

ANNUAL REPORT

2018/2019



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA







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VOTE 26

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PART A
GENERAL INFORMATION

1.1 DEPARTMENT OF ENERGY GENERAL INFORMATION

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1.2 LIST OF ABBREVIATIONS/ACRONYMS

20YRLFIR	20 Year Liquid Fuels Infrastructure Roadmap
AEEP	Africa-EU Energy Partnership
AG	Auditor General
AGSA	Auditor General of South Africa
APP	Annual Performance Plan
APPO	African Petroleum Producer Organisation
ASSAf	Academy of Science of South Africa
AU	African Union
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BFP	Basic Fuel Price
BRICS	Brazil, Russia, India, China and South Africa
BRRR	Budgetary Review and Recommendation Report
BW	Bid Window
CEF	Central Energy Fund
CEM	Clean Energy Ministerial
CHIETA	Chemical Industries Education and Training Authority
COD	Commercial Operation Date
CoGTA	Department of Cooperative Governance and Traditional Affairs
DDG	Deputy Director-General
DG	Director-General
DIRCO	Development of International Relations and Cooperation
DM	Deputy Minister
DoE	Department of Energy
DoRA	Division of Revenue Act
DPME	Department of Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DST	Department of Science and Technology
EE	Energy Efficiency
EEDSM	Energy Efficiency and Demand Side Management
EHWP	Employee Health and Wellness Programme

EU	European Union
EVTs	Evacuated Vacuum Tubes
EWSETA	Energy Water Service Sector Education and Training Authority
EXCO	Executive Management Committee
FOSAD	Forum of South African Directors-General
GDP	Gross Domestic Product
GHG	Green House Gas
GRAP	Generally Recognised Accounting Practices
HDI	Historically Disadvantaged Individual
HDSA	Human Development in South Africa
HR	Human Resources
IAEA	International Atomic Energy Agency
IBT	Inclining Block Tariff
ICT	Information and Communication Technology
IEC	Integrated Energy Centre
IEP	Integrated Energy Plan
INEP	Integrated National Electrification Programme
IOP	Institutional Operation Plan
IPP	Independent Power Producer
IRBA	Independent Regulatory Board for Auditors
IRENA	International Renewable Energy Agency
ISA	International Standards of Auditing
ISC	Interim Steering Committee
IT	Information Technology
ITAC	International Trade Administration Commission
IYM	In-year Management
JODI	Joint Oil Data Initiative
King IV	King Report IV
M&E	Monitoring and Evaluation
MANCO	Management Committee
MISA	Municipal Infrastructure Support Agent
MMS	Middle Management Service
MoA	Memorandum of Agreement MoU
MPAT	Management Performance Assessment Tool
MTSF	Medium-Term Strategic Framework

1.2 LIST OF ABBREVIATIONS/ACRONYMS

MV	Medium Voltage
MW	Megawatts
NACH	National Anti-Corruption Hotline
NDP	National Development Plan
Necsa	Nuclear Energy Corporation of South Africa
NEDLAC	National Economic, Development and Labour Council
NEES	National Energy Efficiency Strategy
NERSA	National Energy Regulator of South Africa
NFC	Nuclear Fuel Cycle
NNBP	Nuclear New Build Programme
NNR	National Nuclear Regulator
NRWDI	National Radioactive Waste Disposal Institute
NSWHP	National Solar Water Heater Programme
NTI	New-To-Industry
NTP	NTP Radioisotopes SOC Ltd
PASA	Payments Association of South Africa
PCE	Portfolio Committee on Energy
PDP	Personal Development Plan
PetroSA	Petroleum Oil & Gas Corporation South Africa (SOC) Limited
PFMA	Public Finance Management Act
PIC	Public Investment Corporation
PICC	Presidential Infrastructure Coordinating Commission
PMDS	Performance Management and Development System
PMO	Project Management Office
PPA	Power Purchase Agreement
PPP	Public Participation Programme
PSA	Public Service Association
R&D	Research and Development

REEEP	Renewable Energy and Energy Efficiency Partnership
REIPP	Renewable Energy Independent Power Producer
RET	Renewable Energy Technologies
SADC	Southern African Development Community
SALGA	South African Local Government Association
SANEDI	South African National Energy Development Institute
SARS	South African Revenue Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SE4ALL	Sustainable Energy for All
SETA	Sector Education and Training Authority
SETRM	Solar Energy Technology Roadmap
SFF	Strategic Fuel Fund
SIP	Strategic Integrated Project
SMS	Senior Management Service
SOC	State-Owned Company
SOE	State-Owned Entity
SONA	State of the Nation Address
SSAC	State System of Accounting & Control
SWH	Solar Water Heating
TWh	TeraWatt Hour
UIF	Unemployment Insurance Fund
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
USA	United States of America
WASA	Wind Atlas for South Africa
WINSA	Women in Nuclear South Africa
WSP	Workplace Skills Plan

1.3 FOREWORD BY MINISTER



Mr SG Mantashe, MP
Minister of Mineral Resources and Energy

*We must ensure
that our youth
will embrace
the new
technologies
and move with
the changing
times.*

During the performance year under review, the Department's objective of ensuring a reliable, efficient and continuous supply of electricity was severely challenged. The country experienced the re-emergence of load shedding when Eskom's plant performance driven by old generation infrastructure capacity was compromised. This had a multiplier effect in the economy. I would like to thank all South Africans for their patience and forbearance during the recent electricity supply challenges that were experienced in the country. Government working together with key shareholders successfully managed to turn things around and the outlook of power generation looks positive for the remainder of the year.

In 2018, President Cyril Ramaphosa set a target to attract investments of \$100bn by 2023 in an attempt to stimulate economic growth, which has been falling short of the 5.4% annual target set in the National Development Plan (NDP). In line with this investment drive, the Department held a stakeholder engagement in Gallagher Estate, Midrand with a number of experts under the theme "Working together towards an Economically Transformed and Sustainable Energy Sector" where experts provided more insight and perspectives on the department's plans and programmes and on how the energy sector can contribute towards the target set by the President.

In pursuit to these initiatives, I am pleased to report that the Kingdom of Saudi Arabia had pledged its commitment to invest \$10 billion in building a new crude oil refinery jointly with a government owned entity. A Memorandum of Understanding has been concluded between the two countries. The Central Energy Fund (CEF) together with Saudi Aramco have started a process of conducting a pre-feasibility study of this new refinery. The refinery will be the biggest in the country and will be able to help supply not only South Africa but also the rest of the Sub-Saharan region. This will also create much needed jobs and an opportunity to skill our people.

The Department committed to open the revised Integrated Resource Plan (IRP) for consultation with all key stakeholders. In the period under review we published this framework document. This will provide much needed policy certainty and provide further clarity required by both local and international investors, who are keen to invest in the energy sector. Significant work has been done to finalise the consultation process, indications are that we will conclude this process in the first quarter of the next financial year, as this process is still ongoing.

While we remain a coal-based economy and continue to observe international efforts to reduce greenhouse emissions and other pollutants, we will improve our energy mix by having 30% of clean energy by 2025. We will continue to collaborate with our international partners in seeking environmentally friendly solutions in securing energy. The Independent Power Producers Procurement Programme (IPPPP) with renewable

1.3 FOREWORD BY MINISTER *(cont.)*

energy technologies will continue to form part of our energy mix. To date, this programme has contributed to job creation and enterprise development (with a focus on women and youth) and local manufacturing opportunities. However, much work still needs to be done to improve this programme. Lessons learnt and the experience gained should be assessed and applied to new initiatives to ensure the improvement of future programmes to continue to fulfil government objectives.

Gas represents a very important and growing part of the global energy system. It is the fastest growing fossil fuel and its consumption is forecasted to increase by 1.4% annually. As part of our drive to develop a gas market (supply and demand) also as part of our energy mix, the Department has made significant progress on the Gas Amendment Bill and it should be finalised in the next financial year.

During the period under review, the department developed a Liquid Fuels Emergency Response Plan (LFERP) which addresses all aspects associated with any fuel potential supply shortages and disruptions. This as a result, the country did not experience any supply shortages and disruptions.

In August 2018, the Petroleum and Liquid Fuels Sector Charter Council was appointed as an independent body to oversee the implementation of the Petroleum and Liquid Fuels Sector Codes of Good Practice. In issuing licenses for the operation of manufacturers, wholesalers, and retailers of petroleum products, has ensured that 89.18% of licenses issued to entities contained at least 50% ownership and control in the hands of Historically Disadvantaged South Africans. In addition, The Department also commissioned an independent Petroleum Retail Audit to determine the extent of transformation in the retail segment of the petroleum industry, and also to establish a baseline for the system of future allocation of petroleum licenses.

The baseline will inform a revised economic empowerment framework and will put the Department in a position to mitigate the slow pace of economic transformation in the petroleum retail value chain. It is envisaged that the much anticipated Petroleum Retail Audit results will be published by the end of the 3rd Quarter of 2019/20 financial year. This will provide the system of allocation of licenses provided for by Section 2E of the Petroleum Products Act as amended.

As indicated above, CEF has signed a Memorandum of Agreement with Saudi Aramco to undertake a feasibility study for a new crude oil refinery in Richard's Bay. The new refinery configuration and capacity studies will be finalised by December 2019. This mega infrastructure project will support the local construction and engineering sectors, employ more than 21,000 people at the peak of construction and create more than 5,000 permanent jobs during the useful economic life of the refinery. This project will, over time, inevitably prove to be a crucial watershed development in the pursuit of attaining energy security in the country's Oil, Gas and Petrochemicals industry.

The 2018/19 financial year proved to be a positive period for most of the State-Owned Entities overseen by the Department of Energy. Good governance practices were introduced in a number of SOE's, a few significant appointments were made to the various Boards, and there appeared to be an overall reduction in irregular expenditure incurred, when compared to previous years. The National Nuclear Regulator (NNR) and National Energy Regulator of South Africa (NERSA) continued to achieve excellent performance standards, whilst the comparatively new entity reporting to the Department, National Radioactive Waste Disposal Institute (NRWDI), achieved its second successive clean audit since its establishment.

1.3 FOREWORD BY MINISTER (*cont.*)

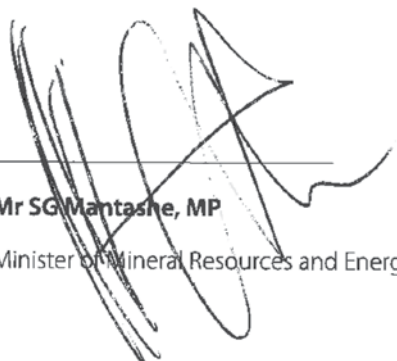
During 2018/19, this Ministry played a critical role in providing guidance and enforcing good governance practices within the NECSA Group of Companies. This included, amongst other things, the appointment of a capable Board of Directors, the creation of a conducive environment for the resumption of production activities at the NTP Radioisotopes (SOC) Ltd manufacturing facility, and working closely with National Treasury towards finding sustainable solutions to a number of historic concerns. Over the last 2 years, NTP has experienced a number of significant operational and production challenges. Critically, the company managed to maintain its employment levels throughout this time, and received clean audits from the Auditor General's office. NTP Radioisotopes is now back in operation and has a robust turnaround strategy that will allow the company to return to profitability in a sustainable manner.

We remain confident that these efforts will continue to bear fruit well into the 2019/20 financial year. The NECSA Group of Companies will benefit significantly from NTP Radioisotopes (SOC) Ltd successfully bringing its facility to full operational capacity, and this will undoubtedly be a crucial component of the Group's turnaround strategy, which will be finalised during 2019/20, in consultation with all relevant internal and external stakeholders.

Whilst we might have made some progress in some areas there is still opportunity for us to be innovative in the areas of energy research, financing of energy infrastructure and localisation of value chains. The department remains committed towards the attainment of efficient regulation of the energy sector, and will strengthen the capacity of our policy development to clear the bottleneck of our pending legislation and improve monitoring and enforcement thereof.

The energy sector is at the cusp of an exciting period, reminiscent of the huge changes brought about by rapid technological advancement in the mobile telephone industry in recent years. We need to be prepared for the disruptive times that the fourth industrial revolution will bring and adjust in a responsible way. Big centralised power generation plants will disappear and be replaced by distributed generation, mini-grids and batteries. We must ensure that our youth will embrace the new technologies and move with the changing times

I would like to express my gratitude to my predecessor Jeff Radebe, the former Deputy Minister, Ambassador Thembisile Majola, the Director-General, Mr Thabane Zulu, Team Energy, State-Owned Entities (SOE) reporting to the Department as well as all other stakeholders for working together and making a meaningful contribution to the successes of our sector.



Mr SG Mantashe, MP
Minister of Mineral Resources and Energy

1.4 FOREWORD BY THE DEPUTY MINISTER



Ms B Hlongwa, MP
Deputy Minister of Mineral Resources and Energy

Petroleum plays a key role in the economy and in the lives of South Africans. The department's role is to regulate and determine the price of petroleum products.

The Department of Energy's Annual Report for the financial year 2018/19 is presented with great pleasure and excitement. The report reflects and presents our commitment to successfully meet our targets and objectives, and in implementing our strategy and the Annual Performance Plan (APP).

The Department is tasked with great responsibility to provide energy security to our people and economy through a mixed energy portfolio. This promotes economic growth, development, and social equity through expanded access to energy services that are sustainable and contribute to the reduction of pollution and mitigation of the effects of global climate change as outlined in The National Development Plan (NDP).

In response to this, the Department has strengthened its National Electrification Programme to continue its contribution to socio-economic development, job creation, poverty alleviation as well as addressing imbalances of the past. This programme was implemented through the transfer of funds to implementing agents (Eskom, local municipalities and non-grid service providers) with the capacity to undertake the execution of the electrification programme. The aim is to achieve universal access by 2025 in line with the National Development Plan (NDP) and the 2014 – 2019 Medium Term Strategic Framework (MTSF).

The Department had a combined target of 220,000 household connections comprised of 200,000 designated to grid connection and 20,000 designated to non-grid technology (solar home systems). A total of 242,905 new grid connections and 13,090 non-grid connections were achieved during this reporting period.

In terms of electricity production and consumption, we are still amongst the highest per capita users of electricity around the world; notwithstanding that there are still around 3-million households without access to a modern energy carrier. This is why energy efficiency and demand reduction are very important. Implementation of a number of energy efficiency projects were facilitated and monitored during the 2018/19 financial year. These projects were to achieve 0.5TWh savings as per the Department's Annual Performance Plan. Some of these projects were funded directly through the fiscus and international funding support, whereas others benefited from tax incentives, mainly the 12L Tax Incentive being coordinated by the South African National Energy Development Institute (SANEDI).

1.4 FOREWORD BY THE DEPUTY MINISTER *(cont.)*

The achieved energy savings for 2018/19 were mainly from two projects, namely, the 12L Tax Incentive which amounted to 3.414 TWh, and the municipal EEDSM programme that saved 9,206 MWh (0.01 TWh) by the end of March 2019 resulting in a total of 3.424 TWh savings. These energy savings eased the pressure on the electricity grid, and resulted in cost savings for consumers and stakeholders. We have also begun investigating the cost-benefit of introducing solar panels in state buildings and to mandate new commercial and residential developments to use renewable energy technologies to reduce utility costs in the medium term. These should include deploying clean energy solutions to provide lighting and small power needs in the informal settlements.

Petroleum plays a key role in the economy and in the lives of South Africans. The Department's role is to regulate and determine the price of petroleum products. The energy sector has had its own challenges with petrol price going over R17.00 per litre in the inland areas, however, the Department has also witnessed a drop in the price of petroleum products due to global economy changes. We will be looking at innovative ways to ensure that South Africa is attractive to investors producing affordable energy.

South Africa has a relatively small usage of nuclear energy for peaceful activities. The current uses are in electricity generation through the Koeberg power station, which continues to perform very well. Nuclear energy is also used in the research and production of high technology pharmaceutical products. South Africa continues to lead and enjoy the best share of the market. Despite plant safety challenges, the Department commends the effort by NECSA and encourages them to run the NTP at its maximum and continue to lobby markets to source this life saving product from NTP Radioisotopes SOC Ltd.

In the year under review, the Department continued to maintain cooperation in the continent, SADC region, and the rest of the world. Some of these initiatives included the hosting of the SADC Energy Ministers meeting in June 2018 in Johannesburg. One of the key deliverables during the country's chairpersonship of SADC was the development of the Regional Gasification Strategy and Plan. This work is ongoing and the Department will collaborate with relevant stakeholders to ensure that the strategy is finalised soon. A SADC Energy Ministers meeting was preceded by the hosting of the 3rd BRICS Energy Ministers Meetings and the meeting of the BRICS Working Group on Energy Saving and Improvement of Energy Efficiency was held in July 2018 at the Sandton Convention Centre, Johannesburg.

Skills Development

Capacity building is a National Development Plan imperative focused on building a capable and developmental state. In response to the NDP objectives and to support the strategic objectives of the Department, a Workplace Skills Plan (WSP) was developed based on the training needs of individual employees and their managers. The Department also offered new bursaries to 21 employees. Approximately 17 Departmental officials attended the Executive Development Programme which was intended to improve competencies and address professional development needs of individuals to build the capacity of public service leaders in a democratic and developmental state by closing skills gaps identified through competency assessments. The Department will also continue to strive to make the working environment conducive for high performing public service leaders.

In addition, the Department appointed 24 interns and 20 students for learnerships through its internship programme.

