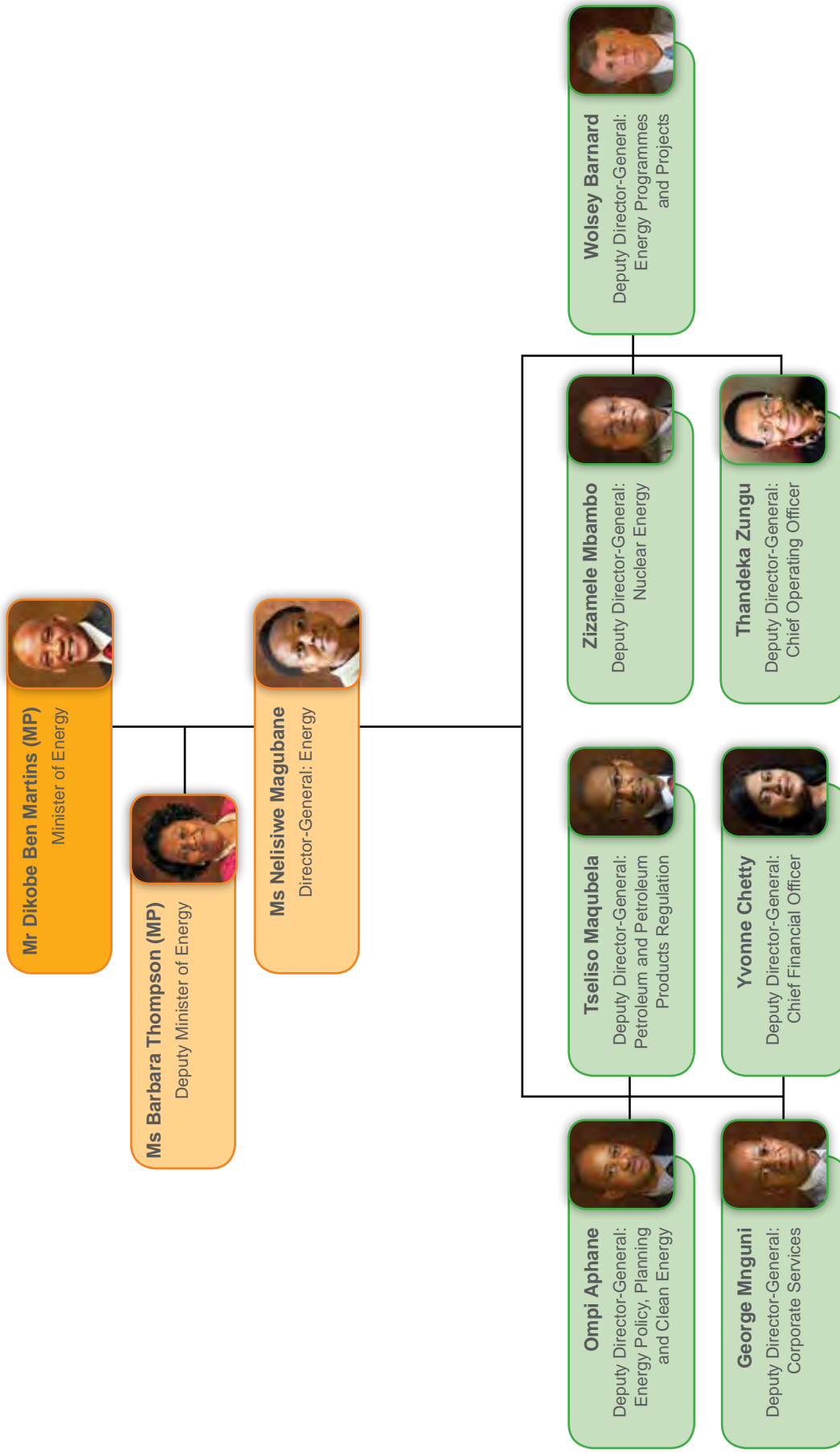
4.3.12 National Radioactive Waste Policy

To ensure the establishment of a comprehensive radioactive waste governance framework by formulating, additional to nuclear and other applicable legislation, a policy and implementation strategy in consultation with all stakeholders.



5. ORGANISATIONAL STRUCTURE

The following Organisational Structure provides the names and portfolios of the Department's Executive Management:



6. ENTITIES REPORTING TO THE MINISTER OF ENERGY

6.1 State-Owned Entities (SOE's)

The Minister of Energy is responsible for overseeing the following five State-Owned Entities (and their subsidiaries), which are either classified as Schedule 2 or 3A institutions in terms of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended (PFMA):

Regulators

- ◆ The National Nuclear Regulator (NNR);
- ◆ The National Energy Regulator of South Africa (NERSA);

Research and Development

- ◆ The South African National Energy Development Institute (SANEDI);
- ◆ The South African Nuclear Energy Corporation (NECSA);

Other

- ◆ The Central Energy Fund (CEF) Group of Companies (SOC) Ltd; and
- ◆ *The Electricity Distribution Industry Holding (EDIH) (refer to the bottom of the table on 6.2).

6.2 Mandate and Nature of Operations

The table below indicates the Legislative Mandate, Financial Relationship and Nature of Operations of the aforementioned entities:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
CEF	<p>The Central Energy Fund (CEF) Group of Companies (SOC) Ltd. was initially established as a private company, in terms of the Companies Act, 1973 (Act No. 61 of 1973).</p> <p>The Central Energy Fund Act, 1977 (Act No. 38 of 1977) brought CEF under its ambit, and effectively reintroduced CEF as a wholly-owned State-Owned Entity.</p> <p>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.</p>	Generates revenue from state grants and the various commercial activities of its subsidiaries.	<p>CEF (SOC) Ltd is involved in the search for appropriate energy solutions to meet the future energy needs of South Africa, the Southern African Development Community and the sub-Saharan African region, including oil, gas, electrical power, solar energy, low-smoke fuels, biomass, wind and renewable energy sources.</p> <p>CEF also manages the operation and development of the oil and gas assets of the South African Government.</p> <p>CEF is also mandated to manage the Equalisation Fund, which collects levies from the retail sales of petroleum products to eliminate fluctuations in the retail price of liquid fuel and to give tariff protection to the synthetic fuel industry.</p>
NNR	NNR is a regulatory authority established as a juristic person in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999).	Subsidised by state grants and generates revenue from authorisation fees in the nuclear industry.	The purpose of the NNR, as outlined in section 5 of the National Nuclear Regulator Act 1999 is to essentially provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.
NERSA	NERSA is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004).	Generates revenue from various levies and tariffs.	The purpose of NERSA, as effectively outlined in section 4 of the National Energy Regulator Act, is to regulate the electricity, piped-gas and petroleum pipeline industries within the Republic of South Africa in terms of 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).



PART A GENERAL INFORMATION

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
SANEDI	SANEDI is an applied energy research institute established in terms of section 7(1) of the National Energy Act, 2008 (Act 34 of 2008).	Generates revenue from state grants and donor funding.	SANEDI's functions, as outlined in section 7(2) of the National Energy Act, are to: <ul style="list-style-type: none"> - direct, monitor and conduct applied energy research and development, demonstration and deployment as well as undertake specific measures to promote Energy Efficiency (EE) throughout the economy; and - establish a nationally focused energy research, development and innovation sector and undertake EE measures with a strong relevance for South Africa.
NECSA	NECSA is a State-Owned Entity established in terms of section 3(1) of the Nuclear Energy Act (Act No. 46 of 1999). The Act provides for the commercialisation of nuclear and related products and services, and delegates specific responsibilities to the Corporation, including the implementation and execution of national safeguards and other international obligations. The Nuclear Energy Policy of 2008 reinforced NECSA's mandate relating to Research and Development (R&D) and nuclear fuel cycle responsibilities.	Generates revenue from state grants and the various commercial activities of its subsidiaries.	NECSA's functions, as outlined in section 13 of the National Energy Act, are to: <ul style="list-style-type: none"> - undertake and promote research on nuclear energy, radiation sciences and technology; - process source, special nuclear and restricted material including uranium enrichment; and - collaborate with other entities.
EDIH*	Refer to the narrative below.		

*EDI Holdings, a company wholly owned by the South African Government, was established in March 2003, through the then Department of Minerals and Energy, to facilitate the process of restructuring the electricity distribution industry in South Africa.

As at the end of the year under review, all transactions towards the closing down of the company as directed by Cabinet on 08 December 2010 were finalised. The Department is awaiting the close-out audit report from the Auditor-General and the Board.



Presidential 5.6 millionth Electricity Switch-On at Magareng Municipality, Northern Cape



7. FOREWORD BY THE MINISTER

Introduction

The Department of Energy has the responsibility of ensuring security of energy supply, in various forms, to benefit all South Africans. Energy security is not only about uninterrupted availability of energy at affordable prices, it is also about funding future investments today. The demand for energy is becoming increasingly critical, therefore, expanding access to modern energy and ensuring energy security is of utmost importance to cater for the basic needs of millions of South Africans, facilitate social-economic development and ensure sustainable economic growth.

In its four years of existence, the Department has made significant progress towards fulfilling this mandate and achieving universal access. Some of the key policy achievements in the following areas: Energy Planning and Policy, Electrification and Clean Energy are highlighted.

In March 2011 we delivered the country's first integrated energy plan for electricity, the Integrated Resource Plan (IRP 2010). The plan forms the basis for South Africa's power generation capacity expansion for the next 20 years. It focusses on the diversification of the energy mix, while taking cognisance of the need for a reliable and affordable base load power capacity in the economy. It further indicates the technology choices that we have adopted to meet our electricity generation requirements in the period up to 2030, pursuant to set policy objectives that include energy security, diversification away from coal to meet our greenhouse gas emission limits, maximising the job creation potential, skills development and regional integration.

The Independent Systems and Market Operator Bill (ISMO Bill), is the first step in creating a more investor friendly electricity sector. The ISMO Bill is currently in the parliamentary process.

The Integrated Energy Plan (IEP) is a planning instrument to determine the most appropriate approach to meeting our energy needs up to 2050. Unlike the IRP above, the IEP provides a roadmap of the future energy landscape for South Africa, and guides future energy infrastructure investments and policy development. It seeks to achieve this objective premised on a balanced view of the "3E" imperatives – Energy access and security, Economic growth and development and Environmental sustainability.

The Plan is now ready to be taken through a robust stakeholder consultation process. This processes will include the engagement on the constituent parts of the IEP, that is the updated IRP, Liquid Fuels Roadmap, LP Gas and Gas Infrastructure Plans.



Mr Dikobe Ben Martins, MP
Minister of Energy

We have made substantial progress in making electricity accessible to all South Africans. Since 1994 we have made over 5,6 million new electricity household connections as per the Census 2011. We have achieved close to a million new household connections over the past four years, increasing access to over 84%. *The details of the Integrated National Electrification Programme are discussed in the Deputy Minister's Statement.*

Cabinet took a decision in 2009 to initiate the Solar Water Heaters (SWH) Programme aimed at ensuring the installation of one million systems by 2014. To date we have installed over 350 000 solar water geysers, and through the Green Economy Accord, we have ensured that the Solar Water Heating programme strictly enforces the inclusion of a minimum of 70% local content threshold, in an effort to optimise the benefits of localisation and to create much needed jobs.

We have promulgated the biofuels blending specifications and regulations, and are finalising the outstanding matters to facilitate the emergence of this industry which has a substantial job creation potential.



The year under review – 2012/13

The Department was appropriated R6,8 billion for the 2012/13 financial year, 95% of which was earmarked for transfers. These transfers included: R3,1 billion for the INEP, R1 billion allocated to the Energy Efficiency and Demand Side Management programme to accelerate the solar water heating programme, R1,5 billion for the final instalment of the NMPP, and the balance to the entities reporting to the Minister of Energy.

Clean Energy

We have created regulatory certainty in the electricity sector through our policies. This is currently evidenced through significant investments being achieved, particularly in the renewable energy area.

In line with the commitments made by President Jacob Zuma at COP15 in December 2009, our focus this year has been on taking forward the clean energy initiatives. The positive outcome of our efforts in this area has been witnessed by more than R70 billion investments in new generation capacity, with a total of 2 450 MW of renewable energy capacity to come on stream from 2014. This forms part of the SIP 8 initiative of the PICC.

The small scale renewable energy projects determination has been made, and later this year we will request interests in order to appoint successful bidders by the end of the year.

Electrification

Last year, we hosted the Electricity Indaba where shortcomings were identified in the current Electrification Programme. In addressing these challenges, we have introduced the New Household Electrification Strategy. The key focus areas of this strategy include the Electrification Master Plan based on the least cost approach that combines grid and high-quality non-grid solutions to support areas with high backlogs, low delivering municipalities and ensure that electrification targets are met, in line with the relevant Strategic Integrated Projects (SIPs) (i.e. SIP 1, SIP 4, SIP 6, SIP 8 and SIP 10). A National Electrification Master Plan is in the process of being developed in partnership with Eskom and Municipalities, and will be in line with the various SIPs programmes. Using a least cost approach, the Master Plan will define the optimal technology mix and coordinate the electrification rollout sequence.

Hydrocarbons

The global petroleum environment has been characterised by the fluctuation in the crude oil prices, which was in part due to the geopolitical strife in or near oil producing

countries. Towards the end of the reporting period South Africa's fuel prices at the pump had reached record highs, reminding us of the negative impact that the global political economy can have on our economy. The situation was no different in many other oil importing economies.

The on-going USA and European Union sanctions against the Islamic Republic of Iran meant that South African refineries could no longer bring in crude oil from Iran. The discontinuation of the supply of crude oil from Iran meant that South African oil companies had to find alternative sources of supply. Fortunately, African countries were the beneficiary. South Africa's imports of crude oil from the African continent reached 41%, which signified the continent's growing role in the supply of crude oil to our country. This on its own has significantly boosted intra African trade volumes.

Transformation of the liquid fuels sector is and will remain our priority until such time that we have achieved our goals. The results of the Liquid Fuels Charter Compliance audit indicated that a lot of ground still needs to be covered towards achieving the objectives as set out in the Liquid Fuels Charter. Oil companies have committed to improve on the findings and indeed during the year the Department witnessed the achievement of an unencumbered 25% stake by a black owned company in one of the major oil companies. One area, which requires focussed attention is the retail service station space where the sub-sector bears no resemblance to the demographics of our society. During the coming period a determined effort will go towards the alignment of the LFC with the revised codes of good practice.

Nuclear Energy

The National Nuclear Energy Executive Coordinating Committee (NNEECC) has been in existence for over a year, after Cabinet approved its establishment in terms of the Nuclear Energy Policy on 9 November 2011. The Committee is chaired by His Excellency, President Zuma, and comprised of the following Ministers: Energy, Public Enterprises, Finance, State Security, International Relations and Cooperation, Defence and Military Veterans. This Committee's responsibility is to lead, monitor, ensure oversight and take key strategic decisions on the implementation of the Nuclear Energy Policy. Cabinet also endorsed critical decisions of this Committee in November 2012, namely the Phased Decision Making Approach for implementing the nuclear programme, the Communication and Stakeholder Engagement Strategy and reaffirmation of Eskom as the owner-operator for the future nuclear power plants, as stated in the Nuclear Energy Policy of 2008



State Owned Entities

The Department continued to provide oversight of State Owned Entities (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 Department's, and broader government priorities. The Department has ensured continuing improvement in the 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.

We have also ensured that all SOE's 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 new NECSA Board, the new NNR Board, replacing directors who retired or resigned from the SANEDI, CEF (SOC) Ltd and PetroSA (SOC) Ltd Boards of directors. In terms of the founding legislation, the Minister of Energy appointed the Chief Executive Officers (CEOs) for the CEF Group, Strategic Fuel Fund (CEF subsidiary) and NECSA (SOC) Ltd. The CEO of the NNR resigned in November 2012 and the process of appointing a replacement was completed during the first quarter of the 2013/14 financial year.

The Department, together with the CEF board, started the process of reviewing and reorganising the governance and other structures of the CEF group of companies, consolidate various operations, improve efficiency and take advantage of synergies between the various subsidiaries. This process has substantially been completed with a number of small subsidiaries being consolidated into larger ones to create scale and critical mass.

In line with the Cabinet decision of 08 December 2010, the Electricity Distribution Industry Holding (EDI Holdings) ceased operations on 31 March 2011. As at the end of the financial year, the EDIH winding up process, which was necessitated by the Cabinet decision, was near completion. The handover report has been completed and the Board will hold its final meeting by the end of the financial year. The EDIH winding up process was delayed by a CCMA case brought by ex EDIH employees. The matter was finally settled and all the employees paid out in December 2012.

International Relations

International Engagements

In recognition of South Africa's contribution to the global energy agenda, the United Nations Secretary-General and the World Bank President have appointed the Minister

of Energy to join the Advisory Board of the Sustainable Energy for All (SE4All) initiative as part of the global partnership that will assist to ensure the implementation for the SE4All initiative. The South African government through the Department of Energy and our state owned companies are currently working on the implementation plan for the country and contributing to the Southern African Development Community region and African Union plans to raise awareness and mobilise stakeholders to support and implement the objectives of the SE4All initiative.

Among the G20 countries, South Africa is now recognised as the 9th most attractive investment destination for the green economy, and our renewable energy programme was voted by the Global Leadership Infrastructure Programme in New York as the best green energy infrastructure programme in the world for 2012.

We have also received two additional awards from the Africa Investor Chief Executive Officer Infrastructure Investment Summit held recently in Cape Town, namely, the "Infrastructure Regulator of the Year" and "Power Deal of the Year" Awards.

The Department of Energy is also contributing to the collective effort to implement the national climate change response strategy, the Green Economy Accord and the NDP's move to less carbon intensive electricity production trajectory through procurement of renewable energy sources.

The African Continent

The Department has interacted with the African continent through bilateral and multilateral forums. The main objective of the engagements has been to promote the development of the energy sector to enhance security of supply and intra African trade in the energy sector.

Both the President of the Republic of South Africa, President Jacob Zuma and the President of the Democratic Republic of Congo, President Kabila witnessed the signing of a Memorandum of Understanding by the Energy Ministers from these countries. Following the signing of the Memorandum of Understanding (MoU) regarding the Grand Inga Project in November 2011, the Department assumed a leadership role in the negotiations between the Republic of South Africa and the Democratic Republic of Congo (DRC) regarding the Draft Treaty on Grand Inga Hydropower Project. The MoU paved the way for the development of the Grand Inga Hydro Power Project (the Project).



The Project has the capacity to generate approximately 40 000 MW of hydroelectricity. In terms of the negotiated draft Grand Inga Hydro Power Project Treaty (Draft Treaty), South Africa becomes a principle partner in the development of the Project as well as the purchaser of power generated. It is anticipated that the draft Treaty will be approved and signed before the end of the 2013/14 financial year. This project, when implemented, will enhance energy security in the region, lead to energy infrastructure development, alleviate energy poverty, ensure access to cleaner, safer, and sustainable energy in the continent and further assist South Africa to transit to a low carbon economy.

Conclusion

Although we pride ourselves with milestones achieved, we do acknowledge areas that still require additional work. One of these is Energy Efficiency. As a country, we have not been able to get together and resolve our Energy Demand Side problems. Although we have initiatives such as 49m, Energy Conservation Scheme, Energy Efficiency Leadership Network, the distribution of CFL's and others, this is not enough, and we need to redouble our efforts to implement the EE program in South Africa.

Appreciation

I wish to express my appreciation for the work done by Minister Peters and Deputy Minister Thompson, Director General Ms Magubane and Team Energy.



Mr Dikobe Ben Martins, MP
Minister of Energy

Date:



Signing of the Grand Inga MoU by the Ministers of Energy of South Africa and the DRC, as witnessed by President Zuma and President Kabila.



8. DEPUTY MINISTER'S STATEMENT

Our primary task is to ensure that our country has a sustainable and secure supply of energy in a transformed energy sector that is able to support a growing economy and enable Government to deliver on the mandate which our people have given us.

The year 2012/13 saw the Department of Energy deepening implementation of our equity agenda – building on the principle that we must put the rights of those who are most marginalised and most in need of our assistance, first.

Universal Access to Energy

New Household Electrification Strategy

The Department, has continued with implementing the agreement with the Development Bank of Southern Africa (DBSA), to accelerate the Electrification Programme in our country. A total sum of R2 billion over a period of three years (2013 to 2015) has been approved. The DBSA will conduct bank credit assessments and the Department will only support bank approved applications that are within INEP.

The cost per connection will be too high if all households are electrified through grid connection only. This will also delay the date by which universal access is achieved for the 3,3 million households without a formal metered supply. Hence, at least 10% of the newly electrified houses are supplied by non-grid technology.

Electrification Programme

Through our Universal Access to Energy sub-programme, which seeks to manage, coordinate, monitor and report on projects to promote universal access to energy, we have managed ways to reach the poorest and most remote communities with energy. A total number of 202 835 connections were achieved during this reporting period which brought the number of people in our country who now have access to energy to 84%. More specifically, 166 130 were grid connections, of which Eskom contributed 142 872 while Municipalities contributed 50 620. Non-grid connections totalled 9 343 for the year. It is important to note that the 180 000 target set in the beginning of the financial year was exceeded by 22 835.

Integrated Energy Centres

Two Integrated Energy Centres (IeCs), namely Ulundi and Mbizana IeCs, were operationalised during the 2012/13 financial year. The Mbizana IeC was also a milestone for PetroSA, since it was their first ever retail service station.



Ms Barbara Thompson, MP
Deputy Minister Energy

The Ulundi IeC was developed in partnership with Sasol. At most 120 temporary jobs were created during the construction of the two IeCs and about 20 people were employed to operate the centres.

Community Upliftment/Socio-Economic Issues and Special Programmes

In line with the Department's commitment of contributing to the national effort to address poverty and unemployment, we have, with the help of some of our state owned enterprises, embarked on various initiatives to assist vulnerable communities through the donation of school uniforms and learner support materials, wheelchairs for the disabled, resources to support the work done by early childhood centres and centres caring for the frail and elderly.

The Department has also implemented a number of other empowerment and skills learning programmes, targeting vulnerable sections such as women and youth. Included among these are five energy awareness campaigns that were held in various provinces, Learners Focus Week in



Mangaung in which 250 learners from our inland provinces participated in various energy related events, and a Road Show in the Eastern Cape engaging women on business opportunities in the energy sector. The Department also hosted a side event at the UN Commission on the Status of Women (UNCSW) which generated wide interest in our programmes, which advance gender transformation in the energy sector.

C3E

The Minister of Energy announced in her speech last year that the South African Chapter of the Clean Energy Education and Empowerment Initiative for Women (C3E) had been launched. A C3E South African strategic plan (2013/14 to 2017/18) was developed and approved during the year. A project plan detailing critical activities that need to be done to get this initiative off the ground have also been developed, shared with all members, and work has commenced on it. Memorandum of Understanding (MoUs) are being drafted, and are to be signed by all participating organisations on an annual basis. The MoUs will detail what is expected from the respective participating organisations. The process of establishing the website for C3ESA and the logo has commenced, and should be completed during 2013/14

HIV and AIDS Forum for the Energy Sector

The combating of HIV and AIDS, particularly its impact on the Energy Sector, will continue to be an area of focus during this period. We will be working towards the establishment of an HIV and AIDS Forum within the Energy Sector to consolidate the work of individual role players in the Energy Sector and augment the work of other government departments and the civil society in dealing with this challenge. The forum will assist us in monitoring, evaluating and reporting on HIV and AIDS in the Energy Sector.

Youth Indaba and Launch of Youth in Energy Forum

The young people of today will become tomorrow's leaders. It is important, therefore, that we equip our youth with knowledge of our sector and encourage them to venture into education, skills and business in this sector. It is also imperative that we assist young entrepreneurs and the unemployed youth to gain access to comprehensive business development support services to grow and sustain their enterprises.

The Youth Indaba and Youth in Energy Forum are among the Department's initiatives going forward. In order to achieve our goal of creating a platform of growth for young entrepreneurs.

We will also continue to embrace the "Take a Girl Child to Work Day" initiative as a means of enabling girl children, especially from disadvantaged communities, to acquire transformational experience in the workplace and ensuring continuous development of women and young people and their participation in the economy of the country.

Energy Efficiency and Demand Side Management

The efficient use of energy in South Africa is a key element in mitigating the challenge of increased energy demand caused by our growing economy. The year under review saw the Department continuing its efforts to promote and facilitate energy efficiency and demand side management. Draft Regulations for introducing Energy Management were completed during the year under review. A second review of the Energy Efficiency Strategy was approved by Cabinet in October 2012 and the draft National Energy Efficiency Implementation Plan was completed.

The Energy Efficiency Target Monitoring System will allow us for the first time to independently quantify energy savings achieved through various sectoral interventions, aggregating energy efficiency improvements in industry, commercial and residential.

Conclusion

In an environment of continued fiscal challenges, the financial year under review saw the Department working harder to become more efficient with its available resources and it will continue to do so to ensure more accountability to those who entrust these resources to us.

As we stride into the future, it is essential that we pursue our Energy Policy objective and maximise its return to the vulnerable groups (women, youth and persons with disabilities). South Africa recognises the role of women, youth and persons with disabilities in the transition to clean energy solutions and overall developments in the Energy Sector.

Appreciation

I would like to extend my appreciation to Minister Peters for her support and leadership over the years of working together and also take this opportunity to welcome our new Minister, Honorable Dikobe Ben Martins.



Ms Barbara Thompson, MP
Deputy Minister of Energy

Date:





Deputy-Minister Thompson and Danhauser Local Municipality Mayor officially opening the Dorothy Nyembe Hall



Electricity switch-on



DOE in action



IPP Window 1 Bidders with the Department



Elvis Sithagu, co-owner of two BP filling stations in Kempton Park, started out as a petrol attendant 12 years ago.



9. ACCOUNTING OFFICER'S OVERVIEW

Minister, it gives me great pleasure to present the Department of Energy's annual report for the 2012/13 financial year.

We have come to the end of yet another exciting year in the existence of the Department of Energy. This year R6,7 billion was appropriated to our Department and 98,9% was spent. 58% of targets set for the Department were achieved and we are committed to improving on this in the coming years. I am proud to report that for the past two years the Department achieved unqualified audit reports from the Auditor-General and the year under review was no exception.

We have managed to develop policies and programmes designed to meet government's objectives, including ensuring energy security in the liquid fuels and electricity sectors. We have also developed energy efficiency and demand side management programmes to reduce energy wastage and greenhouse gas emissions. We echo the clarion call by our Minister and Deputy Minister that all citizens need to remember to switch off their geysers, lights, heaters and all other electrical appliances not in use, particularly during the evening peak from 17h00 to 21h00.

During the year under review, we affirmed our collaboration with the business sector, particularly the Chief Executive Officers as the captains of industry, through National Business Initiative and Business Unity South Africa on the Energy Efficiency Leadership Network to ensure that we stick to our commitments on Renewable Energy and Energy Efficiency through the signed Accords with our social partners.

Energy Planning and Policy

During the 2012/13 financial year, the Department worked in earnest towards the development of the Integrated Energy Plan (IEP). As a long-term plan, the IEP is intended to provide a roadmap of the future energy landscape for South Africa which guides future energy infrastructure investments and policy development.

To this effect, the Department in consultation with various government departments, developed a Draft Integrated Energy Planning Report which presents model output from the various energy policy options that were evaluated. The Draft Report does not provide recommendations for the energy sector, but seeks to give insight on the possible implications of pursuing alternative energy policy options in light of changes in the macro-economic environment,



Ms Nelisiwe Magubane
Director-General Energy

technological developments, and national priorities and imperatives, amongst other factors.

The National Energy Act requires that the IEP be broadly consulted before it is finalised and published. The Draft Report was approved for public release by Cabinet and was subsequently published in the Government Gazette on the 24th of July 2013 for public consultation. During the 2013/14 financial year, the Draft report will be broadly consulted upon before the Integrated Energy Plan is finalised.

The Third Multi Year Price Determination (MYPD3) was concluded in March this year, with NERSA allowing tariff increases of 8% per annum over the next five years. This provides certainty about electricity pricing and facilitates relatively longer term planning for much needed investment by Municipalities, Eskom, and the industry.

Petroleum and Petroleum Products Regulations

We continued to improve on the turnaround time of



processing applications for petroleum licensing within the legislated time period of 90 days. However further improvement in this regard was hindered by the inadequate supporting documents submitted for licence applications. We will continue to work with the public to educate them on the requirements of the licensing processes in order to improve our turnaround times. One such forum is through engagements at our regional awareness campaigns. During the period under review the Department conducted thirteen awareness campaigns in all provinces. These awareness campaigns provide a platform to engage with the public on any energy related issues.

Through our intensified compliance inspections efforts, we have identified a number of transgressions of the regulations in the form of unlicensed retailers, inaccurate pricing, incorrect labelling and non-display of licences. In all instances compliance notices to illegal operators were issued and corrective action taken, where necessary.

In April 2012 the Department submitted the Liquid Fuels Compliance Charter audit results to Cabinet. This was followed by constructive bilateral engagements with the audited companies to discuss the results and seek commitment to implement the recommendations. Most companies showed positive commitment by identifying a course of action that can be undertaken quickly in order to comply with the Charter. Since the audit, some of the companies have started procuring crude oil and finished products from Historically Disadvantaged South Africans. The New Empowerment Framework will be informed by the revision of the Broad Based Black Economic Empowerment (BBBEE) Codes of Good practice

This year, there were no disruptions to the supply of petroleum products to the inland market as has been the case in other years. This could in part be attributed to the commissioning of the trunk line of the New Multi Product Pipeline, (which brings petroleum products from Durban to the inland market). The enhanced monitoring of stock levels and engagements with oil companies has also contributed towards ensuring adequate stocks for liquid fuels. The lack of investments in the associated infrastructure, such as storage facilities, remains a concern as bottlenecks within the supply value chain still persist.

The Biofuels Mandatory Blending Regulations which make it mandatory for oil companies to blend biofuels into the main fuels, were finalised and promulgated. The draft Biofuels pricing framework 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, was developed. This gives certainty to the

potential biofuels investors about the level of biofuels that will be mandatory in diesel and petrol. The Minister of Finance pronounced on the biofuels support mechanism during the tabling of the Appropriations Bill in February 2013. The Department of Energy is working closely with the National Treasury to finalise the administrative arrangements, which will govern the support mechanism. Fuel margins were adjusted in line with the Regulatory Accounting System (RAS). The full implementation of the RAS is expected to be completed during the course of this financial year, after considerations of all the outstanding matters.

Nuclear Energy

Integrated Nuclear Infrastructure Review (INIR)

In June 2012 the Department requested the IAEA to carry out an Integrated Nuclear Infrastructure Review (INIR) mission. The Mission was carried out from 30 January to 8 February 2013. The INIR mission is regarded as a holistic coordinated peer-review conducted by a team of IAEA and international experts (INIR team) who have experience in specialised nuclear infrastructure areas. The team included 12 international experts and 25 local experts comprising of representatives of Government and State Owned Entities. The 19 issues of nuclear infrastructure were addressed in this review. This was the first of its kind for a country having a nuclear power station. The review is normally intended for countries that are building nuclear infrastructure for the first time, but South Africa was commended for its transparency and openness to conduct such an international peer-review.

Nuclear Safety following Fukushima

In response to the NNR directive of May 2011, Eskom submitted their safety re-assessment report in December 2011 covering the following:

- ◆ Re-assessment of compliance to the Design Base for external events,
- ◆ Stress Tests (Robustness against external events beyond the design basis), and
- ◆ Adequacy of accident management and emergency planning.

The NNR completed the review of the submission in March 2012. Eskom is proceeding with the development of a screening assessment methodology and policy on modifications, which will be used to plan for the maintenance and testing of equipment identified for use in beyond design base accidents.

Eskom and Necsa are also in the process of performing additional studies to address NNR review findings. The



South African team, comprising the Department, Eskom and Necs, completed the South African National Report on the implications of the Fukushima accident on Koeberg and Safari-1, which was presented at the Extraordinary Meeting of the Convention of Nuclear Safety on Fukushima, held in Vienna in August 2012.

The report outlines the assessments conducted thus far, conclusions, and follow up actions which addresses inter alia further assessments to be conducted, modifications to facilities, and improvements to the nuclear regulatory framework.

Electrification

At the beginning of the year under review, we targeted to electrify 180 000 households and we achieved 202 835, which is 22 835 above target. In order to deliver this number of connections, Eskom has installed 1 554 km of electrical lines, while Municipalities installed 155 km of electrical lines. Four (4) new substations have been completed, while ten (10) substations were upgraded. The overall budget utilised to achieve this was R3,1 billion.

To supplement the grid-connections it is envisaged that at least 10% of the newly electrified houses will be supplied by non-grid technology. This will bring the number of non-grid to about 300 000 households since the inception of the off-grid programme.

Clean Energy

In August 2012, financial close was reached in respect of 28 preferred bidders that were contracted to supply 1 415 MW of renewable energy capacity, bringing investments to the tune of R47 billion into the country. I am proud to report that construction has commenced. It is our intention that approximately 1 000 MW will reach financial close in August of each year, in line with the announcement made on the allocation of the 3 600 MW renewable energy IPPs.

The Department is very committed to women empowerment; hence I would like to announce that the bidders are committing approximately R1 billion to be spent on vendors that are owned by women. This is an opportunity for women located close to the targeted areas to position themselves in terms of the services that may be required by these bidders. I must say, I remain concerned about the level of women participation in this programme and I hope it will improve over time.

Despite the initial teething problems associated with the quality of water and roof-tops, funding and water reticulation systems, the Department has continued to implement the roll-out of the Solar Water Heaters (SWH) Programme. The department has completed the standard offer policy,

which is aimed at funding the SWH program but could not implement it until the finalisation of the MYPD3.

The Solar Park feasibility study is progressing well after initial hiccups in accessing the land ear-marked for the programme. Once the feasibility report has been completed, we would be in a position to determine the appropriate model for the mass roll-out of PV and CSP technologies to take advantage of the massive solar resource in the Northern Cape.

Energy Programme and Projects

Presidential Infrastructure Co-ordination Committee (PICC) and SIP programmes

Government is in the process of implementing the National Infrastructure Plan, which, when implemented, will transform the Country's economic landscape by creating a significant number of new jobs and strengthening the delivery of basic services. The Presidential Infrastructure Coordinating Committee (PICC) was established to be the integration and coordination entity for the respective programmes, called SIPs (Strategic Integrated Projects). The Minister of Energy is leading SIP 6 – Municipal Infrastructure and co-chaired SIP 8 – Green Economy programmes, as well as SIP 10 – Electricity transmission and distribution for all. In addition, we are directly or indirectly involved in another 15 different SIPs.

Approach to Distribution Asset Management (ADAM)

The deteriorating state of the electricity distribution infrastructure continues to affect the pace of the rollout of the electrification programme. To address these challenges, the Approach to Distribution Asset Management (ADAM) Project has been launched, following its approval by Cabinet in November 2012. An initial amount of R320 million has been received for the 2013/14 financial year, to implement a few pilot ADAM projects throughout the country. Two metros and seven municipalities were identified for the first round of pilots. The rollout of these pilots will be overseen by a special steering committee that will assist the respective local government entities in the planning and implementation of these projects.

International Relations

The Department has initiated and sustained both multilateral and bilateral relations that focus on ensuring that the country has access to: secure, affordable and accessible energy, funding, technology, capacity building and requisite skills to be able to deploy technology intensive projects, promote localisation and job creation.



Given the recent developments in the energy sector, hydro power has become an integral part of the energy mix. In 2009, at the 15th Conference of Parties under the United Nations Framework Convention on Climate Change held in Copenhagen, South Africa made a commitment to contribute towards the reduction of greenhouse gas emission. Consequently the energy policy has been revised, ensuring that the energy sector is progressively transformed to a cleaner, safer and sustainable energy trajectory. As outlined in the Integrated Resource Plan (2010), the South African interest in the Grand Inga project is partly to reduce the greenhouse gas emissions which augurs very well with our transition towards a low carbon economy.

Appreciation

I would like to express my sincere appreciation to Minister Peters and Deputy Minister Thompson for their unwavering support and leadership.

Last but certainly not least, on behalf of Team Energy, I would like to welcome Minister Ben Martins and commit our unwavering support.



Ms Nelisiwe Magubane
Director-General: Energy
Date:



PART B
PERFORMANCE
INFORMATION



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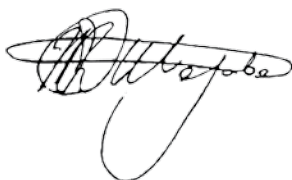
1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the Department's performance information, and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the Department for the financial year ended 31 March 2013



Ms Nelisiwe Magubane
Accounting Officer
Department of Energy
Date:

2. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report. Refer to page 174 of the Report of the Auditor-General's, published as Section 3 in Part E: Financial Information.



3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

3.1 Service Delivery Environment

Introduction

The global energy agenda has been dominated by energy security, energy access and deployment of sustainable (renewable) energy to ensure that the energy sector contributes to a low carbon footprint. The Department in line with its mandate and the global energy agenda, has also worked towards energy security through the diversification of energy mix and access to diversified energy markets; deployment of sustainable energy through the renewable energy program; and energy access through participation in the Sustainable Energy Access for All, program.

Energy security initiatives were undertaken through bilateral and multilateral engagements with different international stakeholders. The Department has engaged multilateral organisations such as the International Energy Agency (IEA), the Southern African Development Community (SADC), the African Petroleum Producers Association (APPA), the Conference of Energy Ministers of Africa (CEMA), and the International Atomic Energy Agency (IAEA), amongst others. With respect to the CEMA and SADC, the main issues considered include electricity grid inter-connectivity in the regions and the continent, the deployment of renewable energy, energy efficiency and investments in new generation capacity.

International Relations

The United Nations Secretary-General Ban Ki-moon launched in September 2011, the Sustainable Energy for All (SE4All) initiative. The SE4All objective is to ensure universal access to modern energy services for all, doubling the global rate of improvement in energy efficiency and doubling the share of renewable energy mix by 2030. The CEMA, SADC Energy Ministers and the Department have subscribed to the call of the Secretary-General. The commitment that South Africa and the African continent demonstrated has led to the nomination of the South African Energy Minister on the High Level Group as an Advisory Board Member and to serve as the Global Ambassador on the Sustainable Energy for All, initiative.

In line with the mandate to diversify the energy mix and contribute to the reduction of greenhouse gas emission, the Department launched the Renewable Energy Independent Power Producers (REIPP) program to procure concentrated solar, photovoltaic and wind power. A total of

2 460 MW were procured from 48 IPPs, mainly from abroad. A total of US\$7 billion was invested. The investment in the RE has been recorded as the largest single investment from a developing country in 2012, according to Bloomberg New Energy Finance. This program will contribute to job creation, technology transfer and economic empowerment of local communities and individuals.

In pursuit of further strategic relations, the Department signed four agreements/Declaration of Intent with the following countries and organisation(s): Botswana, Germany, Denmark and Russia. These agreements cover the following areas of cooperation: access to capacity building, funding, technology, exchange of information and the country specific energy sector project.

International stakeholders and partners such as IAEA, IEA, China, South Korea, Germany, Austria, USA and African Union have provided training opportunities to the Department and to the country's energy sector to enhance skills and competence, particularly in fields of renewable energy, energy efficiency, nuclear safety and energy planning.

Petroleum

Despite the hurdles with the discontinuation of imports of crude oil from Islamic Republic of Iran, we were able to weather the storm in as far as the availability of petroleum products in the South African market is concerned. There were no major disruptions of supply of petroleum products, even though some oil refineries has had to alter the crude diets to accommodate the supply from other sources.

The country's growing dependence on imports of liquid fuels to meet its demand has made security of supply even more vulnerable because of the external factors associated with imports of petroleum products and the already constrained fuel supply value infrastructure. The anticipated growth in demand, though moderate, together with lower production rate of refineries are likely to exacerbate the problem of vulnerability of supply

Nuclear Energy

Nuclear energy is a response to long-term trends, and hence not easily abandoned or replaced. The need for new sources of electricity to power economic growth persists, and the promise of nuclear in bolstering energy security and reducing carbon emissions makes it an appealing option. To date, the top ten countries have around 320 GW of nuclear infrastructure between them. By 2020, this capacity will swell to 405 GW. But this is only part of the picture, as countries from Eastern Europe to Africa are also showing an interest in going nuclear. Taken together, it looks like



something of a renaissance. A number of countries have taken a decision to introduce nuclear power. These include Bangladesh, Jordan, Nigeria, Kenya, Turkey and Vietnam. The planning for new reactors is continuing despite the catastrophic Fukushima accident

Since the TEPCO's Fukushima Daiichi Nuclear Power Plant accident in Japan, March 2011, the world responded positively by developing and implementing an IAEA Safety Action Plan to address the lessons learned. South Africa also responded by developing its National Nuclear Safety Action Plan in line with the IAEA Safety Action Plan. The clean-up and remediation processes will take many years from the Fukushima accident and many valuable lessons will be learned from those countries that have taken effective steps to make nuclear power safer through nuclear safety re-assessments (European equivalent of "stress tests"). For South Africa the safety re-assessment culminated into a National Report on the implications of the Fukushima accident on Koeberg nuclear power plant and Safari-1 research reactor, which was presented at the Extraordinary Meeting of the Convention of Nuclear Safety on Fukushima held in Vienna in August 2012.

Before the devastating earthquake and tsunami on 11 March 2011, atomic power enjoyed a return to prominence among planners. The nuclear industry in South Africa has been inundated with scrutiny from anti-nuclear lobbyists, especially environmentalists groups. This has created a need to intensify public awareness initiatives to present a balanced view in order to demystify nuclear energy and enhance public acceptance. During the year, the Department continued working towards the rollout of the nuclear programme and hosted a number of public engagements to address nuclear issues.

Electricity and Electrification

The challenges of the country's aging electricity distribution industry continue to be a cause of great concern to the Department. In line with the Cabinet decision of December 2010 to terminate EDIH, a decision was taken by the Department to take over the function of rehabilitating the electricity distribution infrastructure. A funding model to accelerate the rehabilitation of the electricity distribution infrastructure has been developed. R320 million of seed funding was made available, from EDIH funds that remained after the closing down of company, to pilot the ADAM programme and to augment it by either the tariff or internal funds. Two metros and seven municipalities were identified for the first round of pilots. The roll-out of these pilots will be overseen by a special steering committee that will assist the responsible government entities in the planning and implementation of these projects.

In March 2013, NERSA approved an annual tariff increase of 8% for Eskom and Municipalities for the next five years.

Given the current fiscal outlook, there is no funding available as allocations are channelled through the Division of Revenue Act (DORA). In the 2012/13 financial year, these options were considered in addition to approaching donors to participate in the municipal infrastructure development programme.

The Department is concerned about the challenges of cost escalations and the long lead times in getting the electrification programme projects off the ground. These challenges are due to a combination of factors, such as the lack of a holistic infrastructure plan to ensure that the networks are extended in the most effective manner, the increased cost of base metals that are used to manufacture the hardware components; more households have to be electrified in deep rural areas where the cost is much higher to implement; lack of infrastructure such as roads that is hampering the installation of new networks in some areas; lack of skills and resources in municipality's technical departments to plan and manage these large electrification projects; very long procurement process in both Eskom and Municipalities which cause longer time than planned timeframe to complete projects and a resultant escalation of costs; different technical standards between Eskom and Municipality electrification project that caused long delays when the projects need to be energised by Eskom, are some of the most hampering causes of ensure effective rollout of the current electrification programme in the country.





“...ensure energy security, promotion of environmentally-friendly energy carriers and access to affordable and reliable energy for all South Africans”



3.2 Service Delivery Improvement Plan

The tables below highlight the service delivery plan and the achievements to date:

Main services provided and standards

Main Services	Actual Customers	Potential Customers	Planned Standard	Actual Performance
New multipurpose pipeline (NMPP) from Durban to Johannesburg	Energy users	Energy users	Monitor and report on implementation of the agreement for completion of the NMPP trunk line	The grant funding was transferred to Transnet in terms of the Grant Funding Agreement. Oversight visit to the Durban Terminal under construction was conducted.
IBT for prepaid metering	Municipalities and energy users	Municipalities and energy users	Extend IBT to cover prepaid meters in more municipal areas	70% of municipalities have converted to IBT.
Petroleum Licensing	Petroleum industry and energy users	Petroleum industry and energy users	100% compliance rate by the Controller on finalising all applications within 90 days excluding Site and Retail NTI applications	1 050 licence applications (excluding site and retail NTI) were received this year. 712 licence applications excluding site and retail NTI were finalised by the Controller during 2012/13. This resulted in 67,8% compliance rate. 576 licence applications from the previous years were also finalised by the Controller during the 2012/13 financial year.
Compliance with the Petroleum Product Act	Petroleum industry and energy users	Petroleum industry and energy users	90% compliance rate by the Controller on finalising site and retail New-to-Industry (NTI) applications within 60 days	30 site and 30 retail NTI licence applications were received. 26 site and 26 retail NTI licence applications were finalised within 60 days, resulting in 86,7% compliance rate.
Fuel stock levels and corrective actions	Petroleum industry and energy users	Petroleum industry and energy users	1 500 Compliance inspections conducted at the sites this year	1 717 inspections conducted this year.
Authorisations or denials for nuclear materials and related equipment	Petroleum industry and energy users	Petroleum industry and energy users	1 080 fuel samples and tests this year	Target deferred due to unavailability of funds.
Nuclear safeguards compliance inspections, audits and investigations	Nuclear industry and energy users	Nuclear industry and energy users	Fuels stock levels monitored and corrective action taken to avoid distribution shortages coordinated	Logistics Planning Team (LPT) and Heads of Supply Managers meetings held throughout the financial year.
Nuclear Radiation Security	Nuclear industry and energy users	Nuclear industry and energy users	100% of authorisation applications received for nuclear material and related equipment processed within 8 weeks	90 authorisations for nuclear materials and related equipment were issued of which 72 were issued within 8 weeks, i.e. <ul style="list-style-type: none"> ◆ 54 authorisations for possession; ◆ 18 for imports; and ◆ 19 for exports.
Energy efficiency incentive scheme	Nuclear industry and energy users	Nuclear industry and energy users	Four (4) Nuclear Safeguards Compliance inspections and one (1) audit conducted	3 Nuclear safeguards inspections conducted.
	Nuclear industry and energy users	Nuclear industry and energy users	Enhance security measures at strategic points	Standard Operating Procedure were developed to enhance security measures at ports of entry.
	Electricity industry and energy users	Electricity industry and energy users	Energy efficiency incentive scheme implemented	The Regulations for introducing EE Incentives Scheme (i.e. allowance on Energy Efficiency Savings) were completed. The Regulations is to be promulgated by the Minister of Finance in terms of the Income Tax Act and the Tax Laws Amendment Act.



Main Services	Actual Customers	Potential Customers	Planned Standard	Actual Performance
Solar water heating units in residential and commercial sectors	Electricity industry and energy users	Electricity industry and energy users	500 027 solar water heating units installed	353 188 SWH units were installed to date (accumulative).
Clean Development Mechanism (CDM) projects	Industry and energy users	Industry and energy users	100% of all CDM application processed within the set timeframes (45 working days for PDD's and 30 working days for PIN's)	68 CDM project Proposals received by the DNA, including 64 Project Design Documents (PDD's) and 4 Project Information Notes (PIN's). 64 Letters of Approval (LoAs) for PDD's and 4 Letters of No Objection (LoNO's) for PIN's were issued this year.
Universal access to energy	Electricity industry and energy users	Electricity industry and energy users	A minimum of 180 000 households electrified per annum: - 170 000 grid connections; - with an additional 10 000 off grid connections)	A total of 175 473 connections were made: - Grid connections – 202 803 of which: - Municipal connections – 50 620; - Eskom connections – 142 872; and - Non-Grid connections – 9 343.
			Two Integrated Energy Centres (IEC's) established and operational	2 IEC's were successfully established, namely Mbizana in the Eastern Cape and Ulundi in KwaZulu-Natal.

Consultation arrangements with customers

Type of Arrangement	Actual Customers	Potential Customers	Actual Achievements
Public Participation Programme	South African public and Department stakeholders.	South African public and Department stakeholders.	36 Public Participation Programmes were held.
Public Consultation	South African public and Department stakeholders.	South African public and Department stakeholders.	IEP Colloquium held*.

* Refer to awareness campaigns below for additional information.

Service delivery access strategy

Access Strategy	Actual achievements
Applications for Petroleum Licences	Application forms are available at Head Office, Regional Offices and on the Department's website. Applications for licences are hand delivered at Head Office and Regional Offices or submitted by post.
Access to Electrification Programme	Household connections are made in terms of Eskom and Municipal Programmes. 5.67 million grid connections and 65 200 non-grid connections were made since 1994 (86% access).
Applications for authorisations or denials for nuclear materials and related equipment	Application forms are available from Head Office officials and on the Department's website. Applications are hand delivered as it is deemed confidential.
Solar Water Heating Units	The Department of Energy has appointed Eskom as the Implementing Agent. Eskom in consultation with the DoE issues a request for proposals to interested bidders for installation of SHW in municipal areas. However the DoE would have selected beneficiary municipalities through a municipal request for information (RFI) process. The RFI is based on predefined criteria covering issues such as water quality, water reticulation, house orientation, roof structural integrity, etc. The RFI documentation is accessible on the DoE website.
CDM project Proposals for LoAs and LoNO's	A guideline document called "Guidance for applications of Clean Development Mechanism in South Africa" is accessible from DoE website. This guideline document is summarised into Standard Operations Procedure (SOP). The document outlines what is CDM, International Institutional Framework for CDM, the CDM Project cycle, SA's CDM institutional arrangements, Project Approval Procedure in steps, Mandatory Submissions, Sustainable Development criteria, etc. All of the above integrates the whole CDM value chain.