1.4 FOREWORD BY THE DEPUTY MINISTER *(cont.)*

Youth Development

Our objectives are premised on improved energy security, the diversification of our energy sources, including regional integration, increasing access to modern energy carriers, reducing our greenhouse gas emissions, water usage, improving our energy efficiency, lowering the cost of energy, and developing the skills necessary for job opportunities. To this end, unlocking the energy and creativity of South Africa's young and working people is critical to the eradication of poverty, unemployment and inequality as well as improving innovation in the public service.

The Department has embarked on empowerment programmes. These include:

- The Learners Focus Week Programme which was held in July 2018 at the University of Kwazulu Natal in partnership with key stakeholders. This awareness programme contributes to the development of strategic skills for the energy sector and encourages learners, especially those from rural and township areas who may otherwise not be aware of the opportunities available in the sector. We use this programme to provide information to promote equity in access to energy related opportunities through education. Approximately 250 learners from inland provinces, i.e. Limpopo, Mpumalanga, North West, Free State and the host Kwazulu Natal participated in the programme. 37 bursaries were awarded to learners to the value of R17.7 million.
- Take a Girl Child to Work and Tomorrow's Men Campaigns in partnership with NECSA were held and attended by 30 girls and 30 boys.
- In consultation, with key stakeholders, we developed and implemented the Department's Disability Mainstreaming Strategy. The Department has gone a step further to conduct an Accessibility Audit which has now been approved and ready for implementation. The purpose of the Access Audit is to establish how the head office building performs in terms of access and ease of use by a wide range of employees, particularly among people living with disabilities. The audit findings are receiving attention and the implementation plan would be undertaken in the next financial year.

Women Empowerment

During the year under review the Department drafted the Energy Sector Women Empowerment and Gender Equality Strategy and Implementation Plan which was consulted with energy sector and State Owned Entities. The strategy is at advanced stages of finalisation.

A number of workshops to share information on business opportunities in the energy sector were also rolled out. These workshops were aimed at increasing awareness of existing opportunities for women-owned businesses and entrepreneurs in the energy sector and the increasing participation of women in the petroleum and renewable energy value chains.

Renewable Energy projects often require large scale solar arrays or wind turbines that are situated on land that women have limited access to or control over and disregard women as key energy managers (whether at household or larger scale).

1.4 FOREWORD BY THE DEPUTY MINISTER *(cont.)*

The Women in Energy (WiE) Business Directory is a platform that the Department uses to interact and share information with women on business and financial opportunities in the energy sector. To date, 490 women owned businesses are registered on the directory. The directory will also serve as a baseline on how many women owned business are in the energy sector and their specialisation.

In addition, the Department hosted the Women in Energy Dialogue in August, 2018. The event was held in honour of Mama Albertina Sisulu, upholding the values of Mama Sisulu as “Woman of Fortitude”, under the theme “100 years of Albertina Sisulu: Women United in Moving South Africa Forward”. The purpose of the dialogue was to reflect on transformation in the energy sector with more emphasis on concrete mechanisms and programmes aimed at improving women’s access to the economic mainstream.

Other successfully launched initiatives include hosting of the WiE Conference and Gender Transformation in the Energy Sector parallel session during the Africa Energy Indaba in February 2019 respectively, in partnership with Africa Energy Indaba. The events were designed to aid the increase in leadership and development of women involved in the Africa energy space. The WiE Conference provided a platform for women to network, share their knowledge, discuss achievements and encourage the advancement of women across all sectors of the energy industry under the theme “Developing African Women Leaders to Create Our Energy Future”. The Gender Transformation Session created a platform to sensitise the sector decision makers around the need for gender mainstreaming in the sector and building confidence and support in the implementation of gender equality and equity.

We established a partnership with the South African Institute of International Affairs gender mainstreaming through Renewable Energy Research. The research project explored gender mainstreaming in infrastructure development with a particular focus on the Renewable Energy (RE) sector. RE projects often require large scale solar arrays or wind turbines that are situated on land that women have limited access to or control over and disregard women as key energy managers (whether at household or larger scale). Absence of women in decision-making roles within the energy sector and as technical experts in the field were also mentioned.

The research recommendations are being studied to explore modalities for addressing identified challenges; financial intervention to enable women and other disadvantaged groups to participate in the RE sector; education and sensitisation programmes within the energy sector; enterprise development and job creation; and broad based women engagement in the energy value chain.



Ms B Hlongwa, MP
Deputy Minister of Mineral Resources and Energy

1.5 REPORT OF THE ACCOUNTING OFFICER



Mr Thabane Zulu
Accounting Officer

In the year under review, the Department continued to promote transformation of the energy sector, pursue regulatory and structural reforms, as well as carry out policies and programmes that will help achieve our vision and mission.

I am very pleased to present the Department of Energy's Annual Report for the 2018/19 financial year. Energy security is our main priority at the Department of Energy, mainly because energy security is needed to promote and sustain economic growth and development.

Performance is comprised of both financial and non-financial performance. I provide an overview of these two aspects of performance here, and more detailed information in Part E of the report which contains the Department's audited financial statements, and in Part B which details the Department's actual performance against its 2018/19 Annual Performance Plan.

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

In the year under review, the Department continued to promote transformation of the energy sector, pursue regulatory and structural reforms, as well as carry out policies and programmes that will help achieve our vision and mission. The Department's appropriation for the year under review was R7.16 billion. The main recipient of these monies was our flagship programme, the Electrification and Energy Programme and Project Management programme which spent R5.36 billion of its total budget allocation of R5.38 billion, resulting in a net underspending

of R16.08 million or 0.30%. These funds were used to electrify an additional 242,905 South African households via the electricity grid, and 13,090 households via home solar systems. In addition, 6 new electricity substations were built; 4 substations upgraded; 202.45km of new electricity lines added to the network; and 1.5km of supply lines upgraded. In 2018/19 the programme created over 15,000 jobs according to reports from Eskom and relevant municipalities participating in the Expanded Public Works Programme. Sixty percent (60%) of these new jobs came from Eskom projects.

In terms of liquid fuels, a significant amount of crude oil was sourced from African countries in 2018/19; however, Middle Eastern countries were still an important source of crude oil for South Africa. An estimated 51% of crude oil requirements were met by African countries, mainly from Nigeria (33%), Angola (12%), Ghana (5%) and Togo (1%). The crude oil imports from January to December 2018 were about 170 million barrels per day. About 89 million barrels per day was from within the continent. There was a 16.44% increase in crude oil imports in 2018 as compared to the year 2017. This increase was in part due to refineries operating with minimal or no disruption.

In closing this short introduction to the Department's many 2018/19 activities, I would like to express my sincere appreciation to the Minister, the Deputy Minister and the Portfolio Committee for the leadership and support they have given to me and the Department during this reporting period. My appreciation also goes out to the Executive and Team Energy for their hard work, dedication and sacrifices in pursuing the objectives of the Department. I also wish to acknowledge the support and contributions from all our stakeholders - your efforts have helped the Department immensely in delivering energy services to the people of South Africa.

1.5.1 Overview of the Operational Performance of the Department:

Out of a total of 41 APP targets in 2018/19, the Department achieved 13 (32%), partially achieved 18 (44%), and did not achieve 10 (24%). Table 1 is a summary of the annual targets achieved, partially achieved, and not achieved during the 2018/19 fiscal year at the short-term output level.

Table 1: Summary of DoE 2018/19 Annual Performance Plan Results

Branches/Units	Number of Annual targets in the APP	Achieved Annual Targets	Partially Achieved Annual Targets	Not Achieved Annual Targets
Energy Policy and Planning	12	0	7	5
Petroleum & Petroleum Products Regulation	5	3	2	0
Nuclear Energy	4	1	2	1
Clean Energy	6	0	2	4
Electrification and Energy Programme and Project Management	5	5	0	0
Corporate Services (Administration)	1	0	1	0
Financial Management Services (Administration)	2	0	2	0
Governance and Compliance (Administration)	3	2	1	0
Office of the Director-General (Administration)	3	2	1	0
Total	41	13	18	10

Table 2: Performance Standards for Annual Reports

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

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

The Institutional Operational Plan (IOP) of the Department supplements its APP at the activity level of operations. Out of a total of 174 IOP targets, the department achieved 117 (67%), partially achieved 20 (12%), and did not achieve 37 (21%) of its planned quarterly targets in 2018/19.

Being mindful of the considerable room for improvement, the Department initiated an Annual Improvement Plan last year which is currently under further development. Its purpose is to monitor service delivery so as to improve past under performance. These areas are identified primarily from previous annual reports, the South African Parliament's Portfolio Committee on Energy (PCE) past *Budgetary Review and Recommendation Reports* (BRRR), previously approved internal audit and M&E recommendations, and the Management Performance Assessment Tool (MPAT) mechanism, which unfortunately has been discontinued by DPME.

1.5.2 Overview of the Financial Performance of the Department:

1.5.2.1 Departmental receipts

The table below highlights receipts collected by the Department in the financial year 2018/19 and in the previous financial year 2017/18.

Table 3: Departmental Receipts

Departmental receipts	2018/2019			2017/2018		
	Estimate	Actual	(Over)/ Under Collection	Estimate	Actual	(Over)/ Under Collection
		Amount Collected			Amount Collected	
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Sale of goods and services other than capital assets	3,916	4,409	(493)	3,822	3,998	(176)
Transfers received	1,750	1,617	133	1,750	2,226	(476)
Interest, dividends and rent on land	30	12	18	45	27	18
Financial transactions in assets and liabilities	474	48,642	(48,168)	385	1,743	(1,358)
Total	6,170	54,680	(48,510)	6,002	7,994	(1,992)

Departmental revenue is mainly derived from the receipt of administration fees for petroleum license applications processed in terms of the Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003). The total revenue collection target for 2018/19 was R6.17 million expected from the three (3) main sources as follows:

- R3.92 million or 63.47%, includes a target of R3,65 million or 59.16% for administrative fees for petroleum license fees allocated under "sales of goods and services other than capital assets" as listed in the table above;
- R1.75 million or 28.36% from grants from affiliated energy SETAs and

- R474 thousand from interest earned on commercial bank accounts (deposit accounts), commission relating to deductions made on the Persal system and transactions in assets and liabilities, mostly related to the recovery of previous years' expenditure.
- The balance was from miscellaneous sales, i.e. parking fees, garnishees, and so on.

A total of R54.68 million was collected in the 2018/19 financial year included in this amount is a once-off receipt of R48.5 million from Eskom representing unspent funds from its tenure as the implementing agent of the National Solar water Heater Programme (NSWHP). This is following the termination of the DoE-Eskom MoA in respect of the SWHP's implementation in November 2014 and the approval of a revised contracting model by Cabinet. This receipt was surrendered to the National Revenue Fund in terms of the PFMA requirements.

Actual revenue collected, excluding the receipt from Eskom, is R6.18 million which is above the year's revenue target of R6.17 million by R10 thousand due to revenue from petroleum license fees.

The Department received grants from affiliated energy SETAs of R1.62 million against the 2018/19 target of R1.75m. The DoE is participating in several learner programmes that are funded by SETAs and the funding received from the SETAs is used to implement learner and training programmes. Transfers received from the DoE affiliated SETAs during the year under review decreased to R1.62 million in comparison to R2.23 million collected in 2017/18. This under collection is attributable to the decreased number of training and development projects approved and funded by the energy SETAs. As per the NT's requirements, these funds were surrendered to the National Revenue Fund (NRF). Although the funding was surrendered to the NRF during the financial year, a budget allocation for SETA's learner programmes is appropriated annually to the Vote.

1.5.2.2 Budget Variance per Economic Classification

Table 4: Budget Variance per Economic Classification

Classification	2018/19			
	Budget	Expenditure	Unspent Funds	Variance as a % of Final Budget
	2018/19	31 March 2019		
	R'000	R'000	R'000	%
Compensation of Employees	360,075	346,731	13,344	3.71%
Goods and Services	419,116	331,433	87,683	20.92%
Transfers and Subsidies	6,378,197	6,359,491	18,706	0.29%
Payments for Capital Assets	6,140	52,580	-46,440	-756.36%
Interest and rent on land	1	1	-	0.00%
Payments for financial assets	3	3	-	0.00%
Total	7,163,532	7,090,239	73,293	1.02%

1.5.2.3 Compensation of Employees (CoE)

The budget underspending of R13.34 million or 3.71% is attributable to delays in filling prioritized vacant positions. On 31 March 2019, the Department had in its employment 515 permanent employees and 50 contract employees, inclusive of 22 interns. A total of 39 permanent funded posts remained vacant.

1.5.2.4 Goods and Services

Planned expenditure in this classification was R419.12 million while actual expenditure was R331.43 million resulting in a net budget underspending of R87.68 million or 20.92% mainly in the following items:

- **Operating payments:** R46.77 million underspending due to delays in the overall implementation of the SWHP following the approval of R114.52 million roll over from the 2017/18 financial year to this programme. It was planned that the rolled-over budget will be disbursed for training of installers, payment of retention fees and actual installation of stored units. By the end of the financial year under review, payments in the SWHP consisted of R110.02 million for storage fees, R2.95 million for transportation of SWH units from private storage facilities to government entities. In addition, an amount of R65.2 million was paid for warranties and retention fees to service providers in terms of the long stop installation date clause included in agreements with the service providers. However, this amount was not charged against the R114.52 million as it is regarded as a payment made in advance or prepayment. Therefore allocated to a suspense account pending the outstanding training of installers and installation of procured SWH units.
- **Consultants:** Business and advisory services: R54.05 million underspending is mainly due to an unspent budget of R46.44 million appropriated in the goods and services classification for discharging outstanding obligations from the Department's implementation of the New Nuclear Build Programme (NNBP), while actual expenditure had to be allocated to the payments for capital assets classification. In addition are delayed projects in Programme 2 and 4. Some of these delayed projects were affected by the expiry of the contract period which required special approval from the Accounting Officer to extend the period. The affected projects are:
 - Footprint and Saving Potential project in Programme 2; and
 - INEP Non-grid Monitoring and Evaluation project in Programme 4.
- **Communication services:** R3.17 million over budget due to various events that took place mainly outside office hours and required maximum communication with stakeholders through mobile phones as well as communication while on official international trips.
- **Legal services:** R7.24 million as a result of the expenditure for disciplinary / arbitration proceedings and the Coal Transporters Forum matter which were not budgeted for.
- **Property payments:** R2.58 million over budget attributable to an insufficient budget allocation and claims from Department of Public Works (DPW) that were approximately 7% higher than anticipated.

1.5.2.5 Transfer Payments

The net budget underspending of R18.71 million or 0.29% is located as follows:

INEP Non-Grid households programme: R14.59 million underspending due to the delayed implementation of the 2018/19 plan. The process of finalising contracts was concluded late which negatively affected delivery. Subsequently, the verification process necessary before payment can be processed was delayed for some invoices which were received late in March. A roll-over to the 2019/20 financial year has been submitted to National Treasury for consideration.

International membership fees: R4.10 million net underspending mainly as a result of delayed invoices for subscription fees to multilateral international organizations. The delay subsequently resulted in the processing of a payment to APPA / APPO falling outside of the 2018/19 payment process deadline. This led to the payment reflecting in April 2019 or 2019/20 financial year. A roll over motivation has been submitted to Treasury for consideration. An invoice for international membership fees estimated at R1.27 million to the International Partnership for Energy Efficiency Co-operation (IPEEC) was outstanding by year-end.

1.5.2.6 Payments for capital assets

The net budget overspending of R46.44 million is due to expenditure incurred for development of the NNBP IIGPMS system. Funding of R46.44 million for the mentioned services was originally appropriated under the goods and services classification where it remained unspent at year-end while related payments were charged to the capital assets classification leading to a budget overspending of the same amount.

1.5.2.7 Programme Expenditure

Table 5: Programme Expenditure

Programme Name	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/ under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	305,329	304,017	1,312	278,060	272,381	5,679
Energy Policy and Planning	46,073	40,066	6,007	43,119	41,707	1,412
Petroleum and Petroleum Products Regulation	79,242	77,044	2,198	78,748	74,639	4,109
Electrification and Energy Programme and Project Management	5,380,591	5,364,511	16,080	6,219,580	6,152,173	67,407
Nuclear Energy	875,486	875,285	201	795,425	794,191	1,234
Clean Energy	476,811	429,317	47,494	730,490	609,555	120,935
Total	7,163,532	7,090,239	73,293	8,145,422	7,944,646	200,776

During the 2018 Adjusted Estimates of National Expenditure (AENE) budget process, the Department's budget was revised up to R7.16 billion. The upward adjustment of R118.52 million was as a result of approved roll-over funds appropriated additionally to the vote during the 2018 AENE process. The roll-over approval included the following additional allocations:

R114.52 million to discharge outstanding contractual obligations to pay all the outstanding payments to solar water heater service providers, including payments for training of installers, retention fees and actual installation of stored units as outlined in individual contracts.

R750 thousand to finalise the payment for the procurement of an official vehicle for the Principals in the 2018/19 financial year.

R3.24 million for the monitoring, verification and oversight of non-grid electrification projects.

From the Department's adjusted budget of R7.16 billion, R6.38 billion or 89.04% was earmarked for transfer payments to public entities, implementing agencies, municipalities, households and earmarked funds for the implementation of specific programmes and projects and the remaining budget of R785.34 million or 10.96% was for operational expenditure inclusive of R6.14 million for the procurement of capital assets.

The Department withdrew its entire 2018/19 revised allocation of R7.16 billion from the National Revenue Fund in order to fund various departmental operations. From the withdrawn amount of only R7.09 billion or 98.98% was utilised resulting in a budget underspending of R73.29 million or 1.02%. The major contributors to the net budget underspending are the compensation of employees, R13.34m, goods and services, R87.69m and transfer payments, R18.71m, economic classifications.

1.5.2.7.1 Programme 1: Administration

The programme spent R304.02 million against an adjusted budget of R305.33 million resulting in a net budget underspending of R1.31 million, mostly attributable to the number of vacancies within the programme during the 2018/19 financial year.

1.5.2.7.2 Programme 2: Energy Policy and Planning

The Programme spent R40.07 million from the projected spending of R46.07 million, resulting in a net budget underspending of R6.01 million or 13.04%. The underspending is due to the following:

Compensation of employees: R4.37 million mainly as a result of vacant positions.

Consultants: Business and Advisory services: R741 thousand underspending attributable to delayed projects which could not be finalised as planned owing to expired contracts, one being the Footprint and Saving Potential project.

Travel and subsistence: R448 thousand saving due to less domestic and international trips undertaken.

Savings on administrative fees, communication, advertising, venues and facilities are as a result of cost containment measures implemented during the financial year.

1.5.2.7.3 Programme 3: Petroleum and Petroleum Products Regulation

The Programme spent R77.04 million from the projected spending of R79.24 million, resulting in a net underspending of R2.2 million due to underspending in international membership fees. The amount of R2.88 million could not be disbursed before year-end as planned to the African Petroleum Producers Organisation (APPO), formerly APPA, for annual membership fees due to the late receipt of the related invoice. However, the payment was processed late in March but reflected in April 2019 or 2019/20 financial year. A motivation has since been submitted to Treasury for approval to rollover the unspent funds to the 2019/20 financial year.

1.5.2.7.4 Programme 4: Electrification and Energy Programme and Project Management

The Programme spent R5.36 billion of the total budget allocation of R5.38 billion, resulting in a net underspending of R16.08 million or 0.30%. The net underspending is mainly as a result of:

INEP Non-Grid Households programme: R14.59 million underspending due to the delayed finalisation of the allocation process of units to be installed by service providers which subsequently delayed delivery by the appointed service providers. The approval for allocations to service providers was negatively impacted by the time taken to receive a decision from Parliament for the virement proposal of R52.50 million from INEP Non-grid project to Programme 5. A roll-over motivation for rolling the budget balance to the 2019/20 financial year has been submitted to National Treasury for consideration

Goods and services: R1.41 million net-underspending mainly from Consultants Business and Advisory services item due to the delay in appointing a service provider for the Non-Grid Monitoring and evaluation project. The related Terms of Reference for this project were finalised late in the financial year, therefore affecting the procurement process.

1.5.2.7.5 Programme 5: Nuclear Energy

Spending in this Programme is on par with the allocated budget as R875.29 million was spent from the projected spending of R875.49 million resulting in a net budget balance of R201 thousand or 0.02%.

1.5.2.7.6 Programme 6: Clean Energy

The Programme spent R429.32 million from the projected spending of R476.81 million resulting in the net budget underspending of R47.49 million or 9.96%.

Operating payments: R46.49 million underspending due to delays in the overall implementation of the SWHP following the approval of R114.52 million roll over from the 2017/18 financial year to this programme. It was planned that the rolled over budget will be disbursed for training of installers, payment of retention fees and actual installation of stored units. Payments totaling R110.02 million and R2.95 million were made for the storage and transport of SWH units respectively. Additionally, payments of R65.2 million for retention fees and warranties for the delayed long stop installation date (9% of retention fees) has been paid. Although this payment was made it is not reflected against the vote of R114.52 million as it is regarded as a payment made in advance / prepayment. Thus the amount was allocated to a suspense account pending the outstanding training of installers.

International membership fees: R1.22 million underspending as a result of an outstanding invoice for subscription fees to IPEEC.

1.5.2.8 Virement Approvals before the 2018 AENE process

The following virement approvals were included in the Department's 2018 Adjusted Estimates of National Expenditure (AENE):

1a) Additional funding to Programme 5: Nuclear Energy for the New Nuclear Build Programme (NNBP)

On the 1st of August 2018, the Accounting Officer granted preliminary virement approval to provide funding for services associated with the NNBP under Programme 5: Nuclear Energy in order to avoid an overspending of a main division of a vote / unauthorised expenditure under Programme 5 as follows:

Table 6: Additional funding to Programme 5: Nuclear Energy for the New Nuclear Build Programme (NNBP)

From Programme		To Programme	
Standard Item and Amount		Standard Item and Amount	
Item	R'000	Item	R'000
Programme 2: Energy Policy and Planning, Item: Goods and Services (Consulting, Business & Advisory Services / Travel & Subsistence)	-3,000	Programme 5: Nuclear Energy, Item: Goods and Services (Consulting, Business & Advisory Services)	12,500
Programme 3: Petroleum & Petroleum Products Regulation, Item: Goods and Services (Consulting, Business & Advisory Services)	-1,000		
Programme 4: Electrification and Energy Programme and Project Management, Item: Goods and Services (Consulting, Business & Advisory Services)	-2,500		
Programme 5: Nuclear Energy, Item: Goods and Services (Consulting, Business & Advisory Services)	-6,000		
TOTAL FROM	-12,500	TOTAL TO	12,500

1b) Additional funding to Programme 5: Nuclear Energy for the New Nuclear Build Programme (NNBP)

The Department submitted a request to National Treasury in accordance with section 43 (4) of the PFMA to reclassify and shift transfer payments specifically and exclusively appropriated for the Integrated National Electrification Programme (Non-grid service providers) under Programme 4: Electrification and Energy Programme and Project Management to provide funding for services associated with the NNBP under Programme 5: Nuclear Energy as follows:

Table 7: Programme 4: Electrification and Energy Programme and Project Management)

From Programme,		To Programme,	
Standard Item and Amount		Standard Item and Amount	
Item	R'000	Item	R'000
Programme 4: Electrification and Energy Programme and Project Management, Item: Transfers and subsidies (Non-grid service providers)	-52,500	Programme 5: Nuclear Energy, Item: Goods & Services (Consulting: Business & advisory services)	52,500
TOTAL FROM	-52,500	TOTAL TO	52,500

The request was subsequently included in the 2018 Adjusted Estimates of National Expenditure for approval by Parliament. The President assented to the Adjustments Appropriation Act, 2018 (Act No. 17 of 2018) on the 16th of January 2019.

1.5.2.9 Virement Approvals after the 2018 AENE

The following virement approvals were granted after the conclusion of the 2018 AENE process and included in the Department's final appropriation for the 2018/19 financial year:

2a) Additional operational funding to the Administration Programme

In October 2018, the Accounting Officer granted a virement approval to utilise savings under programmes towards the defrayment of excess expenditure under the Ministry (Minister's and Deputy Minister's offices) and Departmental Management as follows:

Table 8: Additional operational funding to the Administration Programme

From Programme		To Programme		
Standard Item and Amount		Standard Item and Amount		
Item	R'000	Item	R'000	
Programme 2: Energy Policy and Planning, Item: Goods and services (Consultants, Business Advisory services, Admin fees, Stationary, Travel, Venues & facilities)	-2,900	Programme 1: Administration, Item: Goods and services (Travel and subsistence)	Departmental Management (Office of the DG)	2,000
Programme 3: Petroleum & Petroleum Products Regulation, Item: Goods and services (Consulting, Business & Advisory Services)	-2,600		Ministry	3,500
TOTAL FROM	-5,500	TOTAL TO	5,500	

The aim of the virement was to clear budget overspending that reflected under the Ministry and Departmental Management at the end of September 2018 and provided funding for operations to continue to 31 March 2019.

2b) Accounting Officer's virement approval for the 2018/19 financial year

In preparation for year-end, on the 20th of March 2019, the Accounting Officer granted an approval in accordance with section 43 (1) of the PFMA for the 2018/19 financial year to defray excess expenditure under other programmes as follows:

Table 9: Accounting Officer's Virement approval for the 2018/19 financial year

From Programme		To Programme	
Standard Item and Amount		Standard Item and Amount	
Item	R'000	Item	R'000
Programme 2: Energy Policy and Planning, Compensation of Employees	-816	Programme 1: Administration, Compensation of Employees	4,695
Programme 3: Petroleum and Petroleum Products Regulation, Compensation of Employees	-3,869	Programme 1: Administration, Goods and Services (Travel & subsistence)	604
Programme 4: Electricity & Energy Programmes & Project Management, Compensation of Employees	-252	Programme 1: Administration, Transfers and subsidies (households)	155
Programme 5: Nuclear Energy, Goods and Services (Venues & facilities, Advertising)	-900	Programme 1: Administration, Capital Assets	840
Programme 6: Clean Energy, Compensation of Employees	-1,000	Programme 1: Administration, Financial Assets (Theft & Losses)	1
Programme 6: Clean Energy, Goods and Services (Advertising)	-546	Programme 1: Administration, Interest & Rent on Land	1
		Programme 2: Energy Policy and Planning, Transfers Households (Employee benefits)	16
		Programme 3: Petroleum and Petroleum Products Regulation, Transfers Households (Employee benefits)	19
		Programme 4: Electricity & Energy Programmes & Project Management, Transfers Households (Employee benefits)	252
		Programme 5: Nuclear Energy, Compensation of Employees	800
TOTAL FROM	-7,383	TOTAL TO	7,383

The aim of the virement request was to clear all deficits reflected on individual programmes and sub-programmes and to ensure that final budget allocations are aligned with actual expenditure at year-end.

2c) National Treasury's Final Virement approval for the 2018/19 financial year

On 28 March 2019, National Treasury granted approval as per section 43 (4) of the PFMA to lift the earmarking on funds appropriated for the monitoring and verification of Non-grid electrification projects under the Electrification and Energy Programme and Project Management Branch to defray excess expenditure under Programme 1: Administration during the 2018/19 financial year as follows:

Table 10: National Treasury's Final Virement approval for the 2018/19 financial year

From Programme		To Programme	
Standard Item and Amount		Standard Item and Amount	
Item	R'000	Item	R'000
Programme 4: Electricity & Energy Programmes & Project Management, Goods and Services- Consultants - Business and Advisory Services, Non-grid project monitoring and verification)	-2,800	Programme 1: Administration, Goods and Services (Computer Services)	2,800
TOTAL FROM	-2,800	TOTAL TO	2,800

The aim of the virement request was to reduce the deficit under the computer services item in the Administration programme due to insufficient funds in the ICT Directorate.

2d) Final Virement approval for the 2018/19 financial year

Subsequent to the closure of the 2018/19 financial year on the 31st of March 2019, the Accounting Officer granted another final virement approval on the 8th of April 2019, in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999), to utilise savings from other programmes towards the defrayment of excess expenditure under the Administration Programme for the 2018/19 financial year as follows:

Table 11: Final Virement approval for the 2018/19 financial year

From Programme		To Programme	
Standard Item and Amount		Standard Item and Amount	
Item	R'000	Item	R'000
Programme 2: Energy Policy and Planning, Goods and Services	-305	Programme 1: Administration, Compensation of Employees	940
Programme 3: Petroleum and Petroleum Products Regulation, Compensation of Employees	-440	Programme 1: Administration, Goods and Services (Travel & subsistence)	6,392
Programme 4: Electricity & Energy Programmes & Project Management, Compensation of Employees	-250	Programme 1: Administration, Capital Assets	11
Programme 6: Clean Energy, Compensation of Employees	-250	Programme 1: Administration, Financial Assets (Theft & Losses)	2
Programme 6: Clean Energy, Goods and Services (Advertising)	-6,100		
TOTAL FROM	-7,345	TOTAL TO	7,345

The aim of the virement request was to clear all deficits reflected on individual programmes and sub-programmes and to ensure that final budget allocations are aligned with actual expenditure at year-end.

1.5.2.10 2018/19 ROLL-OVER FUNDS

The Department's request to roll-over unspent funds from the 2017/18 financial year to the 2018/19 financial year was evaluated by National Treasury and final approval was granted for the inclusion of the following amount in the 2018 AENE:

Table 12: Roll-Over Funds

Programme / Classification	Purpose	Requested	Approved	Not-Approved	Percentage Approved
		R'000	R'000	R'000	%
Capital assets		1,040	750	290	72.12%
Programme 1	Deputy Minister's official vehicle	1,040	750	290	72.12%
Transfers and subsidies		177,362	114,524	62,838	64.57%
Programme 4	Implementation of the INEP Non-grid programme	62,838	-	62,838	0.00%
Programme 6	Solar Water Heater Programme	114,524	114,524	-	100.00%
Goods and services		5,448	3,241	2,207	59.49%
Programme 3	RETAIL AUDIT PROJECT – Determination of the extent of Broad Based Black Economic Empowerment in the oil industry (referred to as "B-BBEE")	1,203	-	1,203	0.00%
	Fuel Sampling and Testing project	1,004	-	1,004	0.00%
Programme 4	INEP Non-grid oversight and Monitoring & Evaluation (M&V)	3,241	3,241	-	100.00%
Department total		183,850	118,515	65,335	64.46%

The above approval meant that expenditure, for which a rollover was not approved, had to be funded from the 2018/19 budget allocation through reprioritisation.

1.5.2.11 Unauthorised Expenditure

No unauthorised expenditure was incurred by the Department during the 2018/19 financial year. However, unauthorised expenditure from prior periods amounts to R50.60 million and is awaiting condonation by the Standing Committee on Public Accounts (SCOPA).

1.5.2.12 Supply chain management

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

The internal control measures in place are designed to prevent irregular expenditure. As soon as the irregular transactions are identified, they recorded and reported to the Accounting Officer. Irregular expenditure transactions are also referred for investigations as and when they occur. SCM also ensures compliance with the relevant prescripts to ensure continuous improvement and adherence thereof.

1.6 VISION, MISSION AND VALUES

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

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

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

1.7 LEGISLATIVE AND OTHER MANDATES

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

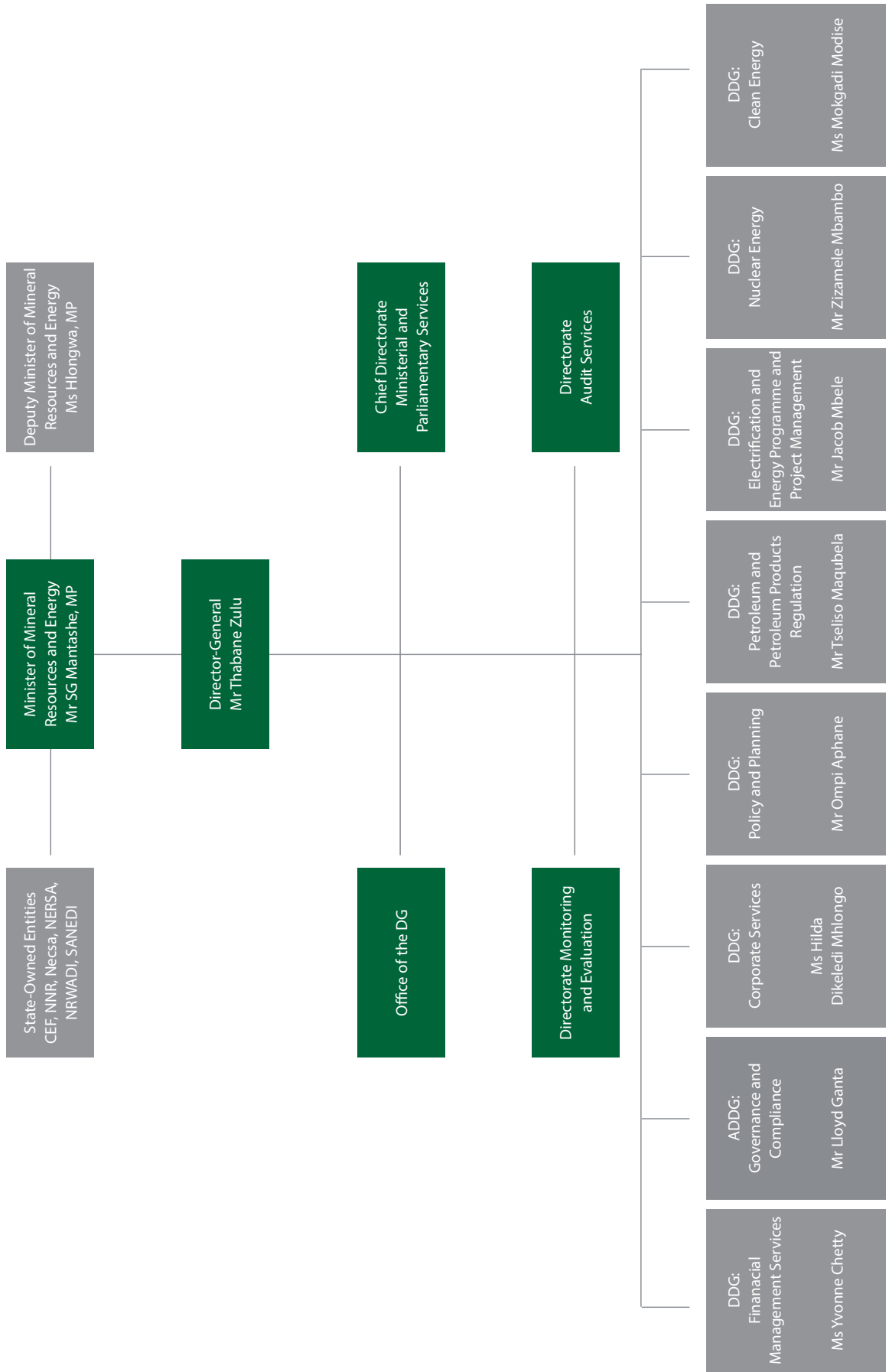
The department's mandate is primarily implemented by the following legislation:

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

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

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

1.8 ORGANISATIONAL STRUCTURE



1.9 ENTITIES REPORTING TO THE MINISTER

Table 13: Entities Reporting to the Minister

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
National Nuclear Regulator (NNR)	<p>The NNR is established in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999).</p> <p>The act establishes the regulator as a competent authority for nuclear regulation in South Africa.</p> <p>The purpose of the NNR, as outlined in Section 5 of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999) is to essentially provide for the protection of persons, property & the environment against nuclear damage through the establishment of safety standards & regulatory practices.</p>	<p>Government grant (transfer payment) for the 2018/19 financial year amounted to R40, 810 million.</p> <p>Revenue is also generated through authorisation fees levies and application fees on nuclear authorisation holders.</p> <p>The total revenue inclusive of the government grant for the 2018/19 financial year amounted to R251,892,618 million.</p>	<p>a) Regulatory control over the siting, design, construction, operation, decontamination, decommissioning and closure of nuclear installations;</p> <p>b) Granting of nuclear authorisations;</p> <p>c) Providing assurance of compliance with the conditions of nuclear authorisations through a system of compliance inspections;</p> <p>d) Fulfilling national obligations in respect of international legal instruments concerning nuclear safety; and</p> <p>e) Ensuring that provisions for nuclear emergency planning are in place.</p>
CEF(SOC) Ltd	<p>To finance & promote the acquisition of research into and exploitation of oil, gas & renewable/clean energy-related products & technology.</p>	<p>CEF Group generates its revenue from commercial activities undertaken by its various subsidiaries. Government from time to time provides financial guarantees in support of the Group's activities as and when they are required.</p> <p>The CEF group total revenue amounted to R13,037 billion.</p> <p>The total revenue is made up of revenue from subsidiaries</p> <ul style="list-style-type: none"> • PetroSA R12,139 billion • Strategic Fuel Fund R131,541 million • African Exploration R635 million • PASA R38,120 million 	<p>a) Search for appropriate energy solutions to meet the future energy needs of South Africa, including oil, gas electricity, solar energy, low smoke fuels, biomass, wind and renewable energy sources;</p> <p>b) Management of the operation and development of the oil and gas assets of the South African Government;</p> <p>c) Finance, marketing, and promotion of the acquisition of coal, the exploitation of deposits, and the manufacture of liquid fuel, oil and other products from coal,</p> <p>d) Management of the Equalisation Fund, which collects levies from the retail sales of petroleum products to eliminate unnecessary fluctuations in the retail price of liquid fuel and to provide tariff protection to the synthetic fuel industry.</p> <p>e) Acquisition, generation, manufacture, marketing or distribution of any other forms of energy and research connected therewith.</p>

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p>Nuclear Radioactive Waste Development Institute (NRWDI)</p>	<p>NRWDI is a Nuclear Waste Disposal Institute established in terms of Section 3 of the National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008). The act provides for the establishment of an NRWDI in order to manage radioactive waste disposal on a national basis and to provide for its functions as well as how it is to be managed.</p>	<p>Government grant for the 2017/18 financial year was R46,948 million. The total revenue for the 2018/19 financial year amounted to R47,440 million. (Refer to entity Annual Report for more details).</p>	<ul style="list-style-type: none"> a) Developing radioactive waste acceptance and disposal criteria in compliance with regulatory health, safety and environmental requirements b) Assessing, managing, operating, and monitoring of operational radioactive waste disposal facilities, as well as closed facilities including related storage and predisposal sites; c) Assessing the need for new radioactive waste disposal facilities, site selection, design, and construction of such facilities d) Research and planning for the long-term management of radioactive waste storage and disposal; e) Maintaining a national radioactive waste database and publishing a report on the inventory and location of all radioactive waste; f) Managing the disposal of any ownerless radioactive waste on behalf of the State; g) Assisting generators of small quantities of radioactive waste in all technical aspects relating to the disposal of such waste; and h) Providing information of radioactive waste disposal to the public, and particularly to those living in the vicinity of radioactive waste disposal facilities;
<p>National Energy Regulator of South African (NERSA)</p>	<p>NERSA is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). NERSA's mandate is to regulate the electricity, piped-gas & petroleum pipeline industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Gas Act, 2001 (Act No. 48 of 2001) & the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).</p>	<p>Revenue is generated from tariffs and levies paid by the regulated industries. The total revenue for the 2018/19 financial year amounted to R346,733 million. (Refer to entity Annual Report for more details).</p>	<ul style="list-style-type: none"> a) Setting and approval of energy tariffs and prices; b) Setting of rules, guidelines and codes for the regulation of the three (3) industries; and c) Compliance monitoring and enforcement.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p>South Africa Nuclear Energy Corporation (NECSA)</p>	<p>NECSA is established in terms of Section 3(1) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999).</p> <p>The act provides for the commercialisation of nuclear & related products & services, & delegates specific responsibilities to the corporation, including the implementation & execution of national safeguards & other international obligations.</p> <p>The Nuclear Energy Policy of 2008 reinforced NECSA's mandate relating to R&D & NFC responsibilities.</p>	<p>Government grants (transfer payments) for mandated activities during 2018/19 financial year amounted to R963,451 million.</p> <p>NECSA also generates income from various commercial and non-commercial activities undertaken by its subsidiaries.</p> <p>The total revenue including the government grant for the 2018/19 financial year amounted to R3,148 billion (refer to entity Annual Report for more details)</p>	<p>a) Undertaking and promoting research and development in the field of nuclear energy;</p> <p>b) Processing source material, including uranium, and co-operating with other institutions on nuclear-related matters; and</p> <p>c) Developing and capitalising on new technology, products and services.</p>
<p>South African National Energy Development Institute (SANEDI)</p>	<p>SANEDI is an applied energy research institute established in terms of Section 7(1) of the National Energy Act, 2008 (Act No. 34 of 2008).</p>	<p>The total income for the 2018/19 financial year amounted to R174,031 million of which R45,123 million was government grants</p> <p>(Refer to entity Annual Report for more details)</p>	<p>a) Undertaking measures to promote energy efficiency throughout the economy;</p> <p>b) Promoting diversity of supply of energy sources;</p> <p>c) Promoting energy conservation and facilitating management of energy demand;</p> <p>d) Undertaking and promoting energy research</p> <p>e) Researching and promoting appropriate standards and specifications for the equipment, systems and processes used to produce and consume energy ;</p> <p>f) Providing for certain safety, health and environmental matters that pertain to energy;</p> <p>g) Promoting energy access to improve the quality of life of the people of the Republic;</p> <p>h) Facilitating the commercialisation of energy related technologies; and</p> <p>i) Supporting effective energy planning for sustainable energy development.</p>

1.10 FUTURE PLANS

Table 14: Future Initiatives/plans

Future Initiatives/Plans	Purpose	Financial Implications
Update and build on the 1998 White Paper on the Energy Policy of the Republic of South Africa which itself notes "...as time passes it may be necessary to amend these priorities" (p. 9).	Answer the questions: <ul style="list-style-type: none"> What is the most cost effective and sustainable mix of energy sources for South Africa through 2030? What are the primary socio-economic considerations? What are the primary environmental considerations? 	Commissioning of specialty research and supporting studies
Develop an Integrated Energy Transition Plan.	Answer the question: <ul style="list-style-type: none"> How should an energy system transition take into account the triple threat of unemployment, poverty and inequality? 	Commissioning of specialty research and supporting studies

1.10.1 Public – Private Partnerships

The main partnership programme of the Department is REIPPP. It is discussed extensively throughout this report and is summarised in terms of the electricity capacity that it has enabled for the South African grid in table 15.

Table 15: Number of Public – Private Projects and Contracted Electricity Capacity

Bid Window Phases	Contracted Capacity (MW)	No. of Projects/Sites that have reached COD
Bid Window 1	1,425	28
Bid Window 2	1,040	19
Bid Window 3	1,452	17*
Bid Window 3.5	200	2*
Bid Window 4	2,205	26
Smalls BW 1	49	0
Smalls BW 2	50	0
Totals	6,421	92

*1 project did not reach financial closure

1.10.2 Events after the reporting date

The Department procured 87,200 geyser units under the Solar Water Heater Programme from various supplier/s. The expenditure for manufacturing and procuring the units was expensed in financial years 2016/17 to 2017/18. In later financial year/s the expenditure included storage costs for the units at supplier premises at which all risks and rewards are with the manufactures/ suppliers until the department take delivery pending installation.

In trying to reduce expenditure related to storage the Department took delivery of some of the units for storage in other government premises. During the current financial year, 2018/19 the Department took delivery of 6,828 units valued at R61,745 million to its custody thereby transferring the risk and reward to the department as disclosed in the financial statements under the inventory note. The geyser units delivered to the custody of the Department are currently accounted for as inventory in the financial statements, pending installation of the units while being stored in government premises with less storage costs.

Part of the delivery of 6,872 geyser units valued at R55,856 million took place after year ending 31 March 2019, and are not accounted in the financial statement under the inventory note as the delivery took place immediately after the reporting period.

In addition to the delivery that took place after 31 March it also came to the attention of the Department that one supplier confirmed the loss of some units due to theft at its premises. The loss is estimated at plus minus R4 million. However, a full investigation will be instituted in due course to determine the fair value of the losses. After a full investigation is complete and the extent of the loss is determined a debt against the supplier will be recorded in the accounting records of the Department for future recovery.

1.10.3 Other

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

In terms of Section 34 of the Electricity Regulations Act (Act 4 of 2006) and associated electricity regulations on new generation capacity, the Minister may issue procurement directives for new electricity generation capacity. Once the Minister has issued such directives and has determined that such new capacity shall be procured from Independent Power Producers, the IPP office is thereafter mandated to ensure implementation. In executing such a directive, the IPP office is required to follow its internal protocols relating to the procurement of service providers (transactional advisors) and all other necessary activities to effect a Section 34 Determination. The operational expenditure of the IPP office is funded through contributions by successful project developers and are not linked to the Department's voted funds.

1.11 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

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

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

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

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

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2019.

Yours faithfully,



Mr Thabane Zulu
Accounting Officer



PART B
PERFORMANCE
INFORMATION

2.1 PERFORMANCE INFORMATION

The National Development Plan is South Africa's overarching public policy, for energy, up to 2030. The NDP is operationalised primarily through the Medium-term Strategic Framework, as supported by the Medium-term Expenditure Framework. The Department of Energy's 5-year strategic plan provides the main linkage to the MTSF and is further refined by DoE's Annual Performance Plan. This part of the Annual Report accounts for DoE's pre-determined objectives performance against its 2018/19 APP.

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

Six state-owned enterprises: National Energy Regulator of South Africa (NERSA); National Nuclear Regulator (NNR); National Radioactive Waste Disposal Institute (NRWDI); Nuclear Energy Corporation of South Africa (NECSA); Central Energy Fund (CEF); and South African National Energy Development Institute (SANEDI) contribute to the Department's pre-determined objectives as implementation agents.

In addition, the Independent Power Producer's Office under the direction of the Department of Energy and National Treasury ensures a competitive, open, fair, and transparent process in the procurement of renewable and other sources of energy from the private sector. The Minister of Energy, acting in terms of the Electricity Regulation Act and the Public Finance Management Act (PFMA), and subject to the concurrence of the energy regulator NERSA, has determined that the Department of Energy will procure new generation capacity through Eskom as the designated buyer of electricity from the Independent Power Producers by way of 20-year Power Purchase Agreements (PPA). This is backed by the Government Support Framework Agreement (GSFA) whereby government will support Eskom in the event of a default. No support is given in the event of private sector default.

2.2 AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on the Other Legal and Regulatory Requirements section of the Auditor's Report.

Please refer to the Report of the Auditor-General published in Part E.

2.3 OVERVIEW OF DEPARTMENTAL PERFORMANCE

"Performance" is comprised of two main elements: financial performance and non-financial performance. Other factors impact overall performance, such as international relations and agreements in the energy space, SOE performance, number and quality of public-private partnerships, and citizen satisfaction, amongst others.

By means of DoE's planning documents, Service Delivery Improvement Plan, M&E, and other mechanisms DoE continuously addresses both emerging opportunities, as well as existing challenges.

2.3.1 Service Delivery Environment

As the leading Government Department in the energy space, we have always indicated that our objectives are premised on improved energy security, the diversification of our energy mix, including regional integration, increasing access to modern energy carriers, reducing our greenhouse gas emissions, reducing our water usage, developing the skills necessary for job creation, improving our energy efficiency and lowering the cost of energy. The Department of Energy of South Africa, like its sister government departments, as well as affiliated state owned entities, operate in a dynamic global and African context. South Africa faces the triple threat of poverty, unemployment, and inequity in a complex policy environment, and aims to transition to a low-carbon future and a more diverse and inclusive economy.¹

These challenges are counterbalanced by the promise of the 4th Industrial Revolution. It is the fourth major industrial era since the initial Industrial Revolution of the 18th century. It is characterised by a fusion of technologies that is blurring the lines between the physical, digital and biological spheres, collectively referred to as cyber-physical systems. The Honourable President Cyril Ramaphosa recently appointed a panel of eminent scholars and business persons to the Presidential Commission on the Fourth Industrial Revolution to demonstrate seriousness about our preparedness. The energy sector is at the cusp of this exciting period, reminiscent of the huge changes brought about by rapid technological advancement in the mobile telephony industry in recent years. South Africa needs to be prepared for the disruptive times that the Fourth Industrial Revolution will bring and adjust in a responsible way. Big centralised power generation plants will disappear and be replaced by distributed generation, mini-grids, and batteries of various scales. As government we must ensure that our youth will embrace the new technologies and move with the changing times. We should not discard the investment made in renewable energy to date. The programme has not only secured additional MW capacity, but has also opened multiple opportunities for us to advance our manufacturing capacity and industrial development, as well as to participate in the value chain of new technologies. Furthermore, it has shown how important clear and unambiguous policy and regulation is.

More specifically, the National Development Plan (NDP) was adopted in 2012 and states that South Africa will need at least 20,000 MW of renewable energy by 2030. In addition, the NDP envisages that: South Africa must leverage its solar resource and regional hydropower opportunities as competitive advantages, in parallel with the responsible exploitation of fossil fuels and minerals. For this to happen, the country must invest in the skills, technology and institutional capacity required to support a competitive renewable energy sector.

The decision to introduce renewable energy into the electricity system can be traced back to December 1998 with the White Paper on Energy Policy which articulated the objective to stimulate the introduction of renewable energy sources into the energy mix. In November 2003 the ANC led government adopted the White Paper on Renewable Energy which provided for renewable energy generation to be included in the energy mix, and set a target of 10,000 Giga Watt hours to be achieved by 2013. This was against a backdrop of Eskom generation being over 90% coal-based at that time, and South Africa having acceded to the climate change-driven imperative of migrating away from being a solely fossil-based mining-energy industrial economy. The Integrated Resource Plan 2010-2030 (IRP 2010) was consequently promulgated on 6 May 2011 after an extensive public consultation process, including at NEDLAC. While finalising the IRP 2010, social partners were consulted on all matters relating to the Renewable Energy Independent Power Producers (REIPP) programme. The IRP 2010 provided that by 2030, 17,800 MW of new capacity would be from renewable energy sources, 9,600MW from nuclear, and other technology options like coal were also provided for under this IRP. In this manner government would be able to achieve its 2013 goal of 10,000GWh from renewable energy, and even exceed it. This was a prudent policy decision taken at that time, taking into consideration the projected electricity demand, our policy objectives and the regulatory framework outlined under the Electricity Regulation Act.

¹ NDP, 2012, pp. 75-96, 197-98.

From 2011 to 2015 Ministerial Determinations for 14,700 MW of new renewable energy capacity were published after concurrence by NERSA. While finalising the IRP 2010, social partners were consulted on all matters relating to the Renewable Energy Independent Power Producers (REIPP) programme, including NEDLAC on the presentation of the IRP. Over and above these consultations, the Green Economy Accord (Accord) was negotiated with all parties involved and signed on the 17th November 2011 in Parliament. This Accord makes specific commitments by all stakeholders towards a greener economy in South Africa, including renewable energy with a target of 3,725 MW by 2016, one million solar water heaters and 300,000 green jobs by 2020. Present when signed, and also consulted beforehand, were 12 Cabinet Ministers, some of South Africa's largest companies, small and medium enterprises from the Green Energy Associations, all three labour federations COSATU, FEDUSA and NACTU, and community representatives drawn from the youth, women, co-operatives, and civic formations.

Since the advent of democracy in 1994 we increased the usage of electricity, especially in the residential sector through the proliferation of appliances as the standard of living gradually improved. We are still amongst the highest per capita users of electricity around the world; notwithstanding that there are still around 3-million households without access to a modern energy carrier. The electricity crisis of 2008 and other recent developments exposed institutional weaknesses related to state-owned companies responsible for power generation and transmission infrastructure. To help avert such problems in the future requires clear institutional arrangements, transparent shareholder compacts, and clean lines of accountability and sound financial models to ensure sustainability. A 2015 study found that power cuts alone have been estimated to have cost the South African economy more than US\$25 billion since 2007, amounting to more than 1 million lost job opportunities.² The NDP's envisioned critical actions of public infrastructure investment at 10% of GDP financed through tariffs, public-private partnerships, taxes and loans, and focused on transport, energy and water, as well as interventions to ensure environmental sustainability and resilience to future shocks gain additional importance under such circumstances.

In 2015 the National General Council of the African National Congress (ANC) adopted a Position to prioritise, identify and remove obstacles to increased levels of private sector investment, while sustaining the public sector's contribution. The competitive bidding system can be extended to cover medium-term base load requirements, as outlined in the IRP 2010 and in the draft IRP 2014. The recent 3-year delay in signing the PPAs created market uncertainty which South Africa cannot afford.