Service information tool

Types of Information Tool	Actual Achievements
Records Management	Records Management Plan approved and to be implemented.
Department website	Website updated monthly.
Marketing, Advertising and Branding	Marketing, advertising and branding of all internal and external Department Events was done according to plan.
Events management	Daily and weekly updating of the Events Calendar featuring external and internal events/deadlines and is available on Maletsatsi and the Website.
Knowledge Management Strategy and Plan	Resource Centre Strategy and Plan developed.
Payment notifications	Energy Knowledge Resource Centre operational.
Dissemination of information	All clients notified through emails/phones when payments are made.
Strategic Plan	Information is disseminated through pamphlets, meetings, media, workshops, and awareness campaigns.
Annual Performance Plan (APP)	Amendments to the Revised Strategic Plan tabled in Parliament and published as an addendum to the 2013/14 APP.
2011 energy balances	APP tabled in Parliament and published.
Ad hoc energy data requests	Preliminary set of 2011 energy balances collected and stored but still undergoing quality assurance process, due to delays in the provision of data, problems with the quality of data provided and the loss of key personnel.
Forms and questionnaires for the collection of routine data	Only SOP's for routine collection of data were prioritised due to constrained resources.
Energy data for all planning (IRP and LFP) projects	Draft questionnaires for coal data have been developed. The development of other questionnaires is expected to be informed by the outcomes of bilateral meetings with other organs of state that collect data relevant to the energy sector, to ensure alignment and improve coordination of data collection activities.
Common data definition standards	IRP 2010 data stored.
Publications	LFP project still in progress. Draft document was circulated internally. Energy Price Report published. Draft Energy Digest and Energy synopsis developed.
Data dissemination to local, regional and international stakeholders	A decision was made to focus on improving the quality of the data, which is used to inform the publications, before commencing with the development of the Review of the Energy Sector and Outlook of the Energy Sector. Clean Energy booklet and PoA material developed. APPA data bank updated with data up to December 2012. 2012 fuel cells volume published on website. 2012 FSV data disaggregated provided to identify stakeholders as per the recommendation made by Competition Commission. JODI Gas Questionnaire for February submitted. IEA levies and Taxes for 2012/13 submitted. Preliminary JODI Oil Questionnaire submitted.



Types of Information Tool	Actual Achievements
Awareness campaigns	<p>9 Energy Awareness campaigns were conducted.</p> <p>3 Energy Safety Awareness campaigns conducted.</p> <p>13 Petroleum Products Act and Licensing awareness campaigns were conducted.</p> <p>2 Nuclear community outreach events conducted, one media campaign conducted and the Africa Nuclear Conference.</p> <p>One CDM workshop was held in Gauteng.</p> <p>Wind Energy Campaign articles were published nationally in Drum, You and Huisgenoot Magazines in February 2013 including circulation of all materials to Government Departments. A Powered by Wind Website is also operational. In addition, regarding the Renewable Energy Campaign, smart tagging was increased to the promotional material to increase the reach of the campaign to a wider audience.</p> <p>Mangaung Learners Focus Week informed 250 learners on career opportunities in energy;</p> <p>Eastern Cape Road-show informed 100 women on business opportunities in energy;</p> <p>Mangaung Youth Career Expo informed young people on the Department, and career/ business opportunities in energy;</p> <p>Side Event at the CSW in New York informed women and youth on career/ business opportunities in energy; and</p> <p>Take-a-girl-child-to-work initiative informed young girls on the Department and the importance of taking Science, Technology, Engineering and Mathematics (STEM) subjects.</p>

Complaints Mechanism

Complaints Mechanism	Actual achievements
Petroleum appeals	50 petroleum appeals were finalised eliminating previous backlogs.
Presidential Hotline	100% cases resolved from the Presidential Hotline.
Arbitration notices	66% of arbitration notices issued within the 14 working days turnaround time. Three arbitration requests were received and only two finalised within 14 working days.
Public complaints	22 out of 24 received finalised within 14 days.
Queries	Regional heads attended to queries that arises from affected Municipalities, Contractors and Communities. The Petroleum and Petroleum products regulation branch attend queries that arises from affected communities and municipalities.



3.3 Organisational Environment

The Organisational Environment during this reporting period was mainly informed by the provision of a more focussed mandate for the Department. The Departmental functions were streamlined in order to achieve better alignment between the structure, electoral mandate and other challenges that needed to receive attention. The Energy functions performed were reorganised into four (4) branches.

The revised organisational structure approved by the Minister during the year consists of 818 positions. As at the end of March 2013, 556 posts were funded and filled, with the rest remaining unfunded. Fifty six (56) interns were engaged within the Department during the year.

3.3.1 Engagement/Communication with regional offices

We are in the process of restructuring our regional offices to be in line with the new structure of the Department. This is to ensure that a more effective energy service is being rendered by the regional offices to the public. As a result, new energy activities and in-house training are being undertaken by the regions, to ensure that a good working relationship and effective communication lines are maintained.

3.3.2 Culture Survey

A Departmental culture survey was conducted during this reporting period. Subsequent to the aforementioned, a Culture Change Roadmap was developed, approved and will be implemented going forward. Some of the issues that will form part of the culture change journey include the development and implementation of a leadership and management programme to deal with the culture change journey, enhancement of the PMDS.

3.3.3 Other Significant Internal Developments

Three Deputy Directors-General were appointed during this reporting period to head the following branches: Nuclear Energy, Energy Policy and Planning; and Energy Programmes and Projects. There were no significant resignations in senior management during the year under review.

3.3.4 Office Accommodation

The Department has, during this reporting period, relocated its Head Office in Pretoria from Trevenna Campus in Sunnyside to Matimba House, located at 192 Visagie Street. The office accommodation space consists of 12 738m² and can accommodate ± 590 employees. The building was obtained in line with the provisions of GIAMA,

through the Department of Public Works, following the normal procurement procedure.

The Department has also successfully relocated the Western Cape regional office to the Terraces Building in Cape Town. The remaining eight regional offices are still sharing office accommodation with the Department of Mineral Resources. The Department of Public Works has been requested to procure eight (8) new office accommodation for the remaining regional offices.

3.3.5 IT Infrastructure Information Technology Security

Although the Department is in the process of implementing a Virtual Private Network technology in order to provide enhanced security to remote users and offices, the Department continues to deliver technology tools and services, awareness training, and guidance necessary for all users to work towards a safe and secure information technology environment. As a consequence of this Information Technology Security vigilance, the Department has not sustained a major information security breach for the period under review.

Multiple Data Line for Redundancy

The Department has implemented multiple data lines at Head Office to improve the performance and availability of enterprise application systems and also to enable business continuity. In the event of any line failure, data communication is routed through an alternate data line that is available, with minimal or no disruptions to Branch operations. Thus, on account of enhanced Wide Area Network performance, connectivity, redundancy and reliability, the Department has achieved and maintained greater than 97% network availability.

3.4 Key Policy Developments and Legislative Changes

3.4.1 Policy Developments

- ◆ Draft Strategic Stocks Petroleum Policy and Draft Stocks Implementation Plan.
- ◆ Amendment of Regulations regarding Petroleum Products Specification and Standards.
- ◆ Draft Regulations regarding the Mandatory Blending of Biofuels with Petrol and Diesel.
- ◆ Integrated Energy Plan (IEP) covering the period up to 2050.



3.4.2 Legislative Developments:

- ◆ NNR Act amendments drafted and consulted with Chief State Law Advisor and FOSAD Cluster.
- ◆ Amendment of the Nuclear Energy Act rescheduled to 2013/14.
- ◆ National Energy Act (34/2008): Regulations: Mandatory provision of energy data.
- ◆ Electricity Regulation Amendment Bill.
- ◆ National Energy Regulator Bill.
- ◆ Independent Systems and Market Operator Bill.



The Department has implemented multiple data lines at Head Office to improve the performance and availability of enterprise application systems



4. STRATEGIC OUTCOME ORIENTED GOALS (SOOG's)

Below is the alignment of Government Outcomes, Department's SOOGs and the Department's specific contribution during the reporting period.

GOVERNMENT OUTCOME	STRATEGIC OUTCOMES ORIENTED GOALS (SOOG's)	DoE DELIVERABLES IN TERMS OF THE NATIONAL DEVELOPMENT PLAN	DEPARTMENTAL CONTRIBUTION STRATEGIC PERIOD 2010/11 – 2012/13
Outcome 2 – A long and healthy life for all South Africans	SOOG 4 – Universal Access and Transformation – To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	-	<p>The former Department of Minerals and Energy (DME) directly contributed to this outcome through the electrification of clinics in terms of the Integrated National Electrification Programme. All listed clinics were, however, electrified by the 2007/8 financial year, using both non-grid and grid technologies.</p> <p>The Department continues to indirectly contribute to this outcome through the INEP, the introduction of more affordable and cleaner sources of energy and a regulatory framework that provides for, amongst others, Free Basic Electricity (FBE), Inclining Block Tariffs (IBT).</p>
Outcome 4 – Decent employment through inclusive economic growth.	<p>SOOG 1 – Security of Supply – To ensure that energy supply is secure and demand is well managed.</p> <p>SOOG 3 – Regulation and Competition – To ensure that there is improved energy regulation and competition.</p>	11 million jobs by 2030	<p>The former DME contributed to this outcome through a schools programme up until the 2009/10 financial year, when the programme was incorporated into the infrastructure build programme of Department of Basic Education (DBE). The Department is currently assisting the DBE by serving on their technical advisory committee.</p> <p>Jobs opportunities have been created through the:</p> <ul style="list-style-type: none"> - EEDSM Programme for both Eskom and municipalities; - Integrated Electrification Programme; and - SWH programme. <p>The Branch Programmes and Projects were established on 1 July 2012 and the implementation of the subordinate structure partially addressed by November 2012. Monitoring of job creation per project and compilation of related energy sector statistics by this branch will commence and be reported from the 2013/14 financial year. These figures will include job created in other departmental programmes like IPP and clean energy initiatives.</p> <p>Energy security project implementation and local industrialisation of the main value chains to sustain economic growth and job creation will continue to create a significant number of jobs, i.e. the construction of IPP plants commences in 2013/14.</p>
Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 2 – Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network.	Enable exploratory drilling to identify economically recoverable coal seam and shale gas reserves, while environmental investigations continue to ascertain whether sustainable exploitation is possible.	The exploration for, and exploitation of minerals is the mandate of the DMR. The Department will, however, support these endeavours by means of an enabling regulatory framework.
		Development of coal seam and shale gas reserves and gas-to-power projects fast tracked (if gas reserves are proven and environmental concerns alleviated).	As part of the development of a strategy and plans for the expansion of LP Gas usage as a domestic modern thermal fuel, the Department developed a discussion document on the Maximum Refinery Gate Price (MRGP) of LPG which was published, comments received and a stakeholder workshop held.
		Fast track development of off-shore West Coast gas coupled with incremental power generation units.	The actual exploitation of gas reserves is within the mandate of PetroSA who operate a gas-to-fuel refinery on the West Coast and is in the process of expanding these operations.
		Develop infrastructure for the import of liquefied natural gas, mainly for power production.	Import infrastructure is the mandate of Transnet under the oversight of DPE, the DMR. The Department will, however, support these endeavours by means of an enabling regulatory framework.



PART B PERFORMANCE INFORMATION

GOVERNMENT OUTCOME	STRATEGIC OUTCOMES ORIENTED GOALS (SOOG's)	DoE DELIVERABLES IN TERMS OF THE NATIONAL DEVELOPMENT PLAN	DEPARTMENTAL CONTRIBUTION STRATEGIC PERIOD 2010/11 – 2012/13
Outcome 6 – An efficient, competitive and responsive economic infrastructure network (continued).	SOOG 2 – Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network (continued).	Move Eskom's system operator, planning, power procurement, power purchasing and power contracting functions to the independent operator and accelerated procurement of IPP's.	<p>The ISMO Bill and report have been submitted to the National Assembly.</p> <p>Financial Close was reached for Window 1 projects under the REIPP. Bidding documents for base-load programme is partially completed.</p> <p>In Window 1, the Department awarded preferred bidder status to 28 proposals out of the 53 received. Window 1 project proposals secured commitment for the provision of 1 416 megawatts of renewable energy out of the 3 625 total required by the IRP. With this achievement, Window 1 surpassed the targeted 1 000 megawatts which was to be reached by the end of 2012/13.</p>
		Ring-fence the electricity distribution businesses of the 12 largest municipalities, resolve maintenance and refurbishment backlogs and develop a financing plan, alongside investment in human capital.	<p>The Report detailing a map of distribution assets status per secondary city was updated and pilot programmes will be executed in 12 municipalities in the in the 2013/14 financial year.</p> <p>The review of the electricity distribution industries asset status report, subsequent development of a business case and the design of an integrated contract management system for the implementation of the asset rehabilitation programme or the restructuring of the electricity distribution industry. An amount of R11 758 000 was appropriated to enable the Department to implement the "mini ADAM" project which will lead to the implementation of the first phase of the ADAM project to assist struggling distributors with their network planning.</p>
		Upgrade refineries to ensure that they meet the new fuel quality standards. Insist on strategic fuel stocks to ensure security of supply. Continue to import refined fuels, ensuring that the growing deficit in petroleum products is met, and defer decision on a new refinery.	<p>The Department is in the process of developing a 20 year Liquid Fuels Infrastructure Road Map and the audit of refineries has been completed.</p>
		Investigate the implications of nuclear energy, including its costs, financing options, institutional arrangements, safety, environmental costs and benefits, localisation and employment opportunities, uranium enrichment, and fuel fabrication possibilities.	<p>The IRP provides for 9,6 GW to be generated by 2029 through new Nuclear power plants.</p> <p>To this effect, the IAEA Integrated Nuclear Infrastructure Review (INIR) mission was concluded. The INIR is a self-evaluation process in accordance with the IAEA INIR methodology. It is aimed at evaluating the readiness of South Africa to implement the nuclear build programme as envisaged in the IRP 2010-2030.</p> <p>During the 2012/13 financial year, a service provider was also appointed to undertake a study and provide advisory services on the funding options related to the new nuclear build fleet programme.</p> <p>The NNEECC, chaired by the President, will make the final decision on South Africa's nuclear future, especially after actual costs and financing options are revealed.</p>
		-	<p>INEP funded the construction/upgrade of the following:</p> <p>2010/11 - 4 new substations, 8 upgraded substations, 385 km of new medium voltage lines and 65 km of upgraded medium voltage lines.</p> <p>2011/12 - 7 new substations, 6 upgraded substations, 323 km of new medium voltage lines and 120 km of upgraded medium voltage lines.</p> <p>2012/13 - 4 new substations, 5 upgraded substations, 275 km of new medium voltage lines and 85 km of upgraded medium voltage lines.</p>



PART B PERFORMANCE INFORMATION

GOVERNMENT OUTCOME	STRATEGIC OUTCOMES ORIENTED GOALS (SOOG's)	DoE DELIVERABLES IN TERMS OF THE NATIONAL DEVELOPMENT PLAN	DEPARTMENTAL CONTRIBUTION STRATEGIC PERIOD 2010/11 – 2012/13
Outcome 7 – Vibrant, equitable and sustainable rural communities and food security for all.	SOOG 4 – Universal Access and Transformation – To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	-	<p>Approximately 75% of the figures reported under outcome 8 for grid connections and all the non-grid connections of the Integrated National Electrification Programme electrified were rural household connections.</p> <p>The 7 operational IEC reported under outcome 8 are all situated in rural areas.</p>
Outcome 8 – Sustainable human settlement and improved quality of household life.	SOOG 4 – Universal Access and Transformation – To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	Revise national electrification plan and achieve 90 percent access to energy.	<p>The Electrification Strategy for Informal Settlements was finalised in June 2010.</p> <p>The new Household Electrification Strategy was approved by Cabinet on 26 June 2013, and aims to achieve universal access of 97% of households by 2025.</p> <p>The Integrated National Electrification Programme electrified the following number of households in this strategic period:</p> <p>2010/11 – 194 941 (grid)</p> <p>2011/12 – 151 390 (141 390 grid and 10 000 non-grid)</p> <p>2012/13 – 175 473 (166 130 grid and 9 343 non-grid)</p> <p>4 additional Integrated Energy Centres (IEC's) were operationalised in this period bringing the total to 7 IEC's operational.</p> <p>SWH was installed in the following number of households:</p> <p>2010/11 – 124 218</p> <p>2011/12 – 250 041</p> <p>2012/13 – 353 188 (accumulative)</p>
Outcome 9: A responsive, accountable, effective and efficient local government system.	SOOG 4 – Universal Access and Transformation – To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	-	<p>Electrification of households through INEP increased service delivery by municipalities. Of the figures reported under outcome 8, the following figures were funded through INEP for electrification by municipalities:</p> <p>2012/13 – 47 204</p>



PART B PERFORMANCE INFORMATION

GOVERNMENT OUTCOME	STRATEGIC OUTCOMES ORIENTED GOALS (SOOG's)	DoE DELIVERABLES IN TERMS OF THE NATIONAL DEVELOPMENT PLAN	DEPARTMENTAL CONTRIBUTION STRATEGIC PERIOD 2010/11 – 2012/13
Outcome 10 – Environmental assets and natural resources that are well protected and continually enhanced (continued).	SOOG 5 – Environmental Assets – To ensure that environmental assets and natural resources protected and continually enhanced by cleaner energy technologies (continued). SOOG 6 – Climate Change – To implement policies that adapt to and mitigate the effects of climate change (continued).	Move to less carbon-intensive electricity production.	The Integrated Resource Plan (IRP2010) makes provision for 42% of all new generation capacity to be based on renewable energy technologies to reduce carbon emissions.
		Procure 20 000 MW of renewable energy.	Financial Close was reached for Window 1 projects under the REIPP. Bidding documents for base-load programme partially completed. In Window 1, the Department awarded preferred bidder status to 28 proposals out of the 53 received. Window 1 project proposals secured commitment for the provision of 1 416 megawatts of renewable energy out of the 3 625 total required by the IRP. With this achievement, Window 1 surpassed the targeted 1 000 megawatts which was to be reached by the end of 2012/13.
		Increased hydro-imports from the region.	Following the signing of the MoU in November 2011, the Department assumed the leadership role in the process of finalising the negotiations of the South Africa-DRC Treaty on Grand Inga Hydropower project. In terms of the negotiated treaty, South Africa becomes a partner and the principal purchaser of power in this project that has the capacity to generate 40 000 MW of hydroelectricity.
		Increased demand-side measures.	EEDSM Annual Performance report for Municipalities for the 2011/12 financial year was completed, approved and submitted to NT. The savings of just over 39 MW were confirmed through the received M&V reports from the Municipalities. 2,251 TWh annual savings was confirmed by Eskom. The Regulations for introducing EE Incentives Scheme (i.e. allowance on Energy Efficiency Savings) were completed. Draft Regulations for introducing Energy Management were completed and consulted upon with the Directorate Legal Services in the Department and the comments were consolidated. EEDSM monitoring tool was developed and implemented. Real time field update testing was demonstrated in Noopoordt. Public Comments on the National Energy Efficiency Strategy were completed. Consolidation of comments completed.
Solar water heating.		Standard Offer policy for Solar Water Heaters (SWH) in place. SWH was installed in the following number of households: 2010/11 – 124 218 2011/12 – 250 041 2012/13 – 353 188 (accumulative)	



4.1 Corporate Governance

The Department's seventh SOOG is stated as "Good corporate governance for effective and efficient service delivery". Although the Minister of Energy has not signed a delivery agreement on Government Outcome 12, this SOOG is aligned to Outcome 12 "An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship" through providing strategic support and management services to the Ministry and the Department.

In compliance with Government Outcome 12, the Department has developed processes and systems which are aimed at enforcing effective and efficient corporate governance by way of establishing various policies, prescripts, guidelines and regulatory frameworks. In addition to the aforementioned governance and control systems, the following management structures are in place, namely;

- ◆ Executive Management Committee: responsible for the organisation's internal governance processes, practices, procedures, and oversight.
- ◆ Internal Audit: responsible for providing an independent, objective assurance on the effectiveness of the institutions' internal controls, systems, processes procedures and compliance with laws and regulatory frameworks.
- ◆ Audit Committee: responsible for overseeing the internal audit functions, internal controls, risk management systems, and financial reporting processes.
- ◆ Risk Management Committee: responsible for ensuring that the Department has and implements a risk management strategy, which includes an anti-fraud and -corruption prevention plan, is in place and implemented in order to ensure that the Department supports and enforces zero tolerance to fraud and corruption practices. Furthermore, appropriate checks and balances that enables the accounting officer, management and other officials to discharge their legal responsibilities and compliance with legislation are in place in line with the provisions of the Public Finance Management Act (PFMA).
- ◆ The external auditor (Auditor-General) provides an independent opinion on financial statements, assets, cash-flow statements, programme performance information and compliance to law and regulations.

4.2 Strategic Integrated Projects

Cabinet adopted an infrastructure plan that is intended to transform the economic landscape of South Africa, create a significant number of new jobs, strengthen the delivery of basic services to the population and support the integration of African economies. Eighteen Strategic Integrated Projects (SIP's) have been identified and approved to support economic development and address service delivery in the poorest provinces. The Department chairs one of the projects: SIP 6 – Integrated Municipal Infrastructure Project; co-chairs two projects: SIP 8 – Green Energy in Support of the South African Economy and SIP 10 – Electricity Transmission and Distribution for All, participates in 10 projects and has observer status in five projects.



5. PERFORMANCE INFORMATION BY PROGRAMME

During the year under review the Department implemented the Departmental programme structure that was aligned to the National Treasury budget programme. This alignment facilitates the internal budgeting process, budget allocation as well as the reporting process.

The following table gives a high level alignment between the Departmental Programme and the Budget Programme Structures:

DEPARTMENTAL PROGRAMME	BUDGET PROGRAMME
1. Administration	1. Administration
2. Energy Policy and Planning	2. Energy Policy and Planning (excluding Nuclear Policy and Clean Energy portion)
3. Petroleum Regulation	3. Energy Regulation (excluding Clean Energy and Programmes and Projects portion)
4. Nuclear Energy	2. Energy Policy and Planning (Nuclear Policy portion) 5. Nuclear Energy and Regulation
5. Clean Energy	2. Energy Policy and Planning (Clean Energy portion) 3. Energy Regulation (Clean Energy portion)
6. Programmes and Projects	3. Energy Regulation Programmes and Projects portion) 4. National Electrification Programme

As part of the Department's mid-year performance review, the annual and quarterly performance target were also reviewed and presented to the Minister for approval.

The approved amendments to the 2012/13 Annual Performance Plan consisted of the:

- ◆ deletion of targets outside the scope of the Departments authority/control;
- ◆ rephrasing and alignment of annual, quarterly targets and business plan activities;
- ◆ consolidation of targets where a set of targets effectively address one functional area;
- ◆ rescheduling of targets (delivery dates) where this has been mandated by funding or political decisions;
- ◆ rephrasing of targets to be SMART (Specific, Measurable, Achievable, Realistic and Time-bound) without changing the substance of the target; and
- ◆ Amending Targets that were not funded.

The Department will report on Performance Information against the Revised Annual Performance Plan.



transform the economic landscape of South Africa, create a significant number of new jobs



5.1 Programme 1: Administration

5.1.1 Purpose

The Purpose of the Programme is to provide corporate, executive, financial management and accounting, information and communication technology, supply chain, asset management support to the Department, to ensure good corporate governance and compliance by Department and/or the Energy Sector.

5.1.2 Sub-programmes:

The following table indicates the Subprogrammes identified for this Programme, in terms of the 2012/13 APP:

Subprogrammes	Component(s)
Executive Support	Office of the Minister (Chief Directorate) Office of the Director-General (Chief Directorate)
Management	Offices of the Deputy Directors-General
Corporate Support	Corporate Support Branch
Finance, Information and Communication Technology and Supply Chain and Asset Management	Office of the Chief Financial Officer Branch
Governance and Compliance	Office of the Chief Operating Officer

5.1.3 Subprogramme: Executive Support

The following Strategic Objectives (Output) have been identified for this Subprogramme:

Strategic Objective (Output)	Objective Statement
1.1 Executive Support	To provide executive support to the Minister, Deputy Minister and Director-General.



Performance Indicators, Planned Targets and Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.1 Executive Support	1. Reporting templates for governance structures (Management Committee (MANCO), Executive Committee (EXCO), Clusters, etc.) aligned.	1. Project reporting templates developed and aligned to other internal reporting frameworks.	1-4. Executive support to the Minister, Deputy Minister and Director-General provided.	1-4. Executive support to the Minister, Deputy Minister and Director-General provided.	1. N/A	1. Project reporting templates developed and aligned to other internal reporting frameworks in 2011/12.
	2. Responses and presentations to cabinet, parliamentary, international, mandatory bodies, etc. timeous and well researched.	2.1 Parliamentary Questions Tracking System developed. 2.2 All responses and presentations to cabinet, parliamentary, international, mandatory bodies, etc. submitted.			2. Achieved: Accurate, timely and relevant Parliamentary responses were provided within the set timeframe. Provided accurate, reliable and well-researched information to enable Parliament and its committees to monitor key issues and make informed decisions.	N/A
	3. EXCO and MANCO meetings coordinated as scheduled.	3. EXCO and MANCO meetings coordinated as scheduled.	Executive support to the Minister, Deputy Minister and Director-General provided (continued).	Executive support to the Minister, Deputy Minister and Director-General provided (continued).	3. Achieved: EXCO and MANCO meetings were coordinated as scheduled.	3. N/A
	4. EXCO and MANCO meetings recorded and decisions followed-up.	4.1 All minutes of EXCO and MANCO meetings approved. 4.2 All EXCO and MANCO decisions followed-up.			4. Achieved: EXCO and MANCO meetings were recorded; management decisions were followed-up and implemented. Action plan is in place to track and monitor action items.	4. N/A



5.1.4 Subprogramme: Corporate Support

The following Strategic Objectives (Output) have been identified for this Subprogramme:

Strategic Objective (Output)	Objective Statement
1.2 Human Resource Management and Development	To ensure that the required number/profile of jobs and employees, with the required skills and competencies, are available when and where they are needed to deliver on the Department's mandate and its strategic objectives.
1.3 Accommodation and Facilities	To provide accommodation and facilities management services.
1.4 Records Management	To provide records management services.
1.5 Security Services	To provide security services.
1.6 Legal Services	To provide legal services.
1.7 Communication Services	To provide communication services.
1.8 Knowledge Management	To provide knowledge management services.
1.9 Research Coordination	To coordinate energy research by the Department and SOE's.

Purpose: To provide good corporate governance for effective and efficient service delivery.

Background: During the year under review, the Corporate Services Branch had, in total, 28 targets. Twenty one (21) targets were achieved at the end of the financial year and five (5) targets were partially achieved, because of amongst others, the prolonged consultation process on the organisational structure, the matching and placement of staff that has taken more time than anticipated as well as the relocation of the head office that impacted negatively on other administrative processes. Budgetary constraints have also contributed to the partial achievement on the implementation of the communications strategy and plan. The outstanding two targets that were not achieved were deferred to the first quarter of the 2013/ 2014 financial year.



Performance Indicators, Planned Targets and Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments		
1.2 Human Resource Management and Development	1. Human resources (HR) recruitment, selection, development and retention to fulfil Department's mandate.	1, 2 and 3. Phase 1 of the HR Plan was finalised and approved by the Head of Department (i.e. all HR policies were finalised).	1.1 Implementation of phase 2 of the HR Plan commenced by 30 June 2012 and concluded by 31 March 2013.	Implementation of phase 2 of the HR Plan and compile a report on 1st phase of the HR plan progress.	1.1 Phase 2 of the HR Plan was finalised as follows: Partially Achieved: - The Framework for OCC Classification and management of staff, however, was developed but not implemented; and - The career development/paths framework is currently in a draft format awaiting the implementation of the revised structure.	The Framework for OCC Classification and management of staff could not be implemented before approval of the revised structure. Addressing the skills gaps to resource the new structure was also delayed due to the matching and placement of employees to the new structure.		
			1.2 Review of 1st phase progress.		Achieved: - Alignment of HR policies and procedures with relevant HR directives; - Maintenance of HR calendar of events, HR Contact list and News Letter inputs; and - JE was completed for all posts in the new structure.			
			1.1 Implementation of phase 2 of the HR Plan commenced by 30 June 2012 and concluded by 31 March 2013 (continued).		1.2 Achieved: The 1st phase review was finalised and a progress report on the implementation of the HR Plan was submitted to the DPSA.	2. Achieved: A vacancy rate of below 15% was maintained as planned.	2. N/A	
					3. Achieved: PMDS workshops was finalised as planned.	3. N/A		
	2. Reduced vacancy rate. 3. Effective and efficient Performance Management and Development System (PMDS). 4. Personnel trained according to workplace skills development plans.	4 and 5. Development programmes developed, implemented and monitored (internship, bursary allocation, placements absorption rated).			4. Achieved: The following was finalised as planned: - Workplace Skills Plan; and - Second phase of the HRD Strategy.	4. N/A		



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.2 Human Resource Management and Development (continued)	5. Wellness of employees and equity promoted.	4 and 5. Development programmes developed, implemented and monitored (internship, bursary allocation, placements absorption rated).	1.1 Implementation of phase 2 of the HR Plan commenced by 30 June 2012 and concluded by 31 March 2013 (continued).	1-5. Implementation of phase 2 of the HR Plan and compile a report on 1st phase of the HR plan progress (continued).	5. Achieved: The following was finalised as planned: - Implementation of labour problem analysis interventions; and - Rollout of the pilot project to recruit disabled employees to other components.	5. N/A
	1.3 Accommodation and Facilities	Accommodation and Facilities provided according to needs assessment.	1-3. DPW went out on tender and a building was subsequently leased. 1. Relocation of DoE to new Office accommodation. 2. Development and implementation of Immovable asset management plan developed and implemented. 3. Facilities Management framework implemented. 4. Maintenance Plan developed and implemented. 5. No targets set.	1. Relocation of identified DoE Offices to new accommodation. 2. Development and approval of Immovable asset management plan. 3. Facilities Management Framework implemented. 4. Maintenance Plan developed and implemented. 5. Maintenance of Vehicles for HQ and Regional Offices.	1. Achieved: Approved plan submitted to DPW and Close-out report completed. The Head Office was relocated on the 31st of July 2012. 2. Achieved: Immovable Asset management plan done. 3. Not achieved. 4. Not achieved. 5. Achieved: Vehicles maintained and reports available.	1. N/A 2. N/A 3. Not implemented due to capacity constraints, but it will be finalised in the 1st Quarter of 2013/14. 4. Finalisation of the Plan delayed because of prolonged consultation process with Stakeholders, mainly caused by disagreements with the Landlord who had included additional items not provided for in the Lease Agreement signed by DPW. It is envisaged that the Plan will be finalised in the 1st Quarter of 2013/14. 5. New target in terms of Revised APP.



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.4 Records Management	Records Management plan approved and implemented.	Records Management plan developed and approved by National Archives.	Records Management plan developed, approved and implemented.	Records Management plan developed, approved and implemented.	Partially Achieved: Records Management Plan approved.	Implementation has not commenced due to relocation of the Head Office. Implementation rescheduled to 2013/14.
1.5 Security Services	A safe and secure working environment.	1. Security Risk Management (SRS) Plan finalised and rolled out. 2. Phase 1 of the SRS Plan implemented (i.e. all standard operating procedures, contingency plan and awareness campaign reviewed and finalised according to plan).	1. Finalisation of DBC process rescheduled to in 2012/13. 2.1 Phase 2 of the SRS plan implemented by 30 June 2012. 2.2 Review of 1st phase implementation.	1. Finalisation of DBC process rescheduled to in 2013/14. 2. Phase 2 of the SRS plan implemented by 30 June 2012 and review implementation of the 1st phase.	Partially Achieved. The SRS was developed and submitted to the DBC for consultation.	DBC process has not been concluded yet. Finalisation rescheduled to 2013/14.
1.6 Legal Services	Professional legal services provided.	66% of requests received were processed within the prescribed timeframes.	100% of requests processed within prescribed or agreed timeframes.	100% of all requests received processed within prescribed or agreed timeframes.	Achieved: 100% of requests for legal services processed within agreed or prescribed timeframes. - 50 petroleum appeals were finalised eliminating previous backlogs; and - All pending litigation matters are being dealt with in terms of court rules.	N/A
1.7 Communication Services	1. Approved and implemented Communication Strategy and Plan. 2. Communication Policies and Procedures developed. 3. External services (projects) managed. 4. Implemented media monitoring and liaison services.	Strategy has been presented to EXCO for consideration. The draft strategy has been implemented even though not yet approved. Communication Policies and Procedures not yet developed. External projects including PPP's and DoE events managed. Daily and weekly media monitoring, as well as daily media liaison services provided.	1. DoE Communication Strategy and Plan aligned with National (GCIS) Communication Strategy, approved by 30 June 2012, implemented and Strategy effectiveness reviewed. 2. Aligned Communications policies and procedures. 3. External services (projects) project managed. 4. Develop and implement media monitoring and liaison services.	1-9. Implement, align and evaluate DoE communication strategy in line with the National priorities.	1. Partially Achieved: Communication Strategy and Plan was developed and approved. Strategy fully implemented and the plan is 90% implemented due to budgetary challenges. 2. Achieved. 100% of Policies and Procedures for all functional areas completed. 3. Achieved: All external events including 36 Public Participation Programmes were managed. 4. Achieved: Daily media monitoring and liaison of DoE issues summarised in the weekly reports.	1. Budgetary constraints prevented full implementation of the Plan. 2. N/A 3. N/A 4. N/A

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Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.7 Communication Services (continued)	5. Implemented Internal Communication services.	Internal Communication Plan developed and implemented from the 4th Quarter.	5. Develop and implement the Internal Communication (IC) plan	1-9. Implement, align and evaluate DoE communication strategy in line with the National priorities (continued).	5. Achieved: IC plan implemented through the: - production and hosting of the monthly staff newsletter and information sessions; - provision of Desk Top Publishing services for design and lay-out needs; - website management; and - Switchboard and Reception services.	5. N/A
	6. Implemented events management support.	Events calendar developed updated, and approved on an on-going basis.	6. Develop and update events calendar.		6. Achieved: Daily and weekly updating of the Events Calendar featuring external and internal events/deadlines and is available on Maletsatsi and the Website.	6. N/A
	7. Implemented Marketing, Advertising, Branding plans.	Marketing, Advertising and Branding Plan developed and implemented.	7. Develop and implement the marketing, advertising and branding plan.		7. Achieved: Marketing, advertising and branding of all internal and external DoE Events was done according to plans.	7. N/A
	8. Implemented Publications services.	Publications services developed and implemented.	8. Develop and implement publications services.		8. Partly Achieved: Assistance could only be provided to branches with own funding, for the production of publications.	8. Budgetary Constraints impacted negatively on the capacity to implement all publication services across the DoE.
	9. Stakeholder Management strategy and plan approved and implemented.	A plan for stakeholder management was developed and implemented.	9. Approved Stakeholder Management strategy and plan.		9. Achieved: Strategy and plan developed and approved for implementation.	9. N/A
	1.8 Knowledge Management	Approved Knowledge Management Strategy and Plan.	1st draft of Knowledge Management strategy developed.	1. Develop Knowledge Management Strategy and Plan.	1. Achieved: Knowledge Management Strategy and Plan developed.	1. N/A
				2. Submit Knowledge Management Strategies and Plans for departmental approval by 30 June 2012.	2. Achieved: Knowledge Management Strategy and Plan submitted and approved.	2. N/A
				3. Implement Strategies and Plans. 4. Review Strategy effectiveness.	3.1 Achieved: Resource Centre Strategy and Plan developed. 3.2 Achieved. Energy Knowledge Resource Centre operational.	3. N/A



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.9 Research Coordination	1. The need for a Research Coordination function has been identified but still needs to be established in the Department. 2. Research by Department and SOE's coordinated.	No target was set.	Research Coordination unit established.	Target deleted.	N/A	Target forms an integral part of the HR Plan and were therefore deleted.

Reasons for Deviations

See the introductory paragraph to Section B.5, as well as the "comments" column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

Strategy to Overcome Areas of Under-Performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
1.2 (1.1) Implementation of phase 2 of the HR Plan and compile a report on 1st phase of the HR plan progress.	The Framework for OCC Classification and management of staff was developed but not implemented. The career development/paths framework is currently in a draft format awaiting the implementation of the revised structure.	The Framework for OCC Classification and management of staff to be implemented after approval of the revised structure. Addressing the skills gaps to resource the new structure to be finalised after the matching and placement of employees to the new structure.
1.3 (3) Facilities Management Framework implemented.	Facilities Management Framework not implemented due to capacity constraints.	Facilities Management Framework to be finalised in the 1st Quarter of 2013/14.
1.3 (4.) Maintenance Plan developed and implemented.	Finalisation of the Plan delayed because of prolonged consultation process with Stakeholders, mainly caused by disagreements with the Landlord who had included additional items not provided for in the Lease Agreement signed by DPW.	It is envisaged that the Plan will be finalised in the 1st Quarter of 2013/14
1.4 Records Management plan developed, approved and implemented.	Implementation of the Records Management plan has not commenced due to relocation of the Head Office.	Implementation rescheduled to 2013/14.
1.5 (1.) Finalisation of DBC process rescheduled to in 2013/14.	The SRS was developed and submitted to the DBC for consultation but DBC process has not been concluded yet.	Finalisation rescheduled to 2013/14.
1.5 (2.) Phase 2 of the SRS plan implemented by 30 June 2012 and review implementation of the 1st phase.		
1.7 (1.) DoE Communication Strategy and Plan aligned with National (GCIS) Communication Strategy, approved by 30 June 2012, implemented and Strategy effectiveness reviewed.	Communication Plan is 90% implemented due to budgetary challenges.	Finalisation rescheduled to 2013/14.
1.7 (8.) Develop and implement publications services.	Assistance could only be provided to branches with own funding, for the production of publications.	Reprioritising of funding required to implement all publication services across the DoE.



5.1.5 Subprogramme: Finance, Information and Communication Technology and Supply Chain and Asset Management (CFO Branch)

The following Strategic Objectives (Output) have been identified for this Subprogramme:

Strategic Objective (Output)	Objective Statement
1.10 Financial Management and Accounting	To provide financial management and accounting services.
1.11 Supply Chain Management	To procure value-for-money goods and services in line with the strategic objectives.
1.12 ICT Infrastructure and Systems	To develop, implement and maintain ICT infrastructure and systems.

Purpose: To ensure alignment of the budget to the Department’s strategic objectives and related key priorities, including the monitoring and reporting on donor funding, cash-flow management, financial management, compliance with the PFMA; providing accurate, timely and relevant financial information and to ensure value for money procurement of goods and services.

Background information

The CFO’s branch comprises the following components: Financial Planning and Management Accounting; Supply Chain Management; Information Technology; Expenditure Management and Internal Control and Reporting. In the 2012/13 financial year the branch had 25 targets, and 22 were fully achieved, one target was deleted and two were partially achieved: below are the reasons for the deleted target and the partially achieved targets. The target “Integrated Financial Management System (IFMS) implemented” was deleted as the target was dependent on National Treasury and was not within the control of the Department.

The target of “submission of one procurement plan per annum to National Treasury” was partially achieved. This was due to late submission of information by some branches. The procurement plan was submitted on 26 July 2012 instead of 30 April 2013. Processes have been put in place to ensure timeous submission of the procurement plan in the ensuing years. The target “develop one petroleum licencing lodgement module” was partially achieved, Whilst most modules were completed, the development of the “Query/Maintain and Amendments” function went slightly beyond scheduled time frames due to further consultation with the end user on additional functionality that was required. This target has been deferred to be achieved by end of the first quarter 2013/14.



Performance Indicators, Planned Targets and Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.10 Financial Management and Accounting	1. Department's Budget coordinated and aligned to Strategic Plan and Annual Performance Plan, spending monitored and financial performance reported on. 2. Debt and Revenue due to the Department managed and accurately and timeously recorded and cash book managed. 3. Departmental assets managed. 4. Departmental expenditure and creditors managed.	1.1 All relevant reports were submitted to relevant structures on time.	1. Department's submissions (AENE, ENE) consolidated, monthly and quarterly spending patterns monitored and reported on and financial resources redirected to critical/strategic areas.	1.1 Submit 4 budget submissions per annum to NT.	1.1 Achieved: The AENE, MTEF, draft ENE and final ENE submissions were made to NT on time.	1. N/A
		1.2 In-year monitoring (IYM) reports distributed to the CFO and Minister monthly as per the PFMA.		1.2 Submission of 12 (monthly IYM) reports per annum.	1.2 Achieved: 12 IYM Reports completed and submitted to Minister and NT.	
		1.3 Monthly expenditure control reports submitted to all Branches.		1.3 Submission of 12 (monthly) Budget expenditure statements to Branches.	1.3 Achieved: 12 (monthly) Budget expenditure statements were drawn from BAS and submitted to all Branches.	
		2. The DoE has enhanced the Petroleum Products Licensing (PPAL) System and more stringent controls have been implemented by the bank to decrease deposits without reference numbers.	2. Debt and Revenue due to the Department managed and accurately and timeously recorded.	2.1 Rate (%) of compliance with Revenue surrender to NT.	2.1 Achieved: 100% of revenue deposited into the Department's bank account was classified and submitted to NT as per NT Schedules.	
		3. The DoE has a fully functional asset register.	3. Departmental assets managed.	2.2 Number of Debtors age analysis reports compiled.	2.2 Achieved: 12 monthly Debtors age analysis reports compiled.	
		4. Creditors paid within 30 days with some exceptions where valid reasons exist.	4. Accurate and timeous payments provided to all creditors.	2.3 Number of Monthly Bank reconciliations completed and submitted to NT.	2.3 Achieved: 12 Monthly Bank reconciliations completed and submitted to NT.	
				3.1 Perform 12 asset reconciliations per annum.	3.1 Achieved: 12 Asset reconciliations were performed.	3. N/A
				3.2 Conduct 16 Assets verifications per annum.	3.2 Achieved: 17 asset verifications were conducted.	
				4.1 100% transfers as per approved monthly schedule from transferring Branches.	Achieved: 100% payment of transfers as per approved monthly schedule from transferring Branches for all 12 periods in the financial year.	4. N/A
				4.2 Submit 12 Reports to NT, at 100% rate of compliance.	Achieved: 12 reports on compliance with payments within 30 days submitted to NT for all 12 periods in the financial year with 100% rate of compliance with valid reasons for deviations where exceptions occurred.	



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.10 Financial Management and Accounting (continued)	5. Sound internal control environment created and on-going financial management monitoring and evaluation.	5. Arising out of internal and external audits additional improved internal controls have been implemented and all budgetary and financial issues monitored monthly.	5. A sound internal control environment created and on-going financial management monitoring and evaluation.	5.1 Submit 12 compliance reports annually. 5.2 Submit 4 (quarterly) Interim Financial Statements to NT.	5.1 Achieved: 12 compliance reports were completed, approved and submitted to National Treasury by the due date for all 12 periods in the financial year. 5.2 Achieved: 4 Interim Financial Statements were completed, approved and submitted to National Treasury by the due date for all four quarters.	5. N/A
	5. Sound internal control environment created and on-going financial management monitoring and evaluation (continued).			5.3 Develop and circulate 1 AFS Work Plan. 5.4 Submit 2 Annual Financial Statements to NT and AGSA annually.	5.3 Achieved: The AFS Plan was circulated to all role-players in December 2012 and January 2013. 5.4 Achieved: The 2011/12 AFS was submitted to NT and AGSA on 31 May 2012 and 31 July 2012.	
1.11 Supply Chain and Asset Management	Value-for-money goods and services procured in line with Strategic Plan and Annual Performance Plan.	1. Travel and Accommodation Policy drafted.	Value-for-money goods and services procured in line with Strategic Plan and Annual Performance Plan.	1. 100% alignment of SCM policies to NT SCM prescriptions.	1. Achieved: The SCM Policy has been reviewed and is aligned to the TR and all issued Instruction Notes from NT.	1. N/A
		2. Not fully compliant to SCM policies, processes and procedures mainly due to urgent/emergency procurement.		2. 100% compliance to the SCM checklist.	2. Achieved: 100% compliance with SCM checklist achieved for all issued orders.	2. N/A
		3. No target was set.		3. Conduct 2 of awareness and training sessions on SCM matters per annum.	3. Achieved: 3 awareness sessions was held on SCM matters.	3. N/A
		4. No target was set.		4. Conduct 12 reviews of commitment and accrual register per annum.	4. Achieved: Review of the Commitment and Accrual Register has been conducted in or all 12 periods in the financial year.	4. N/A
		5. No target was set.		5. Submit 1 procurement plan per annum.	5. Achieved: The 2011/12 Procurement Plan was submitted to NT.	5. N/A
		6. No target was set.		6. Perform 1 Update to the Supplier database per annum.	6. Achieved: The Supplier Database was updated.	6. N/A



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.11 Supply Chain and Asset Management (continued)	Value-for-money goods and services procured in line with Strategic Plan and Annual Performance Plan (continued).	7. No target was set.	Value-for-money goods and services procured in line with Strategic Plan and Annual Performance Plan (continued).	7. Perform 4 warehouse inventory counts and reconciliation per annum.	7. Achieved: 4 warehouse and inventory count was conducted.	7. N/A
		1.12 ICT Infrastructure and Systems	1. Petroleum Licensing System implemented. 2. Managed Virtual Private Network (VPN) implemented. 3. Mechanism to enhance energy data collection, storage and dissemination (Centralised Energy Database) provided. 4. ICT disaster recovery site provided to reduce prolonged systems downtime in the event of disaster. 5. Integrated Financial Management System (IFMS) implemented.	1. Phase 2 of the Petroleum Licensing System implemented, system related audit queries resolved and additional hardware to host system procured. 2. Telephone System at regional offices implemented and revised and rules of access implemented. 3. Energy Database User Requirements Specification approved, additional hardware to host system procured and Phase 1 designed and implemented. 4. ICT disaster recovery hardware configured, DoE - SITA data line upgraded and disaster recovery site at SITA implemented. 5. Financial management module developed by State Information Technology Agency.	1. Develop 1 Petroleum Licensing Lodgement Module. 2. Conduct 9 site inspections to assess site readiness for installation of VPN data lines at regional offices. 3. Target deleted. 4.1 Achieve 95% Wide Area Network Availability. 4.2 Achieve 95% Server availability. 5. Target deleted.	1. Partially Achieved: Development of Lodgement Amendment function is in progress. 77% of the module has been developed. 2. Conduct 9 site inspections to assess site readiness for installation of VPN data lines at regional offices. 3. Target deleted. 4.1 Achieved: Wide Area Network available at > 95%. 4.2 Achieved: Server availability at > 95%. 5. Target deleted.



Reasons for Deviations

See paragraph B.5.1.2 as well as the column “Deviation from Planned Target for 2012/2013” in the table above in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

Strategy to Overcome Areas of Under Performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
1.12 (1.) Develop 1 Petroleum Licensing Lodgement Module.	77% of the module has been developed.	Finalisation rescheduled to 2013/14.

5.1.5 Subprogramme: Governance and Compliance (COO Branch)

The following Strategic Objectives (Output) have been identified for this Subprogramme:

Strategic Objective (Output)	Objective Statement
1.13 Audit Services	To provide internal audit services.
1.14 Enterprise-Wide Risk Management	To develop and implement an integrated enterprise-wide risk management strategy in accordance with relevant prescripts.
1.15 Anti-Fraud and -Corruption	To provide anti-fraud and -corruption services in accordance with relevant prescripts.
1.16 Strategic Management and Planning	To ensure outcomes oriented planning of strategies, operations and business activities in accordance with relevant prescripts.
1.17 Monitoring and Evaluation	To provide results-oriented monitoring and evaluation services.
1.18 SOE Oversight	To manage partnerships with state-owned entities and monitor legal compliance, financial management and service delivery.
1.19 International Relations	To provide international relations services to the Department and Energy sector.
1.20 Inter-governmental Coordination	To coordinate inter-governmental liaison and cooperation.

Purpose: To provide Governance and Compliance support to the Ministry and the Department of Energy.

Background:

The fiscal year 2012/13 saw the COO branch provide increasing support to the Department’s line functions through four organisational units:

- ◆ Strategy and Risk Management: responsible for the departmental planning, development and implementation of an integrated enterprise-wide risk management strategy in accordance with relevant prescripts, and provisioning of anti-fraud and -corruption services,
- ◆ Monitoring and Evaluation: to provide results-oriented monitoring and evaluation services;
- ◆ SOE Oversight: to manage partnerships with state owned entities and minor legal compliance, financial management and service delivery;
- ◆ International Relations: to coordinate Intergovernmental liaison and cooperation.

Of 31 annual targets, the branch achieved 27, partially achieved three, and did not achieve one target. Most notably, the M&E unit advanced 59 recommendations for the overall improvement of service delivery. Similarly, 17 low, 56 medium, and 55 high risks were identified and the top 20 risks prioritised. Executive support was provided to our principals in fulfilling their mandate for energy supply security by participating in more than 80 international engagements.

On the other hand, the COO branch enjoyed partial success in drafting a compliance register while capacity constraints prevented the branch from developing a Service Delivery Improvement Plan, which is a target it aims to achieve in the next fiscal year.

The COO Branch continued to operate with 1% capacity due to insufficient funds.



Performance Indicators, Planned Targets and Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.13 Audit Services	1. Full spectrum internal audit services rendered with:	1. Full spectrum internal audit services rendered with:	1. Execution of risk based annual audit plan with:	1. Execution of risk based annual audit plan with:	1. Full spectrum internal audit services rendered with:	1. N/A
	- Client satisfaction.	83% client satisfaction achieved.	- 70% client satisfaction achieved.	- 70% client satisfaction achieved.	Achieved: Average of 78 % clients satisfaction of all the audits conducted was achieved.	
	- Audit Committee satisfaction.	85% Audit Committee satisfaction achieved.	- 70% Audit Committee satisfaction achieved.	- 70% Audit Committee satisfaction achieved.	Achieved: Average of 87 % Audit Committee satisfaction was achieved.	
	2. Internal Audit Strategic Plan reviewed and updated.	2. Internal Audit Strategic Plan completed.	2. Internal Audit Strategic Plan reviewed and updated.	2. Internal Audit Strategic Plan reviewed and updated.	2. Partially Achieved: Internal Audit Strategic three year rolling plan was reviewed.	2. The three year strategic plan was not presented to the Audit and Risk Committee for approval.
	3. Internal Audit Annual Plan compiled.	3. Internal Audit Annual Plan done.	3. Internal Audit Annual Plan compiled.	3. Internal Audit Annual Plan compiled.	3. Achieved: The 2012/13 Annual Audit Plan was reviewed, updated and approved by the Audit and Risk Committee.	3. N/A
	4. Internal Audit Charter and Audit Committee Charter reviewed.	4. Internal Audit Charter and Audit Committee Charter done.	4. Internal Audit Charter and Audit Committee Charter reviewed.	4. Internal Audit Charter and Audit Committee Charter reviewed.	4. Achieved: The Internal Audit and Audit Committee Charter was reviewed and approved by the Audit and Risk Committee.	4. N/A
5. No Performance Indicator determined.	5. AGSA management letter done.	5. Auditor-General Management letter addressed.	5. Auditor-General Management letter addressed.	5. Auditor-General Management letter addressed.	5. Achieved: Internal Audit performed a follow up review on the Auditor-General Management letter for the 2011/12 financial year.	5. N/A
6. No Performance Indicator determined.	6. Internal Audit Tracking plan (tracking document).	6. Update Internal Audit Action Plan (tracking document).	6. Update Internal Audit Action Plan (tracking document).	6. Update Internal Audit Action Plan (tracking document).	6. Achieved: Updated Internal Audit Action Plan was presented at the Audit and Risk Committee quarterly meetings.	6. N/A



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.14 Enterprise-Wide Risk Management	1. Approved Risk Management Strategy.	1. Enterprise Risk Management Strategy reviewed and recommendation implemented.	1. Enterprise Risk Management system fact finding workshops Strategy reviewed and recommendation implemented.	1 and 3-6. Develop and implement an Enterprise-wide Risk Management system of the Department as required by statutory and regulatory prescripts.	1. Achieved: Enterprise Risk Management System in place.	1. N/A
	2. No Performance Indicator determined.	2. Fraud Prevention Plan in place.	2. Fraud Prevention Plan reviewed and recommendation implemented.	2. Target deleted.	2. N/A	2. Target deleted as it is duplicated in item 1.14 (1).
	3.1 Risk Management Committee Members appointed in writing. 3.2 Risk Management Charter in place. 3.3 Risk Management Sub-Committee in place. 3.4 Risk Management Sub-Committee Members appointed in writing. 3.5 Four Risk Management Committee Meetings convened per annum.	3. One Risk Management Committee meeting held and 3 Risk Management Committee and 4 Risk Management Champions Committee meetings incorporated into the MANCO and EXCO meetings.	3. Four Risk Management Committee and four Risk Management Champions Committee meetings held.	1 and 3-6. Develop and implement an Enterprise-wide Risk Management system of the Department as required by statutory and regulatory prescripts (continued).	3. Partially Achieved: 2 Risk Management Committee meeting were held.	3. One Risk Management Committee meeting was rescheduled to 2013/14 and 3 Risk Management Committee and 4 Risk Management Champions Committee meetings were incorporated into MANCO and EXCO meetings.
	4.1 Annual Global Risk Assessments Conducted. 4.2 Updated Risk Register in place. 4.3 Risk Response Action Plan in Place.	4. Risk Register with low, medium and high risks identified and mitigation strategies approved.	4. Low, medium and high risks identified and mitigation strategies prioritised.		4. Achieved: Risk assessments were conducted whereby risk exposures were identified and mitigation strategies put in place to improve the control environment by various risk champions and risk owners. 17 low, 56 medium and 55 high risks were identified and top 20 risks prioritised.	4. N/A
	5. No Performance Indicator determined.	5. Risk reduction not monitored due to lack of capacity.	5. Identified risks reduced by 40% against risk register and assigned priority; and Risk register updated.		5. Achieved: Risk registers were updated by the various owners and reported at the Risk Management Committee and Audit Committee for oversight and evaluation. 40% reduction of prioritised top 20 risks was achieved.	5. N/A



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.14 Enterprise-Wide Risk Management (continued)	6. Risk awareness sessions conducted.	6. Risk awareness Presentations made at EXCO and MANCO.	No target set.	1 and 3-6. Develop and implement an Enterprise-wide Risk Management system of the Department as required by statutory and regulatory prescripts (continued).	6. Achieved: 8 Risk Management workshops were conducted with various Programmes and recommendations implemented.	N/A
	1.15 Anti-fraud and -corruption	1.1. Approved Fraud Prevention Plan. 1.2. Approved Fraud Implementation Plan.	1.1. Reviewed and updated Fraud Prevention Plan. 1.2. Reviewed and updated Response Action Plan	1-5. Develop and implement the Anti-Fraud and -Corruption strategy within the Department as required by statutory and regulatory prescripts.	1.1. Achieved: Fraud Prevention and Anti-Corruption Strategy approved and in place. Posted on shared document drive (S) and Intranet (Maletsatsi) for access to management and employees. 1.2. Achieved: Fraud and Corruption Prevention Plan approved and posted on shared document drive (S) and Intranet (Maletsatsi) for access to management and employees. 1.3. Achieved: Anti-Fraud and -Corruption Response Action Plan approved and posted on shared document drive (S) and Intranet (Maletsatsi) for access to management and employees. 1.4. Achieved: Anti-Fraud and -Corruption Implementation Plan approved and posted on the shared document drive (S) and Intranet (Maletsatsi) for access to management and employees.	1. N/A 1.4 N/A
	2. Approved Fraud Prevention Policy.	2. Reviewed and updated Fraud Prevention Policy drafted.	2. Reviewed and updated Fraud Prevention Policy.		2. Achieved: Anti-Fraud and -Corruption Policy approved and posted on the shared document drive (S) and Intranet (Maletsatsi) for access to management and employees.	2. N/A
	3. Whistle Blowing Policy in place.	3. Reviewed and updated Whistle-Blowing Policy drafted.	3. Reviewed and updated Whistle Blowing Policy.		3. Achieved: Whistle Blowing Policy approved and posted on the shared document drive (S) and Intranet (Maletsatsi) for access to management and employees.	3. N/A



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.15 Anti-Fraud and -Corruption (continued)	4. Code of Conduct in place.	4.1 Anti-Fraud and -Corruption Workshops presentations drafted.	4.1 Anti-Fraud and -Corruption Workshops conducted.	1-5. Develop and implement the Anti-Fraud and -Corruption strategy within the Department as required by statutory and regulatory prescripts (continued).	4.1 Achieved: 2 Anti-Fraud and -Corruption Workshops (including Code of Conduct) conducted during induction and 8 annual Risk Assessment Workshops held.	4. N/A
		4.2 Posters to post the Hotline numbers in visible areas drafted.	4.2 Post the Hotline numbers in visible areas.		4.2 Achieved: Anti-Fraud and -Corruption posters including National Anti-Corruption Hotline (NACH) numbers posted in all visible areas within the Department and posted on the Intranet (Maletsatsi).	
		4.3 Disclosure forms for SMS members done.	4.3 Ensure that SMS members complete the financial disclosure forms.		4.3. Achieved: All SMS members' financial disclosure forms submitted to Minister and OPSC.	
		5. No Performance Indicator determined.	5.1 Reported cases of corruption investigated.		5.1 Achieved: 1 high profile case of fraud and corruption reported through the NACH was investigated by an external law enforcement agency and resolved.	
			5.2 Compile and submit the outcome of reported cases.		5.2 Achieved: A report of investigated cases compiled and presented to the Risk Management Committee and Audit Committee. The outcome of the investigated case was submitted to the Office of the Public Service Commission.	
1.16 Strategic Management and Planning	1. Extent to which Strategic Plan is aligned with MTSF, Delivery Agreements, includes Risk Mitigation, reviewed and, if applicable, tabled in Parliament.	1.1 First and Second Draft of the Revised Strategic Plan submitted to National Treasury.	1. Strategic Plan is aligned with MTSF, Delivery Agreements, includes Risk Mitigation, reviewed and, if applicable, tabled in Parliament.	1-4. Annual review of Strategic Plan and develop the Annual Performance Plan and Service Delivery Improvement Plan.	1.1 Achieved: Amendments to the Revised Strategic Plan submitted to National Treasury as an addendum to First and Second Draft of the 2013/14 APP.	1. N/A
		1.2 Revised Strategic Plan tabled in Parliament.			1.2 Achieved: Amendments to the Revised Strategic Plan tabled in Parliament and published as an addendum to the 2013/14 APP.	
	2. Extent to which Annual Performance Plan complies with Treasury prescripts, extent of alignment with Strategic Plan and tabled in Parliament.	2.1 First Draft and Second Draft of the Annual Performance Plan (APP) submitted to National Treasury. 2.2 APP tabled in Parliament.	2. Annual Performance Plan complies with Treasury prescripts, extent of alignment with Strategic Plan and tabled in Parliament.		2.1 Achieved: First and Second Draft of 2013/14 APP submitted to Treasury. 2.2 Achieved – 2013/14 APP tabled in Parliament and published.	2. N/A

PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.16 Strategic Management and Planning (continued)	3. Strategic Plan and Annual Performance Plan operationalised through operational and business plans.	3. Business plans to be introduced in 2012/13.	3. Strategic Plan and Annual Performance Plan operationalised through operational and business plans.	1-4. Annual review of Strategic Plan and develop the Annual Performance Plan and Service Delivery Improvement Plan (continued).	3. Achieved: Template for business plans developed and distributed to Branches.	N/A
	4. Service Delivery Improvement Plans developed, implemented and adhered to.	4. No targets set.	4. Service Delivery Improvement Plans developed, implemented and adhered to.	4. Not Achieved	4.1 Lack of dedicated minimum capacity and resources to develop and produce the SDIP. 4.2 The development of the SDIP was rescheduled to 2013/14.	
1.17 Monitoring and Evaluation	1. Adherence to outcomes based monitoring, evaluation and reporting principles.	1. The Planning, Monitoring, Evaluation and Reporting Framework and Strategy of the DoE was approved.	1. Rollout of M&E framework.	1. Implement on a continuous basis the Monitoring and Evaluation Policies and Procedures of the Department of Energy.	1.1 Achieved: The M&E Policies and Procedures operationalised through the Department's M&E Framework. 1.2 Achieved: 32 quarterly branch performance reports (8 per quarter) were received, processed and analysed. 1.3 Achieved: 59 recommendations were advanced for the improvement of performance management.	1. N/A
	2. Internal performance monitoring aligned with Program of Action (POA) and department strategy.	2.1 Seven data collection instruments created. 2.2 M&E system architecture created. 2.3 Audit baseline established.	2. Lessons learned communicated by M&E and incorporated by officials responsible for planning into strategic planning, annual and business plans of DoE.	2. Facilitate and track the implementation of M&E recommendations via branch improvement plans on a quarterly basis.	2.1 Partially Achieved Comments by the M&E unit regarding the rate of progress and other performance matters were provided via moderated branch quarterly reports and disseminated internally throughout the year. 2.2 Partially Achieved: Branch improvement plans templates for the first and second quarters were pre-populated with approved M&E recommendations and distributed to branches for implementation. 2.3 Achieved: Two presentations prepared with respect to the Department's performance were presented to oversight bodies.	2. Third and fourth quarter branch improvement plans were rescheduled to 2013/14.



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.17 Monitoring and Evaluation (continued)	3. Commission and oversee one external mixed methods evaluation concerning energy data in South Africa.	3. No evaluations were undertaken.	3.1 Review evaluators' inception report and make recommendations to Evaluation Steering Committee. 3.2 Facilitate oversight and rollout of evaluation plan. 3.3 Plan for FY 2013/14 analysis of final evaluation report, including meta evaluation by IEA.	3. Targets deleted.	3. N/A	3. Target unfunded and therefore deleted for 2012/13 and rescheduled to 2013/14 (subject to the availability of funding).
1.18 SOE Oversight	Oversight, guidance and support to State Owned Entities (SOEs) to deliver on their mandates.	1-2. Draft Oversight Framework was completed and consultation with EXCO was done. 3. Baseline established from 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 and discussed with SOE Executives.	1. Implementation plan drafted and approved. 2. Implementation of approved Oversight Framework. 3. 5% to 9% reduction in SOE audit findings.	1-3. Develop and implement the SOE Oversight Framework.	1-3. Achieved: SOE Oversight Framework developed and approved. SOE Oversight Unit operating in line with the approved SOE Oversight Framework.	N/A
1.19 International Relations	International relations services aligned with department objectives.	1. Draft International Relations Strategy aligned to DIRCO International Relations Strategy. 2. Draft signed off by DG on 5 October 2011 3. Inputs received from the stakeholders were incorporated in the report.	1. Realignment with National International Strategy. 2. Development of DoE draft Implementation Plan. 3. Stakeholder survey conducted.	1-6. Support the Minister, Deputy Minister, Department and Energy Sector with their obligations in terms of international engagements.	1-2. Achieved: Departmental International Relations Strategy developed, aligned to DIRCO International Strategy and approved by the DG. 3. Achieved: 4 Stakeholder surveys conducted.	1-2. N/A 3. N/A



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
1.19 International Relations (continued)	International relations services aligned with department objectives (continued).	4. 22 international engagements, 6 MoU's and 2 Declarations of Intent signed.	4. 5 or more engagements with other countries or multilateral engagements.	1-6. Support the Minister, Deputy Minister, Department and Energy Sector with their obligations in terms of international engagements (continued).	4. Achieved: - More than 80 engagements conducted; - Signed agreements with Botswana, Russia and Denmark; and - Joint Declaration of Intent with Germany.	4. The Danish MoU enables the operationalisation of the Declaration of Intent (DoI) and the implementation plan of the DoI. The approved implementation plan has R66 Million available to DoE. This funding will cover a number of projects which includes the South African Renewable Energy Initiative (SARI).
		5. Audit completed and submission drafted.	5. Draft Monitoring and Evaluation Report on the signed bilateral and Multilateral relations		5. Achieved: Monitoring reports on engagements/bilateral relations with other countries drafted.	5. N/A
1.20 Inter-governmental Coordination	Collective activities by different spheres of Government coordinated.	6. Facilitated: - PetroSA engagements in China, Ghana and Angola; - Sasol engagement with China; and NECSA engagements with France and the USA.	6. Document on stakeholder engagement (minutes of briefing notes or report on stakeholder interaction – at least one per quarter).		6. Achieved: Briefing notes, travel reports and minutes of meetings are available on request.	6. N/A
		Inter-governmental coordination executed on an ad-hoc basis.	Inter-governmental coordination unit established	Target deleted.	N/A	Target forms an integral part of the HR Plan and were therefore deleted.
1.21 New target focused on Departmental Compliance.	No performance indicator determined	No target determined	No target determined	Develop and implement the Department's Compliance Framework.	Partially Achieved: A draft compliance register has been developed.	Compliance framework could not be finalised due to lack of capacity.



PART B PERFORMANCE INFORMATION

Reasons for Deviations

See the introductory paragraph to Section B.5, as well as the “comments” column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

Strategy to Overcome Areas of Under Performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
1.13 (2.) Internal Audit Strategic Plan reviewed and updated.	The three year strategic plan was not presented to the Audit and Risk Committee for approval.	The three year strategic plan to be presented to the Audit and Risk Committee for approval for 2013/14 to 2016/17.
1.14 (3.) Four Risk Management Committee and four Risk Management Champions Committee meetings held.	2 Risk Management Committee meetings were held.	3. One Risk Management Committee meeting was rescheduled to 2013/14 and three Risk Management Committee and four Risk Management Champions Committee meetings were incorporated into MANCO and EXCO meetings.
1.16 (4.) Service Delivery Improvement Plans developed, implemented and adhered to.	Lack of dedicated minimum capacity and resources to develop and produce the SDIP.	The development of the SDIP was rescheduled to 2013/14. Financial resource will be made available to appoint a service provider to draft and develop the SDIP.
1.17 (2.) Facilitate and track the implementation of M&E recommendations via branch improvement plans on a quarterly basis.	Branch improvement plans templates for the third and fourth quarters were not pre-populated with approved M&E recommendations and distributed to branches for implementation.	Third and fourth quarter branch improvement plans were rescheduled to 2013/14.
1.21 Develop and implement the Department's Compliance Framework.	Compliance Framework could not be finalised due to lack of capacity.	Finalisation of Compliance Framework was rescheduled to 2013/14.

5.1.6 Changes to Planned Targets

Explanatory notes are provided in the introductory paragraph to Section B.5, as well as the “comments” column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

5.1.7 Linking Performance with Budgets

Sub-Programme Name	2012/13			2011/12		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Ministry	23 276	23 552	(276)	27 872	27 900	(28)
Management	47 974	36 483	11 491	29 854	27 255	2 599
Audit Services	6 774	5 863	911	5 222	4 484	738
Corporate Services	73 425	75 108	(1 683)	54 914	53 512	1 402
Financial Management	52 897	52 862	35	61 375	57 848	3 527
Office Accommodation	32 237	25 617	6 620	25 324	25 260	64
Total	236 583	219 485	17 098	204 561	196 259	8 302



5.2 Programme 2: Energy Policy and Planning

5.2.1 Purpose

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

5.2.2 Sub-programmes:

The following table indicates the subprogrammes identified for this programme, in terms of the 2012/13 APP:

Subprogrammes	Component(s)
Policy Analysis and Research	Policy Analysis and Research (Demand Side) Policy Analysis and Research (Supply Side)
Energy Planning	Energy Data Collection, Analysis and Management Energy Modelling Energy Planning and Strategic Interventions
Policy Development	Policy Formulation Regulation Policy Administration
Transfers and Subsidies	Expenditure related to transfer payments and subsidies emanating from the Strategic Objectives

5.2.3 Strategic Objectives

The following Strategic Objectives (output) have been identified for this programme:

Strategic Objective	Objective Statement
Subprogramme: Policy Analysis and Research	
2.1 Policy Analysis and Research	To develop key indicators and effectively monitor the impact of energy sector policies, planning and interventions.
Subprogramme: Energy Planning	
2.2 Energy Data	To collect, process, maintain and disseminate relevant, current and accurate energy data and information.
2.3 Energy Modelling	To develop and maintain an energy modelling system to simulate energy supply and distribution.
2.4 Energy Planning	To identify current and envisaged energy supply and distribution constraints and develop an Integrated Energy Plan (IEP) to address these constraints.
2.5 Energy Interventions	To develop, initiate and monitor energy mitigation plans and strategic interventions to address current and envisaged energy supply and distribution Constraints and to enhance universal access to modern energy carriers.
Subprogramme Policy Development	
2.6 Petroleum Policy	To ensure that energy supply is secure, demand is well managed, enhanced access, the sector is transformed and energy regulation and competition is improved through the development, promulgation and maintenance of a statutory framework (policies, legislation, regulations and guidelines) for petroleum, petroleum products and petroleum infrastructure.
2.7 Coal Policy	To ensure that energy supply is secure, demand is well managed, enhanced access, the sector is transformed and energy regulation and competition is improved through the development, promulgation and maintenance of a statutory framework (policies, legislation, regulations and guidelines) for coal.
2.8 Gas Policy	To ensure that energy supply is secure, demand is well managed, enhanced access, the sector is transformed and energy regulation and competition is improved through the development, promulgation and maintenance of a statutory framework (policies, legislation, regulations and guidelines) for gas.
2.9 Electricity Policy	To ensure that energy supply is secure, demand is well managed, enhanced access, the sector is transformed and energy regulation and competition is improved through the development, promulgation and maintenance of a statutory framework (policies, legislation, regulations and guidelines) for electricity.
2.10 Energy Regulation	To monitor the application of the statutory frameworks for petroleum, coal, gas and electricity; and the impact thereof on the regulators, industry and consumers.
2.11 Policy Administration	To administer the promulgation and maintenance of the statutory frameworks for petroleum, coal, gas and electricity.
Subprogramme: Transfers and Subsidies	
No specific Strategic Objectives are set for this Subprogramme as it is established to provide for expenditure related to transfer payments and subsidies emanating from the above-mentioned Strategic Objectives.	



Background:

Below are the tables indicating our performance against set objectives, output and outcomes. Performance targets have been designed to indicate the output in relation to the various activities under the respective sub-programmes for:- policy analysis and research, energy planning, hydrocarbons policy, electricity policy and clean energy policy. Where certain targets have not been met, an explanation is given regarding either the corrective measure or the underlying problem that prevented the target from being reached.

5.2.4 Performance Indicators, Planned Targets and Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
Subprogrammes: Policy Analysis and Research and Energy Planning						
2.1 Policy Analysis and Research	2.1.2 Well-capacitated Chief Directorate.	2.1.2 No targets set.	2.1.2 Approved structure.	2.1, 2.3 and 2.4 Draft IEP produced including reports outlining model results.	2.1.2 Achieved: The structure was approved and used to facilitate the matching and placing process.	2.1.2 N/A
	2.1.1 Policy Analysis Framework for IEP developed.	2.1, 2.3 and 2.4 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.	2.1.1 Application of Policy Analysis Framework in the development of the IEP		2.1.1 Achieved: Draft IEP Report completed.	2.1.1 N/A
2.1 Policy Analysis and Research, 2.3 Energy Modelling and 2.4 Energy Planning	2.1.3 Key indicators for monitoring the impact of energy sector policies developed.		2.1.3 Approved key indicators		2.1.3 Partially Achieved: Key indicators drafted.	2.1.3 The draft document was developed but has not been approved as the process for incorporating stakeholder comments has not been completed.
	2.1.4 Annual Energy Indicator Report published.		2.1.4 No targets set.		2.1.4 N/A	2.1.4 N/A
2.3 Operational energy models to inform planning process.	2.3 Operational energy models to inform planning process.	2.1, 2.3 and 2.4 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 (continued).	2.3 Operational energy modelling system.		2.3 Achieved: Operational Energy Modelling System in Place.	2.3 N/A
	2.4 Integrated Energy Plan Published and implemented.		2.4.1 Cabinet approved Integrated Energy Plan.		2.4.1 Partially Achieved: Integrated Energy Planning Report completed and Energy Modelling results produced.	2.4.1 Lack of human resource capacity and delays in the provision of data from data providers to inform technical process.
			2.4.2 Public stakeholder workshop.		2.4.2 Achieved: IEP Colloquium held.	2.4.2 N/A



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
2.2 Energy Data	1. Timely collection and storage of energy balances data.	1. 2009 energy balance data published and 2010 Energy balance data compiled.	1. Preliminary set of 2011 energy balances collected and stored in the database.	1-7. Energy Statistics compiled and disseminated timely (according to reporting obligations).	1. Not Achieved.	1. Preliminary set of 2011 energy balances collected and stored but still undergoing quality assurance process due to delays in the provision of data, problems with the quality of data provided and the loss of key personnel.
	2. Collection of additional data sets (over and above current obligations).	2. No targets set.	2. Develop a Standard Operating Procedure for dealing with Ad hoc requests for collecting non-routine data.		2. Not Achieved.	Due to constrained resources only SOP's for routine collection of data were prioritised due to constrained resources.
	3. Regulations for the provision of energy data gazetted and all forms and questionnaires for collection of data approved.	3. Regulations for the provision of energy data gazetted.	3. Approved forms and questionnaires for the collection of routine data developed and approved.		3. Not Achieved.	3. Draft questionnaires for coal data have been developed. The development of other questionnaires is expected to be informed by the outcomes of bilateral meetings with other organs of state that collect data relevant to the energy sector to ensure alignment and improve coordination of data collection activities. The target has therefore been rescheduled to 2013/14.
	4. Centralised electronic Energy Data Repository.	4. Data for all publications stored in the centralised database.	4. Energy data for all planning (IRP and LFP) projects within the Department stored in a central repository		4. Partially Achieved: IRP 2010 data stored.	4. Handover of LFP data dependent on completion of the LFP project which is still in progress.
	5. Approved common standards and methods for data collection and management.	5. No targets set.	5. Definition of common data definition standards developed.		5. Partially Achieved: Draft document was circulated internally.	5. Draft document was circulated for inputs and will only be finalised once all inputs are incorporated.



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
2.2 Energy Data (continued)	6. Annual Publications of: Energy Price Report, Energy Digest, and Energy Synopsis.	6. All data gaps addressed but data not published.	6.1 and 2 Improved lag time for publications (Energy Price Report, Energy Digest and Energy Synopsis) to two years; and	1-7. Energy Statistics compiled and disseminated timely (according to reporting obligations) (continued).	6.1 Achieved: Energy Price Report Published.	6.1 N/A
			6.3 Two new publications entitled "Review of the Energy Sector" and "Outlook of the Energy Sector" introduced.		6.2 Partially Achieved: Draft Energy Digest and Energy synopsis developed.	6.2 Draft Energy Digest and Energy Synopsis were developed but due to data quality issues identified on the Energy Balances which form the basis of the analysis in these reports, the publishing of the documents has been put on hold until such time that the historical Energy Balances are corrected.
	7. Data questionnaires submitted to local, regional and international organisations.	7. No targets set.	7. Improvement in completeness of data disseminated to local, regional and international stakeholders (2-year lag).		7.1 Achieved: - APPA data bank updated with data up to December 2012; - 2012 fuel cells volume published on website; - 2012 FSV data disaggregated provided to identify stakeholders as per the recommendation made by Competition Commission; - JODI Gas Questionnaire for February submitted; and - IEA levies and Taxes for 2012/13 submitted.	7.1 N/A
					7.2 Partially Achieved: Preliminary JODI Oil Questionnaire submitted.	7.2 Questionnaires submitted except for March 2013 due to late submission of data by providers.



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
Subprogramme Policy Development						
2.5 Energy Interventions (2.5.1 Hydrocarbons)	1.1 Increased domestic refining capacity.	1. 80% of the 20-Year Liquid Fuels Infrastructure Road Map data has been collected and analysed.	1. Liquid Fuels 20-year Infrastructure Plan completed.	1. Developed strategy and plans for the introduction of new economic infrastructure as per the IEP/IRP.	1. Partially Achieved: Development of models to inform the 20 Year Liquid Fuels initiated.	1. Delays were experienced in the provisioning of data by the industry and the target are therefore rescheduled to 2013/14.
	1.2 Improved liquid fuels storage and distribution infrastructure.					
	1.3 Strategic fuel stocks and supporting infrastructure.					
	1.4 Increased use of cleaner hydrocarbons.					
	2. New multipurpose pipeline (NMPP) from Durban to Johannesburg.	2. Completion of the construction, filling the line with line fill and commissioning of the line.	2. Monitor and report on implementation of the agreement for completion of the NMPP trunk line.	2. Monitor and report on implementation of the agreement for completion of the NMPP trunk line.	2. Achieved: The grant funding was transferred to Transnet in terms of the Grant Funding Agreement. Oversight visit to the Durban Terminal under construction was conducted.	N/A
	3. Energy Safety Awareness Campaigns.	3. Nine public awareness Campaigns were conducted by year end.	3. 1 Energy Safety Awareness campaigns per annum.	3. 1 Energy Safety Awareness campaigns per annum.	3. 3 Energy Safety Awareness Campaigns were conducted	N/A
2.5 Energy Interventions (2.5.2 Electricity)	1. New electricity generation capacity.	1. Progress made on construction of new electricity generation capacity to achieve 45 647 MW by 2012/13.	1. Progress on construction of new electricity generation capacity of 45 647 MW achieved	2.5 (1-4) and 2.9 (1-2) Developed policy and plans for the expansion and rehabilitation of electricity transmission and distribution infrastructure.	1-4. Partially Achieved: Procurement process delayed. Terms of reference will be re-issued in the first quarter of the next financial year.	1-4. Procurement processes could not be finalised as anticipated.
	2. Funding framework for the resourcing of the Eskom Committed Capital Expenditure programme.	2. Ministerial and Cabinet submissions and approval of the Eskom Committed Capital Expenditure programme.	2. MYPD aligned to support the licensed IRP projects.			
	3. Monitor and report on progress of approved build plan projects against schedule and budget by Eskom.	3. Construction progress monitored and reported on against schedule and budget and problems flagged.	3. Monitor and report on construction progress against schedule and budget and flag problem areas.			



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
2.5 Energy Interventions (2.5.2 Electricity)	4.1 Report detailing a map of distribution assets status per metro, secondary city and remaining municipalities.	4.1 Report detailing a map of distribution assets status per metro, secondary city and remaining municipalities completed.	4.1 Report updated detailing a map of distribution assets status per secondary city.	2.5 (1-4) and 2.9 (1-2) Developed policy and plans for the expansion and rehabilitation of electricity transmission and distribution infrastructure (continued).	1-4. Partially Achieved: Procurement process delayed. Terms of reference will be re-issued in the first quarter of the next financial year (continued).	1-4. Procurement processes could not be finalised as anticipated.
	4.2 Approach to Distribution Asset Management (ADAM) rehabilitation (implementation and funding) plan for distribution infrastructure.	4.2 The extent of the funding requirement is much more than the requirement to fund the Metro Refurbishment Programme.	4.2.1 ADAM rehabilitation plan approved for secondary cities. 4.2.2 Pilot in selected secondary municipalities.			
2.9 Electricity Policy	1. Quantity of power procured from Independent Power Producers (IPP's).	1.1 Bill approved by the Minister, NEDLAC consultations finalised and public consultations commenced. 1.2 Agreements with external experts signed.	1.1 ISMO established.	5 and 7-9. Developed strategy and plans for the introduction of new economic infrastructure as per the IEP/IRP	5 and 7-9. Partially Achieved: Financial Close reached for Window 1 projects under the REIPP. Bidding documents for base-load programme partially completed.	5 and 7-9. Window 2 of the REIPP due for financial close in May 2013. Procurement documents for cogeneration and other base-load are being prepared.
	2. Quantity of power generators by independent power producers.	2. Standards set for procurement documentation and dissemination.	2. Review of Integrated Resource Plan 2010.			
2.5 Energy Interventions (2.5.2 Electricity)	5. Ensured security of power supply in the medium term (2012-2016) (implementation of Medium Term Risk Mitigation Plan as per Integrated Resource Plan).	5. Standards procurement documents were developed and Request for Proposal launched to procure cogeneration power.	5. 103 MW connected to the grid.	7.1 IPP's selected. 7.2 Monitor and report on progress of construction of IPP plants		
	7. Quantity of power generators by independent power producers.	7. RFQ - RFC launched to procure power from IPP's.				



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
2.5 Energy Interventions (2.5.2 Electricity)	8. IPP unit established for the management of IPP programme.	8. Established IPP unit responsible for managing IPP's with extensive support from external experts.	8. Established IPP unit responsible for managing IPP's with moderate support from external experts.	5 and 7-9. Developed strategy and plans for the introduction of new economic infrastructure as per the IEI/IRP (continued).	5 and 7-9. Partially Achieved: Financial Close reached for Window 1 projects under the REIPP. Bidding documents for base-load programme partially completed (continued).	5 and 7-9. Window 2 of the REIPP due for financial close in May 2013. Procurement documents for cogeneration and other base-load are being prepared (continued).
	9. Medium Term Risk Mitigation Plan (MTRMP) adopted	9. MTRMP approved by Minister/Cabinet as part of the establishment of IPP's.	9.1 Projects identified under MTRMP implemented and verified. 9.2 MW/MWh commissioned or saved to improve reserve margin			
	6. Establishment of ISMO.	6. Bill approved by the Minister, NEDLAC consultations finalised and public consultations commenced.	6. Establishment of ISMO within Eskom.	6. Policy options, implications and if viable, modalities for the introduction of ISMO	6. Achieved: Final ISMO report submitted to Parliament.	N/A
2.5 Energy Interventions (2.5.3 Electrification)	10. No Performance Indicator set.	10. No targets set.	10. No targets set.	10. Policy and plans for providing universal access to energy (grid and off-grid)	10. Partially Achieved: Universal Access plan development incomplete. REIPP projects digitally mapped for accelerating electrification in those areas through the utilisation of substations from the REIPP programme.	10. Delays in finalising the Electrification Strategy. Target rescheduled to 2013/14.
	2.6 Petroleum Policy	1. Development of regulations on Liquefied Petroleum Gas (LPG) pricing and LPG licensing framework.	1. The Cabinet memo had to be reviewed. All stakeholders have provided inputs except for one major stakeholder. Stakeholder inputs are being collated in preparation for the Stakeholder Workshop.	1.1 LPG Strategy implemented. 1.2 LPG licensing regulations promulgated.	1. Developed strategy and plans for the expansion of LP Gas usage as a domestic modern thermal fuel.	1.1 and 1.2 Partially Achieved: A discussion document on the Maximum Refinery Gate Price (MRGP) of LPG was published, comments received and stakeholder workshop held.
			1.3 Revised LPG retail price promulgated		N/A	Target deleted as it is duplicated in Programme 3 (see item 3.7 (1)).



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
2.6 Petroleum Policy (continued)	2. Revised Fuel Specifications and Standards (Clean Fuels 2).	2. Draft Amendment Regulations were published for public comment and a Stakeholder Workshop was held to discuss comments.	2. Monitoring of progress in line with the Fuel Specifications Roadmap.	2.6 (2-3) and 2.9 (4) Develop policy and amendments to regulatory framework (Petroleum Products Act, Gas Act, Electricity Regulation Act, National Energy Regulator Act) to improve governance and operational efficiencies of regulated entities.	2. Partially Achieved: The Regulations regarding the Fuel Specifications and Standards were promulgated.	2. Matters pertaining to the financing of refinery investments to enable refiners to produce CF2 quality fuels could not be finalised. Cost recovery mechanism for the financing of refinery investments requires National Treasury approval.
		3. Drafting of Petroleum Products Act (Act No. 120 of 1977) amendments to close regulatory gaps under way.	3. Regulations published for public comment.		3. Partially Achieved: It was deemed prudent that a new Bill be drafted instead of an Amendment Bill. A final draft of the Bill and Concept Document have been finalised and in the process of consultation with internal stakeholders.	3. Up-skilling of personnel on legislative drafting had to be undertaken prior to proceeding with the drafting.
	4. Electricity Regulation Amendment Bill, National Energy Regulator Bill and ISMO Bill reviewed and amended	4. Approval by Parliament.	4. Draft Bill(s), consultation and Cabinet approval.	2.6 (2-3) and 2.9 (4) Develop policy and amendments to regulatory framework (Petroleum Products Act, Gas Act, Electricity Regulation Act, National Energy Regulator Act) to improve governance and operational efficiencies of regulated entities (continued).	4. Partially achieved: - Recommendation on the final ISMO Bill submitted to National Assembly. - NEDLAC consultation process for ERA and NERA completed.	4. Target rescheduled to 2013/14
2.9 Electricity Policy (continued)	3. Cushion the poor from rising costs of electricity by cost reflective electricity tariffs.	3.1 IBT implemented in approximately 70% of the municipalities. Further consultation in progress to introduce IBT to the remaining municipalities.	3.1 Monitor effectiveness of IBT in cushioning the poor from rising costs.	3.1 Monitor effectiveness of IBT in cushioning the poor from rising costs.	3.1 and 3.2 Not Achieved.	3. Could only be done once the MYPD3 has been finalised after April 2013.
		3.2 Asset valuation approach has been aligned with policy.	3.2 Monitor effectiveness of MYPD2 in aligning the tariff to the true cost of production.	3.2 Monitor effectiveness of MYPD2 in aligning the tariff to the true cost of production.		
		3.3 IBT for prepaid metering was introduced in Eskom areas.	3.3 Extend IBT to cover prepaid meters in more municipal areas.	3.3 Extend IBT to cover prepaid meters in more municipal areas.	3.3 Partially Achieved: 70% of municipalities have converted to IBT.	
		3.4 No targets set.	3.4 No targets set.	3.4 Developed policy options for the pricing of electricity.	3.4 Achieved: Electricity pricing input provided to NERSA for MYPD3.	3.4 N/A



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
2.7 Coal Policy	1. Coal Policy to address Security of supply for energy generation.	1. Draft Coal Supply Strategy Discussion Paper has been developed and inputs have been incorporated.	1. Coal policy discussion paper published for public comment Roadmap completed.	2.7 and 2.8 Development of coal and gas policy documents including the development of clean coal technology options	1. Partially Achieved: A policy discussion document outlining coal supply constraints and possible interventions was drafted and the Carbon Capture and Storage Road Map was endorsed by Cabinet.	1. The policy discussion document had to be finalised by the Interdepartmental Coal Task Team before publication in the government gazette for public comments.
	2. Clean Coal Technology Policy.	2. Draft South African Coal Road Map has been completed.	2. Contribute to and participate in the drafting of the South African Coal Road Map.		2. Achieved: The draft report for the second phase of the SA Coal Roadmap has been developed.	2. N/A
2.8 Gas Policy	Amended Gas Act (Act 48 of 2001).	Amendments drafted, approved by Minister and Draft Bill submitted to Cabinet.	Promulgation of the amended Gas Act.		Partially Achieved: The Draft Amendment Bill was pre-certified, submitted for Cabinet approval and released for public comments.	Cabinet process underway.
2.10 Energy Regulation	The application of the statutory frameworks for petroleum, coal, gas and electricity by: and the impact thereof on the regulators, industry and consumers monitored.	The application of the statutory frameworks for petroleum, coal, gas and electricity by: and the impact thereof on the regulators, industry and consumers monitored.	The application of the statutory frameworks for petroleum, coal, gas and electricity by: and the impact thereof on the regulators, industry and consumers monitored.	Target deleted	N/A	Target is not strategic and is dealt with at an operational level.
2.11 Policy Administration	The promulgation and maintenance of the statutory frameworks for petroleum, coal, gas and electricity administered.	The promulgation and maintenance of the statutory frameworks for petroleum, coal, gas and electricity administered.	The promulgation and maintenance of the statutory frameworks for petroleum, coal, gas and electricity administered.	Target deleted	N/A	Target is not strategic and is dealt with at an operational level.

5.2.5 Reasons for Deviations

See the introductory paragraph to Section B.5, as well as the “comments” column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.



5.2.6 Strategies To Overcome The Areas Of Underperformance

The following table provide for the strategies to overcome the areas of underperformance:

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Key indicators for monitoring the impact of energy sector policies developed.	The draft document was developed but has not been approved as the process for incorporating stakeholder comments has not been completed.	Appointment of staff to deal with policy analysis and research.
Preliminary set of 2011 energy balances collected and stored in the database.	Preliminary set of 2011 energy balances collected and stored but still undergoing quality assurance process. Delays in the provision of data as well as problems with the quality of data provided. The loss of key personnel.	The compilation of energy balances has now been simplified by way of completing individual commodity flows as and when the relevant data becomes available.
Developed a Standard Operating Procedure (SOP) for dealing with ad hoc requests for collecting data.	Due to constrained resources only SOPs for routine collection of data were prioritised.	Motivate for funding to employ additional staff within Energy Data and Integrity Sub-Directorate.
Approved forms and questionnaires for the collection of routine data developed and approved.	Draft questionnaires for coal data have been developed. In order to ensure alignment with other organs of state that collect data relevant to the energy sector, bilateral meetings were held to improve coordination of data collection activities. The development of questionnaires is expected to be informed by the outcomes of the meetings which are only expected to be completed by the end of the second quarter of the 2013/14 financial year.	Coal Questionnaire: Incorporate parameters for collection of coal data in DMR annual mining return. Petroleum Questionnaire: Consolidate existing questionnaires submitted by oil companies. Natural Gas Questionnaire: JODI Gas questionnaire submitted by Sasol on a monthly basis. Engage with Natural Gas companies to develop questionnaire for natural gas consumption. Motivate for funding to employ additional staff within Energy Data and Integrity Sub-Directorate.
Energy data for all planning (IRP and LFP) projects within Department stored in a central repository.	IRP 2010 was stored but Liquid Fuels Infrastructure Roadmap data was not provided.	Development of LFP is not within the control of the Energy Planning Chief Directorate.
Definition of common data standards developed	Draft document was circulated for inputs and will only be finalised once all inputs have been received and incorporated.	Development of document no longer relevant and standards and definitions defined in the (International Recommendations for Energy Statistics) IRES and Energy Statistics Compilers Manual (ESCM) and IEA Statics Manual.
Improved lag time for publications (Energy Price Report, Energy Digest and Energy Synopsis) to two years; and two new publications entitled "Review of the Energy Sector" and "Outlook of the Energy Sector" introduced	Draft Energy Digest and Energy Synopsis were developed but due to data quality issues identified, the publishing of the documents was put on hold. With regards to the two new publications which were expected to be released, a decision was made to focus on improving the quality of the data which is used to inform the publications before commencing with the development of the document.	Annual Review of Energy Sector and Annual Energy Outlook are provided as part of the Draft Integrated Energy Planning Report.
JODI Oil Questionnaire	JODI Oil - All final questionnaires submitted except for March 2013 due to late submission of data by data providers to The Department.	
Cabinet approved Integrated Energy Plan	Lack of human resource capacity and delays in the provision of data from data providers to inform technical process.	Develop Draft Integrated Energy Planning report for public consultation before finalising IEP.



Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Liquid Fuels 20-year Infrastructure Plan initiated.	Delays in provision of data by the industry and integrity concerns on some of the submitted data resulted in the target being partially achieved.	Escalation of requests for data. A dual approach of sticking to the letter of the law (Regulations regarding data provision, etc. applied) and through mutually beneficial working relations.
LPG Strategy implemented	The development of the LPG Strategy was put on hold to focus on ensuring security of supply of LPG.	Separation of responsibilities: Petroleum and Petroleum Products Regulation Branch to focus on issues pertaining to ensuring security of supply of LPG while Policy and Planning Branch focuses on the development of the Strategy and related policy matters.
LPG licensing regulations promulgated	The development of the LPG Strategy was put on hold to focus on ensuring security of supply of LPG.	Matter put on hold pending the conclusion of the development of the LPG Strategy by the Policy and Planning Branch.
LPG Strategy implemented	The development of the LPG Strategy was put on hold to focus on ensuring security of supply of LPG.	Separation of responsibilities: Petroleum and Petroleum Products Regulation Branch to focus on issues pertaining to ensuring security of supply of LPG while Policy and Planning Branch focuses on the development of the Strategy and related policy matters. Implementation of Strategy will be preceded by its approval.
LPG licensing regulations promulgated	The development of the LPG Strategy was put on hold to focus on ensuring security of supply of LPG.	
Revised LPG retail price promulgated	The MRGP serves as basis upon which the revision retail price would proceed. The revision of the MRGP was also delayed to focus on activities for ensuring security of supply of LPG.	P&PP Regulation Branch would focus on supply issues whilst the Policy and Planning Branch deals with MRGP review.
Coal policy discussion paper published for public comment Roadmap completed Promulgation of the amended Gas Act	The events required that the Coal Policy discussion paper be destined for the Coal Policy Task Team instead of the Government Gazette for comments. Cabinet process underway	The Department participation in the Coal Policy Task Team to actively formulate the policy. Inclusion of the Gas Amendment Bill in the Legislative Programme for 2013/14.
Monitor effectiveness of IBT in cushioning the poor from rising costs	Could only be done once the MYPD3 has been finalised, after April 2013.	Ensure speedy processing of MYPD3 (incorporating the revised tariff structure to protect lower consumers of electricity from escalating tariffs) by NERSA. Ensure a broader stakeholder consultation process by Nersa prior to its independent decision on MYPD3.
Monitor effectiveness of MYPD2 in aligning the tariff to the true cost of production	Could only be done once the MYPD3 has been finalised, after April 2013.	Ensure speedy processing of MYPD3 (incorporating revised asset valuation method) by NERSA. Deliberate on policy position relating to timeframe towards cost reflective tariffs as documented in the Electricity Pricing Policy. The policy position will be to balance the rate of electricity tariff hikes on one hand and impact on the South African economy on the other hand. Ensure a broader stakeholder consultation process by NERSA prior to its independent decision on MYPD3.



Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Extend IBT to cover prepaid meters in more municipal areas	70% of municipalities have converted to IBT.	Ensure speedy processing of MYPD3 (incorporating revised tariff structure to protect lower consumers of electricity from escalating tariffs) by NERSA. Ensure a broader stakeholder consultation process by NERSA prior to its independent decision on MYPD3.
Developed policy and plans for the expansion and rehabilitation of electricity transmission and distribution infrastructure	Procurement processes could not be finalised as anticipated.	Fast track internal procurement process. Improve terms of reference to ensure better responses from the external service providers.
Developed strategy and plans for the introduction of new economic infrastructure as per the IEP/IRP	Window 2 of the REIPP due for financial close in May 2013. Procurement documents for cogeneration and other base-load are being prepared.	Finalise bidding documents for base-load programme during the first quarter of 2013/14 period. Ensure all approvals are in place for Window 1 REIPP projects in order for construction to start.
Development of coal and gas policy documents including the development of clean coal technology options	There was a change in approach: A Discussion Paper outlining coal supply constraints and possible interventions has been developed to serve as input into the work of the Interdepartmental Coal Policy Task Team instead of proceeding with The Department's own policy work. The Paper was submitted for internal approval as The Department's official input to the said task team.	The Department active participation in the workings of the Coal Policy Task Team.
Develop policy and amendments to regulatory framework (Petroleum Products Act, Gas Act, Electricity Regulation Act, National Energy Regulator Act) to improve governance and operational efficiencies of regulated entities	ISMO still in the Parliamentary process. ERA and NEDLAC process.	Once NEDLAC reports are completed and officially submitted to the Department, we shall formally submit ERA and NERA to parliament for parliament to start its own processing on the two pieces of legislation. Parallel to the above, the two Bills (ERA and NERA) shall be submitted to the State Law Advisor in preparation for its formal processing of the Bills.



5.2.7 Changes to Planned Targets

Explanatory notes are provided in the introductory paragraph to Section B.5, as well as the “comments” column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

5.2.8 Linking Performance with Budgets

Sub- Programme Name	2012/13			2011/12		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Electricity Policy	32 961	16 776	16 185	15 713	15 630	83
Hydrocarbons Policy	1 513 832	1 513 077	755	1 515 508	1 515 456	52
Nuclear Policy	2 070	684	1 386	3 859	3 762	97
Energy Planning and Research	14 540	14 376	164	10 705	10 842	(137)
Total	1 563 403	1 544 913	18 490	1 545 785	1 545 690	95

5.3 Programme 3: Petroleum and Petroleum Products Regulation

5.3.1 Purpose

The Purpose of the Programme is to ensure the optimum and orderly functioning of the petroleum industry to achieve Government development goals.

5.3.2 Sub-programmes:

The following table indicate the Subprogrammes identified for this Programme, in terms of the 2012/13 APP:

Subprogrammes	Component(s)
Petroleum Licensing	License Analysis
	Charter and Permit Compliance
	Petroleum Supply
Petroleum Compliance	Petroleum Inspection
	Petroleum Enforcement
	Petroleum Standards and Guidelines
Petroleum Pricing	Fuel Levies and Margins
	Fuel Price Administration



5.3.3 Strategic Objectives

The following Strategic Objectives (Output) have been identified for this Programme:

Strategic Objective	Objective Statement
Subprogramme: Petroleum Licensing	
3.1 License Analyses	To process all manufacturing, wholesale and retail licence applications.
3.2 Charter and Permit Compliance	To monitor compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions.
3.3 Petroleum Supply	To monitor fuel stock levels and coordinate corrective actions to avoid distribution shortages.
Subprogramme: Petroleum Compliance	
3.4 Petroleum Inspection	To inspect petroleum manufacturers, wholesalers and retailers for compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions.
3.5 Petroleum Arbitration	To manage arbitration requests and public complaints in the Petroleum industry.
3.6 Petroleum Enforcement	To develop, maintain and implement a system of corrective action for noncompliance with the Liquid Fuels Charter and technical, legal and commercial license condition.
Subprogramme: Petroleum Pricing	
3.7 Fuel Levies and Margins	To develop, maintain and implement a Regulatory Accounting System (RAS) to determine margins applicable in the value-chain.
3.8 Fuel Price Administration	To ensure internationally competitive pricing of petroleum products that will enable investment into the sector and attract new entrants.

Background:

The Petroleum Licensing continued to mature during the year under review. The number of service stations changing hands has increased significantly and this can amongst other be attributed to a difficult competitive environment as well as consolidation, which appears to be taking place ahead of the finalisation of the Regulatory Accounting System implementation. As much as there is an empowerment component to the change of hands, it did not appear to move towards reflecting demographics.