The success of the renewable energy sector in South Africa has also led the Southern African Development Community (SADC) energy sector to emulate and develop their renewable energy sectors. In South Africa we are finalising the Integrated Resource plan and renewable energy is part of the energy mix. In light of the need to transition to cleaner energy, the SADC Energy Ministers approved in 2018 the development of the SADC Regional Gas Master Plan covering evaluation of the available gas resources and existing markets, gas utilisation strategy, supply and demand analysis, infrastructure development plans, identification and linkages of value chains as well as institutional, regulatory and fiscal frameworks. In Southern Africa we will be able to expand electricity generation through the use of gas given the huge potential and opportunity in this regard. Mozambique and Tanzania gas resources in particular are well positioned for cross-boundary development of gas pipeline infrastructure. It is important that gas demand in the region is serviced from regional gas resources, so as to increase the opportunity for intra-African trade and economic collaboration. The planned gas pipeline from Rovuma Basin in Mozambique through South Africa and possibly beyond, fits into this strategy. The above are major areas of focus for the region which also presents opportunities to investors who have an interest in gas development, renewable energy and energy efficiency in the region.

On the hydrocarbons side of the energy supply equation, the Department continued to co-ordinate and monitor petroleum products supply to ensure energy security. South Africa, as a non-oil producing country, faced a number of oil price shocks arising out of geopolitical factors and volatility in international oil markets.

² Pollet, et al., 2015. Current energy landscape in the Republic of South Africa. International Journal of Hydrogen Energy 40, 16685–16701.

Nevertheless, DoE managed to absorb some price shocks by not raising petrol prices at the service station pumps to ease the burden on South African consumers. Concerning the recent oil and gas discovery off our shores, as the Honourable President Cyril Ramaphosa recently noted in his State of the Nation speech:

This could well be a game-changer for our country and will have significant consequences for our country's energy security and the development of this industry. We congratulate Total and its various partners and wish them well in their endeavours. Government will continue to develop legislation for the sector so that it is properly regulated for the interests of all concerned.

To capitalise more intensively on some of the positive world-wide trends, such as storage technology, the Department together with SANEDI, need to accelerate Research and Development (R&D) given that it underpins the growth and sustainability of the energy sector, and, in turn, the broader economy. Among the BRICS countries, R&D intensity is above 1% in Brazil, China and the Russian Federation and below 1% in South Africa and India (2007 data). In consequence, it has been recommended that at least 1.5% of South Africa's fiscal appropriation be earmarked for R&D with a higher proportion of this going to energy than is currently the case. Intelligent use of "matching funding" instruments will also encourage greater private sector co-investment.³ This requires better use of existing resources and more nimble organisations that facilitate innovation and greater cooperation between public science and technology institutions and the public sector.⁴

In addition, energy data should underpin all major policies, programmes, and projects. The significance and cross-cutting nature of the need for home grown energy data to support evidence based policy making was highlighted recently as follows:

In order to be more relevant for South African policy making in a sustainable manner, government, universities, think tanks, and research councils need to get more involved in generating energy security and energy transition relevant methodologies and data. Future research may build on existing international data sets for South Africa, but only as adjuncts to home grown indicators, baselines and thresholds addressing the following: energy security; energy transition; climate change; sustainability; policy and regulatory uncertainty; economic growth; job creation; energy infrastructure; financing availability; innovation; the energy-water nexus; energy services; and citizen involvement.⁵

Clearly, the Department of Energy operates in a dynamic global and regional environment. This creates both great opportunities, as well as challenges. The NDP has perhaps described this best by noting that "it is difficult for the Department of Energy, on its own, to deal effectively with cross-cutting issues, which encompass institutional capacity, governance, competition, regulation, investment, spatial planning, linkages to transport, water and ICT infrastructure and economic, social and environmental impacts" (p. 174). Within this context, the Department aims at producing sufficient energy to support industry at competitive prices, ensuring access for poor households, and reducing carbon emissions per unit of power in line with government policy.⁶

2.3.2 Service Delivery Improvement Plan

The tables in this section summarise the Department's Service Delivery Plan and the achievements to date.

³ ASSAf, The state of energy research in South Africa, August 2014, p. 76.

⁴ NDP Executive Summary.

⁵ Epaminondas Bellos, Journal of Cleaner Production, 2018, vol. 205, pp. 738-753.

⁶ NDP Executive Summary.

Table 16: Main services and standards

Main Services	Beneficiaries	Current/Actual Standard of Service	Desired Standard of Service	Actual Achievement
Petroleum Licensing	South African citizens Manufacturers, wholesalers and retailers	95% compliance rate by the Controller on finalising all applications within 90 days, excluding site & retail NTI applications 90% compliance rate by the Controller on finalising site & retail NTI applications within 60 days	At least 50% of licence applications approved have a minimum of 50% HDSA ownership	89.18% compliance of licenses with 50% HDSA participation
Compliance with the Petroleum Products Act	South African citizens Manufacturers, wholesalers and retailers	100 retail site compliance inspections conducted 750 fuel samples tested	At least 1,500 retail site compliance inspections conducted At least 1,080 fuel samples tested	A total of 1,590 retail sites compliance inspection were conducted A total of 1,080 fuel samples were tested.
Fuel stock levels and corrective actions	South African citizens	Fuels stock levels monitored and corrective action taken to avoid distribution shortages	Fuels stock levels monitored & corrective action taken to avoid distribution shortages	Monitoring in collaboration with oil companies through meetings and logistics planning
Universal access to energy	South African citizens	To electrify 200,000 households through grid connections and 20,000 households through non-grid connections throughout the country To build 3 new substations throughout the country To upgrade 4 substations throughout the country	4 Quarterly Reports on additional households to be electrified with grid electrification toward the 2018/19 target of 200,000 in the National Electrification Plan 4 Quarterly Reports on additional households electrified with non-grid electrification towards the 2018/19 target of 20,000 in the National Electrification Plan 4 Quarterly Reports on building/upgrading of electrification infrastructure projects toward the 2018/19 targets as contracted with Eskom and municipalities	Achieved 242,905 households connected Partially Achieved 13,090 households connected Achieved
Access to energy	South African citizens in rural and township economies	To solicit funding, construct and donate an Integrated Energy Centre (petroleum products service station) to a cooperative or community.	One leC completed annually	Achieved: (Two leCs completed in 2018/19 financial year)

Table 17: Batho Pele arrangements with beneficiaries (Consultation access etc.)

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

Table 18: Service delivery information tool

Current/Actual Information Tools	Desired Information Tools	Actual Achievements
Workshops, izimbizo/public participation programmes, Community engagements	Workshops, izimbizo/public participation programmes, community engagements	Workshops, izimbizo and community engagements were conducted

Table 19: Complaints mechanism

Current/Actual Complaints Mechanism	Desired Complaints Mechanism	Actual Achievements
Media, Presidential Anti-Corruption Hotline, telephone enquiries, correspondences, face to face meetings, stakeholder engagements during Izimbizo	Enquiries received through media, Presidential Anti-Corruption Hotline, telephone enquiries, correspondences, face-to-face meetings, questions raised during stakeholder engagements/izimbizo are responded to accurately and timeously	Enquiries and complaints received were responded to

2.4 ORGANISATIONAL ENVIRONMENT

In his annual State of the Nation Address, the Honourable Cyril Ramaphosa noted that the following will have a significant impact on the organisational environment of the State:

...We have made progress in examining the size and structure of the State, and will complete this work by the end of this administration. We invite all South Africans to make suggestions on how we can better configure government to serve the needs and the interests of the people... In improving the capabilities of public servants, the National School of Government is introducing a suite of compulsory courses, covering areas like ethics and anti-corruption, senior management and supply chain management, and deployment of managers to the coal face to strengthen service delivery... The Ethics, Integrity and Disciplinary Technical Assistance Unit will be established to strengthen management of ethics and anti-corruption and ensure consequence management for breaches of government processes....

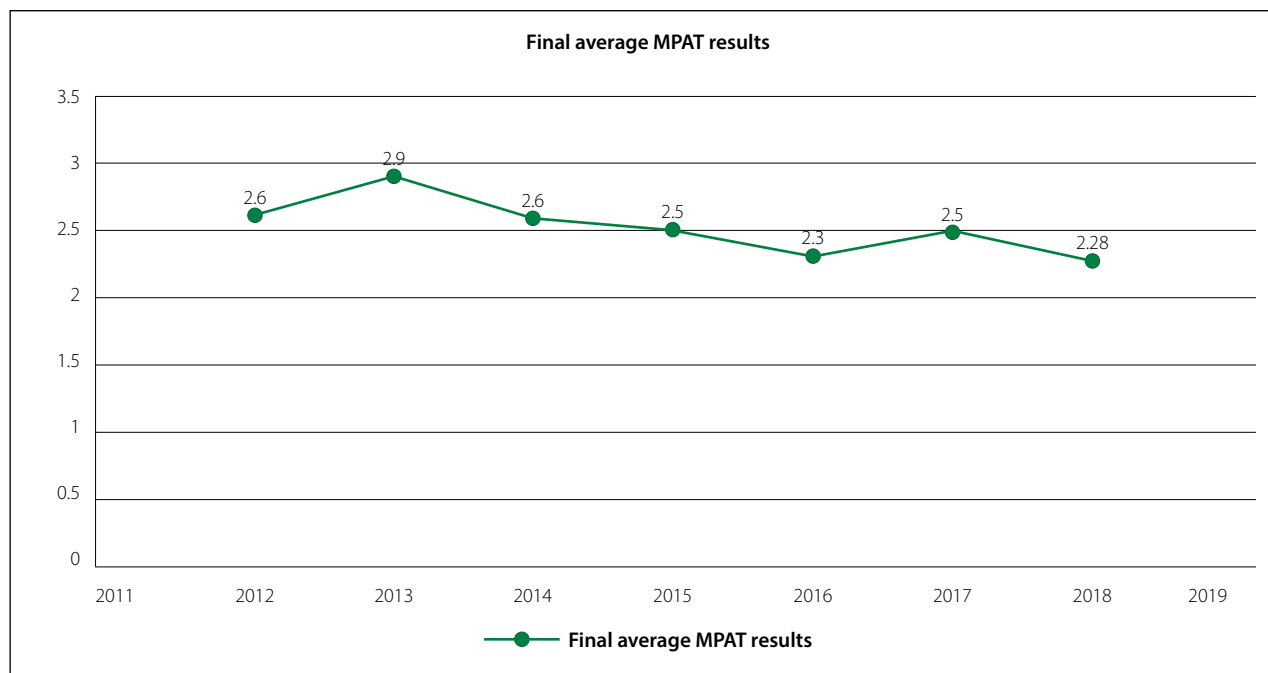
During the year under review, the Department employed 565 individuals out of the approved 673 posts, inclusive of 50 additional employees to the organisational structure. The Department was able to fill the posts of Deputy Director-General: Corporate Services and Deputy Director-General: Energy Programmes and Projects by 01 November 2018 after a long search for suitable candidates. An ongoing challenge for the Department is organisational restructuring. The review process could not be concluded for the past four financial years due to several changes to the Executive and were further postponed until after the appointment of the 6th Administration and as noted by the President in his State of the Nation Address (SONA) speech (see organisation chart in Part A of this report).

Two duly authorised employee unions namely, the National Education, Health and Allied Workers' Union (NEHAWU) and the Public Service Association (PSA) represent workers. NEHAWU organizes state, health, education and welfare workers. PSA represents public servants, public service pensioners, and employees of quasi-state institutions. Nine Collective Agreements were concluded in the Departmental Bargaining Chamber. Additional discussion and descriptive statistics concerning human resources may be found in Part D of this report.

In terms of specific management functions, the Management Performance Assessment Tool (MPAT) is an annual national and provincial government assessment designed to measure management practices in four key performance areas: Strategic Management; Governance and Accountability; Human Resources; and Financial Management. MPAT is administered by DPME. The average scores of the four key management performance areas were derived by means of more detailed assessments in 20 sub-performance areas in 2018.

The questionnaire on which MPAT depends is administered online by DPME in three main stages. In the first stage national and provincial departments self-assess their progress in the previous calendar year against set standards on a scale of 1 (lowest) to 4 (highest). In the second stage DPME moderates these self-assessments and opens a "challenge window" for departments to provide explanations and supplementary evidence for a limited number of moderated scores. In the final stage, DPME calculates the final results for each entity and distributes them to Cabinet, participating departments, and the public. The Department's management performance in the last six years has been variable as shown in Figure 1 below.

Figure 1: Average DoE MPAT Scores, 2012-2018



It should be noted that DPME as the centre of government custodians of the MPAT process, have abolished its further use ending with the current cycle.

2.4.1 Key policy developments and legislative changes

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

2.5 STRATEGIC OUTCOME ORIENTED GOALS

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

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

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

Outcome 6: An efficient, competitive and responsive economic infrastructure network.

Sub-outcome 1: Regulation, funding and investment improved;

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

Sub-outcome 2: Reliable generation, transmission and distribution of energy ensured through SIPs 1, 8, 9 and 10.

- **Indicator:** Solar Water Heater installations;
- **Indicator:** Renewable Energy IPP Bid Window 1, 2, 3 and 4;
- **Indicator:** Review bulk electrical infrastructure required for universal access to electricity, prepare an implementation plan, and implement;
- **Indicator:** Publication of approved IEP;
- **Indicator:** Refine, update and implement the Integrated Resource Plan and investigate market share (%) completed against the plan;
- **Indicator:** Publication of approved Gas Infrastructure Master Plan and regulations for economically recoverable shale gas reserves;
- **Indicator:** Resolve infrastructure backlogs and implement Cabinet approved proposals for ring-fencing the electricity distribution business of the 12 largest municipalities;
- **Indicator:** Measured demand savings in MW in line with the National Energy Efficiency Strategy and Action Plan; and
- **Indicator:** Approved funding mechanisms implemented for upgrading of existing refineries to ensure they meet new fuel-quality standards and decision on expanding oil refining capacity.

Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all.

Sub-outcome 5: Increased access to quality infrastructure and functional services, particularly in education, healthcare, and public transport in rural areas.

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

Outcome 9: Responsive, accountable, effective and efficient developmental local government system.

Sub-outcome 1: Members of society have sustainable and reliable access to basic services.

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

Outcome 10: Protect and enhance our environmental assets and natural resources.

Sub-outcome 2: An effective climate change mitigation and adaptation response.

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

Sub-outcome 5: Sustainable human communities.

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

Table 20: Fourteen Priority Government Outcomes and Energy Related Strategic Infrastructure Projects (SIPs)

FOURTEEN PRIORITY GOVERNMENT OUTCOMES, 2014-2019	STRATEGIC INFRASTRUCTURE PROJECTS, 2014-2019
A skilled and capable workforce to support an inclusive growth path;	SIP 1: Unlocking the northern mineral belt with Waterberg as the catalyst;
Decent employment through inclusive economic growth;	SIP 8: Green energy in support of the South African economy - Support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the Integrated Resource Plan (IRP2010) and support bio-fuel production facilities and the development of fuel cells.
An efficient, competitive and responsive economic infrastructure network;	SIP 9: Electricity generation to support socioeconomic Development - Accelerate the construction of new electricity generation capacity in accordance with the IRP2010 to meet the needs of the economy and address historical imbalances. Monitor implementation of major projects such as new power stations: Medupi, Kusile and Ingula.
Protect and enhance our environment assets and natural resources;	SIP 10: Electricity transmission and distribution for all - Expand the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development. Align the 10-year transmission plan, the services backlog, the national broadband roll-out and the freight rail line development to leverage off regulatory approvals, supply chain and project development capacity.
Comprehensive rural development and land reform;	SIP 16: Regional integration for African cooperation and development – Investments in energy to provide competitively-priced, diversified, short and medium to long-term options for the South African economy; for example, electricity transmission in Mozambique (Cesul) could assist in providing cheap, clean power in the short-term whilst Grand Inga in the DRC is long-term.
Create a better South Africa, a better Africa and a better world;	
Sustainable human settlements and improve quality of household life;	
Quality basic education;	
A long and healthy life for all South Africans;	
An inclusive and responsive social protection system;	
All people in South Africa are and feel safe;	
Responsive, accountable, effective and efficient developmental local government;	
An efficient, effectiveness development oriented public service; and	
National Building and social cohesion.	



2.5.1 Major DoE Contributions

In its short 8-year history, South Africa's REIPPPP programme has attracted R209.4 billion in committed private sector investment, resulting in much needed alleviation of fiscal pressure. This is a good example of the importance of Public-Private Partnerships as encapsulated by the President's target of bringing \$100 billion of foreign direct investment into the country over five years. South African entities such as Old Mutual, Red Cap, Phakwe, Pele Green, and many others, including the Central Energy Fund and the PIC, account for the majority of investment into the REIPPPP. To date, 6,422 MW has been procured from more than 100 IPPs through 7 rounds and 5 bid windows (bid windows 1 to 4 plus bid window 3.5 which was only for concentrated solar PV with storage technology and two bid windows of the small renewable energy programme with a combined capacity of 200 MW). Presently a total of 3,776 MW from 62 Independent Power Producers have been connected to the grid, without the contribution by the renewable energy IPPs load shedding would be much worse. The REIPP programme's contribution to our climate change objectives can also not be disputed with carbon emission reductions of 33.2 million tonnes (Mton) carbon dioxide (CO₂) and water savings of 39.2 million kilolitres achieved by 31 December 2018.

In support of the REIPPPP programme, as well all aspects of planning with regards to electricity, the Department led and coordinated the production of the draft 2014 IRP, which is now in its final stages of consultation at NEDLAC and awaiting Cabinet approval.