5.3.4 Performance Indicators, Planned Targets and Actual Achievements

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2011/12	PLANNED TARGET 2012/2013	REVISED TARGET 2012/2013	ACTUAL ACHIEVEMENT 2012/2013	COMMENTS
Subprogramme: Petroleum Licensing						
3.1 License Analyses	1. Process all applications within 90 days. 2. Finalise all new to industry applications 60 days.	1. 95,5% applications were processed within 90 days.	1. Process all applications within 90 days.	1. 100% compliance rate by the Controller on finalising all applications within 90 days excluding Site and Retail NTI applications.	1. Partially Achieved: 67,8% compliance rate on finalising all applications within 90 days (excluding Site and Retail NTI applications). 1050 licence applications were received (excluding site and retail NTI) of which 712 applications were finalised within 90 days. 576 licence applications from the previous years were also finalised.	1. The 576 outstanding licence applications from the previous years had to be prioritised.
		2. No targets set.	2. Finalise all new to industry applications 60 days.	2. 90% compliance rate by the Controller on finalising site and retail New-to-Industry (NTI) applications within 60 days.	2. Partially achieved: 86,7% compliance rate on finalising site and retail NI applications within 60 days. 30 site and 30 retail NTI licence applications were received of which 26 site and 26 retail applications were finalised within 60 days.	2. The remaining applications (8) could not be finalised within 60 days due to the applicants submitting the required documents late.
3.2 Charter and Permit Compliance	1. Number of site inspections. 2. Number of fuel samples and tests.	1. 1 718 site inspections conducted.	1. Conduct 1500 site inspections.	1. 1500 Compliance Inspections conducted at the sites.	1. Achieved: 1717 Compliance Inspections conducted.	1. N/A
		2. No targets set.	2. 1080 fuel samples and tests.	2. Number of fuel samples tested for compliance to fuel specifications and standards.	2. Not Achieved.	2. Target deferred because no budget was allocated for it.
3.3 Petroleum Supply	Fuel stock levels monitored and corrective actions to avoid distribution shortages coordinated.	No targets set.	Fuel stock levels monitored and corrective actions to avoid distribution shortages coordinated.	Fuels stock levels monitored and corrective action to avoid distribution shortages coordinated.	Achieved: No fuel supply shortages were experienced; corrective actions were implemented where necessary. Logistics Planning Team (LPT) and Heads of Supply Managers meetings held throughout the financial year.	N/A



STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2011/12	PLANNED TARGET 2012/2013	REVISED TARGET 2012/2013	ACTUAL ACHIEVEMENT 2012/2013	COMMENTS
Subprogramme: Petroleum Compliance						
3.4 Petroleum Inspection	See 3.2 (1) above.					
3.5 Petroleum Arbitration	1. Finalise arbitration requests within 14 working days.	1. All arbitration requests are not being finalised within 14 working days due to capacity constraints.	1. Finalise arbitration requests within 14 working days.	1. 100% of arbitration notices issued within the 14 day turnaround time for processing.	1. Partially Achieved: 66% of Arbitration notices issued within the 14 working days turnaround time. 3 arbitration requests were received and only 2 finalised within 14 working days.	1. One arbitration request could not be finalised on time because the applicant took longer to submit the additional information that was requested.
	2. Finalise public complaints within 14 working days.	2. No targets set.	2. Finalise public complaints within 14 working days.	2. Finalise public complaints within 14 working days.	2. Partially Achieved: 22 out of 24 received finalised within 14 days.	2. Two complainants could not furnish all the information required on time.
3.6 Petroleum Enforcement	A system of corrective action for non-compliance with the Liquid Fuels Charter and technical, legal and commercial conditions developed, maintained and implemented.	No targets set.	A system of corrective action for non-compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions developed, maintained and implemented.	A system of corrective action for non-compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions developed, maintained and implemented.	Partially Achieved: The Minister of Energy met with all oil company Chief Executive Officers individually to discuss the Liquid Fuels Charter (LFC) Audit findings and to map the way forward.	The system of corrective actions is dependent on the revision of the LFC.



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STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2011/12	PLANNED TARGET 2012/2013	REVISED TARGET 2012/2013	ACTUAL ACHIEVEMENT 2012/2013	COMMENTS
3.7 Fuel Levies and Margins	<p>Subprogramme: Petroleum Pricing</p> <p>1. Development of regulations on Liquefied Petroleum Gas (LPG) pricing.</p> <p>2. Revision and implementation of the Basic Fuel Price (BFP) and Magisterial District Zones (MDZ) System.</p> <p>3. Implementation of RAS.</p> <p>4. Publish Biofuels manufacturing support mechanism.</p> <p>5. Promulgate and implement the fixed retail price of illuminating paraffin.</p>	<p>1. Regulations on Liquefied Petroleum Gas (LPG) pricing drafted. All stakeholders have provided inputs except for one major stakeholder. Stakeholder inputs are being collated in preparation for the Stakeholder Workshop.</p> <p>2. Terms of Reference for the review of the BFP and MDZ have been finalised.</p>	<p>1. Revised LPG retail price promulgated.</p> <p>2. Promulgation of BFP and Zone Differential Rules.</p>	<p>1. Revised LPG retail price promulgated.</p> <p>2. Conduct a desktop study on Basic Fuel Price (BFP).</p>	<p>1. Not Achieved</p> <p>2. Achieved: The DOE had meetings with Platts and Argus to discuss the international pricing elements. A DOE official participated in the SAPIA-KBC study on the review of the BFP. The report would be used as input document to the DOE processes.</p> <p>3. Achieved: Two reports on the implementation of the Regulatory Accounting System (RAS) as it applies to the adjustment of fuel margins and petrol attendants' wages were approved.</p>	<p>1. The revision of the LPG pricing framework has not yet been finalised.</p> <p>N/A</p>
		<p>3. The Rapid RAS margins were implemented in fuel prices structure in December 2011.</p>	<p>3. Implementation and Monitoring of RAS. Two Reports per annum on the calculated price margins for the respective segments of the value chain.</p>	<p>3. Two reports produced on the implementation of Regulatory Accounting System.</p>	<p>3. N/A</p>	
		<p>4. The Biofuels blending value and breakeven price studies are completed and the final report approved by the Minister.</p>	<p>4. Monitor the Biofuels pricing framework (Report).</p>	<p>4. Published Biofuels manufacturing support mechanism.</p>	<p>4. The finalisation of the biofuels pricing framework was dependent on the announcement of the financial support mechanism by the Minister of Finance.</p>	
		<p>5. The Fixed Margin for Illuminating Paraffin (IP) Study is completed and approved by the Minister.</p>	<p>5. Monitor the fixed retail margin of illuminating paraffin (Report).</p>	<p>5. Promulgation of a fixed retail margin for IP.</p>	<p>5. The stakeholder consultation process on the fixed retail margin took longer than anticipated. The promulgation of a fixed retail margin for IP was therefore rescheduled to 2013/14. The MRGP serves as basis upon which the revision of the LPG retail price would proceed. The revision of the MRGP was delayed to focus on activities to ensure security of supply of LPG.</p>	



STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2011/12	PLANNED TARGET 2012/2013	REVISED TARGET 2012/2013	ACTUAL ACHIEVEMENT 2012/2013	COMMENTS
3.8 Fuel Price Administration	To ensure internationally competitive pricing of petroleum products that will enable investment into the sector and attract new entrants.	No targets set.	Pricing of petroleum products administrated.	Pricing of petroleum products administrated.	Achieved: Fuel Prices adjusted on the last Friday of every month. There were 12 fuel price adjustments during the financial year.	N/A
Transversal across all Subprogrammes						
3.9 Petroleum Industry Transformation and Empowerment	1. 25% participation of HDI's ownership across the Petroleum value chain.	1. No targets set.	1. Draft new Empowerment Framework.	1. Draft new Empowerment Framework.	1. Not Achieved.	1. The draft Empowerment Framework not finalised pending the current amendment of the BBBEE Act. The new Empowerment Framework will be informed by and aligned to the amended BBBEE Act.
	2. Petroleum Products Act and Licensing Awareness campaigns.	2. Nine public awareness campaigns were conducted.	2. 9 Petroleum Products Act and Licensing Awareness campaigns per annum.	2. Nine (9) Petroleum Products Act and Licensing Awareness campaigns conducted per annum.	2. Achieved: All 9 regions conducted public awareness campaigns. In total 13 awareness campaigns were conducted.	2. N/A

5.3.5 Reasons for Deviations

See the introductory paragraph to Section B.5, as well as the "comments" column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.



5.3.6 Strategy to Overcome Areas of Under Performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Subprogramme: Petroleum Licensing		
3.1 (1.) 100% compliance rate by the Controller on finalising all applications within 90 days excluding Site and Retail NTI applications.	67.8% compliance rate on finalising all applications within 90 days (excluding Site and Retail NTI applications).	Time frame will be prescribed for applicants to submit additional information, failure of which their applications will be finalised without the requested information so that the Controller is able to comply with the prescribed time frame for finalising each application.
3.1 (2.) 90% compliance rate by the Controller on finalising site and retail New-to-Industry (NTI) applications within 60 days.	86.7% compliance rate on finalising site and retail NTI applications within 60 days. 30 site and 30 retail NTI licence applications were received of which 26 site and 26 retail applications were finalised within 60 days.	Public awareness campaigns will be conducted in all the nine provinces on the Petroleum Products Act, licence process and requirements. Enforcement of adherence to Standard Operating Procedures (SOPs) at Regional Offices.
3.2 (2.) Number of fuel samples tested for compliance to fuel specifications and standards.	Target deferred because no budget was allocated for it.	Target deferred because no budget was allocated for it.
Subprogramme: Petroleum Compliance		
3.5 (1.) 100% of arbitration notices issued within the 14 day turnaround time for processing.	66% of Arbitration notices issued within the 14 working days turnaround time.	Applicants will be informed of all the required information and be urged to submit their applications with all complete information.
2. Finalise public complaints within 14 working days.	22 out of 24 received finalised within 14 days.	The system of corrective actions is dependent on the revision of the LFC.
3.6.A system of corrective action for non-compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions developed, maintained and implemented.	The Minister of Energy met with all oil company Chief Executive Officers individually to discuss the Liquid Fuels Charter (LFC) Audit findings and to map the way forward.	
Subprogramme: Petroleum Pricing		
3.7 (1.) Revised LPG retail price promulgated.	The revision of the LPG pricing framework has not yet been finalised.	Target deferred to 2013/14.
3.7 (4.) Published Biofuels manufacturing support mechanism.	The Biofuels Mandatory Blending Regulations were promulgated and the draft Biofuels pricing framework was developed.	The finalisation of the biofuels pricing framework was dependent on the announcement of the financial support mechanism by the Minister of Finance.
3.7 (5.) Promulgation of a fixed retail margin for IP.	The stakeholder consultation process on the fixed retail margin for IP was finalised on 26 March 2013. The comments were consolidated into a report and will be incorporated into the regulations. A discussion document on the Maximum Refinery Gate Price (MRGP) was published for public comment.	The stakeholder consultation process on the fixed retail margin took longer than anticipated. The promulgation of a fixed retail margin for IP was therefore rescheduled to 2013/14. The MRGP serves as basis upon which the revision of the LPG retail price would proceed. The revision of the MRGP was delayed to focus on activities to ensure security of supply of LPG.
Transversal across all Subprogrammes		
3.9 (1.) Draft new Empowerment Framework.	The draft Empowerment Framework not finalised pending the current amendment of the BBBEE Act.	The new Empowerment Framework will be informed by and aligned to the amended BBBEE Act.

5.3.7 Changes to Planned Targets

Explanatory notes are provided in the introductory paragraph to Section B.5, as well as the "comments" column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

5.3.8 Linking Performance with Budgets

Sub- Programme Name	2012/13			2011/12		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Petroleum Licensing and Monitoring	34 529	35 312	(783)	33 367	33 252	115
Hydrocarbons Operations	13 510	12 422	1 088	9 256	9 244	12
Clean Energy	1 035 638	1 035 631	7	467 091	466 672	419
Public Entity Oversight	56 110	56 110	-	31 858	20 100	11 758
Total	1 139 787	1 139 475	312	541 572	529 268	12 304



5.4 Programme 4: Nuclear

5.4.1 Purpose

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

5.4.2 Sub-programmes:

The following table indicate the Subprogrammes identified for this Programme, in terms of the 2012/13 APP:

Subprogrammes	Component(s)
Nuclear Safety and Technology	Nuclear Safety, Liabilities and Emergency Management Nuclear Technology
Nuclear Non-Proliferation and Radiation Security	Nuclear Non-Proliferation Nuclear and Radiation Security
Nuclear Policy	Nuclear Safety and Technology Policy Nuclear Non-Proliferation and Radiation Security Policy
Transfers and Subsidies	Expenditure related to transfer payments and subsidies emanating from the Strategic Objectives

5.4.3 Strategic Objectives

The following Strategic Objectives (Output) have been identified for this Programme:

Strategic Objective	Objective Statement
Subprogramme: Nuclear Safety and Technology	
4.1 Nuclear Safety and Emergency Preparedness	To administer all matters related to nuclear safety and emergency planning through policy, legislation and regulation.
4.2 Nuclear Energy Expansion/ Infrastructure Development	To develop and ensure the implementation of a framework for nuclear energy expansion/infrastructure development.
Subprogramme: Nuclear Non-Proliferation and Radiation Security	
4.3 Nuclear Safeguards and Compliance	To ensure accounting and control of restricted material, source material, special nuclear material and nuclear related equipment by issuing authorisations within set timeframes
4.4 Nuclear Radiation Security	To administer all matters related to nuclear radiation security through policy legislation and regulation
4.5 Nuclear Policy	To develop, maintain and implement a statutory framework (policies, legislation, regulations and guidelines) for nuclear and nuclear related matters.
Transversal across all Subprogrammes	
4.6 Nuclear Communication and Stakeholder Engagement	No objective statement was made in the 2012/13 APP but should have been stated as "To demystify nuclear matters and create public awareness of Nuclear Energy."
Subprogramme: Transfers and Subsidies	
No specific Strategic Objectives are set for this Subprogramme as it is established to provide for expenditure related to transfer payments and subsidies emanating from the abovementioned Strategic Objectives.	



Background:

Emergency Preparedness

Following the June 2011 IAEA Inter-Ministerial Conference in Vienna on nuclear safety in response to the TEPCO's Fukushima Daiichi Nuclear Power Station accident, an IAEA Nuclear Safety Action Plan was drafted and presented to the General Conference for the Board of Governors for endorsement in September 2011. A follow up Fukushima Inter-ministerial Conference on nuclear safety in Japan, December 2012 encouraged Members States to draft their respective nuclear safety action plans in line with the IAEA one.

South Africa had since through the NNR drafted its nuclear safety action plan which amongst others include the conducting of an IAEA Emergency Preparedness Review (EPREV) mission. EPREV is mainly constituted of Emergency Planning and Steering Oversight Committees (EPSOC, both for Necsa and Koeberg). Further the Nuclear Energy Sub Working Group on Legal, Regulations and Safety (NESWG) functioning, under the auspices of the National Nuclear Energy Executive Coordination Committee (NNEECC), has adopted a resolution to approach the IAEA to conduct the EPREV mission. As South Africa is embarking on the expansion of its new nuclear build programme, the EPREV mission is useful to assess the current national capabilities for preparedness and response to nuclear and radiological accidents in South Africa, and to align the capabilities with the IAEA milestones for such expansion. The NESWG on Safety, Regulation Legislation is in the process of preparing for the conduct of an EPREV mission lead by the Department and facilitated by NNR.

The objectives for conducting the EPREV are to:

- ◆ benchmark the country's nuclear and radiological emergency preparedness and response arrangements with current international standards and best practices;
- ◆ identify gaps in the national infrastructure around nuclear and radiological emergency preparedness and response and prepare a plan with corrective actions to address deficiencies;
- ◆ progress one of the key activities in the National Safety Action plan;
- ◆ demonstrate the commitment of Government to adherence to nuclear and radiological emergency preparedness and response best practices; and
- ◆ raise the profile of the emergency planning in the country.

Through the Branch, the Department participates in national emergency activities through the National Disaster Management Forum (NDMF) of the Department of Cooperative Governance and Traditional Affairs (CoGTA), a case in place is participation in the Orange African Cup of Nations (AFCON) in February 2013.

International Agreements and Engagements

South Africa has bilateral Agreements with countries such as the United States of America, Russian Federation, South Korea, China, Argentina and Algeria on peaceful uses of nuclear energy.

During the year under review the Branch participated in the IAEA's 56th Annual General Conference and also at the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO) Steering Committee Meeting and Generation IV Forum Policy Group Meeting.



5.4.4 Performance Indicators, Planned Targets and Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Revised Target 2012/2013	Actual Achievement 2012/2013	Comments
Subprogramme: Nuclear Safety and Technology						
4.1 Nuclear Safety and Emergency Preparedness	No targets set.					
	4.2 Nuclear Energy Expansion/ Infrastructure Development	1. Nuclear Infrastructure reviews.	1. Nuclear Infrastructure Self-Evaluation completed.	1. Completion of IAEA external review of nuclear infrastructure. 3.2 Conduct an international review based on IAEA framework.	1 and 3. Completion of IAEA external review of nuclear infrastructure.	1 and 3. Partially Achieved: Draft report completed.
3. Nuclear Fuel Cycle Infrastructure developed for beneficiation of uranium to support new nuclear build priorities.		3. This project is not critical to the Nuclear Programme at this stage of the Nuclear Programme as it forms part of the Phased Decision-Making Approach.	3.1 Conduct feasibility studies.			3.1 This project is not critical to the Nuclear Programme at this stage as it forms part of the Phased Decision-Making Approach. The target is therefore rescheduled to 2013/14.
2. Approved Nuclear Procurement Programme relative to IRP.		2. Cabinet approved the Phased Decision-Making Approach and establishment of the NNEECC.	2. Obtain approval for procurement process specifications.	2. Nuclear Energy Technical Committee (NETC) submission for nuclear procurement process specifications completed by March 2013	2. Not Achieved	2. The procurement process for appointment of a service provider could not be finalised by year end as anticipated. The DoE is in process of conducting studies to inform the procurement framework. The target is therefore rescheduled to 2013/14.
4. Established National Radioactive Waste Disposal Institute (NRWDI).		4. Business plan and Budget approved for the NRWDI.	4. Implementation of Transitional Structure for NRWDI unfunded.	4. Operationalise the National Radioactive Waste Disposal Institute (NRWDI) by establishing the Board of Directors	4. Partially Achieved: Shortlisting of Nominated Candidates completed and Cabinet Memorandum drafted.	4. Detailed screening of candidates prolonged the shortlisting process. The target is therefore rescheduled to 2013/14.



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Revised Target 2012/2013	Actual Achievement 2012/2013	Comments
Subprogramme: Nuclear Non-Proliferation and Radiation Security						
4.3 Nuclear Safeguards and Compliance	1. Authorisations or denials for nuclear materials and related equipment issued.	1. 100 authorisations or denials for nuclear materials and related equipment issued within eight weeks.	1. 100 Authorisations or denials for nuclear materials and related equipment issued within 8 weeks.	1. 100% of Authorisation applications received for nuclear material and related equipment processed within 8 weeks.	1. Partially Achieved: 80% authorisations for nuclear materials and related equipment issued within 8 weeks.	1. In some authorisations Government to forward the Department is developing an electronic management tool to track delayed applications.
	2. Nuclear safeguards compliance inspections, audits and investigations conducted.	2. Four nuclear safeguards compliance inspections, audits and investigations conducted.	2. Nuclear safeguards compliance inspections, audits and investigations conducted.	2. Four (4) Nuclear Safeguards Compliance inspections and one (1) audit conducted.	2. Partially Achieved: 3 Nuclear safeguards inspections conducted.	2. Going forward the Department has instituted skills development interventions and will institute a detailed inspection and audit plan, and build sufficient capacity to ensure achievement of these targets.
	3. Participated in proceedings in terms of Non-proliferation Treaty, Nuclear Suppliers Group, Zanger Committee and Pelindaba Treaty.	3. Participated in four proceedings in terms of Non-Proliferation Treaty, Nuclear Suppliers Group, Zanger Committee and Pelindaba Treaty.	3. Participated in 4 proceedings in terms of Non-proliferation Treaty, Nuclear Suppliers Group, Zanger Committee and Pelindaba Treaty.	3. Target deleted.	3. N/A	3. Target deleted as it is operational and moved to the Business Plan.
4.4 Nuclear Radiation Security	1. Security measures at ports of entry standardised.	Consultation process with SARS, ACSA, and Transnet on-going. The visit by the supplier has been undertaken and measurements confirmed. The technical report for one of three ports has been approved by South Africa and the IAEA.	1. Standardisation of security measures at 25% of the remaining ports of entry.	Enhance Security Measures at Strategic Points	Achieved: Standard Operating Procedures developed.	N/A
	2. Radiation Portal Monitors at identified ports of entry installed.		2. Installation of Portal Radiation Monitors at main ports of entry.			



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Revised Target 2012/2013	Actual Achievement 2012/2013	Comments
4.5 Nuclear Policy	1.1 National Nuclear Regulator Act amended.	1. Target rescheduled due to its dependency on the procurement process.	1. Amendment proposals approved by Cabinet.	1.1 National Nuclear Regulator Act amendment proposals submitted to Cabinet.	1.1 Partially Achieved: NNR amendments drafted and consulted with Chief State Law Adviser and FOSAD cluster.	1.1 FOSAD Cluster comments on the NNR Act amendments being addressed. Target rescheduled to 2013/14.
	1.2 Nuclear Energy Act amended.			1.2 Amendment of the Nuclear Energy Act rescheduled to 2013/14.	1.2 N/A	1.2 Amendment of the Nuclear Energy Act rescheduled to 2013/14.
	2. Funding provisions legislated for radioactive waste management.	2. Radioactive Waste Management Fund Bill drafted.	2. Draft Fund Bill approved by Cabinet.	2. Draft Fund Bill for long term Radioactive Waste Management submitted to Minister of Energy.	2. Partially Achieved: Submission to Minister for draft Fund Bill for long term Radioactive Waste Management drafted.	2. Submission to Minister delayed due to detailed consultative process with all stakeholders. Target rescheduled to 2013/14.
	3. Safeguards function removed from nuclear operator to State System of Accounting and Control (SSAC) of nuclear materials.	3. Safeguards function performed by a nuclear operator.	3. Framework for withdrawal of the Safeguards function from a licensed operator completed.	3. Framework for withdrawal of the Safeguards function from a licensed operator completed.	3. Partially Achieved: Framework for withdrawal of the Safeguards function from a licensed operator drafted.	3. Draft framework to include the Integrated Nuclear Infrastructure Review (NIR) inputs. See item (4.2 (1.)) above. Target rescheduled to 2013/14.
Transversal across all Subprogrammes						
4.6 Nuclear Communication and Stakeholder Engagement	Number of community outreach events per annum.	One community event was conducted.	3 community outreach events.	Three (3) Nuclear community outreach events in this financial year. Including a media campaign.	Achieved: 2 community outreach events and a media campaign conducted. In addition the Africa Nuclear Conference which took place on 18 March 2013 and the media coverage received constituted an additional media campaign.	N/A



5.4.5 Reasons for Deviations

See the introductory paragraph to Section B.5, as well as the “comments” column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

5.4.6 Strategy to Overcome Areas of Under Performance

The branch is to be capacitated to overcome under performance. Approval was granted for recruiting 7 critical positions (3 Specialists, 2 Chief Directors, 1 Deputy Director and 1 Inspector).

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Subprogramme: Nuclear Safety and Technology		
4.2 (1.) Completion of IAEA external review of nuclear infrastructure.	Draft report completed.	Submission of the final report to the Executive is constrained as the IAEA will only be done with the final report by May 2013. The target is therefore rescheduled to 2013/14.
4.2 (3.2) Conduct an international review based on IAEA framework.		
4.2 (3.1) Conduct feasibility studies.		3.1 This project is not critical to the Nuclear Programme at this stage as it forms part of the Phased Decision-Making Approach. The target is therefore rescheduled to 2013/14.
4.2 (2.) Nuclear Energy Technical Committee (NETC) submission for nuclear procurement process specifications completed by March 2013.	The procurement process for appointment of a service provider could not be finalised by year end as anticipated.	The DoE is in process of conducting studies to inform the procurement framework. The target is therefore rescheduled to 2013/14.
4.2 (4.) Operationalise the National Radioactive Waste Disposal Institute (NRWDI) by establishing the Board of Directors	Shortlisting of Nominated Candidates completed and Cabinet Memorandum drafted.	Detailed screening of candidates prolonged the shortlisting process. The target is therefore rescheduled to 2013/14.
Subprogramme: Nuclear Non-Proliferation and Radiation Security		
4.3 (1.) 100% of Authorisation applications received for nuclear material and related equipment processed within 8 weeks.	In some authorisations Government to Government assurances led to the delays. 80% authorisations for nuclear materials and related equipment issued within 8 weeks.	Going forward the Department is developing an electronic management tool to track delayed applications.
4.3 (2.) Four (4) Nuclear Safeguards Compliance inspections and one (1) audit conducted.	3 Nuclear safeguards inspections conducted.	Going forward the Department has instituted skills development interventions and will institute a detailed inspection and audit plan, and build sufficient capacity to ensure achievement of these targets.
4.5 (1.) National Nuclear Regulator Act amendment proposals submitted to Cabinet.	NMR amendments drafted and consulted with Chief State Law Adviser and FOSAD cluster.	FOSAD Cluster comments on the NNR Act amendments being addressed. Target rescheduled to 2013/14.



Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
4.5 (1.2) Amendment of the Nuclear Energy Act.	Amendment of the Nuclear Energy Act rescheduled to 2013/14.	Amendment of the Nuclear Energy Act rescheduled to 2013/14.
4.5 (2.) Draft Fund Bill for long term Radioactive Waste Management submitted to Minister of Energy.	Submission to Minister for draft Fund Bill for long term Radioactive Waste Management drafted. Submission to Minister delayed due to detailed consultative process with all stakeholders.	Target rescheduled to 2013/14.
4.5 (3.) Framework for withdrawal of the Safeguards function from a licensed operator completed.	Framework for withdrawal of the Safeguards function from a licensed operator drafted.	Draft framework to include the Integrated Nuclear Infrastructure Review (NIR) inputs. See item (4.2 (1.)) above. Target rescheduled to 2013/14.

5.4.7 Changes to Planned Targets

Explanatory notes are provided in paragraph B.5.1.3 as well as the column "Deviation from Planned Target for 2012/2013" in the table above in terms of the changes to Planned Targets emanating from the amendments to the original Targets set in the 2012/13 APP.

5.4.8 Linking Performance with Budgets

Sub-Programme Name	2012/13		2011/12		(Over)/Under Expenditure R'000
	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	
Nuclear Safety and Regulation	33 108	28 396	21 391	16 522	4 869
Nuclear Non-proliferation and Radiation Security	3 284	3 846	556	519	37
Public Entity Oversight	610 491	610 491	621 464	621 464	-
Total	646 883	642 733	643 411	638 505	4 906



5.5. Programme 5: Clean Energy

5.5.1 Purpose

The Purpose of the Programme is to manage and facilitate the development and implementation of clean and renewable energy as well as energy efficiency and demand side management initiatives.

5.5.2 Sub-programmes:

The following table indicate the Subprogrammes identified for this Programme, in terms of the 2012/13 APP:

Subprogrammes	Component(s)
Energy Efficiency	Energy Efficiency Interventions Energy Efficiency Coordination/Interface
Renewable Energy	Renewable Energy Interventions Renewable Energy Coordination/Interface
Climate Change and Energy Environmental Compliance	Climate Change Energy Environmental Compliance Designated National Authority
Transfers and Subsidies	Expenditure related to transfer payments and subsidies emanating from the Strategic Objectives



5.5.3 Strategic Objectives

The following Strategic Objectives (Output) have been identified for this Programme:

Strategic Objective	Objective Statement
Subprogramme: Energy Efficiency	
5.1 Energy Efficiency and Demand side Management Policy and Strategies	To promote and facilitate energy efficiency and demand management through the development, promulgation and maintenance of a statutory framework (policies, legislation, regulations and guidelines); and the development, initiation, coordination, monitoring, reporting on progress and impact of energy efficiency and demand management strategies.
5.2 Energy Efficiency Interventions	To develop, initiate, coordinate and monitor the implementation of energy efficiency and demand management interventions.
5.3 Medium-Term Risk Mitigation Plan (MTRMP) – Demand Side Options	To deal with the demand side options to mitigate the anticipated electricity supply shortfall in the immediate medium term as an integral part of IRP 2010.
Subprogramme: Renewable Energy	
5.4 Renewable Energy Policy and Strategies	To promote and facilitate the deployment of renewable energy sources through the development, promulgation and maintenance of a statutory framework (policies, legislation, regulations and guidelines); the development, initiation, coordination, monitoring, reporting on progress and impact of renewable energy strategies.
5.5 Renewable Energy Interventions	To develop, initiate, coordinate and monitor the implementation of renewable energy interventions.
5.6 Medium-Term Risk Mitigation Plan (MTRMP) – Supply Side Options	To deal with the supply side renewable energy options to mitigate the anticipated electricity supply shortfall in the immediate medium term as an integral part of IRP 2010.
Subprogramme: Climate Change and Energy Environmental Compliance	
5.7 Climate Change	To deal with the Energy Sector's climate change response measures.
5.8 Green/Low Carbon Economy	To promote and facilitate the initiatives relating to a green/low carbon economy through the development, promulgation and maintenance of a statutory framework (policies, legislation, regulations and guidelines); and the development, initiation, coordination, monitoring, reporting on progress and impact of strategies.
5.9 Environmental Compliance	To deal with the Energy Sector's Environmental Management Plan and Compliance Reports.
5.10 Clean Development Mechanism Interventions	To contribute towards a reduction in greenhouse gas emissions through the development, initiation, coordination and monitoring of Clean Development Mechanism interventions.
5.11 Designated National Authority	To approve and monitor the execution of CDM projects in terms of the Kyoto Protocol.
5.12 UNFCCC Participation	To represent the South African Energy Sector at UNFCCC events, monitor and report on the implementation of UNFCCC decisions and report on the outcomes of the UNFCCC meetings.
Subprogramme: Transfers and Subsidies	
No specific Strategic Objectives are set for this Subprogramme as it is established to provide for expenditure related to transfer payments and subsidies emanating from the abovementioned Strategic Objectives.	

Background:

Below are the tables indicating our performance against set objectives, output and outcomes. Performance targets have been designed to indicate the output in relation to the various activities under the respective sub-programmes for:- energy efficiency, renewable energy, climate change and environmental compliance.

Where certain targets have not been met, an explanation is given regarding either the corrective measure or the underlying problem that prevented the target from being reached.



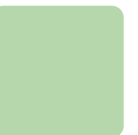
5.5.4 Performance Indicators, Planned Targets and Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
5.1 Energy Efficiency and Demand Management Policy and Strategies	<p>Subprogramme: Energy Efficiency</p> <p>1. Savings verification mechanism established.</p> <p>2. Quantity of Energy Efficiency and Demand-Side Management (EEDSM) savings realised.</p> <p>3. Energy efficiency incentive scheme established and implemented.</p> <p>4.1 Energy management plans.</p> <p>4.2 Energy Efficiency Standards and regulations.</p>	1. Information required for verification not finalised.	1. Energy savings monitored and reported on.	5.1-5.3 Strategies and plans for various energy efficiency interventions.	1. Achieved: EEDSM Annual Performance report for municipalities for 2011/12 financial year was completed, approved and submitted to NT. The savings of just over 39 MW were confirmed through the received M&V reports from the Municipalities. Eskom EEDSM: 2,251 TWh annual savings confirmed by Eskom.	1. N/A
		2. About 1.471 TWh has been achieved beyond the 1 TWh.	2. 5 TWh - combined savings verified from EEDSM projects, including municipal and Eskom contributions		2. Partially Achieved: Municipal EEDSM: The Municipal EEDSM savings of just over 39 MW were confirmed through the received M&V reports from the Municipalities. Eskom EEDSM: 2,251 TWh annual savings confirmed by Eskom.	2. The municipal EEDSM savings report is reported a year later. That is, 2011/12 financial year was approved in 2012 due to fact that end of municipal financial ends in June and municipalities submit two months after that. The savings for 2012/2013 financial year is still outstanding since municipal financial year is still yet to end in June 2013.
		3. The Standards for Energy Management (SANS 50010) and Measurement and Verification (M&V) (SANS 50001) were finalised and gazetted.	3. Energy efficiency incentive scheme implemented.		3. Partially Achieved: The Regulations for introducing EE Incentives Scheme (i.e. allowance on Energy Efficiency Savings) were completed in October 2012.	3. Incentive Scheme for allowance on Energy Efficiency Savings is to be promulgated by the Minister of Finance in terms of the Income Tax Act and the Tax Laws Amendment Act promulgated on 2 February 2013.
		4.1 Reviewed National Energy Strategy promulgated).	4.1 Facilitate the development of energy management plans by stakeholders.		4.1 Partially Achieved: Draft Regulations for introducing Energy Management were completed and consulted upon with the Directorate Legal Services in the Department and the comments were consolidated.	4.1 Consultation with private sector was held through the Energy Efficiency Leadership Network to facilitate the development of energy management plans and the plans are still work in progress.
		4.2 Energy Efficiency Tax Incentive Scheme promulgated.	4.2 Implement and review the SWH Standard Offer Policy and Plans		4.2 Not Achieved.	4.2 Standard Offer could be in place but could not be implemented until the MYPD3 was in place.



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
5.1 Energy Efficiency and Demand Management Policy and Strategies (continued)	4.3 Energy efficiency strategy.	4.3 SWH Standard Offer Policy and implementation plan approved.	4.3.1 Expand the scope of the Standard Offer Policy to include other energy efficiency measures.	5.1-5.3 Strategies and plans for various energy efficiency interventions (continued).	4.3.1 Partially Achieved: Standard Offer policy for Solar Water Heaters in place. Second review of National Energy Efficiency Strategy was approved by Cabinet for public consultation in October 2012. The draft National Energy Efficiency Action Plan (NEEAP) was completed and consultation in progress.	4.3.1 Standard Offer could not be implemented until the MYPD3 was in place. Public Comments on the National Energy Efficiency Strategy were completed in March 2013. Consolidation of comments completed in March 2013.
			4.3.2 Facilitate the development and implementation of energy efficiency standards, regulations and code of practice.		4.3.2 Not Achieved.	4.3.2 Standards and Appliance Labelling programme dependent on UNDP processes.
5.2 and 5.3 Energy Efficiency Interventions; and Medium-Term Risk Mitigation Plan (MTRMP) – Demand Side Options	1. Energy efficiency and Demand-Side Management projects implemented. 2. 1 Million Solar water heating units installed in residential and commercial sectors by 2014/15.	1. Monitor and report on project implementation.	1. Monitor and report on project implementation		1. Achieved: Monitoring of projects on Energy Efficiency and Demand Side Management Programmes of Eskom and Municipalities was done and reported.	1. N/A
		2. 250 041 solar water heating units installed.	2. Total of 500 027 solar water heating units installed.		2. Partially Achieved: 353 188 SWH units were installed.	2. The revised target is based on the revision of the 2012/13 APP. The revision was based on the implementation of the SWH New Contracting Model which includes the SWH designation based on Local Content to comply with the Green Economy Accord and Local Procurement Accord.
	3. Energy efficiency and Demand-Side Management (EEDSM) Campaign.	3. Energy Efficiency Campaign Strategy was developed and launched at COP 17 in December 2011.	3.1 Evaluate and assess the impact of the 2011/12 EEDSM Campaign. 3.2 Develop and implement an annual EEDSM campaign.		3.1 Not Achieved. 3.2 Not Achieved.	3.1 No budget was allocated for EE Campaign Strategy. Agreement reached with NEDLAC stakeholders for support. 3.2 No budget was allocated for EE Campaign Strategy. EEDSM engagement with business/private sector through the Energy Efficiency Leadership Network was intensified.



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
5.2 and 5.3 Energy Efficiency Interventions; and Medium-Term Risk Mitigation Plan (MTRMP) – Demand Side Options (continued)	4. EEDSM monitoring and evaluation tools and report.	4.1 EEDSM monitoring protocols and M&V scope developed and workshopped with stakeholders.	4.1 Implement and ensure effective monitoring system.	5.1-5.3 Strategies and plans for various energy efficiency interventions (continued).	4.1 Achieved: EEDSM monitoring tool was developed and implemented. Real time field update testing was demonstrated in Noopoort in December 2012.	N/A
		4.2 Analyse and report on saving achieved.	4.2 Analyse and report on saving achieved.		4.2 Target repeated - refer to 5.1 (1. and 2.)	N/A
		4.3 Implement and ensure effective data management system.	4.3 Implement and ensure effective data management system.		4.3 Target repeated - refer to 5.2 and 5.3 (2.) - Interactive map was based on 45 543 installed and verified units. SWH Data Acquisition from Eskom; Data Normalising and Manipulation; Interactive Map setup and Testing; ArcGIS mobile setup and configuration and testing done/completed.	N/A
Subprogramme: Renewable Energy						
5.4 Renewable Energy (RE) Policy and Strategies	Completed RE White Paper Review.	No targets set.	1. Completed economic and energy modelling. 2. Cabinet Approval of the Draft. 3. Stakeholder Consultation.	1-3. Develop policy and amendments to regulatory framework (Petroleum Products Act, Gas Act, Electricity Regulation Act, National Energy Regulator Act) to improve governance and operational efficiencies of regulated entities.	1-3. Not Achieved.	1-3. The process is being aligned with the IEP programme and the National Climate Change Response Policy. Targets therefore rescheduled to 2013/14.
	5.5 and 5.6 Renewable Energy Interventions; and Medium-Term Risk Mitigation Plan (MTRMP) – Supply Side Options	1.1 0.5% (1.1 bn. litres) of total liquid fuels demand met by bio fuels. 1.2.1 Establish Bio ethanol blending value. 1.2.2 Establish Bio fuel break-even price. 1.3 Publish bio fuel manufacturing Support mechanism.	Pilot project.	1.1 Establish Bio ethanol blending value. 1.2 Establish Bio fuel break-even price. 1.3 Publish bio fuel manufacturing Support mechanism.	1. Achieved: Working for Energy MoU executed with SANEDI and annual workplan developed and funding allocation transferred.	1. N/A



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
5.5 and 5.6 Renewable Energy Interventions; and Medium-Term Risk Mitigation Plan (MTRMP) – Supply Side Options (continued)	2. Complete Feasibility Study for the Solar park initiative	2. Tender evaluation completed, contracts not awarded.	2. Conduct the 3 studies.	2. Developed strategy and plan for the development of the Solar Park concept.	2. Partially Achieved: An MoU was signed for an alternative site with Siyathamba Municipality. EIA for transmission lines, distribution and substations support to the Solar Park (Upington site) by Eskom has been submitted to DEA and is awaiting Record of Decision. The tenders for the all technical studies (feasibility, EIA and Geotechnical) for the Prieska site were concluded and awarded.	2. Feasibility study could not be completed due to delays in resolving land access agreement at Upington site. The Feasibility Study looks at the whole 5000 MW. The Umbrella MoU for the Solar Park between the DoE, CEF, Northern Cape Provincial Government was completed and signed in March 2013 including the Land Access Agreement for the Upington site. Geotechnical Study and EIA study were started in February 2013.
	3. Proper RE Electronic Data Capturing, Analysis and Reporting System.	3.1 Excel Spreadsheet for Solar Water Heating. 3.2 Integrated Reporting Map for both fiscal and Rebate programmes.	3.1 Develop a proper data capturing, analysis and reporting system. 3.2 Develop a template for the RE Annual Report.	3.1 Develop a proper data capturing, analysis and reporting system. 3.2 Develop a template for the RE Annual Report.	Target repeated – refer to 5.2 and 5.3 (4.3).	N/A
	4. Manage stakeholder relations, handle enquiries, and create awareness on RE.	4. Awareness campaigns and presentations to key stakeholders – WOESA, SASA, Municipalities.	4.1 Wind Energy Awareness Campaign. 4.2 Develop Awareness materials for other technologies.	4.1 Wind Energy Awareness Campaign. 4.2 Develop Awareness materials for other technologies.	4.1 Achieved: Wind Energy Campaign articles were published nationally in Drum, You and Huisgenoot Magazines in February 2013 including Circulation of all materials to Government Departments. A Powered by Wind Website is also operational. In addition, regarding the Renewable Energy Campaign, smart tagging was increased to the promotional material to increase the reach of the campaign to a wider audience 4.2 Achieved: CDM promotional material for clean Energy, Construction and Transport were developed.	4.1 N/A 4.2 N/A
			4.2 Develop Awareness materials for other technologies.	4.2 Develop Awareness materials for other technologies.		



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
5.5 and 5.6 Renewable Energy Interventions; and Medium-Term Risk Mitigation Plan (MTRMP) – Supply Side Options (continued)	5. Solar water heating units installed in residential and commercial sectors.	5. 250,041 solar water heating units installed.	5.1 Solar Water Heating implementation plan 5.2 5.2 500 027 solar water heating units installed.	Targets deleted as it is repeated – refer 5.2 and 5.3 (2.).	5. N/A	5. N/A
Subprogramme: Climate Change and Energy Environmental Compliance						
5.7 and 5.8 Climate Change; and Green/Low Carbon Economy	1. Contribute towards the reduction of GHG emissions (i.e. Copenhagen Target of 34% and 42% by 2020 and 2025 respectively). 2. Carbon Capture and Storage Regulatory Framework	1. Contribute towards the reduction of GHG emissions (i.e. Copenhagen Target of 34% and 42% by 2020 and 2025 respectively). 2. Internal Approval of CCS Regulatory Framework.	1. Contribute towards the reduction of GHG emissions (i.e. Copenhagen Target of 34% and 42% by 2020 and 2025 respectively). 2. Domestic and International consultation on regulatory framework	5.7 – 5.12 Clean development mechanism (CDM) applications processed in line with regulated lime frames and negotiation of UNFCCC position.	1 and 2. Achieved: The IRP, energy efficiency programme including incentive schemes for energy efficiency, and the off-grid electrification programme are in place to align with our GHG targets at the country level.	1 and 2. This is a country target that the Department of Environment is responsible for its measurement. DoE only contributes towards this target in the manner indicated.
5.9 Environmental Compliance	1. Approved energy sector's climate change status quo report.	1.1 Approved energy sector's climate change status quo report.	1.1 Develop and implement energy sector's climate change mitigation and adaptation strategies and plans. 1.2 Analyse and report risks associated with climate change response measures. 1.3 Measure and report on energy related-carbon emission reduction.	1. Partially Achieved: Inception report produced. The Department of Energy is leading the Energy sector on the National Mitigation Potential Analysis.	1.1 and 1.2 The final study to be completed end May 2013. Tshwane University of Technology to conduct energy and climate change study in the building sector. Energy and Climate Change mitigation and adaptation strategies and plans done as part of the National Climate Change Studies coordinated by the Department of Environmental Affairs. 1.3 DoE is not directly responsible for all aspects of attainment.	



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments	
5.9 Environmental Compliance (continued)	2. Approved annual environmental compliance reports.	2.1 2009/10 Environmental Compliance Report.	2.1 Develop and implement an Environmental Management Plan.	5.7 – 5.12 Clean development mechanism (CDM) applications processed in line with regulated time frames and negotiation of UNFCCC position (continued).	2.1 Partially Achieved: Annual 2011/12 EMP compliance report finalised, approved and submitted to the Department of Environmental Affairs.	2.1 There are delays on the drafting of the 3rd Edition EMP's for all Government Departments pending the finalisation of the NEMA Chapter 3 Amendment. However preliminary work would still be undertaken in the interim.	
		2.2 2010/11 Environmental Compliance Report.	2.2 Develop and implement an internal Department environmental policy.		2.2 Partially Achieved: Draft Environmental policy was developed and consulted upon internally.		2.2 Comments from both legal and HR/facilities management are being consolidated.
		2.3 Outcome 10 quarterly reports.	2.3 Compile and submit Annual Compliance and outcome 10 reports.		2.3 Achieved: All quarterly reports were approved and submitted to the Department of Environmental Affairs.		2.3 N/A
5.10 and 5.11 Clean Development Mechanism Interventions; and Designated National Authority	1. Approved CDM projects.	1. 101 projects (66 PINs and 35 PDDs) were submitted to DNA. Out of the 101 projects 68 projects were reviewed within the timeframe, 25 were late and eight pending.	1. 100% of all CDM application processed within the set timeframes (45 working days for PDD's and 30 working days for PIN's)		1. Achieved: 68 CDM project Proposals received by the DNA, including 64 PDD's and 4 PINs. 64 LoA for PDD's and 4 LoNO issued.	N/A	
		2. Five provincial (Gauteng, North-West, Western Cape, Limpopo, Kwazulu-Natal) and one sector (Carbon Finance).	2. CDM Awareness Campaign.		2. Partially Achieved: One workshop was held.		2. No adequate budget was allocated to conduct all the planned workshops. Sector workshop postponed and to be led by National Treasury.
		3. Waste sector booklet completed and printed. Construction and transport sector booklets completed but not printed.	3. Develop sector booklet.		3. Achieved: Clean Energy booklet; PoA material developed.		3. N/A



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Revised Target 2012/13	Actual Achievement 2012/13	Comments
5.10 and 5.11 Clean Development Mechanism Interventions; and Designated National Authority (continued)	4. Monitor the implementation of CDM projects.	4. No targets set.	4. Publish CDM status report.	5.7 – 5.12 Clean development mechanism (CDM) applications processed in line with regulated time frames and negotiation of UNFCCC position (continued).	4. Achieved: CDM Status report completed and approved. Three projects were inspected in 2012. That is, Bethlehem Hydro on the 23 November and The Catalytic Reduction of N ₂ O Emissions With a Secondary Catalyst inside the Ammonia Reactor of the No.9 and 11 Nitric Acid Plant at African Explosives Ltd ("AEL"), on the 3rd December 2012.	4. N/A
	5.12 UNFCCC Participation	1. Co-hosting COP 17 2. SA position paper on issues related to CDM. 3. Participate in UNFCCC events. 4. Implementation of UNFCCC decisions. 5. Reports on the outcomes of the UNFCCC meetings	1. Project plan proposal approved covering activities, logistics, roles and responsibilities and funding. 2. Updated position paper on CDM. 3. Participate in UNFCCC events. 4. Implementation of UNFCCC decisions. 5. Reports on the outcomes of the UNFCCC meetings.		1. Achieved: COP 18 UNFCCC negotiations. COP 18 outcome report completed and approved. 2. Achieved: Position paper updated. 3. Achieved: Participated in COP 18 UNFCCC negotiations. COP 18 outcome report completed and approved. 4. Achieved: Refer to 5.12 (1-3.) 5. Achieved: Report on the annual standing meeting held in Bonn and COP 18 approved.	1. N/A 2. N/A 3. DNA received an award for 2012 Communicators of the year for a category of developing countries with 10 registered projects and more. 4. N/A 5. N/A

5.5.5 Reasons for Deviations

See the introductory paragraph to Section B.5, as well as the "comments" column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.



5.5.6 Strategy to Overcome Areas of Under Performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
5.1 (2.) 5 TWh - combined savings verified from EEDSM projects, including municipal and Eskom contributions	The municipal EEDSM savings report is reported a year later. That is, 2011/12 financial year was approved in 2012 due to fact that end of municipal financial ends in June and municipalities submit two months after that. The savings for 2012/2013 financial year is still outstanding since municipal financial year is still yet to end in June 2013.	Target to be rephrased in 2013/14 APP.
5.1 (3.) Energy efficiency incentive scheme implemented.	The Regulations for introducing EE Incentives Scheme (i.e. allowance on Energy Efficiency Savings) were completed in October 2012.	Incentive Scheme for allowance on Energy Efficiency Savings is to be promulgated by the Minister of Finance in terms of the Income Tax Act and the Tax Laws Amendment Act promulgated on 2 February 2013.
5.1 (4.1) Facilitate the development of energy management plans by stakeholders.	Consultation with private sector was held through the Energy Efficiency Leadership Network to facilitate the development of energy management plans and the plans are still work in progress.	Target rescheduled to 2013/14.
5.1 (4.2) Implement and review the SWH Standard Offer Policy and Plans	Standard Offer is in place but could not be implemented until the MYPD3 was in place.	Standard Offer to be implemented after MYPD3 is in place.
5.1 (4.3.1) Expand the scope of the Standard Offer Policy to include other energy efficiency measures.	Second review of National Energy Efficiency Strategy was approved by Cabinet for public consultation in October 2012. The draft National Energy Efficiency Action Plan (NEEAP) was completed and consultation in progress.	Standard Offer could not be implemented until the MYPD3 was in place. Public Comments on the National Energy Efficiency Strategy were completed in March 2013. Consolidation of comments completed in March 2013.
5.1 (4.3.2) Facilitate the development and implementation of energy efficiency standards, regulations and code of practice.	Standards and Appliance Labelling programme dependent on UNDP processes.	Target rescheduled to 2013/14.
5.2 and 5.3 (2.) Total of 500 027 solar water heating units installed.	353 188 SWH units were installed.	The revision was based on the implementation of the SWH New Contracting Model which includes the SWH designation based on Local Content to comply with the Green Economy Accord and Local Procurement Accord. Target rescheduled to 2013/14.
5.2 and 5.3 (3.1) Evaluate and assess the impact of the 2011/12 EEDSM Campaign.	No budget was allocated for EE Campaign Strategy.	Agreement reached with NEDLAC stakeholders for support.
5.2 and 5.3 (3.2) Develop and implement an annual EEDSM campaign.	No budget was allocated for EE Campaign Strategy.	EEDSM engagement with business/private sector through the Energy Efficiency Leadership Network was intensified.
Subprogramme: Renewable Energy		
5.4 (1.) Completed economic and energy modelling.	The process is being aligned with the IEP programme and the National Climate Change Response Policy.	Targets rescheduled to 2013/14.
5.4 (2.) Cabinet Approval of the Draft.		
5.4 (3.) Stakeholder Consultation.		
5.5 and 5.6 (2.) Developed strategy and plan for the development of the Solar Park concept.	An MoU was signed for an alternative site with Siyathamba Municipality. EIA for transmission lines, distribution and substations support to the Solar Park (Upington site) by Eskom has been submitted to DEA and is awaiting Record of Decision. The tenders for the all technical studies (feasibility, EIA and Geotechnical) for the Prieska site were concluded and awarded.	Feasibility study could not be completed due to delays in resolving land access agreement at Upington site. The Feasibility Study looks at the whole 5000 MW. The Umbrella MoU for the Solar Park between the DoE, CEF, Northern Cape Provincial Government was completed and signed in March 2013 including the Land Access Agreement for the Upington site. Geotechnical Study and EIA study were started in February 2013.



Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Subprogramme: Climate Change and Energy Environmental Compliance	Extent of Underperformance	
5.9.1.1 Develop and implement energy sector's climate change mitigation and adaptation strategies and plans.	Inception report produced. The Department of Energy is leading the Energy sector on the National Mitigation Potential Analysis.	The final study to be completed end May 2013. Tshwane University of Technology to conduct energy and climate change study in the building sector. Energy and Climate Change mitigation and adaptation strategies and plans done as part of the National Climate Change Studies coordinated by the Department of Environmental Affairs.
5.9.1.2 Analyse and report risks associated with climate change response measures.		DoE is not directly responsible for all aspects of attainment.
5.9.1.3 Measure and report on energy related-carbon emission reduction.		
5.9 (2.1) Develop and implement an Environmental Management Plan.	Annual 2011/12 EMP compliance report finalised, approved and submitted to the Department of Environmental Affairs.	There are delays on the drafting of the 3rd Edition EMP's for all Government Departments pending the finalisation of the NEMA Chapter 3 Amendment. However preliminary work would still be undertaken in the interim.
5.9 (2.2) Develop and implement an internal Department environmental policy.	Draft Environmental policy was developed and consulted upon internally.	Comments from both legal and HR/facilities management are being consolidated.
5.10 and 5.11 (2.) CDM Awareness Campaign.	One workshop was held.	Inadequate budget was allocated to conduct all the planned workshops. Sector workshop postponed and to be led by National Treasury.

5.5.7 Changes to Planned Targets

Explanatory notes are provided in the introductory paragraph to Section B.5, as well as the "comments" column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

5.5.8 Linking Performance with Budgets

Sub-Programme Name	2012/13		2011/12		(Over)/Under Expenditure R'000
	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	
Clean Energy	1 035 638	1 035 631	467 091	466 672	419
Total	1 035 638	1 035 631	467 091	466 672	419



5.6 Programme 6: Energy Programmes and Projects

5.6.1 Purpose

The Purpose of the Programme is to manage, coordinate, monitor and report on energy related programmes and projects.

5.6.2 Sub-programmes:

The following table indicate the Subprogrammes identified for this Programme, in terms of the 2012/13 APP:

Subprogrammes	Component(s)
Access to Energy	Access to Energy Programmes and Projects
Community Upliftment	Community Upliftment Programmes and Projects
Infrastructure/Industry	Infrastructure/Industry Development Programmes and Projects
Regional Programmes and Projects	Regional Directorates
Project Management	Project Management Unit
Transfers and Subsidies	Expenditure related to transfer payments and subsidies emanating from the Strategic Objectives

5.6.3 Strategic Objectives

The following Strategic Objectives (Output) have been identified for this Programme:

Strategic Objective	Objective Statement
Subprogramme: Access to Energy	
6.1 Universal Access to Energy	To manage, coordinate, monitor and report on programmes and projects to promote/enhance universal access to energy.
Subprogramme: Community Upliftment	
6.2 Community Upliftment	To identify, implement, manage and coordinate programmes/projects aimed at poverty alleviation, rural development, mainstreaming, and/upliftment/ empowerment of disadvantaged/vulnerable groups and communities; and to promote public awareness on energy issues.
Subprogramme: Infrastructure/Industry	
6.3 Infrastructure/Industry Development	To plan, coordinate, monitor, administer and report on the implementation of programmes and projects focused on the development/improvement/ transformation of the energy generation/ refinement, transmission and distribution industry and infrastructure.
Subprogramme: Regional Programmes and Projects	
6.4 Regional Programmes and Projects	To assist with obtaining information relevant to the identification, planning and implementation of projects, do physical inspections on the execution of projects and liaise between beneficiaries/potential beneficiaries of projects, service providers and the Department.
Subprogramme: Project Management	
6.5 Project Management	To provide specialised assistance to the programme/project managers and management in general to apply project management principles, coordinate project information and report on projects.
Subprogramme: Transfers and Subsidies	
No specific Strategic Objectives are set for this Subprogramme as it is established to provide for expenditure related to transfer payments and subsidies emanating from the abovementioned Strategic Objectives.	



Background:

The Programme and Project Branch has the responsibility to manage, coordinate and monitor programmes and projects focused on access to energy. Included in the Branch are the following sub-directorates: Integrated National Electrification Programme (INEP), Project Management office, Regional offices, Special Outreach Programmes and Energy Infrastructure/Industry Transformation. Various energy access and awareness programmes and projects are managed and monitored by the Branch. These include universal access to energy through grid and non-grid electricity technologies, the Integrated Energy Centres (initiative where petroleum products are made accessible to rural communities). The rollout and monitoring of the solar water heater programme, the upgrading of the distribution network pilot programme under the ADAM programme, the co-ordination of the Presidential Infrastructure Co-ordination Committee (PICC) and SIPs programmes on behalf of Department, and the monitoring of the construction and operations of the renewable Independent Power producers (IPPs).

Mens Forum

On the 25th of November 2011, the branch hosted the Department's Energy Sector Men's day to launch the Energy Sector Men's Forum. One hundred and ten distinguished men from the Department and SOE's gathered to act on a shared passion for men's issues. The event gave men the opportunity to declare how each attendee can contribute to this important initiative.

The purpose of the event was to celebrate the contributions that men make to improve the quality of life in the society and looks at addressing issues such as parenting, positive male role models, families and healthy life choices for men.

The 2011 Theme was boys with the title, "Giving Boys the Best Possible Start in Life". This theme called upon people around the world to focus on five key challenges that boys all over the world experience in areas of health, education, family life, violence and life choices and to consider local solutions to the global problems that boys face.

Subsequent to the launch of the Energy Sector Men's Forum, meetings were held with representatives from the energy stakeholders and it was agreed that the forum should develop a charter that will inform programme of action.

In light of the finalisation of the Energy Sector Men's Forum Charter, the Charter for the Men's Forum in the Energy Sector was launched on 02 November 2012 with CEO's of Energy stakeholders were in attendance and confirmed their support of the Charter.



“celebrate the contributions that men make to improve the quality of life in the society”



5.6.4 Performance Indicators, Planned Targets and Actual Achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Revised Target 2012/2013	Actual Achievement 2012/2013	Comments
Subprogramme: Access to Energy						
6.1 Universal Access to Energy	1. 92 % households electrified (150 000 connections annually with an additional 10 000 off grid).	1. 141 390 households connected to the grid and 10 000 non-grid connections were made.	1. 86 % households electrified (150 000 connections annually with an additional 10 000 off grid).	1. 86% of formal backlog households (2.5 m figure when INEP established in 2001) electrified: - 170 000 connections annually; - with an additional 10 000 off grid connections).	1. Partially Achieved: A total number of 175 473 connections were made: - Grid connections – 166 130 of which: - Municipal connections - 47 204; - Eskom connections – 118 926; and - Non-Grid connections - 9 343.	1. Implementation of grid connections in some municipalities started late due to municipal financial year being July to June. Municipalities therefore generally set their targets to be achieved by June. Delays experienced with conclusion of contracts with service providers for non-grid connections. A request for rollover of funds has been submitted in order to address the shortfall in 2013/14.
Subprogramme: Community Upliftment						
6.2 Community Upliftment	2. Number of Integrated Energy Centres (IEC's) established by involving more oil companies.	2. Sod-Turning Ceremony of the QwaQwa IEC conducted. The DoE met with all the partners in a bid to expedite the establishment of IEC's.	2. 2 additional IEC's operationalised.	2. Two Integrated Energy Centres (IEC's) established and operational.	Achieved: 2 IEC's were successfully established namely, Mbizana in the Eastern Cape and Ulundi in KwaZulu-Natal	N/A
Subprogramme: Community Upliftment						
6.2 Community Upliftment	1. Identify, implement, manage and coordinate programmes/projects aimed at poverty alleviation interventions and rural development through support to entrepreneurs, small businesses and/ or co-operatives as well as ensuring optimum exploitation of opportunities for the application of the working for energy concept.	1. A total of 2 361 jobs have been created - - 259 jobs by the fiscus funded EEDSM Programme for both Eskom and municipalities (socio economic assessment of the EEDSM Programme still needs to be conducted); and - Eskom reported that 24 suppliers created 640 jobs (persons employed) and 70 distributors created 1 462 jobs.	1. Monitoring of job creation per project and compilation of related energy sector statistics.	1. 10 000 Jobs created in Energy Sector.	1. Not Achieved	1. The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012. This target will be implemented, monitored and reported on in the 2013/14 financial year.



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Revised Target 2012/2013	Actual Achievement 2012/2013	Comments
6.2 Community Upliftment (continued)	2. Identify, implement, manage and coordinate programmes/projects aimed at the mainstreaming/ upliftment/ empowerment of disadvantaged/ vulnerable groups and rural areas and skills development and empowerment of the vulnerable groups (i.e. women, disabled, youth, children, the poor, etc.).	2. No targets set.	2. Programmes/projects aimed at the mainstreaming/ upliftment/empowerment of disadvantaged/ vulnerable groups (i.e. women, disabled, youth, children, the poor, etc.) executed.	2. Monitoring of the mainstreaming/upliftment/ empowerment of disadvantaged/vulnerable groups and rural areas and skills development and empowerment of the vulnerable groups per project and compilation of related energy sector statistics.	2. Not Achieved	2. The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012. This target will be implemented, monitored and reported on in the 2013/14 financial year.
	3. Identify, implement, manage and coordinate programmes/projects to increase public awareness on energy issues such as energy efficiency, safety issues pertaining to the transportation and/or use of energy.	3. No targets set.	3. No targets set.	3. Identify, implement, manage and coordinate five Energy Awareness Campaigns.	3. Achieved: 5 Energy Awareness campaigns held: - Manguang Learners Focus Week informed 250 learners on career opportunities in energy; - Eastern Cape Road-show informed 100 women on business opportunities in energy; and - Manguang Youth Career Expo informed young people on the DoE, and career/ business opportunities in energy; - Side Event at the CSW in New York informed women and youth on career/ business opportunities in energy; and - Take-a-girl-child-to-work initiative informed young girls on the DoE an the importance of taking Science, Technology, Engineering and Mathematics (STEM) subjects.	3. N/A
	3. Identify, implement, manage and coordinate programmes/projects to increase public awareness on energy issues such as energy efficiency, safety issues pertaining to the transportation and/or use of energy (continued).					



PART B PERFORMANCE INFORMATION

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Revised Target 2012/2013	Actual Achievement 2012/2013	Comments
Subprogramme: Infrastructure/Industry Development						
Infrastructure/Industry Development						
Subprogramme: Regional Programmes and Projects						
6.4 Regional Programmes and Projects	1. Obtain information relevant to planning, do physical inspections on the execution of Access to Energy projects and liaise between beneficiaries of projects, service providers and the Department.	1. No targets set.	1. Obtain information relevant to planning, do physical inspections on the execution of Access to Energy projects and liaise between beneficiaries of projects, service providers and the Department.	1-3. Obtain information relevant to planning, do physical inspections on the execution of Access to Energy projects as well as the implementation of Community Upliftment projects and liaise between beneficiaries of projects, service providers and the Department.	1-3. Not Achieved	1-3. The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012. This target will be implemented, monitored and reported on in the 2013/14 financial year.
	2. Obtain information relevant to the identification, planning and implementation of Community Upliftment projects and, do physical inspections on the execution of projects and liaise between beneficiaries of projects, service providers and the Department.	2. Obtain information relevant to the identification, planning and implementation of Community Upliftment projects and, do physical inspections on the execution of projects and liaise between beneficiaries of projects, service providers and the Department.	2. Obtain information relevant to the identification, planning and implementation of Community Upliftment projects and, do physical inspections on the execution of projects and liaise between beneficiaries of projects, service providers and the Department.			
	3. Liaise between beneficiaries/potential beneficiaries of Community Upliftment projects, service providers and the Department.	3. Liaise between beneficiaries/potential beneficiaries of Community Upliftment projects, service providers and the Department.	3. Liaise between beneficiaries/potential beneficiaries of Community Upliftment projects, service providers and the Department.			
Subprogramme: Project Management						
6.5 Project Management	1. Provide specialised assistance to the programme/project managers and management in general to apply project management principles such as scheduling, prioritising, risk assessment and management, etc.	1. Provide specialised assistance to the programme/project managers and management in general to apply project management principles such as scheduling, prioritising, risk assessment and management, etc.	1. Provide specialised assistance to the programme/project managers and management in general to apply project management principles such as scheduling, prioritising, risk assessment and management, etc.	1. Provide specialised assistance to the programme/project managers and management in general to apply project management principles, coordinating project information and report on projects in an unbiased manner within the DOE.	1. Not Achieved	1. The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012. This target will be implemented, monitored and reported on in the 2013/14 financial year.



Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/2013	Revised Target 2012/2013	Actual Achievement 2012/2013	Comments
6.5 Project Management (continued)	2. Coordinate project information and report on projects in an unbiased manner, highlighting backlogs and/or non-performance.	2. Coordinate project information and report on projects in an unbiased manner, highlighting backlogs and/or non-performance.	2. Coordinate project information and report on projects in an unbiased manner, highlighting backlogs and/or non-performance	2. Monthly project dashboards available to EXCO, MANCO and PICC secretariat	2. Not Achieved	2. The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012. This target will be implemented, monitored and reported on in the 2013/14 financial year.

5.6.5 Reasons for Deviations

See the introductory paragraph to Section B.5, as well as the “comments” column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.

Grid connections - 166 130 connection were achieved against a target of 170 000. This is due to municipalities that started the implementation of electrification projects at the beginning of their financial year which is July. Municipalities generally set their targets to be achieved by end of their financial year, which is June. With the Non-Grid Programme, only 9 343 connections were realised with a shortfall of 657 due to delays in the conclusion of contacts with service providers.

5.6.6 Strategy to Overcome Areas of Under Performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Subprogramme: Access to Energy		
6.1 (1) 86% of formal backlog households (2,5 m figure when INEP established in 2001) electrified: - 170 000 connections annually; - with an additional 10 000 off grid connections).	Implementation of grid connections in some municipalities started late due to municipal financial year being July-June. Municipalities therefore generally set their targets to be achieved by June. Delays experienced with conclusion of contracts with service providers for non-grid connections.	For Grid Programme, most of the connections were reported at the end of the municipal financial year end, which is June. The misalignment of financial years between the National and Local Government has resulted in under-performance of the grid programme. For Non-Grid Programme, a request for roll-over of funds to 2013/14 has been submitted to National Treasury and if approved, the shortfall will be addressed in 2013/14.
Subprogramme: Community Upliftment		
6.2 (1) 10 000 Jobs created in Energy Sector.	The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012.	This target will be implemented, monitored and reported on in the 2013/14 financial year.



Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
6.2 (2.) Monitoring of the mainstreaming/upliftment/empowerment of disadvantaged/vulnerable groups and rural areas and skills development and empowerment of the vulnerable groups per project and compilation of related energy sector statistics.	The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012.	This target will be implemented, monitored and reported on in the 2013/14 financial year.
Subprogramme: Regional Programmes and Projects		
6.4 (1-3.) Obtain information relevant to planning, do physical inspections on the execution of Access to Energy projects as well as the implementation of Community Upliftment projects and liaise between beneficiaries of projects, service providers and the Department.	The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012.	This target will be implemented, monitored and reported on in the 2013/14 financial year.
Subprogramme: Project Management		
6.5 (1.) Provide specialised assistance to the programme/project managers and management in general to apply project management principles, coordinating project information and report on projects in an unbiased manner within the DOE.	The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012.	This target will be implemented, monitored and reported on in the 2013/14 financial year.
6.5 (2.) Monthly project dashboards available to EXCO, MANCO and PICC secretariat	The Branch was only established on 1 July 2012 and the implementation of the subordinate structure was only partially addressed by November 2012.	This target will be implemented, monitored and reported on in the 2013/14 financial year.

For Grid Programme, most of the connections were reported at the end of the municipal financial year end, which is June. The misalignment of financial years between the National and Local Government has resulted in under-performance of the grid programme. For Non-Grid Programme, a request for roll-over of funds to 2013/14 has been submitted to National Treasury and if approved, the shortfall will be addressed in 2013/14.

5.6.7 Changes to Planned Targets

Explanatory notes are provided in the introductory paragraph to Section B.5, as well as the “comments” column in the table above, in terms of the deviations emanating from the amendments to the original Targets set in the 2012/13 APP.



5.6.8 Linking Performance with Budgets

There was an under expenditure of R34,6 million which relates to R28,1 million for non-grid programme and R6,5 million for the electronic monitoring tool which could be procured during the year as anticipated.

Sub- Programme Name	2012/13			2011/12		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Business Planning	30 611	23 237	7 374	303 225	302 211	1 014
Grant Management and Monitoring	3 117 211	3 089 139	28 072	2 962 355	2 962 329	26
Total	3 147 822	3 112 376	35 446	3 265 580	3 264 540	1 040



6. SUMMARY OF FINANCIAL INFORMATION

6.1 Departmental Receipts

Departmental receipts	2012/2013			2011/2012		
	Estimate Amount	Actual Amount Collected	(Over)/Under Collection	Estimate Amount	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	2 862	2 296	(566)	3 867	2 872	(995)
Interest, dividends and rent on land	11	85	74		168	168
Transactions in financial assets and liabilities	180	134	(46)		341	341
Total	3 053	2 515	(538)	3 867	3 381	(486)

The Department generates its revenue from petroleum license fees. The revenue target for licenses in the year under review was based on previous financial year's trend. The 2013/14 target set for petroleum licenses was a total of R2,83 million and a total R1,98 million was collected resulting in a negative variance of R850 000 or (29,99%).

The negative variance in total revenue amounts to a total of R538 000 or (17,6%) entirely due to the performance in administrative or petroleum license application fees. This is as a result of fewer applications, than anticipated, being received during the financial year.

6.2 Payments by Programme

Programme Name	2012/2013			2011/2012		
	Final	Actual Expenditure	(Over)/ Under Expenditure	Final	Actual Expenditure	(Over)/ Under Expenditure
	Appropriation	R'000	R'000	Appropriation	R'000	R'000
	R'000			R'000		
Administration	236 583	219 486	17 097	204 561	196 259	8 302
Energy Policy and Planning	1 563 403	1 544 913	18 490	1 545 785	1 545 690	95
Energy Regulation	1 139 787	1 139 476	311	541 572	529 268	12 304
National Electrification Programme	3 147 822	3 112 376	35 446	3 265 580	3 264 540	1 040
Nuclear Energy and Regulation	646 883	642 733	4 150	643 411	638 505	4 906
Total	6 734 478	6 658 984	75 494	6 200 909	6 174 262	26 647



Programme 1: Administration

The under-spending of R17,1 million or 7,23% mainly relates to the procurement of capital assets and the acquisition 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 capital assets, goods and services or late receipt of invoices and consequent delays in the processing of payments. Thus, the item capital assets reflects an under-spending of R4,3 million and the item goods and services reflects an under-spending of R6,2 million.

Outstanding payments relate to the following:

- ◆ The production, layout, design and printing of the Department’s 2013/14 Annual Performance Plan for a total cost R222 118. The initial order issued for this service was for a total amount of R197 000. Due to additional pages which had to be printed, an additional cost was incurred. The payment disbursement was delayed by payment processes which had to be complied with.
- ◆ The review of the draft SOE Oversight Framework and related process enhancement services for an amount of R760 000. The appointment of a service provider was delayed by tenders which were substantially higher than the total of R760 000 earmarked for this service.
- ◆ The co-sourcing of the Risk Management and Anti-Fraud and -Corruption activities, an amount of R750 000. Due to unanticipated delays in the finalisation of the project, invoices for the total project’s cost were delayed and could not be processed before year-end.
- ◆ Review of the 2012/13 and 2013/14 Annual Performance Plan. The initial scope of the service for reviewing the 12/13 and 13/14 annual performance plan amounted to R248 000 which was duly paid. An extension of service was approved and the additional work amounted to R37 206. Due payment processes which had to be fulfilled prior to the disbursement of the payment, the payment could not be finalised by 31 March 2013.

Programme 2: Energy Policy and Planning

The under-spending of R18,5 million (1,18%) is mainly attributable to the procurement of goods and services. This is as a result of orders placed but for which expenditure is pending due to delays in delivery of goods and services, late receipt of invoices and the consequent delay in the processing of payments. The item goods and services thus reflect an under-spending of R18,7 million.

Outstanding payments relate to the following:

The development of the 20 year Liquid Fuels Infrastructure Road Map and audit of refineries. Due to challenges experienced in the collection of data from the liquid fuel industry, the project could not be finalised as planned and resulted in outstanding payments of R2 314 457.

The review of the electricity distribution industries asset status report, subsequent development of a business case and the design of an integrated contract management system for the implementation of the asset rehabilitation programme or the restructuring of the electricity distribution industry. The amount of R11 758 000 was appropriated to enable the Department to implement the “mini ADAM” project which will lead to the implementation of the first phase of the ADAM project to assist the struggling distributors with their network planning. Due to a decision taken to re-advertise the service, an amount of R11 758 000 was unspent by year-end.

Programme 3: Energy Regulation

Although the overall under-spending amounts to R312 000 (0,03%), a total of R1,7 million remained unspent within the procurement of goods and services as a result of the late receipt of invoices and the consequent delay in the processing of payments. The outstanding payment is related to the following:

- ◆ During the financial year under review, the Department initiated a process of registering South Africa as a member to the International Partnership for Energy Efficiency Cooperation (IPEEC). Due to delays experienced during the membership approval process, the contribution of R949 314 could not be paid before 31 March 2013.

Programme 4: Integrated National Electrification Programme

The under-spending of R35,4 million which represents a budget under-spending of 1,13% mainly relates to the item transfers and subsidies, with a budget under-spending of R28 million, and the item goods and services which reflected a budget under-spending of R7,3 million due to planned projects which could not be completed before year end as anticipated.

Outstanding payments relate to the following:

- ◆ The intake of applications for Solar Home Systems within concession areas was lower than anticipated resulting in the slow start of the INEP non-grid project. Backlogs were therefore experienced in this project resulting in a budget under-spend of R28,1 million.



- ◆ The process of procuring a monitoring system, the main functions of which will be the monitoring and auditing of electrification projects, particularly the electrification connections at municipal level, throughout all stages of implementation from planning to close-up, commenced during the year under review, however, a decision was taken to re-advertise the services before a service provider could be appointed. A total of R6,5 million was earmarked for this service and remained unspent at year-end.

Programme 5: Nuclear Energy and Regulation

The under-spending of R4,1 million (0,64%) mainly relates to the procurement of goods and services due to planned projects which could not be finalised as anticipated, consequently resulting in a delay in the processing of payments. The item goods and services reflected an under-spending of R4,6 million. During the 2012/13 financial year, a service provider was appointed to undertake a study and provide advisory services on the funding options related to the new nuclear build fleet programme. A total of R3 601 934 was allocated to this study of which R589 286 was outstanding at year end due to delays experienced during the payment process.

6.3 Transfer Payments, Excluding Public Entities

6.3.1 The table below reflects the transfer payments made for the period 1 April 2012 to 31 March 2013

Name of Transferee	Purpose for which the funds were used	Compliance with s 38 (1) (j) of the PFMA	Amount Transferred	Amount Spent by the Entity	Reasons for the Funds Unspent by the Entity
			(R'000)		
Transnet	Construction of the New Multi Product Pipeline (NMPP)	Yes	1 500 000	1 500 000	NA

6.3.2 The table below reflects the transfer payments made for the period 1 April 2012 to 31 March 2013, but no transfer payments were made

Name of Transferee	Purpose for which the funds were to be used	Amount Budgeted for	Amount Transferred	Reasons why Funds were not Transferred
		(R'000)		
Non-grid service providers	Non-grid electrification connections	86 400	58 328	Shortfall in non-grid rollout of 657 due to delays in the conclusion of contracts with service providers in the latter part of the financial year.
Households	Leave gratuities and retirement benefits	400	331	Anticipated leave gratuities benefits were less than anticipated



6.4 Public Entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
South African Nuclear Energy Corporation (NECSA)	<p>Necsa is responsible for the following core functions:</p> <p>a) Undertaking and promoting research and the development in the field of nuclear science.</p> <p>b) Processing source material, including uranium enriched and cooperating with other institutions on nuclear related matters.</p>	R567 579	R567 579	<p>The highlights of Necsa for the 2012/13 financial period ended were reported as follows:</p> <p>a) Necsa Group through the SAFARI-1 research reactor played a major role in stabilisation of the global supply situation of medical radioisotopes during shutdowns of reactors in Canada and the Netherlands.</p> <p>b) Some of the Group's highlights included the development of the gallium-68 labeled positron emission tomography (PET) imaging agent that can distinguish between infection and inflammation by spearheaded by NECSA and the Nuclear Technologies and in Medicine and Bioscience Initiative (NTEMBI)</p> <p>c) The number of innovation disclosures which is a key component of Necsa's core research exceeded the set target by 41%.</p>
National Nuclear Regulator	<p>a) Responsible to provide for the protection of persons, property and environment against nuclear damage as the competent authority for nuclear regulation in South Africa.</p> <p>b) Exercise regulatory control related over the siting, design, construction, operation, manufacture of component parts, and decontamination, decommissioning and closure of nuclear installations.</p> <p>c) Exercise regulatory control over the actions, to which the Act applies, through the granting of nuclear authorisations.</p> <p>d) Provide assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections.</p> <p>e) Fulfil national obligations in respect of international legal instruments concerning nuclear safety.</p> <p>f) Ensure that provisions for nuclear emergency planning are in place.</p>	R42 912	R30 167	<p>a) NNR's key highlights of the 2012/13 financial year included the regulatory emergency exercise that was conducted at Koeberg Nuclear Power Station (KNPS) to ensure the preparedness to respond to nuclear accidents.</p> <p>b) The NNR developed safety and standards regulations that will ensure that the NNR has an effective, robust, predictable and efficient regulatory framework.</p> <p>c) Review and assessments of technical submissions were undertaken within the set timeframes of 90 days.</p>
South African National Energy Development Institute	<p>SANEDI's core functions:</p> <p>a) To direct, monitor and conduct energy research and development.</p> <p>b) Undertake measures to promote energy efficiency throughout the economy.</p>	R56 110	R54 540	<p>a) The Renewable Energy Centre of Research and Development (RECORD) was set up and operationalised during the 2012/13 period.</p> <p>b) Four (4) Clean Coal Technologies (CCT) projects were completed.</p> <p>c) Five (5) bursaries were awarded under the Applied Research Bursary Support Programme and four interns (4) were appointed under the internship programme.</p>



6.5 Conditional Grants and Earmarked Funds Paid

The table below describes each of the conditional grants and earmarked funds paid by the Department

Conditional Grant 1: National Electrification Programme (Equitable share)	
Municipalities to whom the grant has been transferred	Several Municipalities
Purpose of the grant	Electricity connections
Expected output of the grant	73847
Actual output achieved	47204
Amount per amended DORA (R'000)	1 151 443
Amount transferred (R'000)	1 151 443
Reasons if amount as per DORA not transferred	N/A
Amount spent by the Department/ municipality (R'000)	449 883
Reasons for the funds unspent by the entity	Different reasons related to: <ul style="list-style-type: none"> ◆ Financial year mismatch between municipal and national department; ◆ Long procurement process of municipalities; ◆ Lack of resources to plan and manage technical projects; and ◆ Acting senior official hesitant to sign off on deliverables and reports.
Monitoring mechanism by the transferring department	Project site visits and Technical Audits
Conditional Grant 2: National Electrification Programme (Eskom)	
Department to whom the grant has been transferred	Eskom
Purpose of the grant	Electricity connections
Expected output of the grant	114 224
Actual output achieved	118 926
Amount per amended DORA (R'000)	1 879 368
Amount transferred (R'000)	1 879 368
Reasons if amount as per DORA not transferred	N/A
Amount spent by the Department/ municipality (R'000)	1 879 368
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	Project site visits and Technical Audits
Conditional Grant 3: Energy Efficiency Demand Side Management Programme (Equitable share)	
Municipality to whom the grant has been transferred	Several Municipalities
Purpose of the grant	Implementation of energy efficiency technologies
Expected output of the grant	Improved Demand Side Management
Actual output achieved	Improved Demand Side Management
Amount per amended DORA (R'000)	200 000
Amount transferred (R'000)	200 000
Reasons if amount as per DORA not transferred	N/A
Amount spent by the Department/ municipality (R'000)	to be determined at the end of the municipal year (2013).
Reasons for the funds unspent by the entity	to be determined at the end of the municipal year (2013).
Monitoring mechanism by the transferring department	Municipalities submit monthly expenditure reports
Conditional Grant 4: Energy Efficiency Demand Side Management Programme (Eskom)	
Department to whom the grant has been transferred	Eskom
Purpose of the grant	Implementation of energy efficiency technologies
Expected output of the grant	Improved Demand Side Management
Actual output achieved	Improved Demand Side Management
Amount per amended DORA (R'000)	820 629



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Amount transferred (R'000)	820 629
Reasons if amount as per DORA not transferred	N/A
Amount spent by the Department/ municipality (R'000)	820 629
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	Municipalities submit monthly expenditure reports

6.6 Conditional Grants and Earmarked Funds Received

No conditional grants and earmarked funds were received by the Department.

6.7 Donor Funds

Donor Fund 1: Energy Efficiency Monitoring and implementation Project (Swiss Donor Fund)	
Name of donor	Swiss Federation
Full amount of the funding	13 950 000
Period of the commitment	August 2010 to March 2014
Purpose of the funding	Contribute towards the Energy Efficiency Monitoring and Implementation Project. The project's objective is to build capacity in energy efficiency monitoring and implementation both at national and municipal levels in the Republic of South Africa
Expected output	Build capacity in energy efficiency monitoring and implementation
Actual output achieved	Build capacity in energy efficiency monitoring and implementation
Amount received in current period (R'000)	2 400
Amount spent by Department(R'000)	2 400
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Project Steering Committee
Donor Fund 2: Implementation of "Smart Metering" in South Africa	
Name of donor	EU Commission
Full amount of the funding	R179,4 million
Period of the commitment	April 2013 to March 2016
Purpose of the funding	Implementation of "smart metering" in the South African electricity industry
Expected output	Implementation of "smart metering"
Actual output achieved	Implementation of "smart metering"
Amount received in current period (R'000)	71 800
Amount spent by Department(R'000)	71 800
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Project Steering Committee
Donor Fund 3: EWSETA - In-service electrical engineering training programme	
Name of donor	EWSETA
Full amount of the funding	R3 million
Period of the commitment	April 2012 to September 2013
Purpose of the funding	In-service electrical engineering training programme
Expected output	33 engineers/technicians to receive practical training
Actual output achieved	33 engineers/technicians received practical training
Amount received in current period (R'000)	974
Amount spent by Department(R'000)	1 984
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Project Steering Committee



Energy Efficiency Monitoring and Implementation Project

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. An agreement was signed between the South African Government and the Swiss Confederation, represented by the Swiss Federal Department of Foreign Affairs and acting through the Swiss Agency for Development and Cooperation.

During the 2012/13 financial year, the Department received donor funding to a total of R2,4 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 R2,4 million was subsequently disbursed to the South African National Energy Development Institute as the implementing agent for the mentioned project.

Implementation of "Smart Metering" in South Africa

During the 2012/13 financial year, donor funding over a 3 year period to a total of R179,4 million was made available through the EU Commission financing agreement and the National Development Programme (NDP) for the implementation of the "smart metering" in the South African electricity industry. The project consists of two phases which include the establishment of smart grid technology vision and standards for South Africa and secondly the implementation of smart grid-technologies.

During the 2012/13 financial year, the Department received donor funding to a total of R71,8 million from the National Development Programme for the first phase of the implantation of smart grid initiatives in South Africa. A payment of R1,8 million was subsequently disbursed to the South African National Energy Development Institute as the implementing agent for the mentioned project.

In-service training programme: Energy and Water SETA

During the financial year under review, the Department appointed 33 interns as part of an in-service electrical engineering training programme within various municipalities for a period of eighteen months starting from March 2012 to 30 June 2013. Funding for this training programme was made available by the Energy and Water Sector Education and Training Authority (EWSETA).

During the 2012/13 financial year, the Department received donor funding to a total of R973 875 from the Energy and Water SETA for the payment of stipends to the appointed interns. Payments totalling R1 984 124 were subsequently disbursed to electrical engineering interns. The remaining balance of R1 010 249 is receivable from EWSETA and will be recovered during the 2013/14 financial year.

6.8 Capital Investment, Maintenance and Asset Management Plan

Infrastructure projects	2012/2013			2011/2012		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	-	-	-	-	-	-
Existing infrastructure assets	-	-	-	-	-	-
Infrastructure transfer	-	-	-	-	-	-
- Current	-	-	-	-	-	-
- Capital	3 030 811	3 030 811	-	2 834 422	2 834 422	-
Total	3 030 811	3 030 811	-	2 834 422	2 834 422	-



PART C
Governance



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1. INTRODUCTION

The Department has put governance structures in place to ensure good governance, effective, efficient and economical utilisation of the state resources in the following areas: risk management; anti-fraud and -corruption; minimising conflict of interest; code of conduct; health, safety and environmental issues; internal control; internal audit and SOE oversight.

2. RISK MANAGEMENT

2.1 Nature of Risk Management

Risk management is an integral part of the Department's strategic management. It is the process whereby the risk exposures attached to the activities of the Department are addressed, both methodically and intuitively, by way of risk identification, risk assessment and the development of mitigation strategies to enhance the control environment.

The Department has a Risk Management Committee in place comprising of heads of branches within the Department as well as a Risk Management Subcommittee comprising risk champions from various directorates, to ensure the implementation and maintenance of risk management processes within the various units of the Department. The Risk Management Committee was established by the Accounting Officer in accordance with Section 38 (1) (a) (i) of the PFMA which requires her to establish and maintain effective, efficient and transparent systems of financial and risk management and internal control. The purpose of the Risk Management Committee is to oversee the Department's risk management systems, practices and procedures, to ensure the effectiveness of risk identification and management across all business units, and compliance with internal guidelines and external requirements. The Committee is chaired by an independent external expert who also sits in the Department's Audit Committee.

The Risk Management Committee convenes on a quarterly basis to oversee the effectiveness of the risk management processes. Risk Management reports are presented at the executive committee, management committee, risk management committee and the audit committee for oversight, monitoring and evaluation of the risk management system. Risk assessments are conducted on an annual basis to identify the risk exposures against the Department and to develop the mitigation strategies to improve the control environment.

Risk Management Committee meetings for the 2012/13 fiscal year was held on 12 November 2012 and

31 January 2013. Another meeting was scheduled for 14 March 2013 but postponed to the 2013/14 fiscal year.

The Risk Management Subcommittee was not convened in the 2012/13 fiscal year.

2.2 Risk Management Strategies

The Department has developed the risk management strategy to assist management and employees to identify measure, evaluate, treat, monitor and communicate risks associated with an activity or project. It also provides a climate for additional opportunities for the activity once risks have been adequately counteracted. These counteracted risks present positive opportunities for the Department and its programmes to determine if the identified risk exposures are adequately controlled and mitigated.

2.3 Progress on Risk Mitigation

A risk response action plan with relevant risk owners and mitigation strategies to address residual risk exposures and update the risk registers by risk owners on a continuous basis, is in place. A progress report for the monitoring and implementation of risk mitigation strategies are being presented at the relevant management oversight structures for monitoring and evaluation.

3. FRAUD AND CORRUPTION

3.1 Fraud Prevention Plan

The Department has developed a fraud prevention plan setting out actions to prevent fraud and corruption. Furthermore the fraud prevention plan is intended to set down the stance of the Department to fraud and corruption and to reinforce existing systems, policies and procedures aimed at deterring, preventing, detecting, reacting to and reducing the impact of fraud and corruption.

The risk management implementation plan is in place to give effect to the implementation of risk management policy, risk management strategy and anti-fraud and -corruption strategy.

3.2 Reporting on Fraud and Corruption

All employees are encouraged to immediately report all allegations of fraudulent practices to their immediate supervisors. All managers are responsible for the detection, prevention and investigation of fraud and corruption and must report all incidents and allegations of fraud and corruption to the Accounting Officer. All cases of alleged irregular or fraudulent practices received from



the Presidential Hotline, members of the public and media are investigated, responded to and resolved accordingly. Management, employees and members of the public are encouraged to report all suspected irregular and fraudulent practices to the National Public Service Anti-Corruption Hotline Number (0800 701 701). Anti-fraud and -corruption posters have been posted in visible areas within the Department to encourage staff and members of the public to report fraud and corruption.

Presentations to educate and train new employees are conducted during the induction and orientation programmes. Risk management workshops are conducted within various branches of the Department to inculcate and embed a culture of risk management in their day-to-day activities. Training and awareness focusing on corruption and fraud, as well as to what constitute fraud and how to deal with it, is being conducted during the fraud risk assessment workshops.

3.3 Fraud and Corruption Cases

The fraud prevention plan, covering all basic mechanisms of preventing fraud and corruption, is in place. The plan takes into account the risks of fraud and corruption as reported by the members of the public, the National Presidential Hotline and employees of the Department. Mechanisms to report suspected and/or alleged fraud and corruption practices are in place, i.e whistle blowing, vetting of officials and service providers, internal audit function, Audit Committee and disclosure of conflict of interest by SMS members. Reported cases are investigated and resolved by way of disciplinary action, criminal action, civil action, improving controls and prevention measures, and referring high profile cases to external law enforcement agencies. Cases of fraud and corruption are entered in the corruption data base, which is regularly updated and reported to the Office of the Public Service Commission and the Department of Public Service and Administration respectively.

4. MINIMISING CONFLICT OF INTEREST

In order to minimise the conflict of interest, the following mechanism are in place:

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

5. CODE OF CONDUCT

A departmental Code of Conduct, together with other policies and prescripts, is in place to serve as a guideline to employees as to what is expected of them from an ethical point of view – both in their individual conduct and in their relationship with others. Education, training and awareness in relation to the code of conduct is conducted during the induction and orientation programmes. The Office of the Public Service Commission is also assisting with the provisioning of education and distribution of pamphlets of the Code of Conduct to the employees of the Department.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department moved into a newly refurbished building at 192 Visagie Street, on 1 August 2012. The building was certified safe for occupation by the Chief Building Inspector from the City of Tshwane. The maintenance of the ventilation system generators, lifts and emergency fire equipment are done by the landlord and are tested on a regular basis. The Department also developed and approved a Contingency Plan to deal with any emergency.

7. INTERNAL CONTROL

Internal controls refer to the policies, practices and systems that the Department has put in place, to provide reasonable assurance that the organisation will achieve its objectives, prevent fraud and corruption from occurring, protect resources from waste, loss, theft or misuse and to ensure that resources are used efficiently and effectively.

Internal controls were implemented in specific operational areas within the Department such as Human Resources, Supply Chain Management and Financial Management. The following were the specific focus areas for internal controls during the year under review:

1. **Segregation of duties:** Duties and responsibilities in authorising, processing, recording and reviewing transactions were separated among individuals and not left to one person.
2. **Authorisation and execution of transactions:** Employees executed their assigned duties in accordance with directives (policies and procedures) and within the limitations set out by the Departmental Delegation of Authorities.
3. **Management supervision and review:** The Department had functional and effective management structures such as the Executive Management Committee, Finance Committee and the Audit and



Risk Management Committee to review, monitor and evaluate programme performance and make corrective measures where necessary.

4. **Documentation:** There are internal control policies and procedures in place requiring maintenance and up keep of all significant records.

The Financial Management and Accounting directorate (Internal Control unit) of the Department is responsible to ensure the design, implementation and monitoring of the system of internal controls.

Such controls include:

- ◆ Preventative controls to reduce the probability that something will go wrong and reduce its impact should the risk materialise;
- ◆ Corrective controls to correct errors when they occur; and
- ◆ Detective controls to find errors after they have occurred.

The effective functioning of the system of internal controls in the Department is determined by its architecture which amongst others includes:

- ◆ Management controls to ensure that the department's structure and systems support its policies and plans and that the Department operates within the statutory and regulatory environment;
- ◆ Administrative controls to ensure that policies and objectives are implemented in an efficient and effective manner;
- ◆ Analysis of financial management environment to identify potential risk areas and deviations from financial controls;
- ◆ Accounting controls to ensure that resources are properly accounted for; and
- ◆ Review of samples of financial transactions processed for accuracy and completeness, and the accurate interpretation of policy directives.

In addition, the Financial Management and Accounting directorate (Internal Control environment) ensures the implementation of corrective measures and preventative controls in respect of all financial risks and audit findings, as per reports of the Auditor-General and Internal Audit unit and further ensures that all audit recommendations are implemented.

In 2012/13 the activities of Internal Control sub-directorate were as follows:

- ◆ Ensured the attainment of a sound internal control environment;
- ◆ Conducted on-going financial management

monitoring and evaluation;

- ◆ Monthly compliance certificates were compiled and submitted to National Treasury;
- ◆ Reviewed all payment batches for compliance and correctness of general ledger accounts;
- ◆ Coordinate the implementation of new BAS and Standard chart of accounts allocations; and
- ◆ Conducted the user account activities reviews on the financial management system.

8. Report of the Audit and Risk Committee of the Department of Energy for the financial year ended 31 March 2013

8.1 Introduction

We are pleased to present our report for the financial year ended 31 March 2013. The mandate of the Audit and Risk Committee (ARC) requires it to adhere to high-quality standards of accountability, in order to ensure the quality of the financial reporting processes, control systems, and risk management, and also to help maintain a high degree of integrity – in both the external and internal audit processes. During the 2012/13 financial year, the Audit Committee Charter was revised to increase the scope on oversight over enterprise-wide risk management, and this resulted in the committee being referred to as the Audit and Risk Committee of the Department of Energy (DOE).

8.2 Audit and Risk Committee Members and Attendance

The ARC consists of the members listed below. During the year, seven meetings were held and attendance was as follows:

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

8.3 Audit and Risk Committee Responsibility

The ARC 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 ARC also reports that it has performed its responsibilities and conducted its



affairs in accordance with its Charter and discharged all its responsibilities thereto.

We report that we have adopted appropriate formal terms of reference in our 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 approved Audit and Risk Committee Charter;
- ◆ monitored compliance with the PFMA;
- ◆ reported deficiencies based on the internal and external auditors' reports and made appropriate recommendations to the Accounting Officer;
- ◆ monitored the audit coverage by the internal and external auditors; and
- ◆ monitored the risk management process.

8.4 Risk Management

The DOE has established a process for the management and monitoring of risk management. During 2012/13 an independent external chairperson from the ARC was appointed to the Risk Management Committee. This committee reviewed the risk management process, the strategic risk register, the operational risk register and recommended improvements to some of the processes.

8.5 Internal Audit

The ARC 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 ARC, as in the previous year, again registered its concerns with Management regarding the adequacy of resources within the Internal Audit function. Management has taken steps to improve the Internal Audit capacity in the ensuing financial year.

8.6 The Effectiveness of Internal Controls

The DOE 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 and the King III Report on Corporate Governance), Internal Audit provided the ARC and Management with quarterly internal audit reports in terms of its approved annual and three-year rolling Internal Audit Plan.

From the various reports of Internal Audit and of the

Auditor-General, it was noted that there were no material deficiencies in the system of internal control for the period under review. Management is, however, committed to continuously improve the internal control environment.

8.7 Quality of Management Reports

During the period under review, quarterly management reports were presented to the ARC during its meetings. The ARC is satisfied with the content and the quality of the reports.

8.8 Predetermined Objectives

We have reviewed and discussed with the Accounting Officer and the Auditor-General the audited annual performance information as included in the annual report and concur with the Auditor-General's conclusions.

8.9 Evaluation of Annual Financial Statements

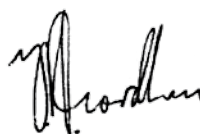
We have:

- ◆ reviewed and discussed with the Accounting Officer and the Auditor-General the audited annual financial statements;
- ◆ discussed the Auditor-General's final management report dated 31 July 2013 with the Auditor-General and Management and highlighted areas requiring further attention; and
- ◆ reviewed the Accounting Officer's report.

The Audit and Risk Committee concurs and accepts the conclusions on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

8.10 Appreciation

The ARC 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)
Chairperson of the Audit and Risk Committee
31 July 2013



PART D
HUMAN
RESOURCE
MANAGEMENT



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PART D: HUMAN RESOURCE MANAGEMENT

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments within the public sector service.

1. LEGISLATURE THAT GOVERN HUMAN RESOURCES MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4).

2. INTRODUCTION

The Department acknowledges that its human capital is very important and is one of the most important factors to ensure delivery on its mandate. A comprehensive integrated human resources (HR) plan has been developed and approved, to ensure that the Department has the right people in place, with the right mix of skills, at the right place and time. It further seeks to ensure that employees display the right attitudes and behaviour, and that employees are developed in the right way. The implementation of the plan for the reporting period focuses on the implementation of phase two (see HR priorities below) of the HR Plan.

2.1 Overview

The HR function is a well established function that is aligned and positioned in such a way that it is able to meet the HR needs of the Department. Herewith an overview of key HR issues identified:

2.1.1 Organisational Structure

A review of the line function organisational structure was done to address the Department's ability to deliver on the country's energy needs for growth and economic development; alignment of the structure with strategy; ability to meet the task variability of the Energy function; ability to provide problem analysability; responsiveness to the volatility and complexity of the Energy environment; meeting global imperatives; delivery on user needs; and delivery through State Owned Entities (SOE's). The matching and placement to the new line function structure is set to commence in 2013/2014, and this will be followed by the review of the support service structures.

2.1.2 Competencies

The lack of occupational framework for the classification and management of staff has resulted in poor retention, career planning and progression initiatives. A framework has been developed and will be implemented in the 2013/14 financial year.

2.1.3 Training and Development

Training and development interventions were identified through the Workplace Skills Plan (WSP) processes, but because of financial constraints, not enough financial resources were appropriated for this important function. Other avenues were explored, such as free training offered externally, SETA'S involvement and secondments from SOE's. These have yielded fruits in the recruitment and development of interns in collaboration with EWSETA. In total 33 electrical engineering interns were funded for the period of eighteen months for an amount of R3 000 000.

2.1.4 Employment Equity

The core line function components of the DoE consist of highly technical occupations and the Department faces a challenge with the recruitment of people with disabilities at all levels, as well as female employees between salary levels 13 and 15.

2.1.5 Values and Ethical Behaviour

There is a general lack of understanding and incorporation of the Batho Pele Principles in workplans, business plans and daily activities of service delivery. The Department's values and ethics are not sufficiently advocated and explained, and are thus not appropriately incorporated in the day-to-day activities. The values and ethical behaviour in the Department has historically not been receiving dedicated attention, due to capacity constraints. A values and ethics project was identified for 2012/13 and this has resulted in recommendations that will be implemented over the next three financial years.

2.1.6 MTEF Funding

The funding for newly created posts, skills development and competency initiatives, ethics and values (culture survey recommendations), as well as the demand for a framework for occupations, has consistently been a key challenge.

2.1.7 Other Areas

Other areas such as staff turnover, vacancy rates and employee health and wellness showed positive results, and systems, processes and policies are being maintained and reviewed to ensure effectiveness.



2.2 HR Priorities

The following is an outline of HR priorities for the year under review :

- ◆ Review of the line function structure for alignment to strategy;
- ◆ Reduction of the vacancy rate to below 15%;
- ◆ Implementation of the HRD Plan;
- ◆ Review of the PMDS Policy; and
- ◆ Doing a culture survey.

2.3 Workforce Planning Framework

The planning framework adopted for the Public Service has been utilised to develop the Integrated HR Plan for the Department of Energy. The plan was approved in September 2011 with the first review being concluded in June 2012.

Since the Department was only established on 1 April 2010, it was necessary to ensure that the basic foundations for effective human capital management was in place, such as the organisational structure, policies, procedures, delegations and training strategies. Phase two of the HR plan rationalised most of the strategies, and the DoE focused on the implementation of strategies to ensure that the Department attracts and recruits a skilled and capable workforce. Amongst these strategies are the following:

- ◆ Review of the Recruitment and Selection Policy;
- ◆ Development of a Framework for Occupations; and
- ◆ Implementation of internship and learnership programmes with a focus on line function components, etc.

2.4 Employee Performance Management Framework

The application of the PMDS system comes from a history of distorted implementation, with an emphasis on the reward side, rather than the effective management of performance, to achieve the organisation goals/DoE objectives. To this effect the DoE has committed itself to the review of this legacy by creating and appointing a new team dedicated to PMDS. The team was appointed in April and May 2011 and they had to theoretically redefine the process and policy for the DoE to address, amongst others, the following:

- ◆ compliance with relevant prescripts;
- ◆ providing assistance with alignment of individual performance to that of the Department; and
- ◆ ensuring better understanding of employee performance within the Department.

2.5 Employee Wellness Programmes

The Employee health and wellness programmes were implemented successfully during the 2012/2013 financial year, according to the approved wellness calendar. A service provider was also contracted for a period of two years, which started in June 2012, with wellness clinics being held twice per month.