Implementation of a number of energy efficiency projects were monitored during the 2018/19 financial year. These projects were to achieve 0.5TWh savings as per the Department's Annual Performance Plan. Some of these projects are funded directly through the fiscus and international funding support, whereas others benefit by means of tax incentives, mainly the 12L Tax Incentive being coordinated by the South African National Energy Development Institute (SANEDI). The current roster of energy efficiency projects includes the:

- Municipal Energy Efficiency and Demand Side Management (EEDSM) Programme;
- Energy Efficiency Income Tax (12L) Incentive;
- Industrial Energy Efficiency (IEE) Phase II Project;
- Energy Efficiency in Agriculture Project;
- Energy Efficiency Appliance S&L Project;
- Energy Efficiency in Public Buildings and Infrastructure;
- Deployment of Small-Scale Embedded Generation (SSEG) and energy efficient technologies in government buildings;
- Development and transformation of the Energy Services Company (ESCO) market; and
- Improvement of Energy Performance of Wastewater Treatment Plants (WWTPs).

It should be noted, however, that the achieved energy savings for 2018/19 were mainly from two projects, namely, the 12L Tax Incentive which amounted to 3.414 TWh, and the municipal EEDSM programme that saved 9.206 MWh (0.01 TWh) by the end of March 2019 resulting in a total of 3.424 TWh savings. These energy savings eased the pressure on the electricity grid, and resulted in cost savings for consumers and stakeholders.

In terms of direct electricity services, the Department of Energy coordinated its municipal implementing partners and Eskom to connect an additional 242,905 households to the electricity grid. An additional 13,423 households received solar home systems due to geographical and other reasons that made connection to the grid impractical or not cost effective. In addition, 6 new electricity substations were built; 4 substations upgraded; 202.45km of new electricity lines added to the network; and 1.5km of supply lines upgraded.

In addition to its monitoring responsibilities regarding the availability of liquid fuels for transportation and other uses, the Department conducted a total of 1,590 retail site compliance inspections, and a total of 1,080 fuel samples were collected and tested.

2.5.2 Intermediate Sub-Outcomes and Medium-Term Outputs

The Department's Strategic Outcome Oriented Goals together with their associated five-year targets are presented in table 21 below and provide the linkage between the MTSF and the Department's annual targets.

Table 21: Strategic Objectives from the 2018/19 APP

DoE STRATEGIC OBJECTIVES (SO)	FIVE-YEAR TARGETS FROM 2017/18 APP
SO 1.1 Sound corporate governance practices	Average Management Performance Assessment Tool (MPAT) score of at least 3.75 achieved for moderated assessment of 2019/20
SO 1.2 Sound financial resource management	100% approved invoices paid within 30 days of receipt Unqualified audit outcome for the DoE
SO 1.3 Sound corporate resource management	Assess the impact and implement the HR Development Framework
SO 1.4 Strategic support of energy security (re-establish new partnership/bilateral agreements)	50 Bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound and outbound), including Mozambique, Angola, Namibia, Tanzania and Algeria regarding shale gas; and DRC, Zimbabwe and Zambia regarding hydropower 90 Bilateral intergovernmental engagements or visits hosted in the energy sector, excluding African countries (inbound and outbound), including China, Russia, France, USA, South Korea, Japan, Canada, Brazil and Iran regarding the Nuclear Programme
SO 1.5 Executive support services provided to Ministry, DG and DDGs	20 Quarterly Progress Reports which detail the implementation of the 2014–2019 MTSF Outcomes 6, 7, 9 and 10 submitted to Clusters
SO 1.6 Executive and administration support services for Ministry, DG, DDGs	100 Izimbizo Public Participation Programmes (PPPs) conducted
SO 2.1 Improved energy security	5 Annual Energy Balances published by 2020 Finalised IEP Socio-economic impact assessment of the Integrated Energy Plan Gas Amendment Bill LP Gas rollout model for the domestic, commercial and industrial sectors
SO 2.2 Improved liquid fuels energy security	Incorporate the 20-Year Liquid Fuels Infrastructure Roadmap (20YRLFIR) into the IEP to determine new refinery capacity Introduce biofuels into the liquid fuels industry through mandatory blending Develop Clean Coal Technologies Gas Development Framework incorporated into the finalised IEP
SO 2.3 Policy and regulations to ensure security of supply	The National Energy Regulator Amendment Bill introduced for consideration and support its promulgation if approved by Cabinet Electricity Regulation Amendment Bill Licensing regulations under the Electricity Regulation Act
SO 2.4 Bulk electrical infrastructure required for universal access to electricity	Municipal Infrastructure Rehabilitation Programme
SO 2.5 Security of supply through additional power generation capacity	Finalised Integrated Resource Plan Implementation of the updated IRP to increase generation capacity through the various technologies Grand Inga Project implementation
SO 3.1 Compliance monitoring and enforcement in the petroleum sector	6,000 Retail site compliance inspections conducted 7,568 Fuel samples tested Number of retail site compliance inspections conducted Number of fuel samples tested

DoE STRATEGIC OBJECTIVES (SO)	FIVE-YEAR TARGETS FROM 2017/18 APP
SO 3.2 Promote petroleum licensing	50% of Licence applications approved have 50% BEE ownership
SO 4.1 Access to electricity by households	12 Quarterly Reports on the allocation of funding and monitoring of progress of additional households to be electrified with grid electrification toward the 2019/20 target of 1.25 million in the National Electrification Plan
	16 Quarterly Reports on building/upgrading of electrification infrastructure projects toward the 2019/20 target of: <ul style="list-style-type: none"> • 17 new bulk substations built • 24 additional substations upgraded • 545 km new MV power lines constructed • 450 km of existing MV power lines upgraded
	A total non-grid connection of 115,000 households by March 2019 of which 86,250 (75%) are in the rural areas
SO 4.2 Enhanced programme and project management	16 Quarterly Progress Reports and 4 Annual Reports on energy infrastructure development covering INEP (challenges, mitigation plans and interventions)
	17 Quarterly Progress Reports and 4 Annual Reports on energy infrastructure development covering INEP (challenges, mitigation plans and interventions)
	18 Quarterly Progress Reports and 4 Annual Reports on energy infrastructure development covering INEP (challenges, mitigation plans and interventions)
SO 4.3 Enhanced programme and project management (<i>Cont.</i>)	4 Annual Reports on IPP Programme and a close-out report on bid window 2, 3, 4 and 5 of REIPPP
	5 Annual Reports on infrastructure monitoring and compliance with implementation of Non-Renewable Energy Independent Power Producer Programme (REIPPP) generation – peaker stations
	4 SIP Reports submitted to EXCO, MANCO and PICC secretariat on SIP 8 and 9
	Monitor and implement approved National Disaster Management Plan
	Ensure security of electricity supply through the procurement of 9.6 GW of nuclear energy by 2030
	Establish Nuclear PMO to expedite rollout of the Nuclear New Build Programme
	Promulgated National Nuclear Reactor Amendment Act
	Demystifying nuclear energy through a number of public awareness campaigns and 68 community outreach events per annum
	Verified energy savings from EEDSM initiatives
SO 6.1 Implementation of the EEDSM measures across all sectors coordinated and monitored	Energy consumption baselines for an additional 100 municipalities
	Implementation of the post-2015 energy efficiency targets and strategy
	Update Renewable Energy Implementation Report
	National Biogas and Biomass Strategy
	Developed repository of renewable energy information publically available
	Strategy to increase the uptake of solar technologies in the energy mix
	Solar Water Heating Programme Implementation
	Solar Water Heating Programme Implementation
SO 6.3 Implementation of energy-related climate change response measures and environmental compliance coordinated and monitored	Developed implementation plan for Energy and Climate Change Strategy in public buildings
	12% by 2015 (Energy efficiency target for 2019 to be finalised as outlined by the National Energy Efficiency Strategy)
	International Climate Change engagements
	Efficiency Action Plan to be tabled for Cabinet consideration
SO 6.4 Measurement, reporting and verification system of climate change parameters	



2.6 PERFORMANCE INFORMATION

2.6.1 Annual Performance Plan

Out of a total of 41 APP targets in 2018/19, the Department achieved 13 (32%), partially achieved 18 (44%), and did not achieve 10 (24%). Table 1 in Part A is a summary of the annual targets achieved, partially achieved, and not achieved during the 2018/19 fiscal year at the short-term output level.

2.6.2 Institutional Operational Plan

The Institutional Operational Plan (IOP) of the Department supplements its APP at the activity level of operations. Out of a total of 174 IOP targets, the department achieved 117 (67%), partially achieved 20 (12%), and did not achieve 37 (21%) of its planned quarterly targets in 2018/19.

2.6.3 Changes to Planned Targets

There were no changes to planned targets in the year under review.

2.6.4 Previous Achievements

Previous levels and actual achievement details for the preceding three years may be accessed at http://www.energy.gov.za/files/publications_frame.html

2.7 PERFORMANCE INFORMATION BY PROGRAMME

2.7.1 Programme 1: Administration

2.7.1.1 Programme Purpose

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

2.7.1.2 Sub-Programme 1.1: Ministry

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

2.7.1.3 Sub-Programme 1.2: Departmental Management

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

2.7.1.4 Sub-Programme 1.3: Governance and Compliance

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

2.7.1.5 Sub-Programme 1.4: Finance Administration

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

2.7.1.6 Sub-Programme 1.5: Audit Services

This sub-programme provides internal audit and support services to the DoE.

2.7.1.7 Sub-Programme 1.6: Corporate Services

This sub-programme provides corporate support to the DoE and ensures good corporate governance and compliance.

2.8 Governance and Compliance Branch

2.8.1 International Relations

2.8.1.1 BRICS Energy Ministers Meeting

South Africa took over the rotating chairmanship of BRICS from China in 2018. In the role of chair, South Africa was responsible for hosting the BRICS Summit. The Department of Energy hosted an Energy Event on 28 & 29 June 2018 in Johannesburg. The event aimed at bringing together energy experts, energy companies, investors, government officials, NGO's and academics from BRICS countries and African countries. The event provided a platform for debate and innovation and also an opportunity for investors and project developers to network and move energy projects forward.

It was an opportune time to consider extending BRICS cooperation on energy beyond energy savings and energy efficiency which was part of the cooperation agreement 'Strategy for BRICS Economic Partnership', a document which was adopted at the 2015 Leaders' Summit. The countries agreed to increase cooperation in the joint development and sharing of energy efficient and cleaner energy technologies. Inter-BRICS energy collaboration was to be expanded to include renewable energy, energy storage, electric vehicles, and natural gas.

2.8.1.2 SADC Energy and Water Ministers Meeting

The Department hosted the joint Meeting of SADC Ministers Responsible for Energy and Water Affairs in the Sandton Convention Centre on 26 and 27 June 2018. The main objectives of the meeting were, among others, to: (i) review progress in the implementation of the decisions of Ministers at their last meetings; (ii) consider progress in the implementation of the energy and water programmes and projects; and (iii) deliberate on and give guidance about the security of energy and water supply to ensure food security and economic and industrial development in the SADC Region.

Emerging issues in the Energy sector such as the promotion of natural gas and its contribution in the regional energy mix also formed part of the discussions. The meeting also discussed the signing of Intergovernmental Memoranda of Understanding (IGMOUs) for regional interconnector projects that are important for enhancing regional integration.

2.8.1.3 SADC Ministerial Gas Workshop

The Department convened a ministerial workshop which was within the context of the working theme of South Africa's chairship of SADC. The workshop was attended by SADC Ministers responsible for energy, regional gas industry players and associations, experts and academics, members of the diplomatic corps, Development Finance Institutions as well as government officials from members states.

The Workshop sought to achieve the following outcomes:

- Highlight the role of gas in facilitating universal access to energy in the region;
- Assess the backward and forward linkages across the value chains of gas market infrastructure development; and
- Adopt a declaration for consideration by the SADC Energy Ministers, the Council as well as the 38th Ordinary Summit in August 2018.

The workshop managed to convene the following sessions: Gas Conversation and Utilisation, Gas Market Development, Infrastructure and Technological Developments; as well as perspectives on Finance, Investment promotion, policy and regulatory frameworks.

2.8.1.4 International Energy Forum (IEF)

South Africa secured a seat as a rotating member of the IEF Executive Board, participated in one of their meetings and hosted the IEF Secretary General in Cape Town in September 2018, as well as facilitated bilateral engagements at Ministerial level. The Department further participated in the IEF Executive Board on 4 December 2018, mainly to confirm South Africa's position having accepted to host the Joint Data Initiative (JODI) and the Symposium on Energy Poverty.

2.8.1.5 OPEC

South Africa participated in the OPEC meetings in Vienna, Austria from 5-7 December 2018. South Africa was granted observer status together with APPO and other non-OPEC countries who have not yet signed the Declaration of Cooperation (DOC).

2.8.1.6 Financial Management Services Branch

A total of 99.41% approved invoices were paid within 30 days of receipt and 0.59% of the invoices were paid outside of 30 days due to SCM unresolved issues (e.g. tax Clearance and banking details verification).

The Department received a qualified audit opinion due to a material misstatement of irregular expenditure in the financial statements for the 2017/18 financial year. This matter is in dispute with AGSA: Outcome letter was issued to the Department.

2.8.1.7 Corporate Services Branch

The Department employed 565 individuals out of the 673 posts, inclusive of 50 additional employees to the organisational structure. Personnel expenditure as a percentage of total expenditure stood at 4.09% in the period under review. A healthy staff turnover of 4.10% was maintained during the current reporting period. The Department's top three priorities during the 2018/19 fiscal year were (1) to fill key funded posts, (2) roll-out its new HR plan and (3) finalisation of the organisational structure. Of these, the HR plan was successfully implemented thus maintaining core human resource competencies in line with the mission of the department and its annual pre-determined objectives. The remaining priorities could not be accomplished due to a number of factors, primarily those relating to funding by National Treasury for compensation of employees.

Table 22: The progress made in achieving Programme 1 pre-determined objectives for FY 2018/19 is summarised next.

Strategic Objectives 1.1-1.6 (see Table 21)				
Programme 1: Administration				
Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 ("achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievements 2018/19	Comments on Deviations
SOE's Strategic Plans, Corporate Plans & Shareholder Compacts approved	SOE's Strategic Plans, Corporate Plans & Shareholder Compacts submitted to the Minister for approval by 31 March 2019	Partially Achieved CEF, NNR, NERSA, and NRWDI were submitted to the Minister for approval by 31 March 2019	SANEDI requested for extension in submitting their Strategic Plan. NECSA requested for extension in submitting their Corporate Plans	Minister approved the requests for extension and both plans were subsequently submitted to the Department in line with the approved revised submission date
Number of foreign participants (Advancement of the African agenda in the energy sector) to promote the use of cleaner safer energy carriers, reduce greenhouse gas emissions, knowledge transfer and enhanced energy sector as agreed with foreign partners)	1 SADC Energy Ministers Meeting facilitated, coordinated and hosted by 30 June 2018	Achieved: SADC Energy & Water Ministers Meeting was held on the 26 & 27 June 2018, in Sandton Convention Centre, Johannesburg. Official meeting was held on the 25 June 2018	None	None
Number of multilateral engagements hosted in the Energy sector in Africa and globally (inbound and outbound) aimed at EU, G20, IEF, IRENA, BRICS, IORA, FOCAC, SE4ALL, WEF, CEM, UNFCCC, APPA, IPEEC, IAEA, SADC, IEA, IGU, Gen IV, AEEP, Power Africa, Africa Energy Forum, IRENA	1 BRICS Energy Ministers Meeting facilitated, coordinated and hosted by 30 August 2018	Achieved: BRICS Energy Ministers Meeting was held on the 28 & 29 June 2018	None	None
Percentage of approved invoices from service providers paid within 30 days of receipt	100% approved invoices from service providers paid within 30 days of receipt	Partially Achieved 99.41% approved invoices were paid within 30 days of receipt	0.59% of invoices were paid outside of 30 days	Delays were primarily due to SCM unresolved issues (Tax Clearance Certificate and Banking details verification)
Results of the Annual Audit	Unqualified audit report by the AG achieved for 2017/18	Partially Achieved The Department received a qualified audit opinion of its financial statements; performance information received an unqualified audit	Material misstatement of financial statements	None
Number of Quarterly Reports on vacancy rate not exceeding threshold of 10%	4 Quarterly Reports – Vacancy rate not exceeding threshold of 10%	Partially Achieved Four quarterly reports submitted, however, the vacancy rate as at 31 March 2019 was 16.20%	Due to the prioritisation of posts to be filled, this target proved to be difficult to achieve	The target of 10% has been reviewed going forward to 15%

**Strategic Objectives 1.1-1.6
(see Table 21)**

Programme 1: Administration

Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 ("achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievements 2018/19	Comments on Deviations
Number of Community engagements conducted	20 Community engagements conducted	Achieved 21	+1	Examples include 6th Annual Africa Power Roundtable; Basic Fuel Price Public Lecture; and launch of Xina Solar One
Final MPAT report on scores of 3.0 compiled by DPME	MPAT average score of at least 3.0 achieved during moderated assessment of 2017/18	Partially achieved Average score was 2.28	-0.72	Thirteen standards were moderated down by DPME from the original self-assessment by the Department
Number of Quarterly Progress Reports which detail the implementation of the 2014–2019 MTSF Outcomes 6, 7, 9 and 10 submitted to Cluster	4 Quarterly Progress Reports which detail the implementation of the 2014–2019 MTSF Outcomes, 6, 7, 9 and 10 submitted to Cluster	Achieved	None	None

2.8.2 Linking performance with budgets of Programme 1

Table 23: Sub-programme expenditure for Programme 1

Administration	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	42,424	42,132	292	42,097	44,405	-2,308
Departmental Management	79,434	77,908	1,526	64,785	66,145	-1,360
Finance Administration	40,539	38,626	1,913	35,871	33,807	2,064
Audit Services	8,453	7,008	1,445	6,172	6,299	-127
Corporate Services	85,302	90,905	-5,603	95,405	87,041	8,364
Office Accommodation	49,177	47,438	1,739	33,730	34,685	-955
Total	305,329	304,017	1,312	278,060	272,381	5,679

2.8.3 Programme 2: Energy Policy and Planning

2.8.3.1 Programme Purpose

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

2.8.3.2 Sub-Programme 2.1: Policy Analysis and Research

This sub-programme develops key indicators and monitors the impact of energy sector policies, planning and interventions; analyses all energy policies and their impact on access to energy and security of energy supply; conducts research and analyses policies in relation to other countries; and conducts research and analyses national and international trends or developments that impact on the demand and supply of energy.