2.6 Policy Development

2.6.1 Achievements

All departmental bargaining chamber meetings were held as scheduled. Additional meetings were also arranged to deal with specific issues. These arrangements have assisted in ensuring that policies that were tabled at the DBC were adopted, and to this effect 14 policies were adopted during the financial year. There was also labour peace because pertinent issues were dealt with in the DBC.

2.6.2 Challenges

Shortage of staff in some other areas is affecting the service delivery detrimentally. Financing of the recently approved organisational structure will go a long way in dealing with these challenges.

2.6.3 Future Plans/Goals

The HR Plan was approved in five phases and phase three will commence on 1 April 2013 with the following priorities:

- ◆ Finalising the matching and placement of staff to the new line function structure;
- ◆ Review of the support structure in support of the newly revised line function structure;
- ◆ Implementation of the framework for occupations;
- ◆ Implementation of culture survey recommendations;
- ◆ Reducing the vacancy rate to below 10%;
- ◆ Achieving representivity for women in management and employing people with disabilities;
- ◆ Implementation of the HRD Strategy and Plan;
- ◆ Review of the HR Plan; and
- ◆ Review of the PMDS process.



3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel Related Expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- ◆ amount spent on personnel; and
- ◆ amount spent on salaries, overtime, homeowner's allowances and medical aid.

3.1.1 Personnel Expenditure by Programme

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 a % of Total Expenditure	Average Compensation of Employees (Cost per Employee) (R'000)	Employment
Programme 1: Administration	219 451 535	92 875 681	1 396 486	4 640 374	42,32	343 984	270
Programme 2: Energy Policy and Planning	1 544 912 514	32 900 724	135 537	5 928 452	2,13	491 056	67
Programme 3: Energy Regulation	1 139 475 343	51 314 316	537 179	2 051 274	4,50	427 619	120
Programme 4: National Electrification Programme	3 112 375 784	16 111 182	0	0	0,52	220 701	73
Programme 5: Nuclear Energy and Regulation	642 732 594	8 283 195	25 810	2 737 623	1,29	376 509	22
TOTAL	6 658 947 770	201 485 098	2 095 012	15 357 722	3,03	365 009	552

3.1.2 Personnel Costs by Salary Band

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
Lower Skilled (Level 1-2)	0	0	0	210 941	0
Skilled (Levels 3-5)	8 500	4	173 469	210 941	49
Highly skilled production (Levels 6-8)	34 847	16,5	248 907	210 941	140
Highly skilled supervision (Levels 9-12)	87 255	41,4	421 522	210 941	207
Senior management (Levels 13-16)	56 878	27	875 046	210 941	65
Contract (Levels 1-2)	4 293	2	76 661	210 941	56
Contract (Levels 3-5)	1 804	0,9	120 267	210 941	15
Contract (Levels 6-8)	667	0,3	111 167	210 941	6
Contract (Levels 9-12)	4 056	1,9	405 600	210 941	10
Contract (Levels 13-16)	5 311	2,5	1 327 750	210 941	4
Periodical Remuneration	372	0,2	124 000	210 941	3
TOTAL	203 983	96,7	367 537	210 941	555



PART D HUMAN RESOURCE MANAGEMENT

3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme

Programme	Salaries (R'000)	Salaries as a % of Personnel Cost	Overtime (R'000)	Overtime as a % of Personnel Cost	Homeowner's Allowance (R'000)	Homeowner's Allowance as % of Personnel Cost	Medical Aid (R'000)	Medical Aid as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
Programme 1: Administration	61 396 019	66,11	1 610 156	1,73%	2 507 914	2,70	3 436 111	3,70	92 875 681
Programme 2: Energy Policy and Planning	22 488 243	68,35	14 454	0,04%	861 723	2,62	944 660	2,87	32 900 724
Programme 3: Energy Regulation	34 857 034	67,93	299 802	0,58%	1 541 517	3,00	1 901 647	3,71	51 314 316
Programme 4: National Electrification Programme	11 302 094	70,15	2 051	0,01%	358 969	2,23	546 676	3,39	16 111 182
Programme 5: Nuclear Energy and Regulation	5 631 483	67,99	23 826	0,29%	362 620	4,38	174 148	2,10	8 283 195
TOTAL	135 674 872	67,34	1 950 289	0,97	5 632 743	2,80	7 003 242	3,48	201 485 098

3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary bands	Salaries (R'000)	Salaries as a % of Personnel Cost	Overtime (R'000)	Overtime as a % of Personnel Cost	Homeowner's Allowance (R'000)	Homeowner's Allowance as % of Personnel Cost	Medical Aid (R'000)	Medical Aid as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower Skilled (Level 1-2)	0	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	5 241	60,0	762	8,7	508	5,8	709	8,1	8 739
Highly skilled production (Levels 6-8)	24 689	69,8	502	1,4	1 406	4,0	2 215	6,3	35 349
Highly skilled supervision (Levels 9-12)	65 669	72,2	625	0,7	2 205	2,4	3 045	3,3	90 933
Senior management (Levels 13-16)	47 351	80,3	0	0	1 345	2,3	811	1,4	59 004
Contract (Levels 1-2)	4 273	98,6	20	0,5	0	0	0	0	4 335
Contract (Levels 3-5)	1 313	72,5	0	0	129	7,1	126	7,0	1 811
Contract (Levels 6-8)	545	79,8	0	0	19	2,8	1	0,1	683
Contract (Levels 9-12)	3 240	78,4	23	0,6	32	0,8	59	1,4	4 131
Contract (Levels 13-16)	4 801	86,2	0	0	0	0	0	0	5 572
Periodical Remuneration	0	0	0	0	0	0	0	0	383
TOTAL	157 122	74,5	1 932	0,9	5 644	2,7	6 966	3,3	210 940

3.2 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;
- ◆ salary band; and
- ◆ critical occupations

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



3.2.1 Employment and Vacancies by Programme

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate %	Number of Posts Filled Additional to the Establishment
Programme 1: Administration (Permanent)	293	261	10,9	29
Programme 2: Energy Policy and Planning (Permanent)	81	74	8,6	6
Programme 3: Energy Regulation (Permanent)	133	120	9,8	2
Programme 4: National Electrification Programme (Permanent)	81	75	7,4	44
Programme 5: Nuclear Energy and Regulation (Permanent)	23	22	4,3	3
TOTAL	611	552	9,7	84

3.2.2 Employment and Vacancies by Salary Band

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate %	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2) (Permanent)	1	0	100,00	0
Skilled (Levels 3-5) (Permanent)	63	49	22,2	0
Highly skilled production (Levels 6-8) (Permanent)	155	140	9,7	4
Highly skilled supervision (Levels 9-12) (Permanent)	226	207	8,4	2
Senior management (Levels 13-16) (Permanent)	75	65	13,3	0
Contract (Levels 1-2) (Permanent)	56	56	0	56
Contract (Levels 3-5) (Permanent)	15	15	0	14
Contract (Levels 6-8) (Permanent)	6	6	0	4
Contract (Levels 9-12) (Permanent)	10	10	0	3
Contract (Levels 13-16) (Permanent)	4	4	0	1
TOTAL	611	552	9,7	84



3.2.3 Employment and Vacancies by Critical Occupations

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate %	Number of Posts Filled Additional to the Establishment
Administrative related (Permanent)	58	53	8,6	6
Client inform clerks (switchboard, receptionist, information clerks) (Permanent)	7	6	14,3	0
Communication and information related (Permanent)	13	11	15,4	1
Economists (Permanent)	2	2	0	0
Finance and economics related (Permanent)	10	9	10,0	0
Financial and related professionals (Permanent)	15	14	6,7	1
Financial clerks and credit controllers (Permanent)	11	10	9,1	0
Food services aids and waiters (Permanent)	1	1	0	0
Head of department/chief executive officer (Permanent)	1	1	0	0
Human resources and organisational development and related professionals (Permanent)	20	19	5	0
Human resources clerks (Permanent)	10	10	0	0
Human resources related (Permanent)	12	12	0	0
Information technology related (Permanent)	7	7	0	0
Language practitioners, interpreters and other communication professionals (Permanent)	2	2	0	2
Legal related (Permanent)	2	1	50,0	0
Library mail and related clerks (Permanent)	23	21	8,7	13
Logistical support personnel (Permanent)	7	6	14,3	0
Material-recording and transport clerks (Permanent)	14	9	35,7	0
Messengers porters and deliverers (Permanent)	5	5	0	0
Natural sciences related (Permanent)	172	157	8,7	1
Other administrative and related clerks and organisers (Permanent)	7	6	14,3	0
Other administrative policy and related officers (Permanent)	1	0	100,0	0
Other information technology personnel (Permanent)	7	7	0	0
Other occupations (Permanent)	2	2	0	0
Risk management and security services (Permanent)	10	9	10	0
Interns	57	56	1,8	56
Secretaries and other keyboard operating clerks (Permanent)	52	45	13,5	2
Security officers (Permanent)	20	18	10,0	2
Senior managers (Permanent)	61	52	14,8	0
Trade/industry advisers and other related professions (Permanent)	2	1	50,0	0
TOTAL	611	552	9,7	84

3.3 Job Evaluation

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



3.3.1 Job Evaluation by Salary Band

In 2012/13 the DoE still had the interim operational structure in place (both line and support). The latter structure had 18 JEs done. We were also busy preparing for the implementation of the new structure for 2013/14 and therefore did JEs on the new structure as well. There is therefore a table for the old structure and the new structure.

Interim Operational Structure

Salary Band	Number of Posts	Number of Posts Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	1	0	0	0	0	0	0
Contract (Levels 1-2)	56	0	0	0	0	0	0
Contract (Levels 3-5)	15	0	0	0	0	0	0
Contract (Levels 6-8)	6	0	0	0	0	0	0
Contract (Levels 9-12)	10	0	0	0	0	0	0
Contract (Band A)	2	1	50,0	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Contract (Band D)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	63	1	1,6	1	100,0	0	0
Highly skilled production (Levels 6-8)	155	8	5,2	5	62,5	0	0
Highly skilled supervision (Levels 9-12)	226	7	3,1	2	28,6	1	14,3
Senior Management Service Band A	52	1	1,9	0	0	0	0
Senior Management Service Band B	13	0	0	0	0	0	0
Senior Management Service Band C	7	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
TOTAL	611	18	2,9	8	44,4	1	5,6

New Organisational Structure

Salary Band	Number of Posts	Number of Posts Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Contract (Levels 1-2)	0	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0	0
Contract (Band A)	0	1	0	0	0	0	0
Contract (Band B)	0	0	0	0	0	0	0
Contract (Band D)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	94	5	5,3	1	20,0	0	0
Highly skilled production (Levels 6-8)	218	10	4,6	4	40,0	0	0
Highly skilled supervision (Levels 9-12)	359	57	15,9	0	0	1	1,8
Senior Management Service (Band A)	112	22	19,6	0	0	0	0
Senior Management Service (Band B)	29	4	13,8	0	0	0	0
Senior Management Service (Band C)	9	0	0	0	0	0	0
Senior Management Service (Band D)	2	0	0	0	0	0	0
TOTAL	823	99	12,0	5	5,1	1	1,0



3.3.2 Profile of Employees whose Positions were Upgraded due to their Posts being Upgraded

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

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	1
Total	1	0	0	0	1
Employees with a Disability	0	0	0	0	0

3.3.3 Employees with Salary Levels Higher than Those Determined by Job Evaluation by Occupation

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

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Legal Related	0	0	0	0	0
Information Technology	0	0	0	0	0
Total	0	0	0	0	0
Percentage of Total Employment	0	0	0	0	611

3.3.4 Profile of Employees who have Salary Levels Higher than those Determined by Job Evaluation

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability	0	0	0	0	0



3.4 Employment Changes

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

3.4.1 Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate%
Skilled (Levels 3-5) (Permanent)	57	5	4	7,0
Highly skilled production (Levels 6-8) (Permanent)	139	4	6	4,3
Highly skilled supervision (Levels 9-12) (Permanent)	201	8	9	4,5
Highly skilled supervision (Levels 9-12) (Temporary)	1	0	0	0
Senior Management Service Band A (Permanent)	47	1	2	4,3
Senior Management Service Band B (Permanent)	12	0	0	0
Senior Management Service Band C (Permanent)	4	1	0	0
Senior Management Service Band D (Permanent)	3	0	0	0
TOTAL	464	19	21	4,5

Salary Band	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate %
Contract (Levels 1-2) (Permanent)	58	64	56	96,6
Contract (Levels 3-5) (Permanent)	13	3	3	23,1
Contract (Levels 6-8) (Permanent)	3	0	0	0
Contract (Levels 9-12) (Permanent)	10	4	2	20,0
Contract (Band A) (Permanent)	4	0	4	100,0
Contract (Band B) (Permanent)	1	0	0	0
Contract (Band D) (Permanent)	0	1	0	0
TOTAL	89	72	65	2,397
Transfers	Employment at Beginning of Period (April 2012)	Transfers in	Transfer out	Turnover rate %
Number of transfers	464	20	29	0,11



3.4.2 Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2012)	Appointments	Terminations	Turnover Rate %
Administrative related (Permanent)	51	3	3	5,9
Client information clerks (switchboard, receptionist, information clerks) (Permanent)	6	0	0	0
Communication and information related (Permanent)	9	3	1	11,1
Economists (Permanent)	2	0	0	0
Finance and economics related (Permanent)	9	1	1	11,1
Financial and related professionals (Permanent)	15	0	1	6,7
Financial clerks and credit controllers (Permanent)	11	1	0	0
Food services aids and waiters (Permanent)	1	0	0	0
General legal administration and related professionals (Permanent)	1	0	0	0
Head of department/chief executive officer (Permanent)	1	0	0	0
Human resources and organisational development and relate professionals (Permanent)	19	0	0	0
Human resources clerks (Permanent)	9	0	0	0
Human resources related (Permanent)	11	0	1	9,1
Information technology related (Permanent)	7	0	0	0
Language practitioners, interpreters and other communications professions (Permanent)	2	0	0	0
Legal related (Permanent)	0	1	0	0
Library mail and related clerks (Permanent)	21	3	1	4,8
Logistical support personnel (Permanent)	4	0	0	0
Material-recording and transport clerks (Permanent)	11	1	2	18,2
Messengers, porters and deliverers (Permanent)	5	1	1	20,0
Natural sciences related (Permanent)	155	6	8	5,2
Other administrative and related clerks and organisers (Permanent)	8	0	2	25,0
Other administrative policy and related officers (Permanent)	1	0	1	100,0
Other information technology personnel (Permanent)	7	0	0	0
Other occupations (Permanent)	2	0	0	0
Risk management and security services (Permanent)	9	0	0	0
Interns	58	64	56	96,6
Secretaries and other keyboard operating clerks (Permanent)	42	2	0	0
Security officers (Permanent)	19	2	2	10,5
Senior managers (Permanent)	56	2	6	10,7
Senior managers (Temporary)	1	0	0	0
Trade/industry advisers and other related professions (Permanent)	0	1	0	0
TOTAL	553	91	86	15,6



3.4.3 Reasons Why Staff Left the Department

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

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total
Death (Permanent)	3	3,5	0,5	86
Resignation (Permanent)	18	20,9	3,3	86
Expiry of contract (Permanent)	62	72,1	11,2	86
Discharged due to ill health (Permanent)	1	1,2	0,2	86
Dismissal – misconduct (Permanent)	1	1,2	0,2	86
Retirement (Permanent)	1	1,2	0,2	86
TOTAL	86	100,0	15,6	86

Resignations as % of Employment	15,6
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3.4.4 Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2012)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level
Administrative related	51	5	9,8	36
Client information clerks (switchboard, receptionist, information clerks)	6	0	0	3
Communication and information related	9	0	0	1
Economists	2	0	0	0
Finance and economics related	9	2	22,2	3
Financial and related professionals	15	2	13,3	13
Financial clerks and credit controllers	11	1	9,1	9
Food services aids and waiters	1	0	0	1
General legal administration and related professionals	1	0	0	2
Head of department/chief executive officer	1	0	0	0
Human resources and organisational development and related professions	19	1	5,3	11
Human resources clerks	9	3	33,3	6
Human resources related	11	0	0	8
Information technology related	7	0	0	5
Language practitioners, interpreters and other communication professions	2	0	0	2
Legal related	0	0	0	2
Library mail and related clerks	21	1	4,8	6
Logistical support personnel	4	3	75,0	4
Material-recording and transport clerks	11	2	18,2	7
Messengers porters and deliverers	5	1	20,0	3
Natural sciences related	155	3	1,9	142
Other administrative and related clerks and organisers	8	0	0	11
Other administrative policy and related officers	1	0	0	1
Other information technology personnel	7	0	0	7
Other occupations	2	0	0	0
Risk management and security services	9	1	11,1	3
Interns	58	0	0	0
Secretaries and other keyboard operating clerks	42	1	2,4	34
Security officers	19	0	0	0
Senior managers	57	4	7,0	23
TOTAL	553	30	5,4	343



3.4.5 Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2012)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level
Skilled (Levels 3-5) (Permanent)	57	4	7,0	25
Highly skilled production (Levels 6-8) (Permanent)	139	13	9,4	100
Highly skilled supervision (Levels 9-12) (Permanent)	201	7	3,5	183
Highly skilled supervision (Levels 9-12) (Temporary)	1	0	0	0
Senior management (Levels 13-16) (Permanent)	66	4	6,1	29
Contract (Levels 1-2) (Permanent)	58	0	0	0
Contract (Levels 3-5) (Permanent)	13	0	0	2
Contract (Levels 6-8) (Permanent)	3	0	0	1
Contract (Levels 9-12) (Permanent)	10	2	20,0	3
Contract (Levels 13-16) (Permanent)	5	0	0	0
TOTAL	553	30	5,4	343

3.5 Employment Equity

3.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013

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 and managers (Permanent)	24	4	3	31	2	18	0	2	20	2	55
Professionals (Permanent)	44	0	0	44	4	30	1	1	32	5	85
Technicians and associate professionals (Permanent)	133	1	0	134	4	134	0	0	134	0	272
Clerks (Permanent)	23	1	0	24	1	78	0	0	78	4	107
Service and sales workers (Permanent)	20	0	0	20	0	7	0	0	7	0	27
Elementary occupations (Permanent)	4	1	0	5	0	1	0	0	1	0	6
TOTAL	248	7	3	258	11	268	1	3	272	11	552
Employees with disabilities	0	0	0	0	1	1	0	0	1	1	3



3.5.2 Total Number of Employees (Including Employees with Disabilities) in Each of the Following Occupational Bands on 31 March 2013

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
Top management (Permanent)	4	0	0	4	1	4	0	1	5	0	10
Senior management (Permanent)	25	3	3	31	3	17	0	1	18	3	55
Professionally qualified and experienced specialists and mid-management (Permanent)	108	0	0	108	3	93	1	0	94	2	207
Skilled technical and academically qualified workers, junior management, supervisors, foremen (Permanent)	45	1	0	46	0	88	0	1	89	5	140
Semi-skilled and discretionary decision making (Permanent)	30	1	0	31	0	17	0	0	17	1	49
Contract (top management) (Permanent)	1	0	0	1	0	0	0	0	0	0	1
Contract (senior management) (Permanent)	0	2	0	2	0	1	0	0	1	0	3
Contract (professionally qualified) (Permanent)	3	0	0	3	3	4	0	0	4	0	10
Contract (skilled technical) (Permanent)	2	0	0	2	1	3	0	0	3	0	6
Contract (semi-skilled) (Permanent)	3	0	0	3	0	12	0	0	12	0	15
Contract (unskilled) (Permanent)	27	0	0	27	0	29	0	0	29	0	56
TOTAL	248	7	3	258	11	268	1	3	272	11	552

3.5.3 Recruitment

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
Top management (Permanent)	1	0	0	1	0	0	0	0	0	0	1
Senior management (Permanent)	1	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Permanent)	3	0	0	3	1	4	0	0	4	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen (Permanent)	1	0	0	1	0	3	0	0	3	0	4
Semi-skilled and discretionary decision making (Permanent)	4	0	0	4	0	1	0	0	1	0	5
Contract (top management) (Permanent)	1	0	0	1	0	0	0	0	0	0	1
Contract (professionally qualified) (Permanent)	1	0	0	1	2	1	0	0	1	0	4
Contract (semi-skilled) (Permanent)	1	0	0	1	0	2	0	0	2	0	3
Contract (unskilled) (Permanent)	31	0	0	31	0	32	1	0	33	0	64
TOTAL	44	0	0	44	3	43	1	0	44	0	91



3.5.4 Promotions

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
Top Management (Permanent)	1	0	0	1	1	0	0	0	0	0	2
Senior management (Permanent)	15	2	1	18	3	8	0	0	8	2	31
Professionally qualified and experienced specialists and mid-management (Permanent)	105	0	0	105	5	77	1	0	78	2	190
Skilled technical and academically qualified workers, junior management, supervisors, foremen (Permanent)	27	1	0	28	0	79	0	2	81	4	113
Semi-skilled and discretionary decision making (Permanent)	17	1	0	18	0	10	0	0	10	1	29
Contract (professionally qualified) (Permanent)	0	0	0	0	1	4	0	0	4	0	5
Contract (skilled technical) (Permanent)	0	0	0	0	0	1	0	0	1	0	1
Contract (semi-skilled) (Permanent)	1	0	0	1	0	1	0	0	1	0	2
TOTAL	166	4	1	171	10	180	1	2	183	9	373
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
Employees with disabilities	0	0	0	0	1	1	0	0	1	1	3

3.5.5 Terminations

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)	0	0	1	1	0	1	0	0	1	0	2
Professionally qualified and experienced specialists and mid-management (Permanent)	3	0	0	3	1	5	0	0	5	0	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen (Permanent)	3	0	0	3	0	3	0	0	3	0	6
Semi-skilled and discretionary decision making (Permanent)	3	0	0	3	0	1	0	0	1	0	4
Contract (senior Management) (Permanent)	1	0	0	1	2	0	0	0	0	1	4
Contract (professionally qualified) (Permanent)	0	0	0	0	0	2	0	0	2	0	2
Contract (semi-skilled) (Permanent)	0	0	0	0	0	3	0	0	3	0	3
Contract (unskilled) (Permanent)	22	0	0	22	0	33	1	0	34	0	56
TOTAL	32	0	1	33	3	48	1	0	49	1	86



3.5.6 Disciplinary Action

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
Non-compliance: PMDS	15	3	3	21	2	5	0	1	6	2	31
Absenteeism	0	0	1	1	0	5	0	0	5	0	6
Dereliction of duties	0	0	0	0	0	1	0	0	1	0	1
Insolence	0	0	0	0	0	2	0	0	2	0	2
Insubordination	1	0	0	1	0	4	0	0	4	0	5
Irregular expenditure	0	0	0	0	0	1	0	0	1	0	1
Misrepresentation	1	0	0	1	0	1	0	0	1	0	2
Improper conduct	2	0	0	2	0	1	0	0	1	0	3
Abuse of state resources	1	0	0	1	0	0	0	0	0	0	1
Non-compliance: transport policy	2	0	0	2	0	1	0	0	1	0	3
Non-compliance: petty cash policy	0	0	0	0	0	1	0	0	1	0	1
Poor work performance	2	0	0	2	0	0	0	0	0	0	2
Theft	1	0	0	1	0	0	0	0	0	0	1
Unethical Behaviour	0	0	0	0	0	1	0	0	1	0	1
Negligence	1	0	0	1	0	0	0	0	0	0	1
TOTAL	26	3	4	33	2	23	0	1	24	2	61

3.5.7 Skills development

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 and managers	16	2	2	20	2	10	0	2	12	2	36
Professionals	37	0	0	37	3	30	0	0	30	2	72
Technicians and associate professionals	40	0	0	40	0	35	0	0	35	0	75
Clerks	25	0	0	25	0	50	0	0	50	2	77
Service and sales workers	2	0	0	2	0	1	0	0	1	0	3
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0	0	0
Interns	9	0	0	9	1	17	0	0	17	0	27
TOTAL	129	2	2	133	6	143	0	2	145	6	290
Employees with disabilities	0	0	0	0	1	1	0	0	0	0	2



3.6 Performance Rewards

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, salary bands and critical occupations.

3.6.1 Performance Rewards by Race, Gender and Disability

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	96	267	36,0	1 213	12 639
African, Male	69	248	27,8	1 088	15 765
Asian, Female	1	3	33,3	13	13 017
Asian, Male	0	3	0	0	0
Coloured, Female	0	1	0	0	0
Coloured, Male	2	7	28,6	15	7 522
Total Blacks, Female	97	271	35,8	1 226	12 643
Total Blacks, Male	71	258	27,5	1 103	15 533
White, Female	6	10	60,0	84	14 070
White, Male	2	10	20,0	55	27 356
Employees with disabilities	3	3	100,0	32	10 621
TOTAL	179	552	32,4	2 500	13 968

3.6.2 Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Skilled (Levels 3-5)	13	49	26,5	72	5 538
Highly skilled production (Levels 6-8)	68	140	48,6	636	9 353
Highly skilled supervision (Levels 9-12)	95	207	45,9	1 716	18 063
Contract (Levels 1-2)	0	56	0	0	0
Contract (Levels 3-5)	0	15	0	0	0
Contract (Levels 6-8)	0	6	0	0	0
Contract (Levels 9-12)	1	10	10,0	13	13 000
Periodical Remuneration	0	3	0	0	0
TOTAL	177	486	36,4	2437	13 768



3.6.3 Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	22	53	41,5	287	13 045
Client information clerks (switchboard, receptionist, information clerks)	1	6	16,7	5	5 000
Communication and information related	0	11	0	0	0
Economists	0	2	0	0	0
Finance and economics related	0	9	0	0	0
Financial and related professionals	9	14	64,3	138	15 333
Financial clerks and credit controllers	3	10	30,0	24	8 000
Food services aids and waiters	0	1	0	0	0
General legal administration and related professionals	1	0	0	23	23 000
Head of department/chief executive officer	0	1	0	0	0
Human resources and organisational development and related professionals	9	19	47,4	159	17 667
Human resources clerks	5	10	50,0	39	7 800
Human resources related	5	12	41,7	56	11 200
Information technology related	2	7	28,6	35	17 500
Language practitioners, interpreters and other communication professionals	0	2	0	0	0
Legal related	0	1	0	0	0
Library mail and related clerks	3	21	14,3	20	6 667
Logistical support personnel	2	6	33,3	18	9 000
Material-recording and transport clerks	5	9	55,6	37	7 400
Messengers porters and deliverers	2	5	40,0	10	5 000
Natural sciences related	75	157	47,8	1 273	16 973
Other administrative and related clerks and organisers	4	6	66,7	27	6 750
Other administrative policy and related officers	1	0	0	9	9 000
Other information technology personnel	3	7	42,9	46	15 333
Other occupations	0	2	0	0	0
Risk management and security services	2	9	22,2	26	13 000
Interns	0	56	0	0	0
Secretaries and other keyboard operating clerks	23	45	51,1	205	8 913
Security officers	0	18	0	0	0
Senior managers	2	52	3,8	63	31 500
Trade/industry advisers and other related profession	0	1	0	0	0
TOTAL	179	552	32,4	2500	13 966



3.6.4 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)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	1	46	2,2	29	29 000	0,1	40 396
Band B	1	12	8,3	35	35 000	0,3	11 883
Band C	0	7	0	0	0	0	0
Band D	0	4	0	0	0	0	0
TOTAL	2	69	2,9	64	32000	0,1	52279

3.6.5 Submission of Performance Agreements for 2012-2013

Post Category	PERFORMANCE AGREEMENTS FOR SMS		
Senior Managers	Total Number of Employees	Number Submitted	Number Outstanding
Level 16	1	1	0
Level 15	4	4	0
Level 14	12	8	4
Level 13	54	35	19
TOTAL	71	48	23

3.7 Foreign Workers

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

3.7.1 Foreign Workers 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
Senior management (Levels 13-16)	2	100	2	50	0	0	2	4	2
Contract (Levels 9-12)	0	0	2	50	2	100	2	4	2
TOTAL	2	100	4	100	2	100	2	4	2

3.7.2 Foreign Workers 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	2	100	4	100	2	100	2	4	2
TOTAL	2	100	4	100	2	100	2	4	2



3.8 Leave Utilisation

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

3.8.1 Sick Leave

Salary Band	Total Days	% Days with Medical Certification	Number of Employees Using Sick Leave	% of Total Employees Using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total Number of Employees Using Sick Leave	Total Number of Days with Medical Certification
Skilled (Levels 3-5)	300	88,3	49	11,1	6	106	440	265
Highly skilled production (Levels 6-8)	763	75,2	117	26,6	7	463	440	574
Highly skilled supervision (Levels 9-12)	984	77,9	162	36,8	6	1 257	440	767
Senior management (Levels 13-16)	211	75,8	51	11,6	4	640	440	160
Contract (Levels 1-2)	101	55,4	32	7,3	3	23	440	56
Contract (Levels 3-5)	90	84,4	15	3,4	6	28	440	76
Contract (Levels 6-8)	24	79,2	4	0,9	6	11	440	19
Contract (Levels 9-12)	44	77,3	7	1,6	6	47	440	34
Contract (Levels 13-16)	16	56,3	3	0,7	5	45	440	9
TOTAL	2533	77,4	440	100,0	6	2620	440	1960

3.8.2 Disability Leave (Temporary and Permanent)

Salary Band	Total Days	% Days with Medical Certification	Number of Employees Using Disability Leave	% of Total Employees Using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total Number of Days with Medical Certification	Total Number of Employees using Disability Leave
Skilled (Levels 3-5)	35	100	2	14,3	18	13	35	14
Highly skilled production (Levels 6-8)	65	100	3	21,4	22	35	65	14
Highly skilled supervision (Levels 9-12)	79	100	7	50,0	11	104	79	14
Senior management (Levels 13-16)	5	100	1	7,1	5	15	5	14
Contract (Levels 3-5)	64	100	1	7,1	64	18	64	14
TOTAL	248	100	14	100,0	18	185	248	14



3.8.3 Annual Leave

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

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees Who Took Leave
Skilled (Levels 3-5)	1 103,08	18	60
Highly skilled production (Levels 6-8)	3093	19	161
Highly skilled supervision (Levels 9-12)	4 346,92	20	218
Senior management (Levels 13-16)	1377	20	69
Contract (Levels 1-2)	866	10	83
Contract (Levels 3-5)	245	13	19
Contract (Levels 6-8)	73	15	5
Contract (Levels 9-12)	157	16	10
Contract (Levels 13-16)	126	18	7
TOTAL	11387	18	632

3.8.4 Capped Leave

Salary Band	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee, as at 31 December 2012	Number of Employees Who Took Capped Leave	Total Number of Capped Leave Available at 31 December 2012	Number of Employees as at 31 December 2012
Highly skilled supervision (Levels 9-12)	3	3	23	1	410	18
TOTAL	3	3	23	1	410	18

3.8.5 Leave Payouts

The following table summarise 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 2012/13 due to non-utilisation of leave for the previous cycle	88	2	44 000
Capped leave payouts on termination of service for 2012/13	182	8	22 750
Current leave payout on termination of service for 2012/13	0	19	0
TOTAL	270	29	9 310



3.9 HIV/AIDS and Health Promotion Programmes

3.9.1 Steps Taken to Reduce the Risk of Occupational Exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV/AIDS and Related Diseases (if any)	Key Steps Taken to Reduce the Risk
None	N/A

3.9.2 Details of Health Promotion and HIV/AIDS Programmes

(Tick the Applicable Boxes and Provide the Required Information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		Yes, Ansie Botha
2. Does the Department have a dedicated unit or have you designated specific staff members to promote 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		Only one member is assigned and the budget is R350 000
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of the programme.	X		Psychosocial, medical and physical
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Dikeledi Maepa (Auxillary) Jeff Maluleke (Energy Officer) Bernet Makhura (Energy Licensing Officer) Mikateko Mabunda (EHW Coordinator: HR) Nkokoto Moleko (Energy Officer) Nomfanelo Majambe (Employee Relations Practitioner: HR) Refilwe Petja (Senior Accounting Officer: S&T), Matshediso Mahlaku (Energy Licensing Officer, North West) Boitumelo Mofokeng (Energy Officer) Lydia Modiba (HR Education and Training) Moses Maleka (Energy Officer) Sibongile Rapopo (M&E) Mamokoti Malapane (Senior Admin Officer) Doris Moyake (Admin, Free State) Phakamani Dladla (Admin, KwaZulu Natal) Wisani Maluleke (Energy Officer, Cape Town) Mamello Ratikane (Admin Officer, Northern Cape), Mfumaneko (Admin Officer, Mpumalanga)
5. Has the Department 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		Policy reviewed
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		HIV/AIDS in the Workplace Policy in place
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	X		Increase in voluntary testing
8. Has the Department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/ indicators.	X		Monthly report statistics of utilisation of service



3.10 Labour Relations

3.10.1 Collective Agreements

Subject Matter	Date
ICT Change Management Policy	3 July 2012
Salary and Allowance Policy	3 July 2012
Condolence Policy	27 July 2012
Payment Policy	3 July 2012
ICT Disaster Recovery Plan	3 July 2012
ICT Information Security Policy	3 July 2012
Inventory Management Policy	27 July 2012
Telephone Management Policy	27 July 2012
Cellular Phone Management Policy	23 October 2012
Subsistence and Travel Allowance Policy	27 July 2012
Staff Debt Management Policy	6 August 2012
Facilities Management Policy	31 October 2012
Corporate and Protective Clothing Policy for Selected Personnel	28 February 2013
PMDS Policy	28 February 2013

3.10.2 Misconduct and Disciplinary Hearings Finalised

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

Outcomes of Disciplinary Hearings	Number	Percentage of Total	Total
Dismissal	1	14	1
Final written warning	3	43	3
Two months suspension with no pay	1	14	1
Demotion and final written warning	1	14	1
One week suspension without pay	1	14	1
TOTAL	7	100	7



3.10.3 Types of Misconduct Addressed at Disciplinary Hearings

Type of Misconduct	Number	Percentage of Total	Total
Absenteeism	6	10	1
Dereliction of duties	1	2	1
Insolence	2	3	2
Insubordination	5	8	5
Irregular expenditure	1	2	1
Misrepresentation	2	3	2
Improper conduct	3	5	3
Abuse of state resources	1	2	1
Non-compliance: PMDS	31	50	31
Non-compliance: transport policy	3	5	3
Non-compliance: petty cash policy	1	2	1
Poor work performance other than incapacity	2	3	2
Theft	1	2	1
Unethical behaviour	1	2	1
Negligence	1	2	1
Non-compliance: procurement policy	1	2	1
TOTAL	62	100	62

3.10.4 Grievances Logged

Number of Grievances Addressed	Number	Percentage of Total	Total
Completed	12	63	12
Outstanding	4	21	4
Withdrawn	3	16	3
TOTAL	19	100	19

3.10.5 Disputes Logged

Number of Disputes Addressed	Number	Percentage of Total
Upheld	1	100
Dismissed	0	0
Total	1	100

3.10.6 Strike Actions

Strike Actions	
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no-work-no-pay	0



3.10.7 Precautionary Suspensions

Precautionary Suspensions	
Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	164
Cost (R'000) of suspensions	R149 450
Cost (R'000) of suspensions	R51 326
Cost (R'000) of suspensions	R201 058

3.11 Skills Development

3.11.1 Training Needs Identified

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

Occupational Categories	Gender	Employment (As per Employment Summary)	Learnerships	Skills Programmes and Other Short Courses	Other Forms of Training (Bursaries and Internships)	Total
Legislators, senior officials and managers	Female	23	0	15	2	17
	Male	35	0	13	2	15
Professionals	Female	37	0	26	6	32
	Male	46	0	31	8	39
Technicians and associate professionals	Female	108	0	44	4	48
	Male	104	0	61	5	66
Clerks	Female	85	0	88	12	100
	Male	23	0	40	4	44
Service and sales workers	Female	6	0	3	0	3
	Male	22	0	2	0	2
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	5	0	0	0	0
Interns	Female	34	0	0	15	15
	Male	24	0	0	8	8
Gender sub totals	Female	294	0	176	39	215
	Male	259	0	147	27	174
TOTAL		553	0	323	66	389



3.11.2 Training Provided for the Period

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes and Other Short Courses	Other Forms of Training (Bursaries and Internships)	Total
Legislators, senior officials and managers	Female	23	0	12	2	14
	Male	35	0	20	2	22
Professionals	Female	37	0	26	6	32
	Male	46	0	32	8	40
Technicians and associate professionals	Female	108	0	31	4	35
	Male	104	0	35	5	40
Clerks	Female	85	0	40	12	52
	Male	23	0	21	4	25
Service and sales workers	Female	6	0	1	0	1
	Male	22	0	2	0	2
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	5	0	0	0	0
Interns	Female	34	0	3	15	18
	Male	24	0	1	8	9
Gender sub totals	Female	294	0	113	39	152
	Male	259	0	111	27	138
TOTAL		553	0	224	66	290

3.12 Injury on Duty

The following tables provide basic information on injury on duty.

3.12.1 Injury on Duty

Nature of Injury on Duty	Number	Percentage of total
Required basic medical attention only	4	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
TOTAL	4	100



3.13 Utilisation of Consultants

3.13.1 Report on Consultant Appointments Using Appropriated Funds

Project Title	Total Number of Consultants that Worked on the Project	Duration: Work Days	Contract Value	Amount paid during 2012/13 financial year
Appointment of a service provider for the auditing of monthly fuel price	2	2 years (480 days)	R368 223	R92 056
Handling of recruitment and any other advertisements in the DOE, for a period of two years	9	2 years (480 days)	Based on percentage (15%) discounts (payment by HR)	R1 379 610
Extension of ICT services from Nambithi Technologies, for a period of three months	3	3 months (120 days)	R815 328	R1 215 753
Extension of ICT services from Nambithi Technologies, for a period of six months	1	6 months (120 days)	R638 035	
Appointment of a service provider to co-source internal audit activities at the Department of Energy, for a period of two months	8	2 months (40 days)	R475 209	R475 209
Appointment of a service provider to design and conduct an organisational culture/climate/core values	8	6 months (120 days)	R282 720	R138 270
Appointment of a service provider to co-source risk management and anti-fraud and -corruption activities at the Department of Energy	12	Up to 31 March 2013 (43 days)	R750 000	R0
Appointment of a service provider to assist with planning, budgeting and performance reporting, for a period of two and half months	4	2 and half months (50 days)	R248 041	R248 041
Appointment of service provider for the advisory services owner/operator and financing structures for new build nuclear fleet programme for the Department of Energy, for a period of six weeks	7	6 weeks (30 days)	R3 601 934	R2 737 623
Appointment of a service provider to Co-source internal audit activities at the Department of Energy, for a period of two months	22	2 months (40 days)	R549 218	R384 944
Development of 20 Year Liquid Fuels Infrastructure Road Map (20YLFIRM)	5	Up to 31 March 2013 (189 days)	R1 872 473	R3 006 353
Appointment of a service provider to support the work of the interdepartmental task team on crude oil	1	2 May 2012 to 31 August 2012 (82 days)	R392 538	R0
Request for deviation from the normal procurement process, for the appointment of a service provider for the study on various procurement frameworks, for a period of four weeks	8	4 weeks (20 days)	R907 708	R0
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand	
	90	1814	R10 901 427	



3.13.2 Analysis of Consultant Appointments Using Appropriated Funds, in terms of Historically Disadvantaged Individuals (HDI's)

Project Title	B-BBEE Status Level	B-BBEE points
Appointment of a service provider for the auditing of monthly fuel price	Level 2	18
Handling of recruitment and any other advertisements in the DOE, for a period of two years	Level 1	20
Extension of ICT Services from Nambithi Technologies for a period of six months	Level 2	18
Appointment of a service provider to co-source internal audit activities at the Department of Energy for a period of two months	Level 2	18
Appointment of a service provider to design and conduct an organisational culture/climate/core values	Level 2	20
Appointment of a service provider to co-source risk management and anti-fraud and -corruption activities at the Department of Energy	Level 2	18
Appointment of a service provider to assist with planning, budgeting and performance reporting, for a period of two and half months	Level 2	18
Appointment of service provider for the advisory services owner/operator and financing structures for new build nuclear fleet programme for the Department of Energy, for a period of six weeks	Level 2	9
Appointment of a service provider to co-source internal audit activities at the Department of Energy, for a period of two months	Level 2	18
Development of 20 Year Liquid Fuels Infrastructure Road Map (20YLFIRM)	Level 2	5
Appointment of a service provider to support the work of the interdepartmental task team on crude oil	Level 3	16
Request for deviation from the normal procurement process, for the appointment of a service provider for the study on various procurement frameworks, for a period of four weeks	Level 2	18

3.13.3 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 (R)
None	None	0	R0

Total Number of Projects	Total Individual Consultants	Total Duration: Work days	Total Contract value (R)
None	None	0	R0

3.13.4 Analysis of Consultant Appointments Using Donor Funds, in Terms of Historically Disadvantaged Individuals (HDI's)

Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups that Work on the Project
None	-	-	0





PART E:
FINANCIAL
INFORMATION



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1. Accounting Officer's Statement of Responsibility for the Annual Financial Statements

Statement of Responsibility for the Annual Financial Statements for the Year Ended 31 March 2013

The Accounting Officer is responsible for the preparation of the Department's annual financial statements, and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflects the operations of the Department for the financial year ended 31 March 2013.

The external auditors are engaged to express an independent opinion on the annual financial statements of the Department.

The financial statements of the Department of Energy for the year ended 31 March 2013 have been examined by the Auditor-General and their report is presented in Section 3 of Part E (page 174 to page 176).

The annual financial statements of the Department, set out in Section 4 of Part E (page 177 to page 190) have been approved.



Ms N Magubane
Accounting Officer
Department of Energy
31 July 2013



2. REPORT OF THE ACCOUNTING OFFICER for the year ended 31 March 2013

1. Services Rendered by the Department

The core business of the Department is premised, amongst others, on the Energy White Paper of 1998 as well as the National Energy Regulator Act, 2008 (Act No. 34 of 2008), which 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 taking into account environmental considerations.

The Department is also responsible for the transfers to various implementing agents.

Below are some of the activities that the Department embarked upon in the year under review:

1.1 Solar Water Heater Programme

The Solar Water Heater programme is on track to deliver 1 million systems by 2015, of which 350 000 systems have already been installed by the end of this financial year. Whilst this is significant, there are still gaps that need to be closed regarding the local content of the systems, maintenance arrangements and the independent verification of the number of installations. In this regard, a new local content verification standard (SABS: SATS 1286) has been adopted as the basis of verifying that installed systems have at least 70% local content. In addition, a web-based monitoring system has been introduced, to allow the geographical mapping and monitoring of all installations.

1.2 Integrated Energy Plan

The Integrated Energy Planning (IEP) report has been developed and is ready for stakeholder engagement, as part of the process to prescribe an energy roadmap for the country. The IEP will integrate the following sector plans: Integrated Resource Plan (electricity), the Energy Efficiency Strategy, the Liquid Fuels Roadmap, the Gas Infrastructure Plan, the LP Gas Strategy, the Transmission Development Plan, and the Distribution Infrastructure Plan (incorporating the Electrification Strategy). The integration of these plans is critical for providing policy direction in the energy space, in line with the developmental goals espoused in the National Development Plan.

1.3 Electricity Pricing

The conclusion of the multi-year price determination (MYPD3) at an annual rate of 8% for the next five years, has created certainty about the electricity price path in the period up to 31 March 2018.

1.4 Strategic Stocks Policy

The Department received approval from Cabinet to publish the Draft Strategic Stocks policy together with the implementation plan. The holding of the Strategic Stocks would be to ensure continuous supply of petroleum products in the case of major fuel disruptions. The draft policy proposes the holding of stock both for crude oil and refined products whereas currently only crude oil is held as strategic stocks.

1.5 Refinery Audit

To bolster the outcome of the 20 Year Liquid Fuel Infrastructure Roadmap, the Department completed the Refinery Audit which evaluated the reliability, availability, capacities and capabilities of the respective refineries to meet demand of liquid fuels in the country. The Audit was triggered by the unexplained and increased number of unplanned shutdowns and extended planned shutdowns of the refineries which caused fuel supply disruptions. The results of the Audit will feed into the work of the 20 Year Liquid Fuels Infrastructure Roadmap which will identify the current infrastructure constraint and determine current and future infrastructure investments.

1.6 New Multi-Products Pipeline (NMPP)

The last and final payment for the construction of the New Multi-Products Pipeline was transferred to Transnet by 31 March 2013. The commissioning of the trunk line of the 24 inch Multi-Products pipeline between Durban and the inland market has reduced the constraints to supply liquid fuels to the inland market of Gauteng. However, lack of investments in the associated infrastructure remains a concern, because bottlenecks within supply value chain are yet to be resolved. The 20 Year Liquid Fuels Infrastructure Roadmap will provide recommendations in this regard.

1.7 Gas Amendment Act

The Gas Amendment Act went through rigorous consultation with other government departments, as recommended by Cabinet. Cabinet finally approved the draft Bill for publication for public consultation. In the Gas Amendment Bill, the definition of gas has been extended to include conventional and non-conventional forms of gasses, whereas the current Act only defines gas as piped gas. The Bill will go through the parliamentary processes during the 2013/14 financial year.



1.8 Petroleum Licensing

In the petroleum regulation, the Department managed to deliver most of its strategic objectives, although there are still challenges in some areas. The context to which targets were achieved was characterised by budget constraints, unfunded mandates (such as the testing of fuel specifications and standards), and the departmental structure that is unfunded. However, the Department exceeded the compliance inspections targets. It conducted thirteen regional awareness campaigns in all the regions, and finalised 798 licence applications. Significant progress has been made in the development of the licensing system, which is going to assist greatly in finalising applications within the legislated time frame.

1.9 The Liquid Fuels Charter

The Liquid Fuels Charter audit was completed and tabled in Cabinet during the period under review. The Department published the Liquid Fuels Compliance Charter Audit results, which was followed by constructive bilateral engagements with the audited companies. The process to align the Liquid Fuels Charter with the revised code will be embarked upon once the Broad-Based Black Economic Empowerment (B-BBEE) Code of Good practice has been finalised. The outcome of this process will serve as a baseline for the development of the New Empowerment framework.

1.10 Fuel Supply

In terms of security of supply on petroleum products, there were no supply disruptions to the inland market, as had been the case in prior years. This could be attributed to the increase in the capacity of the pipeline to the inland market. Closer monitoring of stock levels, and regular engagements with oil companies through the Logistics Planning Committee and Heads of Supply, aims to ensure the security of fuel supply in the country.

1.11 Biofuels

The Biofuels Mandatory Blending Regulations, which makes it mandatory for oil companies to blend biofuels into the main fuels, were finalised and promulgated. The draft Biofuels Pricing Framework was developed 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. In this regard, National Treasury and the Department are finalising the specifics of the support mechanisms.

1.12 Regulations on the fixed retail margin of illuminating paraffin

The draft regulations on the fixed retail margin price of illuminating paraffin were gazetted to solicit public comments. Due to the limited number of comments received, the Department took a decision to extend the consultation process to the users and resellers of paraffin. In this regard, road shows on the regulations were held in all the provinces to enhance the inputs for the finalisation of the regulations. The extension of the consultation process to the regions delayed the promulgation of the regulations. The regulations on the fixed retail margin for illuminating paraffin would be promulgated during the 2013/14 financial year.

1.13 Nuclear

In March 2011 Cabinet approved the Integrated Resource Plan 2010 (IRP2010-2030), which envisaged that nuclear power would contribute an additional 9,6 GWe to the energy mix by 2030, with the first plant coming online as early as 2023, as the aged baseload coal-fired power stations are retired. The decision to include nuclear power as an option was based on the realisation that South Africa, in line with the commitment made in Copenhagen in COP15, needs to reduce its carbon emissions by 34% in 2020 and by 42% in 2025. A detailed cost benefit analysis was done, investigating all the primary energy options. The IRP2010 concluded that in order to achieve the requisite reduction in carbon emissions, nuclear is going to be part of the energy mix. The Department will continue working towards the rollout of the nuclear programme in the coming year.

The Department developed and recommended to the National Nuclear Energy Executive Coordination Committee (NNEECC) the Phased Decision Making Approach for implementation of the Nuclear Energy Policy, which was approved by Cabinet in November 2012. The decisions taken in November 2012 include the designation of Eskom as owner and operator of the nuclear power plants and the Communication and Stakeholder Engagement Strategy as led by the Department.

The Department took a leading role in conducting an Integrated Nuclear Infrastructure Review mission (INIR) from the International Atomic Energy Agency (IAEA). The IAEA Director-General welcomed this, as South Africa is the first country with an operating nuclear power plant to request such a peer review mission.



1.14 National Radioactive Waste Disposal Institute (NRWDI)

The process of recruiting the Board of Directors for the National Radioactive Waste Disposal Institute (NRWDI) commenced in December 2012. This is important to operationalise the NRWDI in order to fulfil the legislative requirement. The development of the Radioactive Management Fund Bill has commenced and the consultation process with National Treasury during the 2012/13 financial year. This Radioactive Waste Management Fund Bill will ensure that the “Polluter Pay Principle” is adhered by the Radioactive Waste Generators.

1.15 Integrated National Electrification Programme

The Department continued to improve the lives of South African citizens through the electrification programme. During the year under review, the programme exceeded its annual target of 150 000 household electricity connections and achieved 175 473 electricity connections, which is 25 473 above target.

A total number of 811 projects were approved and monitored during the year under review by the INEP Chief directorate. A total amount of R1,8 billion was allocated to Eskom to execute approved INEP projects during the 2012/13 financial year. An additional amount of R1,1 billion was allocated to 128 municipalities under the INEP municipal program.

The INEP Chief directorate is also mandated to manage the non-grid electrification program in the country. A total budget of R86,4 million was available for this program during the 2012/13 financial year. The Department has used four service providers to provide 9 343 households with solar home systems at a cost of R58,3 million. A total amount of R28,1 million was unspent at the end of the year under review, and a request to roll over the unspent funds was submitted to National Treasury during April 2013.

The Department has successfully entered into agreements with Eskom and each municipality that have received INEP allocations under schedule six in the Division of Revenue Act. Transfer of funds to INEP implementing agents was only affected once a signed contract was in place. Allocations gazetted in the 2012/13 Division of Revenue Act under the INEP municipal program and Eskom programme was successfully transferred by the end of the financial year.

All projects were monitored by INEP officials during the year under review, and close out reports were submitted to the Department once projects were successfully implemented.

Both Eskom and municipalities were compelled to submit

monthly reports to the Department pertaining to the INEP allocations. The INEP chief directorate has successfully submitted monthly progress reports to National Treasury by the 20th of each month.

The late signing of contracts by some municipalities was noted and in the 2013/14 financial year this will be mitigated by issuing the contracts to municipalities four months before the start of the financial year.

1.16 Integrated Energy Centres (IeCs)

The Department ensured that South Africans have access to modern forms of energy and fight energy poverty. To this end, two Integrated Energy Centres (IeCs) were constructed in Mbizana in the Eastern Cape, and Ulundi in KwaZulu-Natal.

2. General Review of the State of Financial Affairs

The DoE's budget allocation increased by 8,6% from R6,201 billion in the 2011/12 financial year to R6,734 billion in the 2012/13 financial year. Current payments increased significantly by approximately 18,5% from a total of R349,75 million in the previous financial year to R414,51 million in the year under review. This increase was mainly as a result of reprioritised funding from slow moving projects within transfer payments as well as approved rollovers from the 2011/12 financial year.

Earmarked transfer payments to state owned entities, municipalities and other institutions constituted 93,6% of the DOE's total budget of R6,734 billion and included the following:

- ◆ Transnet's NMPP received R1,5 billion, the final of a three year allocation of R4,5 billion;
- ◆ INEP received a total of R3,0 billion;
- ◆ The Energy Efficiency Demand Side Management (EEDSM) project received a total allocation of R1,02 billion;
- ◆ Nuclear Energy Corporation of South Africa (NECSA) received R567,58 million;
- ◆ National Nuclear Regulator (NNR) received R42,91 million; and
- ◆ South African National Energy Research and Development Institute (SANEDI) received R56,11 million.
- ◆ The balance went to other smaller programmes.

Current expenditure, inclusive of compensation of employees, and capital assets only received 6,4% of the total budget allocation. The DoE spent 98,9% of its 2012/13 budget allocation.



2.1 Major Projects Undertaken During the Year

Renewable Energy IPP Programme

The implementation of the Integrated Resource Plan (IRP 2010) has been initiated with the conclusion in November 2012 of 28 renewable energy projects with an estimated capacity of 1 100 MW. The Minister made determinations in December 2012 to facilitate the implementation cogeneration (800 MW), gas to power (2 600 MW), imported hydro at 200 MW) and coal (2 200 MW) power programmes.

The Renewable Energy Independent Power Producers Procurement Programme (REIPPP) has been hailed as the most innovative internationally. It won the Green Project of the Year award under the Global Infrastructure Leadership Forum.

2.2 Spending Trends

The original appropriation received by the Department on 1 April 2012 amounted to R6,81 billion. The outcome of the adjustments budget process resulted in a decrease in the DoE's 2012 appropriation to a total R6,73 billion. This decrease was mainly driven by a declared saving of R99,37 million that was identified on the Solar Water Geyser Programme as a result of the delayed implementation of the programme.

Although the Department's 2012/13 budget was reduced by R99,37 million, a total of R25,84 million was additionally appropriated as approved roll-over funds from the 2011/12 financial year relating to the following:

Approved Rollovers 2012/13	R'000
International membership fees	8 087
Purchase of an Internal Audit software license	671
Initiating the Mini-ADAM project formerly from the EDIH company	11 758
Purchase of specialised ICT equipment for the new office accommodation building	5 319
Total	25 835

An additional amount of R2,11 million to cater for higher personnel remuneration increases than were provided for in the 2012/13 original budget was also allocated to the Department during the adjustment budget process.

The percentage share of the R6,73 billion appropriation was as follows:

- ◆ 93,6% was allocated for transfers to municipalities, state-owned entities (SOEs) and other organisations
- ◆ 6,2% was allocated for current expenditure, with for compensation of employees and non-personnel current expenditure having an equal share of 3,1%
- ◆ The balance of 0,2%, was allocated for capital assets

The DoE's total expenditure for the year under review was R6,66 billion or 98,9% of the total 2012/13 appropriation. This resulted in an unspent budget of R75,50 million or 1,1% from which a total of R69,34 million was requested as a roll over into the 2013/14 financial year.

A typical trend emerged during the year under review where, the spending trend during the first quarter of the financial year was slow from April to June, but increased from July onward with the major increases being experienced during July, October, January and March.

The high spending during these months is attributable to large payments disbursed to Transnet for the New Multi-Product Pipeline (NMPP) and to Eskom for both Integrated National Electrification Programme (INEP) and Energy Efficiency Demand Side Management (EEDSM) programmes.



PART E: FINANCIAL INFORMATION

The following table shows the budget overview per programme for the financial year ended 31 March 2013:

Programme	Final Appropriation	Actual Spending 31/03/2013	Actual % of Budget Spent	Available
	R'000	R'000	%	R'000
Administration	236 583	219 486	92,77	17 097
Energy policy and planning	1 563 403	1 544 913	98,82	18 490
Energy regulation	1 139 787	1 139 476	99,97	311
National electrification programme	3 147 822	3 112 376	98,87	35 446
Nuclear energy and regulation	646 883	642 733	99,36	4 150
TOTAL	6 734 478	6 658 984	98,88	75 494

Programme 1: Administration

The under-spending of 7,23% is mainly as a result of delays in the procurement process.

During the 2012/13 financial year, approval was granted for the following:

- ◆ The printing of the Department's 2013/14 Annual Performance Plan for a total cost of R222 000. The payment for this service was outstanding at year-end due certain processes which had to be followed;
- ◆ The review of the draft SOE Oversight Framework and related process enhancement services for an amount of R760 000 delayed by tenders which were substantially higher than the project's allocation of R760 000;
- ◆ The co-sourcing of the risk management and anti-fraud and -corruption activities, an amount of R750 000 was outstanding at year-end due to unanticipated delays in the finalisation of the project; and
- ◆ The review of the 2012/13 and 2013/14 Annual Performance Plan, a total of R37 000 was not paid by year end due to the extension of service and related processes which had to be fulfilled.

Programme 2: Energy Policy and Planning

The under-spending of R18,49 million (1,2%) is attributable to planned projects which could not be finalised as anticipated before year-end.

Outstanding projects relate to the following:

- ◆ The development of the 20 year Liquid Fuels Infrastructure Road Map. Due to challenges experienced in the collection of data from the liquid fuel industry, the project could not be finalised as planned, resulting in outstanding payments of R2,31 million; and
- ◆ The review of the electricity distribution industries asset status report and the design of an integrated contract management system for the implementation of the asset rehabilitation programme or the restructuring of the electricity distribution industry. A total of R11,8 million was appropriated in the 2012/13 financial year for the implementation of this project ("mini ADAM"), which remained unspent at year-end due to a decision to re-advertise the service.

Programme 3: Energy Regulation

The under-spending of R312 000 is mainly attributable to the late receipt of invoices and consequent delays in the processing of payments. This relates to an international membership contribution.

During the year under review, the DoE initiated a process of registering South Africa as a member to the International Partnership for Energy Efficiency Cooperation (IPEEC). Due to delays experienced during the membership approval process, the contribution of R949 000 could not be paid to the IPEEC before 31 March 2013 and was included in this programme's goods and services saving of R1,68 million.



Programme 4: Integrated National Electrification Programme

The under-spending of R35,45 million or 1,13% is mainly as a result of spending within the INEP non-grid electrification project and spending within the goods and services economic classification.

- ◆ The intake of applications for Solar Home Systems within concession areas was lower than anticipated resulting in the slow start of the INEP non-grid project. Backlogs were therefore experienced in this project resulting in a budget under-spend of R28,10 million.
- ◆ The process of procuring a monitoring system, the main functions of which will be the monitoring and auditing of electrification projects, particularly the electrification connections at municipal level, throughout all stages of implementation from planning to close-up, commenced during the year under review. However, a decision was taken to re-advertise the services before a service provider could be appointed. A total of R6,50 million was earmarked for this service and remained unspent at year-end.

Programme 5: Nuclear Energy and Regulation

The under-spending of R4,1 million (0,64%) is mainly attributable to planned projects' payments which could not be finalised as anticipated before year-end.

During the 2012/13 financial year, a service provider was appointed to undertake a study and provide advisory services on the funding options related to the new nuclear build fleet programme. A total of R3,60 million was earmarked for this study of which R589 000 was outstanding at year-end.

Major Spending Areas

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

Economic Classification	Final Appropriation	Actual spending 31/03/2013	Actual percentage of budget spent	Available
	R'000	R'000	%	R'000
Compensation of employees	206 763	201 485	97,45	5 278
Goods and services	207 747	170 208	81,93	37 539
Transfers and subsidies	6 304 841	6 276 700	99,55	28 141
Payment for capital assets	15 127	10 555	69,78	4 572
Payment for financial assets	-	36	-	(36)
TOTAL	6 734 478	6 658 984	98,88	75 494

The 2012/13 original appropriation for the procurement of goods and services was a total of R111,01 million. This was adjusted by a total of R99,33 million comprising of R79,49 million from virements (REFSO and EEDSM) and shifts and an additional allocation of R19,85 million approved as rollovers from the 2011/12 financial year, resulting in an adjusted allocation of R210,35 million.



PART E: FINANCIAL INFORMATION

Major spending items under the category goods and services were:

Major Cost Drivers	
Expenditure Item: Goods and Services	Actual spending 31 March 2013 R'000
Travel and subsistence	37 009
Lease payments	28 575
Operating payments	23 989
Property payments	23 664
Consulting/professional: business and advisory services	15 358
Computer services	7 428
Communication	6 539
Audit cost: external	4 491
Venues and facilities	4 237
Contractors	3 720
Advertising	3 481
Inventory: stationery and printing	2 476
Administrative Fees: payments	2 267
Training and development	2 095
Other items	4 879
TOTALS	170 208

2.3 Virements

As in the 2011/12 financial year, the DoE commenced the 2012/13 financial year within a constrained financial environment as a result of limited financial resources allocated through the annual Medium Term Expenditure Framework (MTEF) process. This resulted in operational challenges, particularly in the monitoring and evaluation of projects being implemented by implementing agents, exacerbated by the additional funding allocated to the INEP electrification programme, for electrification connections and the substantial additional allocation in the Energy Efficiency Demand Side Management (EEDSM) programme.

The constrained financial environment consequently led to the DoE's submission to the National Treasury to obtain approval in accordance with Section 43 (4) of the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA) for the re-classification of funds of R40,38 million, originally appropriated as transfers and subsidies under Programme 3: Energy Regulation. This was done in order to provide funding for the operational activities of DoE under Programme 1: Administration (R20 million), Programme 2: Energy Policy and Planning (R5,38 million), Programme 4: National Electrification Programme (R1 million) and Programme 5: Nuclear Energy and Regulation (R14 million).

Subsequent discussions with the National Treasury resulted in the reclassification of a portion of funds originally appropriated for the EEDSM projects to provide funding for the operational activities and projects of the Department and Public Entities reporting to the Minister of Energy. The Department submitted a request to the National Treasury, in terms of Section 43 (4) of the PFMA for the re-classification of R80 million for the 2012/13 financial year, appropriated as transfers and subsidies under Programme 3: Energy Regulation for the Electricity Efficiency Demand Side Management (EEDSM) programme to provide funding for the operational activities and projects of the Department and Public Entities reporting to the Minister of Energy as follows:



PART E: FINANCIAL INFORMATION

VIREMENT FROM	AMOUNT	VIREMENT TO	AMOUNT
Programme 3: Energy Regulation (EEDSM - Eskom grant)	R80 million	Programme 1: Administration	R30,23 million
		Programme 2: Energy policy and planning	R3,3 million
		Programme 3: Energy regulation	R9 million
		Programme 4: National electrification programme	R11,9 million
		Programme 5: Nuclear energy and regulation	R25,57 million
TOTAL	R80 million	TOTAL	R80 million

The Department reprioritised part of the Eskom EEDSM project's funding, as reflected above, due to the delay in the implementation of the project in the 2012/13 financial year. The Department formulated plans in order to develop new institutional arrangements to warehouse all EEDSM including Standard Offer Programme for SWH, residential and industrial interventions. These plans are aimed at achieving efficiencies, ensuring sustainability and obtaining the desired impact of the programme. The Department still aims to continue with the programme's objectives and to still achieve the overall targets of the programme through efficiencies and economies of scale.

Following the inclusion of the reclassification and virement of funds totalling R80 million in the 2012 AENE, the Department reviewed the state of departmental expenditure and submitted proposals for the re-allocation of funding to the Departmental Finance Committee. The process of reprioritisation was based on priority spending areas identified within the Department by the respective programme managers and the implementation readiness of projects and procurement plans to enable the Department to implement and utilise funding before financial year-end.

A final allocation, as recommended by the Finance Committee and endorsed by the Director-General, was as follows:

EEDSM-Eskom Reclassification	R'000
Total: Compensation of employees	9 000
Total: Goods and services	39 128
Line function branches	23 928
Hydrocarbons and energy planning	3 500
Electricity and clean energy	3 300
Programmes and projects	10 128
Nuclear	7 000
Administration	15 200
Ministry	1 500
DG's office	170
Internal audit	1 030
Corporate services	6 000
COO – excluding transfers	3 500
CFO	3 000
Total: Transfer payments	31 000
SANEDI	6 000
NNR	12 000
NECSA	13 000
Total: Payments for capital assets	872
TOTAL DoE	80 000



2.4 Other Material Financial matters

a) Irregular Expenditure

During the year under review the Department identified irregular expenditure to the amount of R8,24 million. This amount is made up of R220 000 attributable to non-compliance to procurement procedures, and further irregular expenditure in the amount of R8,02 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 Department of Energy after the split from the Department of Minerals and Energy.

Condonation was granted in the 2012/13 financial year for the irregular amounts of R22,09 million for the 2011/12 financial year and R17,40 million for the 2010/11 year for the unsigned lease relating to office accommodation. Condonation was also simultaneously granted in the 2012/13 financial year for R8,02 million relating to the office accommodation costs for the unsigned lease for the period April 2012 to July 2012.

Other irregular expenditure in the amount of R220 000 relates to *ex-post facto* approval payments, all of which were all condoned in the 2012/13 financial year.

b) Unauthorised Expenditure

During the 2010/11 financial year R14,8 Million was disbursed from the incorrect vote, a request for condonation has been submitted to National Treasury for consideration. The Department received a letter of condonation from National Treasury on 9 November 2012. However, it was not clear from the approval letter received whether the condonation was granted with funding or without funding. The Department has subsequently requested clarity in this regard from National Treasury in order to enable the Department to derecognise the unauthorised expenditure.

No unauthorised expenditure was incurred in the 2012/13 financial year.

c) Contingent Liability

A liability in the amount of R1,9 million relating to the disputed hours and costs between the Department of Energy 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 Department was part of Department of Minerals and Energy was concluded during 2012/13. A payment of R750 000 was made to the service provider as full and final settlement of the account.

3. Capacity Constraints

The Minister of Energy has approved the final organisational structure of the Department of Energy that makes provision for 746 permanent posts. Due to an intensive consultation process on the review of the structure, the matching and placement of employees in the line function components of the Department was rescheduled for April 2013.

Due to limited MTEF allocations, a total of 265 posts of the revised structure of the Department still remain unfunded and thus vacant. The support services components (viz: Finance and Supply Chain management; Office of the Chief Operations Officer and Corporate Services) have continued to operate with the minimum interim structure so as to provide the required support service to the line function components and to exercise an oversight role of the State Owned Entities (SOE's) within the Energy Sector.

The latter arrangement continues to negatively impact on the Department's ability to deliver on its Strategic Plan and Annual Performance Plan.

4. Utilisation of Donor Funds

4.1 Energy Efficiency Monitoring and Implementation Project

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. An agreement was signed between the South African Government and the Swiss Confederation, represented by the Swiss Federal Department of Foreign Affairs and acting through the Swiss Agency for Development and Cooperation.

During the 2012/13 financial year, the DoE received a total of R2,4 million as donor funding 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 R2,4 million was subsequently disbursed to the South African National Energy Development Institute as the implementing agent for the mentioned project.



4.2 Implementation of “Smart Metering” in South Africa

During the 2012/13 financial year, a total of R179,5 million donor funding over a three year period, was made available through the EU Commission financing agreement and the National Development Programme (NDPSP) for the implementation of the “smart metering” programme in the South African electricity industry. The project consists of two phases which includes the establishment of smart grid technology vision and standards for South Africa and secondly the implementation of smart grid-technologies.

During the year under review, the DoE received a total of R71,8 million, from the National Development Programme for the first phase of the implementation of smart grid initiatives in South Africa. This amount was subsequently disbursed to the South African National Energy Development Institute (SANEDI) as the implementing agent.

4.3 In-service Training Programme: Energy and Water SETA

During the year under review, the DoE appointed 33 interns as part of an in-service electrical engineering training programme within various municipalities for a period March 2012 to 30 June 2013. Funding for this training programme was made available by the Energy and Water Sector Education and Training Authority (EWSETA).

During the 2012/13 financial year, the DoE received donor funding to a total of R974 000 from the Energy and Water SETA for the payment of stipends to the appointed interns. The total payment made by the DoE as stipends to the interns amounted to R1,98 million. A total of R1 million is receivable from the EWSETA and will be recovered during the 2013/14 financial year.

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. As part of improving the oversight of the SOEs, the Department developed an SOE Oversight Framework which was approved by the Minister. The business plan and operating procedures are aligned with the approved SOE Oversight Framework. The Minister held a number of meetings with the Chairpersons of SOEs to ensure strategic alignment and provide guidance and support.

The table below illustrates the performance of the entities reporting to the Minister of Energy in relation to the Auditor-General South Africa’s (AGSA) report for the 2011/12 financial year. It is clear from this report that the financial controls and monitoring systems are effective. Although the AGSA’s report for 2012/13 will only be finalised in July 2013, it is expected that the entities will continue improving their performance.

Entity	Funding Source	Audit Opinion for 2009/10	Audit Opinion for 2010/11	Audit Opinion for 2011/12
NERSA	Levies from regulated industries	Unqualified	Unqualified	Unqualified
NNR	Fees from nuclear authorisation holders and government grant	Unqualified	Unqualified	Unqualified
NECSA	Own and government grant	Unqualified	Unqualified	Unqualified
CEF	Own	Unqualified	Unqualified	Unqualified
SANEDI	Government grant	Unqualified	Unqualified	Unqualified

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



5. 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 8 to the annual financial statements).

5.1 Transfers and subsidies

As at 31 March 2013, the DoE disbursed transfer payments to the value of R6,28 billion, which represented 99,6% of the total budget allocation for the year to public entities, municipalities and implementing agencies.

Major transfer payments are reflected in the following table:

TRANSFER PAYMENTS	Original Budget 2012/13	Year-to-Date Transfer Payments – up to March 2013	Available Balance March 2013	Actual Spending for the Year as a % of Total Budget Allocation
	R'000	R'000	R'000	%
SANEDI	56 110	56 110	-	100,00
Transnet Pipelines	1 500 000	1 500 000	-	100,00
EEDSM - Eskom	820 629	820 629	-	100,00
EEDSM – Municipalities	200 000	200 000	-	100,00
NECSA	567 579	567 579	-	100,00
NNR	42 912	42 912	-	100,00
INEP – Eskom	1 879 368	1 879 368	-	100,00
INEP – Municipalities	1 151 443	1 151 443	-	100,00
INEP – Non-grid	86 400	58 328	28 072	67,51
Households	400	331	69	82,72
TOTAL TRANSFER PAYMENTS	6 304 841	6 276 700	28 141	99,55

Transfers and subsidies are included under Annexures 1A, 1B and 1C to the Annual Financial Statements.

6. Public Private Partnerships

There were no Public Private Partnerships (PPP) concluded during the 2012/13 financial year

7. Corporate Governance Arrangements

The Department of Energy 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 first week of the month and the Management Committee (MANCO) on the second week of each month.

During the period under review, the Executive Committee reviewed management structures in order to ensure that they respond to the objectives of the Department and that of government in general. In this regard, three management structures were approved by EXCO and these are:

- ◆ Executive Committee (meets monthly);
- ◆ Management Committee (meets monthly); and
- ◆ Extended Management Committee (meets quarterly).

The Minister also held several meetings with the DG and all the Deputy Directors-General (DDG). 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.

In line with the approved ethical framework, the Disclosure Framework, senior managers are required to disclose their financial interests annually to the Executive Authority.

The Audit Committee's terms of reference were revised to incorporate the risk management component. The name of the Committee was accordingly changed to Audit and Risk Committee. The Risk Management Committee Subcommittee is in place to oversee the effectiveness of the risk management system. This Committee is now chaired by the external member of the Audit and Risk Committee who reports to the ARC.

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. The 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. The Minister meets the ARC annually.

8. External Assurance

The Department's Audit and Risk Committee (ARC) continued to function in terms of Section 77 of the PFMA. The term of appointment of the three members of the DoE's Audit and Risk Committee is for three years, ending in August 2013.

The members of the ARC have the requisite skills, knowledge and competence to deal with financial, risk management, governance, ethical and other matters that pertain to its responsibility. The ARC 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.

9. Discontinued Activities/Activities to be Discontinued

There were no discontinued activities during the year under review.

10. New/Proposed Activities

There were no new or proposed activities during the year under review.

11. Asset Management

Asset verifications were performed in the 2012/13 financial year at head office and all regional offices. The asset register complies with the minimum requirements for an asset register with all assets procured during 2012/13 financial year.

During the year under review, the Department, as part of the relocation programme, commenced with the utilisation

of assets inherited from one of its entities. As part of the assets management programme in the 2012/13 financial year, unusable, damaged and redundant assets with a book value of R989 000 were disposed. This was done subsequent to the recommendation of the Asset Disposal Committee.

12. Inventories

Inventories purchased in the current financial year end amounts to:

Commodity Type	R'000
Learning and teaching support material	2
Fuel, oil and gas	21
Other consumable materials	491
Maintenance material	232
Stationery and printing	2 476
Medicine	1
Total	3 223

Refer to the notes of the annual financial statements, note 6.5.

13. Events after Reporting Date

There were no known significant events after reporting date.

14. Information on Predetermined Objectives

The Department has published a Strategic Plan for the period 2010/11 to 2014/15. Due to changes in the service delivery environment, the Department published a Revised Strategic Plan for the period 2011/12 to 2015/16 in March 2012.

The DoE held its Annual Planning Retreat in November 2012.

The strategic plan is informed by the DoE's mandate, recent Cabinet decisions involving policy matters and the Minister's signed performance agreement which covers outcomes 2, 4, 6, 7, 8, 9 and 10 of the Government Outcomes.

With regard to its response to government outcomes, the Department 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:



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- ◆ 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.

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 Department's performance against predetermined objectives is reviewed.

Details of the 2012/13 programmes' performance against the DoE's predetermined objectives as aligned to the government outcomes are listed under Part B in this Annual Report.

15. Prior Modifications to Audit Reports

The following matters were brought to the attention of the Accounting Officer in the Auditor-General Annual Report and Management Letter for 2011/12 financial year.

Nature of Qualification, Disclaimer, Adverse Opinion and Matters of Non-Compliance	Financial Year in Which it Arose	Progress Made in Clearing/Resolving The Matter
1. Of the total number of planned targets that 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.	2011/12	During the 2012/13, management undertook a process to review the annual performance targets and the quarter three and four targets to ensure that they are in line with the SMART principles.
2. 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 was subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	2011/12	All misstatements identified in the 2011/12 Financial Statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion. In the 2012/13 financial year, attention was given to these matters in the drafting, review and quality assurance phases of the Annual Financial Statements preparation.
3. The annual report for the year under review does not include information on the extent of monitoring performed by the department of compliance by municipalities with DoRA and conditions of the allocation provided in the grant framework, as required by section 13(2) of the DoRA.	2011/12	Management has included this information in the 2012/13 annual report.
4. 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.	2011/12	The Accounting Officer has subsequently condoned the irregular expenditure relating to the 2011/12 financial year. The Department has implemented stricter control measures to avoid the occurrence of irregular expenditure.
5. 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.	2011/12	An investigation was concluded by an external agency. Internal investigations were completed and recommendations were submitted to the Accounting Officer.
6. 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 Regulations.	2011/12	The finding relates to employees who were in the employ of National Treasury and not DOE officials. National Treasury was duly informed of this matter.



<p>7. Quotations were awarded to suppliers whose tax matters had not been declared by South African Revenue Services to be in order as required by Treasury Regulations 16A9.1(d).</p>	<p>2011/12</p>	<p>The supply chain management compliance processes have been intensified to ensure all compliance matters are addressed before orders are processed. The finding in the 2011/12 financial year related mainly to suppliers used for the Public Participation Programme (PPP) events who were registered on the respective municipality databases. Following difficulty in obtaining compliance documents from these suppliers for goods and services urgently procured for the PPP events, the Department has decided to enter into arrangements with municipalities where the municipalities (i) procure the PPP related goods and services on behalf of the Department and (ii) submit invoices to the Department to be reimbursed for such procurement.</p>
<p>8. 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.</p>	<p>2011/12</p>	<p>Letters to confirm allocation were sent to all municipalities who are receiving funds for the INEP programme. No funds were disbursed to municipalities until the signed contracts were received by the Department.</p>

16. SCOPA Resolution

No carryover resolutions relating to the 2011/12 audit were made by SCOPA during the year under review.

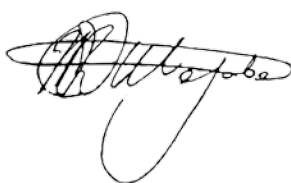
17. Financial Position

The financial position of the Department of Energy, as at 31 March 2013, and the results of its operations are set out in the attached annual financial Statements:

- ◆ 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)
- ◆ Disclosure notes to the annual financial statements and annexures.

18. Approval

The Annual Financial Statements set out on pages 177 to 190 have been approved by the Accounting Officer.



Ms N Magubane
Director-General
Department of Energy
31 July 2013



3. 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 177 to 226, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, 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 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.
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 2013, 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.

Emphasis of matter

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

Financial reporting framework

8. 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.



Additional matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.
10. The supplementary information set out on pages 227 to 244 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. 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

12. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 29 to 120 of the annual report.
13. 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 relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. 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).
14. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matters

15. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters. These matters do not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

16. Of the total number of 204 departmental targets planned for the year, 85 of targets were not achieved during the year under review. This represents 42% of total planned departmental targets that were not achieved during the year under review
The reasons why the Department has not achieved the targets as indicated above is set out in pages 29 to 120 of the performance report of the Department of Energy for the year ended 31 March 2013.

Material adjustments to the annual performance report

17. Material adjustments in the annual performance report presented for auditing were identified during the audit and corrected by management. These adjustments related to the consistency of reported targets when compared to the approved strategic plan for 2012-13 and the revised annual performance plan for 2012-13.

Compliance with laws and regulations

18. I performed procedures to obtain evidence that the entity 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:

Transfer of funds

19. As the transferring national officer, the third quarter performance report in accordance with the requirements of the relevant framework was not submitted within 45 days after the end of each quarter to National Treasury as required by Section 10(7) of the Division of Revenue Act.

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.

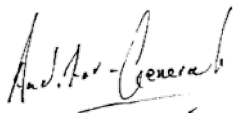


Internal control

- 21. 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 compliance with laws and regulations included in this report.

Financial and performance management

- 22. Lack of controls to ensure regular, accurate and complete performance reports that are supported and evidenced by reliable information are prepared.
- 23. Lack of review and monitor of compliance with applicable laws and regulations.



Pretoria
31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

OTHER REPORTS

Investigations

- 24. Two investigations were concluded during the financial year relating to employees allegedly having interests and/or performing remunerative work without approval.



4. Annual Financial Statements

APPROPRIATION STATEMENT for the year ended 31 March 2013

APPROPRIATION STATEMENT	Appropriation per programme										2011/12									
	2012/13					Variance	Expenditure as % of final Appropriation	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure							R'000	R'000	R'000	R'000	R'000				
Programme 1: Administration																				
Current payment	230 295	(2 944)	(6 016)	221 335	208 724	12 611	94,3%	195 183	192 094											
Transfers and subsidies	370	30	-	400	179	221	44,8%	349	98											
Payment for capital assets	11 782	2 914	152	14 848	10 548	4 300	71,0%	8 969	4 008											
Payment for financial assets	242 447	-	(5 864)	236 583	219 486	17 097		204 561	196 259											
Programme 2: Energy Policy and Planning																				
Current payment	62 962	(100)	309	63 171	44 782	18 389	70,9%	45 635	45 690											
Transfers and subsidies	1 500 000	-	-	1 500 000	1 500 123	(123)	100,0%	1 500 000	1 500 000											
Payment for capital assets	132	100	-	232	7	225	3,0%	150	-											
	-	-	-	-	1	(1)														
	1 563 094	-	309	1 563 403	1 544 913	18 490		1 545 785	1 545 690											
Programme 3: Energy Regulation																				
Current payment	63 086	(10)	(38)	63 038	62 688	350	99,4%	65 686	65 113											
Transfers and subsidies	1 076 739	-	-	1 076 739	1 076 788	(49)	100,0%	475 849	464 134											
Payment for capital assets	10	10	(10)	10	-	10		36	21											
Payment for financial assets	-	-	-	-	-	-		1	-											
	1 139 835	-	(48)	1 139 787	1 139 476	311		541 572	529 268											

Appropriation per programme										
APPROPRIATION STATEMENT	2012/13						2011/12			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Programme 4: National Electrification Programme										
Current payments	30 983	-	(372)	30 611	23 170	7 441	75,7%	21 295	21 258	
Transfers and subsidies	3 117 211	-	-	3 117 211	3 089 206	28 005	99,1%	3 244 285	3 243 282	
Payments for capital assets	-	-	-	-	-	-	-	-	-	
	3 148 194	-	(372)	3 147 822	3 112 376	35 446		3 265 580	3 264 540	
Programme 5: Nuclear Energy and Regulation										
Current payments	30 392	(37)	6 000	36 355	32 237	4 118	88,7%	21 947	17 019	
Transfers and subsidies	610 491	-	-	610 491	610 496	(5)	100%	621 464	621 486	
Payments for capital assets	25	37	(25)	37	-	37		643 411	638 505	
	640 908	-	5 975	646 883	642 733	4 150		6 200 909	6 174 262	
TOTAL	6 734 478	-	-	6 734 478	6 658 984	75 494	98,9%	6 200 909	6 174 262	



PART E: FINANCIAL INFORMATION

	2012/13		2011/12	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)	6 734 478	6 658 984	6 200 909	6 174 262
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	2 516		3 381	
Direct Exchequer receipts	387 618		-	
Aid assistance	75 174		3 400	
Actual amounts per statement of financial performance (total revenue)	7 199 786		6 207 690	
Add: Aid assistance		76 184		3 400
Actual amounts per statement of financial performance (total expenditure)		6 735 168		6 177 662



Appropriation per economic classification										
Detail	2012/13						2011/12			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final Appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments										
Compensation of employees	207 371	(608)	-	206 763	201 485	5 278	97,4%	184 869	184 837	
Goods and services	210 347	(2 483)	(117)	207 747	170 208	37 539	81,9%	164 877	156 337	
Transfers and subsidies										
Provinces and municipalities	1 351 443	-	-	1 351 443	1 351 443	-	100,0%	1 376 612	1 376 611	
Departmental agencies and accounts	99 022	-	-	99 022	99 022	-	100,0%	67 288	55 530	
Public corporations and private enterprises	4 853 976	-	-	4 853 976	4 825 904	28 072	99,4%	4 397 698	4 396 695	
Households	370	30	-	400	331	69	82,8%	349	164	
Payments for capital assets										
Machinery and equipment	10 609	2 390	117	13 116	9 940	3 176	75,8%	9 155	4 029	
Software and other intangible assets	1 340	671	-	2 011	615	1 396	30,6%	-	-	
Payment for financial assets										
	-	-	-	-	36	(36)		61	59	
Total	6 734 478	-	-	6 734 478	6 658 984	75 494	98,9%	6 200 909	6 174 262	

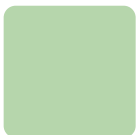


PART E: FINANCIAL INFORMATION

Detail per Programme 1: Administration	2012/13						2011/12		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % 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	21 926	(210)	1 500	23 216	23 550	(334)	101,4%	27 872	27 860
Transfers and subsidies	-	-	-	-	2	(2)		-	62
Payment for capital assets	-	60	-	60	-	60		-	(22)
1.2 Management									
Current payment	33 242	-	14 732	47 974	36 096	11 878	75,2%	29 849	27 250
Payment for capital assets	-	-	-	-	32	(32)		-	-
Payment for financial assets	-	-	-	-	355	(355)		5	5
1.3 Audit Services									
Current payment	8 102	-	(2 670)	5 432	5 235	196	96,4%	4 536	4 484
Transfers and subsidies	-	-	-	-	13	(13)		-	-
Payment for capital assets	1 342	-	-	1 342	615	727	45,8%	686	-
1.4 Corporate Services									
Current payment	76 783	1 686	(8 298)	70 171	73 510	(3 339)	104,8%	53 088	52 878
Transfers and subsidies	370	30	-	400	100	300	25,0%	349	26
Payment for capital assets	720	2 134	-	2,854	1 464	1 390	51,3%	1 476	608
Payment for financial assets	-	-	-	-	34	(34)		1	-
1.5 Financial Management									
Current payment	54 305	(720)	(11 280)	42 305	44 715	(2 410)	105,7%	54 514	54 362
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	32	(32)		-	10
Payment for financial assets	9 720	720	152	10 592	8 114	2 478	76,6%	6,807	3 422
					1	(1)		54	54



Detail per Programme 1: Administration	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1.6 Office Accommodation									
Current payment	35 937	(3 700)	-	32 237	25 617	6 620	79,5%	25 324	25 260
Total	242 447	-	(5 864)	236 583	219 486	17 097	92,8%	204 561	196 259



PART E: FINANCIAL INFORMATION

Economic classification Programme 1	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	99 632	(343)	-	99 289	92 876	6 413	93,5%	84 508	84 491
Goods and services	130 663	(2 601)	(6 016)	122 046	115 848	6 198	94,9%	110 675	107 603
Transfers and subsidies to:									
Households	370	30	-	400	179	221	44,8%	349	98
Payment for capital assets									
Machinery and equipment	10 442	2 243	152	12 837	9 933	2 904	77,4%	8 969	4 008
Software and other intangible assets	1 340	671	-	2 011	615	1 396	30,6%	-	-
Payments for financial assets	-	-	-	-	35	(35)		60	59
Total	242 447	-	(5 864)	236 583	219 486	17 097	92,8%	204 561	196 259



Detail per Programme 2: Energy Policy and Planning	2012/13						2011/12		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
2.1 Electricity Policy									
Current payment	30 960	(100)	2 001	32 861	16 776	16 085	51,1%	15 713	15 630
Payment for capital assets	-	100	-	100	-	100	-	-	-
2.2 Hydrocarbons Policy									
Current payment	14 424	-	(592)	13 832	13 077	755	94,5%	15 508	15 456
Transfers and subsidies	1 500 000	-	-	1 500 000	1 500 000	-	100,0%	1 500 000	1 500 000
2.3 Nuclear Policy									
Current payment	2 070	-	-	2 070	684	1 386	33,0%	3 859	3 762
Transfer and subsidies	-	-	-	-	-	-	-	-	-
2.4 Energy Planning and Research									
Current payment	15 508	-	(1 100)	14 408	14 337	71	99,5%	10 555	10 842
Transfer and subsidies	-	-	-	-	31	(31)	-	-	-
Payment for capital assets	132	-	-	132	7	125	5,3%	150	-
Payment for financial assets	-	-	-	-	1	(1)	-	-	-
Total	1 563 094	-	309	1 563 403	1 544 913	18 490	98,8%	1 545 785	1 545 690



PART E: FINANCIAL INFORMATION

Economic classification Programme 2	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	32 604	(134)	-	32 470	32 901	(431)	101,3%	33 592	33 953
Goods and services	30 368	34	309	30 701	11 973	18 728	39,0%	12 043	11 737
Transfers and subsidies to:									
Public corporations and private enterprises	1 500 000	-	-	1 500 000	1 500 000	-	100,0%	1 500 000	1 500 000
Household					31	(31)			
Payment for capital assets									
Machinery and equipment	132	100	-	232	7	225	3,0%	150	-
Payment for financial assets	-	-	-	-	1	(1)		-	-
Total	1 563 094	-	309	1 563 403	1 544 913	18 490	98,8%	1 545 785	1 545 690



Detail per Programme 3: Energy Regulation	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1 Petroleum Licensing and Monitor									
Current payment	34 091	(10)	438	34 519	35 302	(783)	102,3%	33 331	33 187
Transfers and subsidies	-	-	-	-	10	(10)		-	44
Payment for capital assets	10	10	(10)	10	-	10		36	21
3.2 Hydrocarbons Operations									
Current Payment	15 386	(100)	(1 776)	13 510	12 423	1 087	92,0%	9 256	9 244
3.3 Clean Energy									
Current payment	13 609	100	1 300	15 009	14 963	46	99,7%	23 099	22 682
Transfers and subsidies	1 020 629	-	-	1 020,629	1 020 668	(39)	100,0%	443 991	443 990
Payment for capital assets	-	-	-	-	-	-		1	-
3.4 Public Entity Oversight									
Transfers and subsidies	56 110	-	-	56 110	56 110	-	100,0%	31 858	20 100
Total	1 139 835	-	(48)	1 139 787	1 139 476	311	100,0%	541 572	529 268



PART E: FINANCIAL INFORMATION

Economic classification Programme 3	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	50 094	(110)	-	49 984	51 314	(1 330)	102,7%	48 172	47 799
Goods and services	12 992	100	(38)	13 054	11 374	1 680	87,1%	17 514	17 314
Transfers and subsidies to:									
Provinces and municipalities	200 000	-	-	-	200 000	-	100,0%	280 000	280 000
Departmental agencies and accounts	56 110	-	-	56 110	56 110	-	100,0%	31 858	20 100
Public corporations and private enterprises	820 629	-	-	820 629	820 629	-	100,0%	163 991	163 990
Households	-	-	-	-	49	(49)	-	-	44
Payment for capital assets									
Machinery and equipment	10	10	(10)	10	-	10	-	36	21
Payment for financial assets									
Total	1 139 835	-	(48)	1 139 787	1 139 476	311	100,0%	541 572	529 268



PART E: FINANCIAL INFORMATION

2012/13										2011/12	
Detail per Programme 4: National Electrification Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final Appropriation	Final Appropriation	Actual Expenditure	R'000	R'000
4.1 Business Planning											
Current payment	29 783	-	828	30 611	23 170	7 441	75,7%	21 225	21 211		
Transfers and subsidies	-	-	-	-	67	(67)	-	282 000	281 000		
4.2 Grant Management and Monitoring											
Current payment	1 200	-	(1 200)	-	-	-	-	70	47		
Transfers and subsidies	3 117 211	-	-	3 117 211	3 089 139	28 072	99,1%	2 962 285	2 962 282		
Total	3 148 194	-	(372)	3 147 822	3 112 376	35 446	98,9%	3 265 580	3 264 540		

2012/13										2011/12	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	R'000	R'000
Programme 4											
Current payments											
Compensation of employees	17 213	-	-	17 213	16 111	1 102	93,6%	14 640	14 639		
Goods and services	13 770	-	(372)	13 398	7 059	6 339	52,7%	6 655	6 619		
Transfers and subsidies											
Provinces and municipalities	1 151 443	-	-	1 151 443	1 151 443	-	100,0%	1 096 612	1 096 611		
Public corporations and private enterprises	1 965 768	-	-	1 965 768	1,937 696	28 072	98,6%	2 147 673	2 146 671		
Households	-	-	-	-	67	(67)	-	-	-		
Payment for capital assets											
Machinery and equipment	-	-	-	-	-	-	-	-	-		
Total	3 148 194	-	(372)	3 147 822	3 112 376	35 446	98,9%	3 265 580	3 264 540		



Detail per Programme 5: Nuclear Energy and Regulation	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
5.1 Nuclear Safety and Regulation									
Current payment	27 133	(37)	6 000	33 096	28 396	4 700	85,8%	21 391	16 500
Transfers and subsidies	-	-	-	-	-	-	-	-	22
Payment for capital assets	-	12	-	12	-	12	-	-	-
5.2 Nuclear Non-Proliferation and Radiation Security									
Current payment	3 259	-	-	3 259	3 841	(582)	117,9%	556	519
Transfer and subsidies	-	-	-	-	5	(5)	-	-	-
Payment for capital assets	25	25	(25)	25	-	25	-	-	-
5.3 Public Entity Oversight									
Transfers and subsidies	610 491	-	-	610 491	610 491	-	100,0%	621 464	621 464
Total	640 908	-	5 975	646 883	642 733	4 150	99,4%	643 411	638 505



PART E: FINANCIAL INFORMATION

Economic classification Programme 5	2012/13							2011/12	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	7 828	(21)	-	7 807	8 283	(476)	106,1%	3 957	3 955
Goods and services	22 564	(16)	6 000	28 548	23 954	4 594	83,9%	17 990	13 064
Transfers and subsidies									
Departmental agencies and accounts	42 912	-	-	42 912	42 912	-	100,0%	35 430	35 430
Public corporations and private enterprises	567 579	-	-	567 579	567 579	-	100,0%	586 034	586 034
Households	-	-	-	-	5	(5)	-	-	22
Payment for capital assets									
Machinery and equipment	25	37	(25)	37	-	37	-	-	-
Total	640 908	-	5 975	646 883	642 733	4 150	99,4%	643 411	638 505



NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2013

Details of transfers and subsidies as per Appropriation Act (after Virement):

Details of these transactions can be viewed in note 8 (Transfers and subsidies) and Annexure 1 (A-D) to the annual financial statements.

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 R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Administration	236 583	219 486	17 097	7,23

The under-spending of R17,1 million or 7,23% mainly relates to the procurement of capital assets and the acquisition of goods and services. This is as a result of projects not being implemented as planned, orders being placed but for which expenditure is pending due to delays in the delivery of capital assets, goods and services or late receipt of invoices and consequent delays in payments. Thus, the item capital assets reflects an under-spending of R4,3 million, the item goods and services reflects an under-spending of R6,2 million while the compensation of employees item reflects a saving of R6,4 million.

During the year under review, approval was granted by the National Treasury to redirect funding initially appropriated for the EEDSM-Eskom project to fund various operations within the Department and its entities. A total of R9 million from this virement was allocated towards the compensation of employees' payments for overtime costs, additional to the establishment employees' costs as well as the implementation of salary adjustments for senior management. The annual salary adjustments were not implemented in January 2013 as anticipated, hence the under-spending of R6,4 million in compensation of employees. The salary adjustments were finally implemented by the Department of Public Service and Administration (DPSA) in April 2013.

During the 2012/13 financial year, an extension of scope approval was granted extending the services of reviewing the 2012/13 and 2013/14 Annual Performance Plan of the DoE. The extended review was completed in early February 2013 at a total cost of R37 000. Approval was also granted for the production, layout, design and printing of the 2013/14 Annual Performance Plan of the DoE. As at 31 March 2013, an amount of R222 000 in respect of this service remained unpaid.

During the 2012/13 financial year, approval was granted for the co-sourcing of the Risk Management and Anti-fraud and -corruption activities of the Department, for a total amount of R750 000. Due to unanticipated delays in the finalisation of the project, the total project cost was delayed and payment could not be affected before year-end.

Approvals was also granted for acquiring the services of an independent service provider to review the draft SOE Oversight Framework, develop and update procedures as well as enhance the Department's monitoring of its SOEs for compliance with performance and government requirements. However, during the tender evaluation process, it emerged that tenders were substantially higher than the amount of R760 000 budgeted for this service, resulting in the review of the initial scope of work and consequent delay in the commencement of the project.

During the 2012/13 financial year, the Department relocated its head office from the shared office space with the Department of Mineral Resources (DMR), Trevenna Campus, to its new leased office accommodation building at 192 Visagie Street. A saving of R6,6 million was realised due to a change in the office accommodation lease contracts as well as outstanding claims from DMR for the lease of three regional offices.



PART E: FINANCIAL INFORMATION

Programme 2	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Energy Policy and Planning	1 563 403	1 544 913	18 490	1.18

The under-spending of R18,5 million (1,18%) is mainly attributable to the procurement of goods and services. This is as a result of orders placed but for which expenditure is pending due to delays in delivery of goods and services, late receipt of invoices and the consequent delay in the payment. The item goods and services thus reflect an under-spending of R18,7 million.

During the 2012/13 financial year, approval was granted for the acquisition of services for the development of the 20 year Liquid Fuels Infrastructure Road Map. The project could not be completed as planned due to the late submission of required data by stakeholders within the Liquid Fuel Industry. As at 31 March 2013, an amount of R2,3 million remained unpaid.

During the 2012/13 financial year appointment of a service provider to review the electricity distribution industries asset status, and subsequently develop a business case and design an integrated contract management system for the implementation of the asset rehabilitation programme was authorised. The procurement process was halted after a decision was taken to re-advertise the service. The amount initially earmarked for this service was R11,8 million, which has since been re-valued to a total of R9,12 million, as well as related support work, i.e. monitoring and evaluation to a total of R2,9 million. Cabinet decided in December 2010 that the EDIH should cease operations and, in terms of this decision, EDIH ceased to exist on 31 March 2011. This decision also meant that some functions relating to the restructuring of the electricity distribution industry, previously carried out by the EDIH, reverted to the DoE with effect from 1 April 2011. The Department's strategic plan addressed this by specifically proposing the development of a funding and implementation plan to reduce the electricity distribution infrastructure maintenance backlogs of R27,4 billion to R15 billion by 2015. A status assessment report undertaken by the Electricity Distribution Industry Holdings (EDIH) in 2008 indicated that network reliability is rapidly decreasing, this statement was evidenced by empirical data showing an increase in the number of outages due to poor performing networks and incidents related to electric cable and associated equipment theft.

A saving of R955 000, related to the hiring of venues and facilities, was also achieved due to saving initiatives implemented during the 2012/13 financial year.

Programme 3	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Energy Regulation	1 139 787	1 139 476	311	0,03

Although the overall under-spending amounts to R311 000 (0,03%), a total of R1,7 million remained unspent within the procurement of goods and services as a result of the late receipt of invoices and the consequent delay in the payments.

During the 2012/13 financial year, the Department initiated a process of registering South Africa as a member to the International Partnership for Energy Efficiency Cooperation (IPEEC). This is a high level international forum that provides global leadership on energy efficiency by identifying and facilitating Government implementation of policies and programs that yield high energy efficiency gains. IPEEC also aims to promote information exchange on best practices and facilities. Due to delays experienced during the membership approval process, the contribution of R949 000 could not be paid by 31 March 2013.



PART E: FINANCIAL INFORMATION

Programme 4	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
National Electrification Programme	3 147,822	3 112 376	35 446	1,13

The under-spending of R35,4 million which represents a budget under-spending of 1.13% mainly relates to the economic classification, transfers and subsidies and goods and services. The intake of applications for Solar Home Systems within concession areas was lower than anticipated resulting in the slow start of the INEP non-grid project. Backlogs were therefore experienced in this project resulting in a budget under-spend of R28,1 million.

Goods and services reflected an under-spending of R6,3 million due to planned projects which were not completed before year end as anticipated.

During the 2012/13 financial year, approval was granted for the acquisition of an electronic monitoring tool. The main functions of this system will be the monitoring and auditing of electrification projects, of importance is the electrification connections at municipal level, throughout all stages of implementation from planning to closure. The procurement process commenced during the 2012/13 financial year but was halted after a decision was taken to re-advertise the bid. The amount assigned for this acquisition was R6,5 million.

The compensation of employees item recorded an under-spending of R1,1 million attributable to vacant positions.

Programme 5	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Nuclear Energy and Regulation	646 883	642 733	4 150	0,64

The under-spending of R4,1 million (0,64%) mainly relates to the procurement of goods and services due to planned projects which could not be finalised by year end as anticipated, consequently resulting in the delay in the payment. Goods and services reflected an under-spending of R4,6 million due to projects related to the new nuclear build fleet programme.

During the 2012/13 financial year, approval was granted to acquire advisory services for the Owner/Operator and financing structures related to the new nuclear build fleet programme. The value allocated for this service was R3,6 million and as at 31 March 2013, an amount of R589 000 remained unpaid.

Th Provision was also made during the 2012/13 financial year for the payment of international membership fees. The actual payment for these fees came to lower that planned, as a result of exchange rates, which resulted in an under-spending of R3,2 million within the operating payments cost item.