2.8.3.3 Sub-Programme 2.2: Energy Planning

This sub-programme manages energy data and information; develops and maintains an energy modelling system to simulate energy supply and distribution; identifies energy supply and distribution constraints and addresses them through the Integrated Energy Plan (IEP); manages the overall collection, collation, validation, integrity and quality of energy data; and is responsible for managing the development of energy plans and strategic interventions for the generation, refining, distribution and transmission of energy sources for demand and supply optimisation.

2.8.3.4 Sub-Programme 2.3: Hydrocarbon Policy

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

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

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

The National Development Plan (NDP) identifies the need for South Africa to invest in a strong network of economic infrastructure designed to support the country's medium and long-term economic and social objectives. Energy infrastructure is a critical component that underpins economic activity and growth across the country that requires robust and extensive ability to meet industrial, commercial and household needs. The promulgated IRP, commonly referred to as the IRP 2010, was used to roll out electricity infrastructure development in line with Ministerial Determinations issued under Section 34 of the Electricity Regulation Act. The electricity generation and distribution landscape in South Africa is changing at a rapid pace compared to the period before 2010. A number of assumptions used in the IRP 2010 have therefore since changed or not materialized. The key assumptions that changed include amongst others, the electricity demand projection, the existing Eskom plant performance, installed generation capacity, as well as the costs of various electricity generation technologies. These changed assumptions have therefore necessitated a review of the IRP 2010. In August 2018, Cabinet approved for public inputs and comments the revised draft IRP. Following the finalisation of the IRP and approval of the plan, the Department will continue to roll out new capacity as projected.

Table 24: The progress made in achieving Programme 2 pre-determined objectives for FY 2018/19 is summarised next.

Strategic Objectives 2.1-2.5 (see Table 21)				
Programme: Energy Policy and Planning				
Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 ("achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievements 2018/19	Comments on Deviations
Gas demand/supply analysis report	Gas demand/supply analysis including Gas-to-Power	Not Achieved	Delayed gas information from industry which had to be inputted in the IRP	This was followed up by workshops with the gas-to-power industry
Gas Infrastructure Master plan report	Gas Infrastructure Master Plan (including bulk transportation)	Not Achieved	The process of appointment of the consultant to assist with the drafting of the Master Plan is still incomplete	None
Regional Gas Master Plan report	Regional Gas Master Plan	Partially Achieved	The target will be reviewed to include only parts that are to be achieved by the Department	The achievement of the target is not reliant on the Department but mostly the Presidency. Also dependant on cooperation by other SADC countries
Finalised Gas Regulations to support implementation of Gas Amendment Act	Regulations to support implementation of Gas Amendment Act developed	Not Achieved	Pending the outcome of the SEAIS Report	Currently in consultation with DPME on SEAIS. Regulations will be drafted in the 2019/2020 financial year
Finalised proposal reports on new oil refinery implementation framework	Proposal on new oil refinery implementation framework developed	Partially Achieved A decision on the new oil refinery has been taken	Implementation plan will be developed by CEF	CEF to provide progress report on pre-feasibility study
Finalised proposal report on Clean Fuels 2 implementation plan	Proposal on Clean Fuels 2 implementation framework developed	Partially Achieved Draft proposal on Clean Fuels 2 implementation framework	Prolonged consultation with stakeholders on cost recovery mechanism	None
Finalised Pilot Biofuel Programme implementation plant	Pilot Biofuels Programme implemented in line with Cabinet approval	Partially Achieved Cabinet recommendations addressed	Proposed programme implementation presented to Cabinet for approval	Cabinet made further recommendations
Final Proposals regarding the 'end-state' of the electricity sector	Final proposals regarding the 'end-state' electricity sector approved	Not Achieved	End-state studies had to be abandoned	Further decision taken during 2018/19 to unbundle Eskom
	Electricity Pricing Policy Review	Partially Achieved Approved special pricing framework	Special Pricing Framework approval needed to be prioritised to avert job losses	Pending final proposals of 'end- state' of the electricity sector

Strategic Objectives 2.1-2.5 (see Table 21)				
Programme: Energy Policy and Planning				
Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 ("achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievements 2018/19	Comments on Deviations
The National Energy Regulator Amendment Bill introduced for consideration and support its promulgation if approved by Cabinet	Proposal on the National Energy Regulator Bill, taking into account comments by Cabinet	Not Achieved	Need to revisit the entire bill and align with proposed Eskom structure	Re-tabling and presentation of the NERA Bill before the ESEID Cluster taking into account changes in the industry
Final Report on Municipal Asset Management Programme	Municipal Asset Management Programme rollout framework developed	Partially Achieved Record of discussions with DBSA on rollout	There needs to be an agreement on funding mechanism hence discussions with DBSA critical	None
Final MoU on Transmission infrastructure solution	Conclude inter-governmental agreements with transmission line transit countries	Partially Achieved The process of consultation with transit countries ongoing	Pending processing of the IGMOU for approval	None

2.8.4 Linking performance with budgets of Programme 2

Table 25: Sub-programme expenditure for Programme 2

Energy Policy and Planning	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Policy Analysis and Research	2,335	3,351	-1,016	1,998	1,736	262
Energy Planning	19,593	17,250	2,343	20,001	20,452	-451
Hydrocarbons Policy	14,263	12,551	1,712	12,751	12,053	698
Electricity and Alternative Energy Policy	9,882	6,913	2,969	8,369	7,466	903
Total	46,073	40,066	6,007	43,119	41,707	1,412

2.8.5 Programme 3: Petroleum and Petroleum Products Regulation

2.8.5.1 Programme Purpose

To regulate the petroleum and petroleum products industry to ensure the optimal and orderly functioning of the petroleum industry so as to achieve government's developmental goals.

2.8.5.2 Sub-Programme 3.1: Petroleum, Compliance, Monitoring and Enforcement

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

2.8.5.3 Sub-Programme 3.2: Petroleum Licensing and Fuel Supply

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

2.8.5.4 Sub-Programme 3.3: Fuel Pricing Regulation

This sub-programme regulates the pricing of petroleum products in accordance with the legislative framework, entailing the determination, review, update and maintenance of fuel levies and margins and the process of paying fuel levies. Fuel price administration includes developing, evaluating and monitoring price models, updating elements of the Basic Fuel Price (BFP), and ensuring secure audit services for the auditing of fuel prices to ensure internationally competitive pricing of petroleum products, thereby promoting investment in the sector.

2.8.5.5 Sub-Programme 3.4: Regional Petroleum Regulation Offices

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

2.8.5.6 Petroleum Compliance, Monitoring and Enforcement

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

2.8.6 Petroleum Compliance, Monitoring and Enforcement

2.8.6.1 Petroleum Retail Audit

The Department commissioned an independent Petroleum Retail Audit in order to objectively determine the extent of transformation in the retail petroleum value chain and to establish a baseline for the system for allocation of petroleum licenses for the Department.

Delays were encountered in completing the audit due to insufficient data being provided by auditees.

In February 2019, Moloto Solutions (the service provider) made a presentation to the Department and issued a draft retail audit report. The Office of the Petroleum Controller is in possession of the draft report which is still to be presented to the Minister. Post the foregoing presentation and Minister's approval, the Department will be publishing the audit report. The audit report will establish a baseline to inform the revised economic empowerment framework and will put the Department in a position to mitigate the slow pace of economic transformation in the retail petroleum value chain.

2.8.6.2 Petroleum and Liquid Fuels Charter "LFC" Alignment to B-BBEE policy framework and development of sector-specific codes

The Department initiated the process of alignment of the LFC to the B-BBEE Act, 2003 as amended and to ultimately develop a sector-specific Code of Good Practice to ensure compliance with the B-BBEE Act, 2003 as amended by Act 46/2013 and its Codes of Good Practice and the Statement 003: Amended Guidelines for Developing and Gazetting of Sector Codes ("Statement 003 Guideline").

In August 2018, the Petroleum and Liquid Fuels Sector Charter Council (the PLFSCC) was appointed by the Minister as an independent body with a mandate to oversee the implementation of the Petroleum and Liquid Fuels Sector Codes of Good Practice.

The process of alignment has been ongoing and is at an advanced stage. Currently the PLFSCC is finalising the final draft Sector Codes and is preparing the following documentation to be presented to the Minister and then onward transmission to the Minister of Trade and Industry:

- a) Dti presentation of the codes;
- b) Ministerial narrative;
- c) Deviations register;
- d) Chairperson's report; and
- e) Empirical evidence.

When all these documents are seen and approved by both Ministers, then the sector codes will be gazetted under section 9(5) which involves public participation for 60 days.

2.8.6.3 Petroleum Compliance Random Inspections

On-site inspection within Petroleum Compliance, Monitoring and Enforcement (PCME) are conducted to ensure compliance with Petroleum Product Act (PPA) and subsequent Regulations promulgated under the Act. This is in turn based on agreed, written procedures laid down in the Standard Operating Procedure (SOP), which all inspectors in the respective regions are required to follow. This is driven by the PPA and subsequent Regulations promulgated under the Act which provide conditions in which the regulated activities may be conducted and at the same time also prescribe the license conditions that licensees must comply. Planned retail site compliance inspections for the period under review (2018/19) were 1,500. The Branch conducted a total of 1,590 retail sites compliance inspection which exceeded the target by 90 compliance inspections. Compliance enforcement notices were issued in 100% of cases where non-compliance was identified during routine compliance inspections and fuel sampling and testing.

2.8.6.4 Sampling and Testing of Petroleum Products

In terms of Section 12C (1)(e) of the Petroleum Products Act, (Act No. 58 of 2003) as amended, the Minister is mandated to make regulations regarding the specifications and standards of petroleum products. For this purpose, the Department is required to monitor fuel quality for conformity with the regulations regarding the specifications and standards of petroleum products and also enforce compliance with these regulations by all manufacturers, wholesalers and retailers. Sampling and testing of petroleum products form a critical part to meeting the fuel quality standards. For the financial year 2018/19, a total of 1,080 fuel samples from retail sites from the nine provinces were collected and tested as per service level agreement entered into between the Department and a service provider.

2.8.6.5 Licensing

2.8.6.5.1 Processed Licence Applications

The Department processed 1,140 petroleum products license applications during the period under review. From the 1,140 applications 171 applications were for site and retail new, which has a compliance target of 60 days turnaround time to finalise these New to Industry (NTI) applications against a target of 90% compliance to 60 days. Of this 171 applications processed, 18 applications were processed within the 60 days turnaround time. It should be noted that the legislated timeframe is 90 days. The 60 days was a stretch target and is proving more and more difficult to achieve due to submission of insufficient information by applicants. Furthermore, the Department partially achieved 80% compliance with the 90 day turnaround time for final decisions on all other license applications during the period under review against a target of 95% compliance.

2.8.6.5.2 HDSA wholesalers

The Department of Energy, in issuing licenses for the operation of manufacturers, wholesalers, and retailers of petroleum products, has ensured that 89.18% of licenses issued to entities contained at least 50% ownership and control in the hands Historically Disadvantaged South Africans (HDSA).

2.8.6.5.3 Public Awareness Campaigns

The Department conducted eight public awareness campaigns across the country. During these campaigns we share information on the petroleum license application process, opportunities in the sector, obligations of license holders, and information on fuel pricing. These awareness campaigns have proved very useful in encouraging license holders to comply with the conditions of their licenses as well as those who intend applying for licenses. The quality of information provided to the Department by applicants can be strengthened by rigorous engagement at the awareness campaigns. Applicants will also be able to understand that the turnaround time for them providing information required by the Department affects the speed at which their applications can be processed.

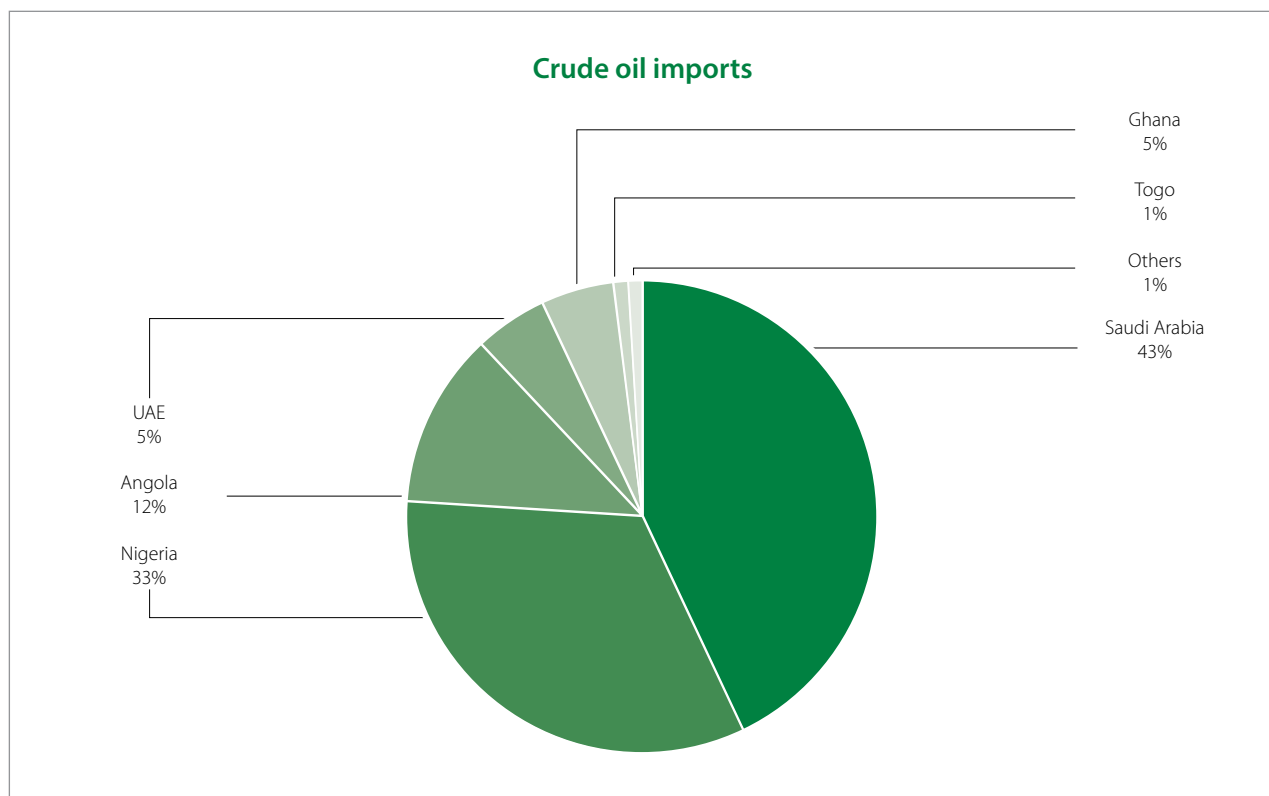
2.8.6.5.4 Fuel Supply

During the period under review, the Department continued to co-ordinate and monitor fuel supply in the country to ensure the security of petroleum products supply. The Department co-ordinates the refining schedules; processes and recommends applications for import and export to ITAC, and chairs the supply managers' meetings to co-ordinate logistics. The Department also participates in various industry forums that facilitate the efficient petroleum products distribution in the country. The age of the refining and supply logistics infrastructure contributes to the current supply challenges, which are compounded by an increase in demand for petroleum products. No significant fuel supply shortages were experienced during the period under review.

2.8.6.5.5 Crude oil Imports

A significant amount of crude oil was sourced from African countries; however, the Middle Eastern countries are still an important source of crude oil for South Africa. About 51% of crude oil requirements were met by African countries, mainly from Nigeria (33%), Angola (12%), Ghana (5%) and Togo (1%). This figure increased from 48% in the previous financial year on average. About 89 million barrels per day was from within the continent. The crude oil imports from January to December 2018 were about 170 million barrels per day. There was a 16.44% increase in the crude oil imports in 2018 as compared to the year 2017. This increase may be that the refineries were operating with minimal or no disruption.

Figure 2: Crude oil imports per country of origin



Source: South African Revenue Services (SARS), 2018 petroleum imports and exports data

2.8.6.5.6 Refined products imports

About 8.68 billion litres of refined products were imported from January to December 2018 of which 6.10 billion litres were of diesel, which is 70% of the total products imported.

The table below represents the petroleum products imported for 2018.

Table 26: Refined products imports

Product	Volume (litres)	% of total
Diesel	6,104,647,911	70
Petrol	2,078,748,817	24
Jet Fuel	392,417,868	5
LPG	102,573,162	1
Total	8,678,387,758	100

Source: South African Revenue Services

There was an increase of about 1.78% on the diesel imports as compared to the year 2017. The increase may be due to the rise in diesel demand that was experienced during the period.