4. Explanations of material variances: Per Economic Classification

Per Economic classification	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000		
	R'000	R'000	R'000	
Current payments				
Compensation of employees	206 763	201 485	5 278	2,55
Goods and services	207 747	170 208	37 539	18,07
Transfers and subsidies				
Provinces and municipalities	1 351 443	1 351 443	-	-
Departmental agencies and accounts	99 022	99 022	-	-
Public corporations and private enterprises	4 853 976	4 825 904	28 072	0,58
Households	400	323	77	19,25
Gift and Donations	-	8	(8)	-
Payments for capital assets				
Machinery and equipment	13 116	9 940	3 176	24,21
Software and other intangible assets	2 011	615	1 396	69,42
Payments for financial assets	-	36	(36)	69,42
Total	6 734 478	6 658 984	75 494	1,12

Compensation of employees

The under-spending in compensation of employees is mainly due to the delayed implementation of the annual, inflation related salary adjustments for personnel on the senior management levels. The Department had anticipated that these increases would be implemented with effect from January 2013, however the increases were implemented by the DPSA in April 2013.

Goods and services

The under-spending in goods and services is mainly attributable to orders placed but for which expenditure is pending as a result of delays in delivery, late receipt of invoices and the consequent delay in the affecting of payments. The following payments could not be disbursed before 31 March 2013:

- ◆ The development of the 20 year Liquid Fuels Infrastructure Road Map plan incorporating an audit of Refineries, an amount of R2,3 million;
- ◆ Production, layout, design and printing of the Department's 2013/14 Annual Performance Plan, an amount of R222 000;
- ◆ The review of the draft SOE Oversight Framework and related process enhancement services, an amount of R760 000;
- ◆ The review of the electricity distribution industries asset status report, subsequent development of a business case and the design of an integrated contract management system for the implementation of the asset rehabilitation programme, an amount of R11,8 million subsequently reduced to R9,1 million;
- ◆ The co-sourcing of the Risk Management and anti-fraud and -corruption activities, an amount of R750 000;



PART E: FINANCIAL INFORMATION

- ◆ Contribution to the IPEEC for international membership fee, an amount R949 000;
- ◆ The acquisition of an electronic monitoring tool to monitor the implementation of electricity connections and various energy projects, an amount of R6,5 million; and
- ◆ Advisory services on Owner/Operator financing structures for the new nuclear build fleet programme, an amount of R589 000.

A saving of R4,1 million was achieved in the hiring of venues and facilities as well as in the payment of international membership fees due to saving initiatives implemented and lower payments due to exchange rates.

Due to the delay in the appointment of a service provider to undertake the review of the electricity distribution industries asset report, a total of R2,9 million earmarked for the monitoring and review of the project, could not be utilised.

Transfers and subsidies

The under-spending in transfers is mainly due to the under-spending in the non-grid or Solar Home Systems project, R28,1 million. The project's commencement in the 2012/13 financial year was delayed by the lower than anticipated applications within specified areas.

Payments for capital assets

The under-spending in payments for capital assets is due to procurement process delays. The following are planned projects and acquisitions which could not be finalised before year-end as anticipated:

- ◆ The procurement of a public announcement (PA) system, estimated to cost an amount of R400 000 was delayed due to timing issues;
- ◆ Procurement of new office furniture which was necessitated by the relocation to the new office building estimated to cost a total of R2,5 million. Although some purchases were delayed by time frames attached to the procurement of these goods, the extent of the purchases was reduced by the furniture which was inherited from the former EDIH; and
- ◆ The procurement of IT equipment for a total of R923 000 could not be finalised due to non-delivery by the supplier.

4.3 Per conditional grant

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
INEP – Municipalities	1 151 443	1 151 443	-	-
EEDSM-Municipalities	200 000	200,000		



STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2013

PERFORMANCE	Note	2012/13 R'000	2011/12 R'000
REVENUE			
Annual appropriation	1	6 734 478	6 200 909
Departmental revenue	2	2 516	3 381
Direct Exchequer Receipts	3	387 618	-
Aid assistance	4	75 174	3 400
TOTAL REVENUE		7 199 786	6 207 690
EXPENDITURE			
Current expenditure			
Compensation of employees	5	201 485	184 837
Goods and services	6	170 208	156 337
Aid assistance	4	1 984	-
Total current expenditure		373 677	341 174
Transfers and subsidies			
Transfers and subsidies	8	6 276 700	5 829 000
Aid assistance	4	74 200	3 400
Total transfers and subsidies		6 350 900	5 832 400
Expenditure for capital assets			
Tangible capital assets	9	9 940	4 029
Software and other intangible assets	9	615	-
Total expenditure for capital assets		10 555	4 029
Payments for financial assets			
	7	36	59
TOTAL EXPENDITURE		6 735 168	6 177 662
		464 618	30 028
SURPLUS FOR THE YEAR			
Reconciliation of Net Surplus for the year			
Voted funds		75 494	26 647
Annual Appropriation		75 494	26 647
Departmental revenue and NRF Receipts	17	2 516	3 381
Direct Exchequer Receipts	18	387 618	-
Aid assistance	4	(1 010)	-
SURPLUS FOR THE YEAR		464 618	30 028



STATEMENT OF FINANCIAL POSITION as at 31 March 2013

	Note	2012/13 R'000	2011/12 R'000
ASSETS			
Current assets		75 726	26 935
Unauthorised expenditure	10	14 860	14 860
Cash and cash equivalents	11	59 660	11 853
Prepayments and advances	12	71	98
Receivables	13	125	124
Aid assistance receivable		1 010	
Non-current assets		2 205	2 205
Investments	14	2 205	2 205
Loans	15	-	-
TOTAL ASSETS		77 931	29 140
LIABILITIES			
Current liabilities		75 726	26 935
Voted funds to be surrendered to the Revenue Fund	16	75 494	26 647
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	17	62	218
Payables	19	170	70
TOTAL LIABILITIES		75 726	26 935
NET ASSETS		2 205	2 205
Represented by:			
Capitalisation reserve	14	2 205	2 205
TOTAL		2 205	2 205



STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2013

NET ASSETS	2012/13	2011/12
	R'000	R'000
Capitalisation Reserves		
Opening balance	2 205	2 205
Transfers:		
Other Movements	-	-
Closing balance	2 205	2 205
TOTAL	2 205	2 205



ACCOUNTING POLICIES

for the year ended 31 March 2013

CASH-FLOW

	Note	2012/13 R'000	2011/12 R'000
CASH-FLOWS FROM OPERATING ACTIVITIES			
Receipts		7 199 786	6 207 690
Annual appropriated funds received	1.1	6 734 478	6 200 909
Departmental revenue received	2	2 516	3 381
Direct Exchequer receipts	3	387 618	-
Aid assistance received	4	75 174	3 400
Net (increase)/decrease in working capital		126	10 473
Surrendered to Revenue Fund		(416 937)	(161 354)
Surrendered to RDP Fund/Donor		-	(3 578)
Current payments		(373 677)	(341 174)
Payments for financial assets		(36)	(59)
Transfers and subsidies paid		(6 350 900)	(5 832 400)
Net cash-flow available from operating activities	20	58 362	(120 402)
CASH-FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(10 555)	(4 029)
Net cash-flows from investing activities		(10 555)	(4 029)
CASH-FLOWS FROM FINANCING ACTIVITIES			
Increase in net assets		-	-
Net cash-flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		47 807	(124 431)
Cash and cash equivalents at beginning of period		11 853	136 284
Cash and cash equivalents at end of period	21	59 660	11 853



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 Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 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 Department.

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.

2. Revenue

2.1 Appropriated Funds

Appropriated funds comprises of 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 Funds at the end of the financial year is recognised as a payable in the statement of financial position.

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

Aids assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures 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 CARA funds received must be recorded as revenue when funds are 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 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).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its 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/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 Department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the Department 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 R5 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.

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.

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/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.

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 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 R1.

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 Department 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 R1 unless the fair value for the asset has been reliably estimated.

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 Department 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 R1.

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 of 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 Department, 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.

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 Department 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-flows/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.

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 of 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 regards to related party transactions is included in the disclosure notes.

9. Key Management Personnel

Compensation paid to key management personnel is included in the disclosure notes.

10. Public Private Partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement, if applicable, will be included in the disclosure notes.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

Programmes	2012/13		Funds Not Requested/ Not Received	2011/12
	Final Appropriation	Actual Funds Received		Appropriation Received
	R'000		R'000	R'000
Administration	236 583	236 583	-	204 561
Energy Policy and Planning	1 563 403	1 563 403	-	1 545 785
Energy Regulation	1 139 787	1 139 787	-	541 572
National Electrification Programme	3 147 822	3 147 822	-	3 265 580
Nuclear Energy and Regulation	646 883	646 883	-	643 411
Total	6 734 478	6 734 478	-	6 200 909

	Note	2012/13 R'000	2011/12 R'000
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2. Departmental Revenue

Sales of goods and services other than capital assets	2.1	2 297	2 872
Interest dividends and rent on land	2.2	85	168
Transactions in financial assets and liabilities	2.3	134	341
Departmental revenue collected		2 516	3 381

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the Department	2	2 296	2 872
Sales by market establishment		233	255
Administrative fees		2 056	2 549
Other sales		7	68
Sale of scrap and waste		1	-
Total		2 297	2 872

Revenue under sale of goods and services produced by the Department include fees for parking and replacement of security cards. Administrative fees consist mainly of petroleum licence fees.



PART E: FINANCIAL INFORMATION

	Note	2012/13 R'000	2011/12 R'000
2.2 Interest, dividends and rent on land			
Interest	2	85	168
Total		85	168

2.3 Transactions in financial assets and liabilities

Receivables	2	40	66
Other receipts including recoverable revenue		94	275
Total		134	341

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

3. Direct Exchequer Receipts

Funds in respect of Restructuring of State assets – ADAM Project		387 618	-
Total		387 618	-

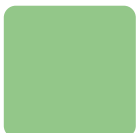
Funds for the ADAM project that was collected by EDI Holdings and held in the National Revenue Fund were transferred to the Department for surrender to National Treasury as part of the EDI Holdings winding-down process. Refer Note 18.



4. Aid Assistance

Aid assistance received in cash

Local			
Opening balance	-		3 578
Revenue	974		3,400
Expenditure	(1 984)		(3 400)
Current	(1 984)		-
Transfers	-		(3,400)
Surrendered to National Treasury: Reconstruction Development Programme (RDP) funds	-		(3 578)
Closing balance	(1 010)		-
Foreign			
Opening balance	-		-
Revenue	74 200		-
Expenditure	(74 200)		-
Transfers	(74 200)		-
Closing balance	-		-
		2012/13	2011/12
	Note	R'000	R'000
Total			
Opening balance		-	3 578
Revenue		75 174	3 400
Expenditure		(76 184)	(3 400)
Current		(1 984)	-
Transfers		(74 200)	(3 400)
Surrendered/transferred to retained funds		-	(3 578)
Closing Balance		(1 010)	-
Analysis of balance			
Aid assistance receivable		(1 010)	
EWSETA		(1 010)	
Closing balance		(1 010)	-



5. Compensation of Employees

5.1 Salaries and Wages

Basic salary	135 675	124 568
Performance award	2 603	2 522
Service Based	209	478
Compensative/circumstantial	3 921	2 730
Other non-pensionable allowances	34 808	32 485
Total	177 216	162 783

5.2 Social Contributions

Employer Contributions		
Pension	17 240	15 664
Medical	7 003	6 362
Bargaining council	26	28
Total	24 269	22 054
Total compensation of employees	201 485	184 837
Average number of employees	572	541

	2012/13	2011/12
Note	R'000	R'000

6. Goods and Services

Administrative fees		2 267	2 331
Advertising		3 481	2 703
Assets less than R5 000	6.1	125	230
Bursaries (employees)		740	837
Catering		1 477	1 623
Communication		6 539	5 826
Computer services	6.2	7 428	6 598
Consultants contractors and agency/outsourced services	6.3	20 639	38 327
Entertainment		57	119
Audit cost – external	6.4	4 491	4 104
Fleet Services		162	-
Inventory	6.5	3 223	3 019
Operating leases **		28 575	25 830
Owned and leasehold property expenditure	6.6	23 664	472
Rental and Hiring		10	2
Travel and subsistence	6.7	37 009	40 121
Venues and facilities		4 237	8 210
Training and staff development		2 095	2 522
Other operating expenditure	6.8	23 989	13 463
Total		170 208	156 337

** Operating Leases consists mainly of payments for office accommodation.



PART E: FINANCIAL INFORMATION

6.1 Assets less than R5 000

Tangible Assets			
Machinery and equipment	6	125	228
Transport assets		-	2
Total		125	230

6.2 Computer Services

SITA computer services	6	5 105	4 371
External computer service providers		2 323	2 227
Total		7 428	6 598

6.3 Consultants Contractors and Agency/outsourced Services

Business and advisory services	6	15 358	35 653
Legal costs		1 204	767
Contractors		3 720	1 481
Agency and support/outsourced services		357	426
Total		20 639	38 327

	2012/13	2011/12
<i>Note</i>	R'000	R'000

6.4 Audit Cost – External

Regularity audits	6	4 491	4 104
Total		4 491	4 104

6.5 Inventory

Learning and teaching support material	6	2	2
Fuel, oil and gas		21	17
Other consumable materials		491	402
Maintenance material		232	122
Stationery and printing		2 476	2 452
Medicine		1	24
Total		3 223	3 019



6.6 Property Payments

Municipal services	6	2 224	469
Property maintenance and repairs **		20 151	-
Fumigation		-	3
Cleaning and Security Services		1 289	-
Total		23 664	472

** This relates to once-off tenant installation costs for the new head office building which was occupied in July 2012.

6.7 Travel and Subsistence

Domestic	6	26 059	27 167
International		10 950	12 954
Total		37 009	40 121

6.8 Other Operating Expenditure

Professional bodies, membership and subscription fees (local and foreign)	6	21 025	10 418
Resettlement costs		86	216
Gifts		699	-
Other		2 179	2 829
Total		23 989	13 463

Expenditure under other operating expenditure include courier and delivery services, licences, permits, vehicle tracking, freight services, study loans taken over, and printing and publication services.

7. Payments for Financial Assets

Other material losses written off	7.1	34	54
Debts written off	7.2	2	5
Total		36	59

Note	2012/13 R'000	2011/12 R'000
------	------------------	------------------

7.1 Other Material Losses Written Off

Nature of Losses		
Assets written off (laptops stolen)	-	54
Losses written off	34	-
Total	34	54

7.2 Debts Written Off

Other Debts Written Off		
Debts written off	2	5
Total	2	5



8. Transfers and Subsidies

Provinces and municipalities	Annex 1A	1 351 443	1 376 611
Departmental agencies and accounts	Annex 1B	99 022	55 530
Public corporations and private enterprises	Annex 1C	4 825 904	4 396 696
Households	Annex 1D	323	161
Gifts, donations and sponsorships made	Annex 1G	8	2
Total		6 276,700	5 829 000

9. Expenditure for Capital Assets

Tangible Assets		9 940	4 029
Machinery and equipment	32	9 940	4 029
Software and Other Intangible Assets			
Computer Software		615	-
	33	615	-
Total		10 555	4 029

9.1 Analysis of Funds Utilised to Acquire Capital Assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	9 940	-	9 940
Machinery and equipment	9 940	-	9 940
Software and Other Intangible Assets	615	-	615
Computer Software	615	-	615
Total	10 555	-	10 555

9.2 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 and equipment	4 029	-	4 029
Total	4 029	-	4 029



10. Unauthorised Expenditure

2012/13	2011/12
R'000	R'000

10.1 Reconciliation of Unauthorised Expenditure

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

10.1.1 Analysis of Unauthorised Expenditure Awaiting Authorisation per Economic Classification

Transfers and subsidies	14 860	14 860
Total	14 860	14 860

10.1.2 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

10.1.3 Details of unauthorised expenditure – current year

No unauthorised expenditure occurred in the current financial year. The 2010/11 amount of R14,860 million has been condoned by National Treasury. However the Department is awaiting confirmation if the approval was granted with or without funding. Clarity has been sought from National Treasury in this regard and the unauthorised expenditure will be derecognised once written confirmation is received in the ensuing year.

Note	2012/13	2011/12
	R'000	R'000

11. Cash and Cash Equivalents

Consolidated Paymaster General Account	59 597	18 947
Disbursements	-	(7 184)
Cash on hand	46	46
Cash with commercial banks (Local)	17	44
Total	59 660	11 853

12. Prepayments and Advances

Travel and subsistence	71	98
Total	71	98



13. Receivables

	Note	R'000	R'000	R'000	2012/13 R'000	2011/12 R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	13.1	10	-	-	10	12
Recoverable expenditure	13.2	66	-	-	66	18
Staff debt	13.3	21	28	-	49	94
Total		97	28	-	125	124

Note

13.1 Claims Recoverable

National departments	13	10	12
Local Government – overpayments to Municipalities			-
Recoverable from third parties			-
Total		10	12

Note

13.2 Recoverable Expenditure

Disallowed damages and losses	13	47	21
Disallowance miscellaneous		18	8
Less: Amounts recovered		1	(11)
Total		66	18

13.3 Staff Debt

Staff debtors	13	49	94
Total		49	94

14. Investments

Non-Current			
Shares and other equity		2 205	2 205
Total non-current		2 205	2 205
Analysis of Non-Current Investments			
Opening balance		2 205	2 205
Non-cash movements		-	-
Closing balance		2 205	2 205

The Departments holds 2 205 shares of R1 each in its entity, The South African Nuclear Corporation Limited (NECSA). Investments are recorded at cost in terms of the accounting policy. Refer to Annexure 2A for the net asset value as at 31 March 2013.



15. Loans

The amount is R1 (one Rand) only. The loan to the Portuguese Government towards the Hydro Electrica de Cahora Bassa Scheme was written down from R347 million to R1 (one Rand) during the 2003/04 financial year. This amount includes capitalised interest of R308 million, while the capital amount in respect of the loan was R39 million.

Note	2012/13 R'000	2011/12 R'000
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16. Voted Funds to be Surrendered to the Revenue Fund

Opening balance	26 647	158 142
Transfer from statement of financial performance	75 494	26 647
Add: Unauthorised expenditure for current year	-	-
Paid during the year	(26 647)	(158 142)
Closing balance	75 494	26 647

17. Departmental Revenue and NRF Receipts to be Surrendered to the Revenue Fund

Opening balance	218	49
Transfer from statement of financial performance	2 516	3 381
Paid during the year	(2 672)	(3 212)
Closing balance	62	218

18. Direct Exchequer Receipts to be Surrendered to the Revenue Fund

Opening balance	-	-
Transfer from Statement of Financial Performance	387 618	-
Surrendered to National Treasury	(387 618)	-
Closing balance	-	-

Funds for the ADAM project that was collected by EDI Holdings and held in the National Revenue Fund were transferred to the Department for surrender to National Treasury part of the EDI Holdings winding-down process. Refer Note 3

19. Payables – Current

Clearing accounts	19.1	166	70
Other payables	19.2	4	-
		170	70



PART E: FINANCIAL INFORMATION

19.1 Clearing Accounts

Salary: pension fund	19	28	3
Salary: income tax		138	67
Salary: medical aid		-	-
		166	70

19.2 Other Payables

Licence fee received		4	-
		4	-

Note	2012/13 R'000	2011/12 R'000
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20. Net Cash-Flow Available from Operating Activities

Net surplus as per statement of financial performance	464 618	30 028
Add back non-cash/cash movements not deemed operating activities	(406 256)	(150 430)
(Increase)/Decrease in receivables – current	(1)	10 483
(Increase) in prepayments and advances	27	(38)
Increase in payables – current	100	28
Expenditure on capital assets	10 555	4 029
Surrenders to Revenue Fund	(416 937)	(161 354)
Surrenders to RDP Fund/Donor	-	(3 578)
Net cash-flow generated by operating activities	58 362	(120 402)

21. Reconciliation of Cash and Cash Equivalents for Cash-Flow Purposes

Consolidated Paymaster General account	59 597	18 947
Disbursements	-	(7 184)
Cash on hand	46	46
Cash with commercial banks (Local)	17	44
Total	59 660	11 853



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

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

	Note	2012/13 R'000	2011/12 R'000
22. Contingent Liabilities and Contingent Assets			
22.1 Contingent Liabilities			
Liable to			
Housing loan guarantees	Annex 3A	-	60
Other guarantees	Annex 3A	20 000	20 000
Claim against the Department	Annex 3B	20 192	470
Other departments (interdepartmental unconfirmed balances)	Annex 5	676	-
Other	Annex 3B	-	1 944
Total		40 868	22 474

22.2 Contingent Assets

Nature of Contingent Asset			
Feasibility studies		5 900	5 900
Total		5 900	5 900

Feasibility studies

The Department has a contingent asset of R5,9 million relating to the payment made for feasibility studies on the land secured for Independent Power Plant project (Peaker's Project). A guarantee in the amount of R7,288 million was received from the Ministry of Finance for the land in Avon, KwaZulu-Natal for the construction of the Independent Power Station (refer note 29). The Department has a first option, valued at R228,000 to purchase the land (see note 33).

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

- ◆ 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 sec 54 of the PFMA.

The above process is expected to be concluded in the 2013/14 financial year.



PART E: FINANCIAL INFORMATION

	2012/13	2011/12
<i>Note</i>	R'000	R'000

23. Commitments

Current Expenditure		
Approved and contracted	101 449	41 176
Approved but not yet contracted	-	-
Capital Expenditure		
Approved and contracted	-	20
Total Commitments	101 449	41 196

24. Accruals

Listed by Economic Classification

	30 Days	30+ Days	Total		Total
Goods and services	7 593	1 864	9 457		11 445
Interest and rent on land	-	-	-		-
Transfer and subsidies	-	-	-		-
Capital assets	235	-	235		-
Other					
Total	7 828	1 864	9 692		11 445

Listed by Programme Level

Programme 1: Administration	2 469	6 156
Programme 2: Energy policy and planning	241	2 075
Programme 3: Energy regulation	216	689
Programme 4: National electrification programme	481	2 461
Programme 5: Nuclear energy and regulation	76	-
Travelling - All programmes	6 209	64
Total	9 692	11 445

Confirmed balances with other departments	<i>Annex 5</i>	4 099	6 647
Total		4 099	6 647



	2012/13	2011/12
Note	R'000	R'000

25. Employee Benefits

Leave entitlement	4 505	5 727
Service bonus (thirteenth cheque)	5 022	4 801
Performance awards	3 101	2 813
Capped leave commitments	2 624	2 507
Total	15 252	15 848

The leave entitlement does not include the leaves credits with credit balance. The leave with credit balance amounts to R993 858. The performance awards amount is based on the percentage allowed of 1,5% of total compensation of employee's budget.

26. Lease Commitments

26.1 Operating Leases Expenditure

2012/13	Buildings and other Fixed Structures	Machinery and Equipment	Total
Not later than 1 year	20 814	1 351	22 165
Later than 1 year and not later than 5 years	132 696	1 845	134 541
Later than five years	122 853	-	122 853
Total lease commitments	** 276 363	3 196	279 559

2011/12	Buildings and other Fixed Structures	Machinery and Equipment	Total
Not later than 1 year	31 348	1 292	32 640
Later than 1 year and not later than 5 years	134 015	2 532	136 547
Later than five years	269 975	-	269 975
Total lease commitments	** 435 338	3 824	439 162

A building lease that was entered into in the 2011/12 financial year by the Department of Public Works on behalf of the Department of Energy for new head office accommodation totalling 12 738 m². The lease agreement commenced from July 2012 for a period of 10 years.

** The lease commitment disclosed in 2011/12 was based on the agreements received from DPW at the time of disclosure with the commencement rental in year one being R2,206 million per month. Subsequently, the Department received an addendum reflecting the commencement monthly rental in year one being R1,528 million per month. Hence, projected over the 10 year lease period at a 10% annual increase, the 2011/12 lease commitment is effectively overstated by R133 million. This is correctly stated in the 2012/13 lease commitment amount for office accommodation.



PART E: FINANCIAL INFORMATION

	2012/13	2011/12
<i>Note</i>	R'000	R'000
27. Receivables for Departmental Revenue		
Sales of goods and services other than capital assets	1 247	257
Total	1 247	257
27.1 Analysis of Receivables for Departmental Revenue		
Opening balance	257	105
Less: Amounts received	(1 151)	(1 618)
Add: Amounts recognised – Annual Petroleum Licences	2 141	1 770
Closing balance	1 247	257
28. Irregular Expenditure		
28.1 Reconciliation of Irregular Expenditure		
Opening balance	39 748	111 350
Add: Irregular expenditure – relating to prior year	-	17 395
Add: Irregular expenditure – relating to current year	8 238	22 255
Less: Amounts condoned	(47 986)	(111 252)
Irregular expenditure awaiting condonation	-	39 748
Analysis of Awaiting Condonation per Age Classification		
Current year	-	22 255
Prior year	-	17 493
Total	-	39 748



28.2 Details of Irregular Expenditure – Current Year

Incident	Disciplinary Steps Taken/Criminal Proceedings	2012/13 R'000
Procurement process not followed	Matter under investigation	43
Services rendered before generating an order	Matter under investigation	176
Rental lease agreement for Travenna Campus **	Not Applicable (refer note below)	8 019
Total		8 238

**28.3 Details Of Irregular Expenditure Condoned Incident
Condoned by (Condoning Authority)**

**2012/13
R'000**

Procurement process not followed (current year)	43
Services rendered before generating an order (current year)	176
Petty cash disbursements exceeding threshold value (prior year)	98
Procurement process not followed (prior year)	164
Rental lease agreement for Travenna Campus (prior year) **	39 486
Rental lease agreement for Travenna Campus (current year) **	8 019
Total	47 986

** A lease agreement for Trevenna Campus was signed between the Department of Minerals and Energy (DME) and the Landlord on 18 April 2008. During the relocation process in October 2009, the Department of Minerals and Energy was split into two separate departments; namely the Department of Mineral Resources (DMR) and the Department of Energy (DoE).

Whilst the Department of Public Works was in the process of sourcing alternative office accommodation for the Department of Energy, a Memorandum of Agreement (MoU) was signed between the Directors-General of DMR and DoE in October 2009, outlining the manner in which the implications of the split should be dealt with, and Clause 12.1 of the same MoU provided that DMR shall defray all accommodation costs and claim back the DoE portion as incurred by DMR. This arrangement was adhered to from October 2009 until end of April 2010, when DoE was directed to pay for its portion of the office accommodation space (i.e. Blocks 2A and 2B) directly to the Landlord.

To avoid disruption of service delivery and/or being evicted from the Campus, DoE continued to pay directly to the Landlord for the space occupied whilst an alternative office accommodation space was being procured by Department of Public Works. It was this direct payment to the Landlord, instead of the Landlord being paid via DMR, that resulted in the expenditure becoming irregular. For the financial years 2010/2011 and 2011/2012, the total amounts paid as a result of the aforementioned office accommodation rental at Trevenna Campus was R39,48 million and for 2012/13 the amount was R8,02 million. The Department relocated from the building in July 2012.



PART E: FINANCIAL INFORMATION

	2012/13		2011/12
Note	R'000		R'000

29. Related Party Transactions

Year end balances arising from revenue/payments

Receivables from related parties

10

722

Payables to related parties

(4 099)

(6 647)

Total

(4 089)

(5 925)

The Department has a related party relationship with all 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

The DOE issued a guarantees to NECSA for a bank facility.

Guarantees received – Ministry of Finance

7 288

7 288

The DOE received a guarantee from Ministry of Finance for land in Avon, KwaZulu-Natal for the independent power station (refer to note 22.2)

	2012/13		2011/12
Note	R'000		R'000

30. Key Management Personnel

No. of Individuals

Political office bearers

2

3 659

3 514

Officials:

Level 15 to 16

8

9 125

7 151

Level 14 (including CFO if at lower level)

13

11 836

11 697

Family members of management personnel

-

-

Total

24 620

22 362



31. Provisions

Provision for doubtful debts (staff)	-	5
Provision for environmental rehabilitation liability	3 832 867	3 703 373
Total	3 832 867	3 703 378

31.1 Environmental Rehabilitation Liability

The Department 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, Act No.46 of 1999.

In terms of the Nuclear Liabilities Management Plan, that was approved by Cabinet, the liability was estimated at R1 796 000 000 during the previous assessment in 2004, while the 2011/12 re-assessment estimate amounted to R3 703 373 000.

The current potential liability arising from decontamination and decommissioning of past strategic nuclear facilities is estimated at R3 832 867 000. The current estimate of the liability increased by approximately R129 494 000 (including VAT) when compared with the 2011/12 liability estimate. This is made up of the 5,4% CPIX adjustment of R199 982 154 (including VAT) less the decontamination and decommissioning grant of R70 488 000 (including VAT).

The total cost of carrying out the proposed liability discharge amounts to R3 832 867 000 over the remaining period. The main aspects of the process are decommissioning, decontamination and waste management (which includes the eventual disposal of the waste).



32. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening Balance	Current Year Adjustments to Prior Year Balances	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
HERITAGE ASSETS	228	(6)	-	-	222
Heritage assets	228	(6)	-	-	222
MACHINERY AND EQUIPMENT	25 339	11	9 940	989	34 301
Transport assets	2 785	-	350	-	3 135
Computer equipment	11 283	22	6 821	795	17 331
Furniture and office equipment	8 662	8	590	186	9 074
Other machinery and equipment	2 609	(19)	2 179	8	4 761
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	25 567	5	9 940	989	34 523

32.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-Cash	Total
	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-
Heritage assets	-	-	-
MACHINERY AND EQUIPMENT	9 940	-	9 940
Transport assets	350	-	350
Computer equipment	6 821	-	6 821
Furniture and office equipment	590	-	590
Other machinery and equipment	2 179	-	2 179
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	9 940	-	9 940



32.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	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	-	989	989	-
Transport assets	-	-	-	-
Computer equipment	-	795	795	-
Furniture and office equipment	-	186	186	-
Other machinery and equipment	-	8	8	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	-	989	989	-

32.3 Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE 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
HERITAGE ASSETS	-	228	-	228
Heritage assets	-	228	-	228
MACHINERY AND EQUIPMENT	20 729	4 993	383	25 339
Transport assets	1 526	1 259	-	2 785
Computer equipment	9 532	2 117	366	11 283
Furniture and office equipment	7 693	986	17	8 662
Other machinery and equipment	1 978	631	-	2 609
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	20 729	5 221	383	25 567

32.4 Minor Assets

MOVEMENT IN MINOR ASSETS PER ASSETS REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000
Opening balance	-	6 125	-	6 125
Current year adjustments to				
Prior year balance	185	(185)	-	-
Additions	-	125	-	125
Less: disposals	-	(287)	-	(287)
TOTAL INTANGIBLE CAPITAL ASSETS	185	5 778	-	5 963



PART E: FINANCIAL INFORMATION

32.5 Minor assets

MOVEMENT IN MINOR ASSETS PER ASSETS REGISTER FOR THE YEAR ENDED 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

	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	39	-	39
Number of minor assets at cost	-	2 190	-	2 190
TOTAL INTANGIBLE CAPITAL ASSETS	-	2,229	-	2 229

32.6 Movable Assets Written Off

MOVEMENT ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2013

	Heritage Assets	Machinery and Equipment	Biological Assets	Total
	R'000	R'000	R'000	R'000
Assets written off	-	33	-	33
TOTAL MOVABLE ASSETS WRITTEN OFF	-	33	-	33

MOVEMENT ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2012

	Heritage Assets	Machinery and Equipment	Biological Assets	Total
	R'000	R'000	R'000	R'000
Assets written off	-	54	-	54
TOTAL MOVABLE ASSETS WRITTEN OFF	-	54	-	54



33. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening Balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Computer software	2 622	615	-	3 237
Service and operating rights	228	-	-	228
TOTAL INTANGIBLE CAPITAL ASSETS	2 850	615	-	3 465

Additions

33.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSETS REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-Cash	Development – Work in Progress	Received Current – Not Paid
	R'000	R'000	R'000	R'000
Computer software	615	-	-	-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	615	-	-	-

Disposal

33.2. DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSETS REGISTER FOR THE FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash	Transfer Out or Destroyed or Scrapped	Total Disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Computer Software	-	-	-	-
TOTAL DISPOSAL INTANGIBLE CAPITAL ASSETS	-	-	-	-

33.3 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
Services and Operating Rights	228	-	-	228
TOTAL DISPOSAL INTANGIBLE CAPITAL ASSETS	2 850	-	-	2 850



34. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	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	%
Abaqulusi Municipality	8 000	-	-	8 000	8 000	-	-
Albert Luthuli Municipality	16 200	-	-	16 200	16 200	-	-
Ba-Phalaborwa Municipality	4 000	-	-	4 000	4 000	-	-
Beaufort West Municipality	25 000	-	-	25 000	25 000	-	-
Bergrivier Municipality	4 200	-	-	4 200	4 200	-	-
Bitou Municipality	500	-	-	500	500	-	-
Blouberg Municipality	3 000	-	-	3 000	3 000	-	-
Breede Valley Municipality	1 800	-	-	1 800	1 800	-	-
Buffalo City Municipality	40 000	-	-	40 000	40 000	-	-
Bushbuckridge Municipality	10 580	-	-	10 580	10 580	-	-
Camdeboo Municipality	1 600	-	-	1 600	1 600	-	-
Cape Agulhas Municipality	2 000	-	-	2 000	2 000	-	-
Cederberg Municipality	5 300	-	-	5 300	5 300	-	-
City of Johannesburg Municipality	45 000	-	-	45 000	45 000	-	-
City of Matlosana Municipality	2 500	-	-	2 500	2 500	-	-
City of Tshwane Municipality	41 000	-	-	41 000	41 000	-	-
Dikgatlong Municipality	2 640	-	-	2 640	2 640	-	-
Drakenstein Municipality	5 000	-	-	5 000	5 000	-	-
Ekurhuleni Metropolitan Municipality	85 000	-	-	85 000	85 000	-	-
Elundini Municipality	1 000	-	-	1 000	1 000	-	-
Emalahleni Municipality (EC)	9 000	-	-	9 000	9 000	-	-
Emalahleni Municipality (MP)	21 000	-	-	21 000	21 000	-	-
Emfuleni Municipality	27 000	-	-	27 000	27 000	-	-
Endumeni Municipality	7 000	-	-	7 000	7 000	-	-
Engcobo Municipality	30 000	-	-	30 000	30 000	-	-
Ethekwini Municipality	5 000	-	-	5 000	5 000	-	-
Gamagara Municipality	1 900	-	-	1 900	1 900	-	-
George Municipality	8 400	-	-	8 400	8 400	-	-
Greater Tzaneen Municipality	15 200	-	-	15 200	15 200	-	-
Greater Tzaneen Municipality	13 000	-	-	13 000	13 000	-	-
Hantam Municipality	2 000	-	-	2 000	2 000	-	-
Hessequa Municipality	1 000	-	-	1 000	1 000	-	-
Hlabisa Municipality	12 000	-	-	12 000	12 000	-	-
Ikwezi Municipality	3 200	-	-	3 200	3 200	-	-
Impendle Municipality	5 000	-	-	5 000	5 000	-	-
Indaka Municipality	5 000	-	-	5 000	5 000	-	-
Ingwe Municipality	9 000	-	-	9 000	9 000	-	-
Intsika Municipality	25 000	-	-	25 000	25 000	-	-
Inxuba Municipality	2 600	-	-	2 600	2 600	-	-
Jozini Municipality	9 000	-	-	9 000	9 000	-	-



PART E: FINANCIAL INFORMATION

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	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	%
Kamiesberg Municipality	1 500	-	-	1 500	1 500	-	-
Kannaland Municipality	5 000	-	-	5 000	5 000	-	-
Karoo Hoogland Municipality	4 000	-	-	4 000	4 000	-	-
Khai-Ma Municipality	1 000	-	-	1 000	1 000	-	-
Khara Hais Municipality	8 260	-	-	8 260	8 260	-	-
King Sabata Dalindyebo Municipality	23 420	-	-	23 420	23 420	-	-
Knysna Municipality	5 000	-	-	5 000	5 000	-	-
Kopanong Municipality	4 000	-	-	4 000	4 000	-	-
Kouga Municipality	4 000	-	-	4 000	4 000	-	-
Kwadukuza Municipality	8 000	-	-	8 000	8 000	-	-
Langeberg Municipality	500	-	-	500	500	-	-
Lekwa Municipality	500	-	-	500	500	-	-
Lepelle-Nkumpi Municipality	4 000	-	-	4 000	4 000	-	-
Madibeng Municipality	4 600	-	-	4 600	4 600	-	-
Mafikeng Municipality	8 000	-	-	8 000	8 000	-	-
Mafube Municipality	10 000	-	-	10 000	10 000	-	-
Makana Municipality	6 000	-	-	6 000	6 000	-	-
Makhado Municipality	12 000	-	-	12 000	12 000	-	-
Makhuduthamaga Municipality	4 000	-	-	4 000	4 000	-	-
Maluti-A-Phofung Municipality	13 000	-	-	13 000	13 000	-	-
Mangaung Metropolitan Municipality	25 000	-	-	25 000	25 000	-	-
Mantsopa Municipality	8 800	-	-	8 800	8 800	-	-
Maphumulo Municipality	6 000	-	-	6 000	6 000	-	-
Maruleng Municipality	5 000	-	-	5 000	5 000	-	-
Matatiele Municipality	4 000	-	-	4 000	4 000	-	-
Matjabeng Municipality	10 000	-	-	10 000	10 000	-	-
Mbhashe Municipality	15 000	-	-	15 000	15 000	-	-
Mbizana Municipality	30 000	-	-	30 000	30 000	-	-
Mbombela Municipality	5 000	-	-	5 000	5 000	-	-
Merafong Municipality	15 000	-	-	15 000	15 000	-	-
Metsimaholo Municipality	10 000	-	-	10 000	10 000	-	-
Mhlontlo Municipality	15 000	-	-	15 000	15 000	-	-
Mkhabathini Municipality	7 000	-	-	7 000	7 000	-	-
Mkhondo Municipality	643	-	-	643	643	-	-
Mnquma Municipality	21 000	-	-	21 000	21 000	-	-
Modimolle Municipality	11 000	-	-	11 000	11 000	-	-
Mogalakwena Municipality	8 300	-	-	8 300	8 300	-	-
Mogale City Municipality	8 000	-	-	8 000	8 000	-	-
Mohokare Municipality	2 000	-	-	2 000	2 000	-	-
Moqhaka Municipality	2 000	-	-	2 000	2 000	-	-
Moses Kotane Municipality	4 000	-	-	4 000	4 000	-	-



PART E: FINANCIAL INFORMATION

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	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	%
Mossel Bay Municipality	1 000	-	-	1 000	1 000	-	-
Msukaligwa Municipality	5 700	-	-	5 700	5 700	-	-
Msunduzi Municipality	10 000	-	-	10 000	10 000	-	-
Mthonjaneni Municipality	6 000	-	-	6 000	6 000	-	-
Mtubatuba Municipality	10 000	-	-	10 000	10 000	-	-
Naledi Municipality (North West)	8 000	-	-	8 000	8 000	-	-
Naledi Municipality (Free State)	500	-	-	500	500	-	-
Nama Khoi Municipality	1 000	-	-	1 000	1 000	-	-
Ndlambe Municipality	5 000	-	-	5 000	5 000	-	-
Ndwendwe Municipality	10 000	-	-	10 000	10 000	-	-
Nelson Mandela Bay Municipality	15 000	-	-	15 000	15 000	-	-
New Castle Municipality	10 000	-	-	10 000	10 000	-	-
Ngquza Hill Municipality	10 000	-	-	10 000	10 000	-	-
Nkandla Municipality	20 000	-	-	20 000	20 000	-	-
Nkomazi Municipality	12 600	-	-	12 600	12 600	-	-
Nongoma Municipality	26 000	-	-	26 000	26 000	-	-
Nquthu Municipality	10 000	-	-	10 000	10 000	-	-
Ntabankulu Municipality	5 000	-	-	5 000	5 000	-	-
Ntambanana Municipality	20 000	-	-	20 000	20 000	-	-
Nyandeni Municipality	3 600	-	-	3 600	3 600	-	-
Oudtshoorn Municipality	1 000	-	-	1 000	1 000	-	-
Overstrand Municipality	1 800	-	-	1 800	1 800	-	-
Phokwane Municipality	1 200	-	-	1 200	1 200	-	-
Phumelela Municipality	3 000	-	-	3 000	3 000	-	-
Polokwane Municipality	18 000	-	-	18 000	18 000	-	-
Randfontein Municipality	10 000	-	-	10 000	10 000	-	-
Richtersveld Municipality	1 200	-	-	1 200	1 200	-	-
Rustenburg Municipality	16 500	-	-	16 500	16 500	-	-
Siyacuma Municipality	600	-	-	600	600	-	-
Siyathemba Municipality	1 200	-	-	1 200	1 200	-	-
Sol Plaatjie Municipality	34 000	-	-	34 000	34 000	-	-
Stellenbosch Municipality	8 800	-	-	8 800	8 800	-	-
Steve Tshewete Municipality	2 500	-	-	2 500	2 500	-	-
Thaba Chweu Municipality	5 700	-	-	5 700	5 700	-	-
Theewaterskloof Municipality	3 000	-	-	3 000	3 000	-	-
Thembelihle Municipality	3 000	-	-	3 000	3 000	-	-
Thembisile Hani Municipality	3 000	-	-	3 000	3 000	-	-
Thulamela Municipality	56 000	-	-	56 000	56 000	-	-
Tlokwe Municipality	11 800	-	-	11 800	11 800	-	-
Tsolwana Municipality	2 000	-	-	2 000	2 000	-	-
Tswaing Municipality	9 200	-	-	9 200	9 200	-	-



PART E: FINANCIAL INFORMATION

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	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	%
Ulundi Municipality	8 000	-	-	8 000	8 000	-	-
Umhlabuyalingana Municipality	5 000	-	-	5 000	5 000	-	-
Umhlabuze Municipality	8 000	-	-	8 000	8 000	-	-
Umjindi Municipality	10 400	-	-	10 400	10 400	-	-
Umlalazi Municipality	15 000	-	-	15 000	15 000	-	-
Umsobomvu Municipality	8 300	-	-	8 300	8 300	-	-
Umzimkhulu Municipality	10 000	-	-	10 000	10 000	-	-
Umzimvubu Municipality	30 000	-	-	30 000	30 000	-	-
Umzambe Municipality	7 000	-	-	7 000	7 000	-	-
Ventersdorp Municipality	6 700	-	-	6 700	6 700	-	-
Vulamehlo Municipality	5 000	-	-	5 000	5 000	-	-
Total	1 351 443	-	-	1 351 443	1 351 443	-	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2013

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION 2012/13			TRANSFER 2012/13			SPENT 2012/13			2011/12	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds With-held R'000	Re-allocations by National Treasury or National Department R'000	Amount Received by Municipality R'000	Amount Spent by Municipality R'000	Percentage of Available Funds Spent by Municipality %	Division of Revenue Act R'000
Energy Efficiency and Demand Side Management (EEDSM)	200 000	-	-	200 000	200 000	-	-	200 000	20 719	10%	280 000
Integrated National Electrification Programme (INEP)	1 151 443	-	-	1 151 443	1 151 443	-	-	1 151 443	449 883	39%	1 096 611
Total	1 351 443	-	-	1 351 443	1 351 443	-	-	1 351 443	470 602		1 376 611

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	Percentage of Available Funds Transferred %	
	National Nuclear Regulator	30 912	-	12 000	42 912	42 912	
S.A National Energy Development Institute	50 110	-	6 000	56 110	56 110	100%	20 100
	81 022	-	18 000	99 022	99 022		55 530

ANNEXURE 1D

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2011/12 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	Percentage of Available funds Transferred %	
	HOUSEHOLDS						
Transfers							
Leave gratuity paid to employees	370	-	-	370	321	87%	349
Act of grace household paid to deceased employee's family	-	-	-	-	2	-	-
Total	370	-	-	370	323		349



ANNEXURE 1E

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13	2011/12
		R'000	R'000
Received in kind			
AFREC 1st Working Group meeting held in Addis Ababa, Ethiopia	Air ticket and accommodation	-	13
Energy Information Session	T-Shirts and pens	-	15
Energy Information Session	Scientific calculators and mathematical sets	-	30
Increase understanding of the petroleum sector	Course: Leadership in Oil and Energy	-	58
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	29	-
United National Environment Programme	Accommodation, travel cost and 70% of daily allowance	1	-
Business Unity of South Africa (BUSIA)	Socio-economic impact study funding	1 000	-
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	12	-
United Nations Framework Convention on Climate Change	Air ticket and accommodation	11	-
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	36	-
International Energy Agency (IEA)	Air ticket and accommodation	24	-
Energy sector Management Assistance Programme (ESMAP)	Air ticket and accommodation	2	-
Energy and Environment Partnership Programme (EEP) Regional Coordination	Air ticket and accommodation	25	-
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	69	-
The United Nations Development Programme (UNDP)	Air ticket and accommodation	4	-
BP South Africa	Accommodation and daily allowance	25	-
South African National Energy Institution (Transfer: Department Agencies)	Lump sum to cover travel costs to and from Zagreb, including incidentals and training	2 400	-
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	19	-
International Atomic Energy Agency (IAEA)	Air ticket and accommodation	152	-
TOTAL		3 809	116

ANNEXURE 1F

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI-TURE R'000	CLOSING BALANCE R'000
Received in Cash					
EWSETA	Placement of electrical engineering students	-	974	1 984	(1 010)
European Union	DOE Smart Metering Initiative	-	71 800	71 800	-
The Swiss Federal Department of Foreign Affairs	The support for energy efficiency monitoring and implementation project	-	2 400	2 400	-
TOTAL		-	75 174	76 184	(1 010)



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	2012/13	2011/12
(Group major categories but list material items including name of organisation)	R'000	R'000
Remissions, Refunds, and Payments Made as an Act of Grace		
Payment as an act of grace to the family of the deceased employees	-	22
Paid in Cash		
Donations made to deceased employee's family	8	2
Sub-Total	8	2
TOTAL	8	24



ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	State Entity's PFMA Schedule type (state year-end if not 31 March)	% Held 12/13	% Held 11/12	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
				2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	
National/Provincial Public Entity												
The South African Nuclear Corporation Limited	Schedule 2	100	100	2 205	2 205	2 205	2 205	486 091	381 507	92 529	(53 069)	No
CEF (Pty) Ltd	Schedule 2	100	100	1	1	-	-	17 591 454	6 111 128	1 845 429	(46 588)	No
TOTAL				2 206	2 206	2 205	2 205	18 077 545	6 492 635	1 937 958	(99 657)	



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	
		2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Controlled entities									
CEF (Pty) Ltd	Financing and promotion of the acquisition of, research into and exploitation of energy related products and technology	-	-	17 591 454	6 111 128	-	-	-	-
TOTAL		-	-	17 591 454	6 111 128	-	-	-	-



ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in Respect of	Original Guaranteed Capital Amount R'000	Opening Balance 1 April 2012 R'000	Guarantees Draw Downs During the Year R'000	Guarantees Repayments/ Cancelled/ Reduced/ Released During the Year R'000	Revaluations R'000	Closing Balance 31 March 2013 R'000	Guaranteed Interest for Year Ended 31 March 2013 R'000	Realised Losses not Recoverable i.e. Claims Paid Out R'000
ABSA Bank	Housing	60	60	-	60	-	-	-	-
ABSA Bank	NECSA	20 060	20 000	-	-	-	20 000	-	-
	TOTAL	20 060	20 060	-	60	-	20 000	-	-

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities Incurred During the Year R'000	Liabilities Paid/ Cancelled/Reduced During the Year R'000	Liabilities Recoverable (Provide Details Hereunder) R'000	Closing Balance 31 March 2013 R'000
Claims against the Department					
Claims against the Department **	470	19 722	-	-	20 192
Subtotal	470	19 722	-	-	20 192
Other					
Legal Fees in dispute	1 944	-	1 944	-	-
Subtotal	1 944	-	1 944	-	-
TOTAL	2 414	19 722	1 944	-	20 192

Claims against the Department includes claims mainly pertaining to alleged breach of contract, and alleged potential constructive obligations.



ANNEXURE 4

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Rural Development and Land Reform	10	-	-	-	10	-
Department of Local Government and Housing	-	6	-	-	-	6
Department of Justice and Constitutional Development	-	2	-	-	-	2
Department of Cooperative Governance	-	4	-	-	-	4
Department of International Relations and Cooperation	-	710	-	-	-	710
	10	722	-	-	10	722
Other						
Claims recoverable from third parties	4 037	4 037	-	-	4 037	4 037
	4 037	4 037	-	-	4 037	4 037
TOTAL	4 047	4 759	-	-	4 047	4 759



ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Mineral Resources	4 075	6 602	676	-	4 751	6 602
Department of Public Works	20	-	-	-	20	-
Limpopo Department of Economic Development and Tourism	4	-	-	-	4	-
Department of Justice and Constitutional Development	-	23	-	-	-	23
Department of The Presidency	-	22	-	-	-	22
Total	4 099	6 647	676	-	4 775	6 647



ANNEXURE 6

INVENTORY

Inventory	Note	Quantity	2012/13	Quantity	2011/12
			R'000		R'000
Opening balance		82 471	793	83 411	519
Add adjustments to prior year balance		-	-	-	379
Add: Additions/Purchases – Cash		74 505	3 223	107 874	3 019
Add: Additions - Non-cash		24 043	340	-	-
(Less): Disposals		(183)	(6)	(90)	(20)
(Less): Issues		(95 551)	(3 283)	(112 253)	(3 141)
Add: Adjustments		(1 842)	(5)	3 529	37
Closing balance		83 443	1 062	82 471	793





DEPARTMENT OF ENERGY
192 Visagie Street
Corner Paul Kruger & Visagie Street
Pretoria
0007