- Petrol: Approximately 2.07 billion litres of petrol were imported from January to December 2018
- LPG: Approximately of 102 million litres of LPG were imported from January to December 2018
- Jet fuel: A total of approximately 392 million litres of jet fuel were imported from January to December 2018

2.8.6.5.7 Liquid Fuels Emergency Plan

Ensuring security of supply in the liquid fuel sector hinges on infrastructural capacity to transport the product from within the country. South Africa is experiencing significant logistics constraints particularly in the harbour, refinery capacity, pipelines and others. The LFERP document seeks to outline the processes and procedures to be followed in the event that the South African economy is subjected to severe liquid fuel supply disruptions. The primary focus of this LFERP is on petroleum products which are Unleaded Petrol (ULP) 93, ULP 95, Diesel 500, 50, 10 parts per million (ppm) and Jet fuel. The Liquid Fuels Emergency Plan has not yet been concluded. Meetings are being finalised all relevant stakeholders.

2.8.7 Fuel Pricing

2.8.7.1 Benchmark Service Station (BSS) OPEX and CAPEX Reviews

The purposes of these studies were to review respectively the asset base and operational expenses of a benchmark service station. In other words, the Department wanted to determine the costs of building a service station and the operational expenses associated with it. The finding of the study was that a benchmark service station should pump a total volume of 4,629,491 (4.63 million litres), that is, 3,311,657 litres of petrol, 1,313,993 litres of diesel and 3,841 litres of IP per annum to be viable. The costs of building a service station which can sell the total litres as referred to above amounts to a capital investment of just over R14.00 million.

The operational expenses were determined through a survey which required service station operators to provide the actual costs that they incurred for the 2013/2014 financial year. Based on the outcomes of these reviews, (1) the operational expenses (excluding any provision for inflation) and compared to the cost-recovery in the retail margin was increased by 0.902 c/l in December 2018, whilst the BSS asset base (excluding any provision for inflation) should be increased to some 71% of R14.0 million which would result in an increase in the return on assets by some 35.0 cents per litre (c/l). The Department implemented the findings of these studies when the industry margins were adjusted in December 2018.

2.8.7.2 Secondary Storage Asset Base

The purpose of the study was to determine the revised regulatory asset base of 4 benchmark storage facilities, namely, 1ML, 10ML, 50ML and 100ML. The revised Regulatory Asset Base was determined based on material for mechanical, electrical instrumentation, bill of quantities and construction costs, including the major cost items such as tanks, loading arms, pumps valves, piping, and fitting. These depots were designed to SANS 10089-1: 2008 code and API, NFPA International Standards. The findings of the study showed that the costs of building these depots have increased by over 60% in 2015 when compared to 2010. The main contributing factors to these costs increases were the Rand/US Dollar Exchange rate, steel prices, and the land cost. The Department implemented the findings of this study when the industry margins were adjusted in December 2018.

2.8.7.3 Magisterial District Zones Review

The Magisterial District Zone System is currently applied to determine and set the transport costs in 54 Fuel Price Zones. It is the costs to transport fuels from ports of entry to inland storage facilities by means of road, rail, pipeline or a combination of these transport modes. However, for pricing purposes, the most cost efficient mode of transport is utilised. The rationale for the review is that the latest review in 1983 was based on principles and costing assumptions of that time, the operationalisation of the New Multi Products Pipeline (NMPP), the decommissioning of the Durban to Johannesburg Pipeline (DJP), application of current transport tariff determination methodologies (specifically road transport tariffs), and the demarcation of the country into local municipal boundaries (LMBs). Some of the zones, in Ladysmith, Kroonstad, Bethlehem and Mpumalanga, that were supplied by the DJP will not be supplied by the NMPP and therefore would require alternative modes of transport to deliver fuel into those affected areas. The findings of the study is that the current MDZ system should be changed to accommodate the 234 Local Municipal Boundaries (LMBs).

These LMBs will be grouped into 35 Fuel Zones based on the costs of delivering fuel into these fuel pricing zones. In grouping the LMBs into fuel pricing zones a sincere effort was made to minimise the fuel pricing zone differentials to 15.0 c/l. This will reduce the high cost differential between adjacent zones and will result in less fuel zones. Most importantly the local municipal boundaries are clearly defined by the Demarcation Board and other government departments such as the Department of Justice uses them. The Department in collaboration with industry stakeholders will embark on public engagements meetings to inform the public about this eminent change throughout the country. It is envisaged that the LMBs will be implemented during the 2019-20 financial year.

2.8.7.4 Market Analysis Reports

The Department produced two (2) Market Analysis reports which provided an overview of the factors that led to fuel price changes throughout the year. The reports covered factors such as, amongst other but not limited to the price of petroleum products in the international market, known as Free-on- Board (FOB), shipping costs, insurance and offloading, and operational expenses at coastal storages. The reports were published in September 2018 and March 2019, each covering a period of six (6) months. They provide an analysis of the movements in the Rand / US Dollar exchange rate and the price of crude oil throughout the year. These factors contribute to the range of the monthly fuel price adjustments that the Departments published during the year.

2.8.7.5 Fuel Price Adjustments

The Department published twelve (12) monthly fuel price adjustments during the financial year. The fuel price changes were verified by external auditors, OMA Consulting, prior to publication.

2.8.7.6 BFP Review

The Department of Energy has reviewed all the elements of the Basic Fuel Price (BFP) and has solicited comments and /or inputs from the stakeholders, namely oil companies, independent wholesalers, retailers, members of the public and other consumers of petroleum products.

At the time that the current BFP was implemented, South Africa was a net exporter of refined petroleum products. Since 2006, there has been a change in South African fuel supply and demand balances where the emphasis changed South Africa's position from a net exporter to a net importer of refined products.

The current progress is that a report on consolidated stakeholder consultations will be concluded by the end of the first quarter of 2019. A SEIAS Submission will also be finalised by June 2019. The outcomes of the SEIAS will determine the date of implementation of the revised BFP framework.

Table 27: The progress made in achieving Programme 3 pre-determined objectives for FY 2018/19 is summarised below.

Strategic Objectives 3.1-3.2 (see Table 21)				
Programme 3: Petroleum and Petroleum Products Regulation				
Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 "achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievements 2018/19	Comments on Deviations
Number of petroleum retail site inspections conducted per year	At least 1,500 retail site compliance inspections conducted	Achieved 1,590	+ 90	None
Number of fuel samples tested	At least 1,080 fuel samples tested	Achieved 1,080	+ 80	None

Strategic Objectives 3.1-3.2
(see Table 21)

Programme 3: Petroleum and Petroleum Products Regulation

Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 "achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievements 2018/19	Comments on Deviations
Baseline information in the published audit report of B-BBEE on the Petroleum Retail Sector	Publication of the Audit report on B-BBEE in the Petroleum Retail Sector	Partially Achieved Final Draft Petroleum and Retail Audit Report complete	Publication of Petroleum Retail Audit Report is pending approval	None
Finalise the Petroleum and Liquid Fuel Sector Code	Publication of the Petroleum and Liquid Fuel Sector Code	Partially Achieved Final Draft Petroleum and Liquid Fuels Sector Codes complete but not yet published	Awaiting Gazetting of section 9(5) of the B-BBEE Act, 2003 (Act No. 53 of 2003) as amended for public comment	Pending resolution of outstanding stakeholder issues
% of licence applications approved where HDSA ownership is at least 50%	At least 50% of licence applications approved have a minimum of 50% HDSA ownership	Achieved 50%	+ 39.18 percentage points	None

2.8.8 Linking performance with budgets for Programme 3

Table 28: Sub-programme expenditure for Programme 3

Petroleum and Petroleum Products Regulation	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Petroleum Compliance, Monitoring and Enforcement	14,075	13,573	502	14,941	13,337	1,604
Petroleum Licensing and Fuel Supply	26,690	26,322	368	24,681	24,807	-126
Fuel Pricing	6,289	5,689	600	6,657	5,443	1,214
Regional Petroleum Regulation Offices	32,188	31,459	729	32,469	31,052	1,417
Total	79,242	77,044	2,198	78,748	74,639	4,109

2.8.9 Programme 4: Electrification and Energy Programme and Project Management

2.8.9.1 Purpose

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

2.8.9.2 Sub-programme 4.1: Integrated National Electrification Programme

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

2.8.9.3 Sub-programme 4.2: Energy Regional Offices

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

2.8.9.4 Sub-programme 4.3: Programme and Projects Management Office

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

2.8.9.5 Sub-programme 4.4: Energy Infrastructure

This sub-programme oversees programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector, and Independent Power Producers (IPPs).

2.8.9.6 Sub-programme 4.5: Community Upliftment Programmes and Projects

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

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

Between 1994 and March 2019, over 7.6 million households have been connected to the electricity grid, and over 173,419 connected by non-grid technology. The programme achieved 1,285,178 grid connections and over 85 993 non-grid connections against a target of 1,250,000 and 105,000 respectively per the Medium Term Strategic Framework (MTSF).

In 2018/19, the INEP programme achieved 242,905 household grid connections and 13,090 on non-grid connections. Also a number of electricity infrastructure projects to eradicate the historical backlog, and to keep up with growth were implemented.

For the 2018/19 financial year, the programme has created over 15,000 jobs. This number is based on the report received from Eskom and municipalities that reported on the programme as part of Expanded Public Works Programme (EPWP). Sixty percent (60%) of the total jobs created comes from Eskom projects.

Table 29: The progress made in achieving Programme 4 pre-determined objectives for FY 2018/19 is summarised next.

Strategic Objectives 4.1 - 4.3 (see Table 21)				
Programme 4: Electrification and Energy Programme and Project Management				
Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 ("achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievements 2018/19	Comments on Deviations
Number of Quarterly Reports of additional households to be electrified with grid electrification toward the 2018/19 target of 200,000 in the National Electrification Plan	4 Quarterly Reports on additional households to be electrified with grid electrification toward the 2018/19 target of 238,000 in the National Electrification Plan	Achieved Four Quarterly Reports produced	+42,905 Please note that the planned target was incorrectly transcribed in the 2018/19 APP. The correct target is 200,000	242,905 households connected to the electricity grid
Number of quarterly progress reports on building/upgrading of electrification infrastructure projects toward the 2018/19 target	Four Quarterly Reports on building/upgrading of electrification infrastructure projects toward the 2018/19 targets as contracted with Eskom and municipalities	Achieved Four Quarterly Reports produced	None	None
Number of Quarterly Reports on additional households electrified with non-grid electrification towards the 2018/19 target of 20,000 in the National Electrification Plan	Four Quarterly Reports on additional households electrified with Non-grid electrification towards the 2018/19 target of 20,000 in the National Electrification Plan	Achieved Four Quarterly Reports produced	None	13,090 households received solar home systems
Number of Quarterly Reports and Annual Reports on progress made with regard to the development of rural leCs	Four Quarterly and one Annual Reports with regard to the development of leCs	Achieved Four quarterly and one Annual Report	None	None
Number of reports on interventions or support provided to municipalities struggling with electricity infrastructure rollout	Two reports on interventions or support provided to municipalities struggling with electricity infrastructure rollout	Achieved Two reports	None	None

2.8.10 Linking performance with budgets for Programme 4

Table 30: Sub-programme expenditure for Programme 4

Electrification and Energy Programme and Project Management	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Integrated National Electrification Programme	5,337,403	5,320,997	16,406	6,177,471	6,111,174	66,297
Energy Regional Office	18,153	20,174	-2,021	16,557	18,271	-1,714
Programme and Projects Management Office	12,801	9,665	3,136	11,325	8,336	2,989
Electricity Infrastructure/Industry Transformation	6,913	8,066	-1,153	7,726	8,413	-687
Community Upliftment Programmes and Projects	5,321	5,609	-288	6,501	5,978	523
Total	5,380,591	5,364,511	16,080	6,219,580	6,152,173	67,407

2.8.11 Programme 5: Nuclear Energy

2.8.11.1 Programme Purpose

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

2.8.12 Sub-Programme 5.1: Nuclear Safety and Technology

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

2.8.13 Sub-Programme 5.2: Nuclear Non-Proliferation and Radiation Security

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

2.8.14 Sub-Programme 5.3: Nuclear Policy

This sub-programme develops and reviews policies as required by the nuclear sector's international agreements and governance principles in South Africa; undertakes research and development; and reviews and monitors nuclear safety, nuclear technology, nuclear non-proliferation, and nuclear radiation security policies and provides advice accordingly.

Table 31: The progress made in achieving Programme 5 pre-determined objectives for FY 2018/19 is summarised next.

Strategic Objectives 5.1 -5.3 (see Table 21)				
Programme 5: Nuclear Energy				
Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 ("achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievements 2018/19	Comments on Deviations
Decommissioning and Decontamination Policy finalised	Decommissioning and Decontamination Policy developed and produced	Partially achieved Draft Decommissioning Policy was produced and consulted with stakeholders	Additional studies were needed to be done	None
Percentage of processed authorisation applications within the 8-week time period	70% of authorisation applications processed within the 8-week time period	Achieved 78% of authorisation applications reviewed and submitted to the DG	+ 8 percentage points	None
Draft National Nuclear Regulator Amendment Bill finalised for public consultation	Submit the National Nuclear Regulator Amendment Bill for Cabinet approval for public consultation	Not Achieved	DPME during the review of SEIAS requires the Department to conduct further consultation with relevant stakeholders	DG submission is on route requesting the consolidated inputs from impacted stakeholders
Draft Radioactive Waste Management Fund Bill sent to the Chief State Law Advisor	Draft Radioactive Waste Management Fund Bill sent to the Chief State Law Advisor	Partially Achieved Memorandum of Object on the Radioactive Waste Management Fund Bill submitted to DoE Legal Services for onward submission to the Chief State Law Advisor	Comments were received from Legal Services and needed to be resolved first before submitting to the Chief State Law Advisor	None

2.8.10 Linking performance with budgets for Programme 5

Table 32: Sub-programme expenditure for Programme 5

Sub-programme expenditure Nuclear Energy	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Nuclear Safety and Technology	856,989	857,728	-739	775,710	780,818	-5,108
Nuclear Non-Proliferation and Radiation Security	8,647	9,015	-368	9,253	8,414	839
Nuclear Policy	9,850	8,542	1,308	10,462	4,959	5,503
Total	875,486	875,285	201	795,425	794,191	1,234

2.8.15 Programme 6: Clean Energy

2.8.15.1 Programme Purpose

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

2.8.15.2 Sub-Programme 6.1: Energy Efficiency

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

2.8.15.3 Sub-Programme 6.2: Renewable Energy

This sub-programme ensures the integration of renewable energy into South Africa's mainstream energy supply by planning and co-ordinating initiatives and interventions focused on the development and improvement of the renewable energy market. It also integrates and co-ordinates renewable energy initiatives and interventions with the relevant associated local and international institutions. In addition, the sub-programme makes transfers to the South African National Energy Development Institute (SANEDI).

2.8.15.4 Sub-Programme 6.3: Climate Change and Designated National Authority

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

Table 33: The progress made in achieving Programme 6 pre-determined objectives for FY 2018/19 is summarised below.

Strategic Objectives 6.1-6.3 (see Table 21)				
Programme 6: Clean Energy				
Performance Indicators from 2018/19	Planned Targets from 2018/19	Actual Achievement 2018/19 ("achieved", or "partially achieved", or "not achieved")	Deviations from Planned Targets to Actual Achievement 2018/19	Comments on Deviations
Number of energy savings realised and verified from EEDSM projects	0.5 TWh of energy savings realised and verified from EEDSM projects	Partially Achieved 3.424 TWh savings; Verification of these savings will only be done in the 2019/20 financial year.	+2.924 savings realised mainly from 12L Tax incentives and municipal EEDSM projects	None
Post-2015 National Energy Efficiency Strategy	Post 2015 National Energy Efficiency Strategy finalised and promulgated	Partially Achieved The Post 2015 National Energy Efficiency Strategy submission was approved in November 2018 but is not yet promulgated	Cabinet Memorandum is yet to be communicated for tabling	None
Final Draft Renewable Energy Technology Roadmaps (RETRM)	Draft Renewable Energy Technology Roadmaps (RETRM) completed	Not Achieved	Project has been put on hold	Project has been put on hold
Solar Water Heater Programme Implementation Monitored	Annual SWH Installation completed	Not Achieved	19 beneficiary municipalities have entered into the framework with the Department. The implementation agreement and revised implementation plan between CEF and DoE has been approved by the DG	The MoU between DoE, DoL, UIF and CEF on the training of installation procedures is at the final stage of approval.
Final Annual Compliance Report on the 3rd Environmental Management Plan Edition approved	Annual Compliance Report on the 3rd Environmental Management Plan Edition developed and produced	Not Achieved	There were delays in data consolidation from other State Owned Companies and Entities	The 2017/18 Annual Compliance Report on the 3rd Environmental Plan Edition will be submitted and presented to the EMPs and/ or EIPs Sub-Committee in the 2019/20 financial year
Final Carbon offsets registry for listing offsets credits linked to carbon offsets administration system Developed framework to approve new eligible standards under the carbon offset programme implemented	Carbon offsets registry for listing offsets credits linked to carbon offsets administration system developed and implemented	Not Achieved Procurement of service provider under Partnership for Market Readiness did not materialise	None	None

2.8.16 Linking performance with budgets for Programme 6

Table 34: Sub-programme expenditure for Programme 6

Clean Energy	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Energy Efficiency	392,348	362,336	30,012	717,602	597,288	120,314
Renewable Energy	75,796	58,262	17,534	4,946	4,431	515
Climate Change and Designated National Authority	8,667	8,719	-52	7,942	7,836	106
Total	476,811	429,317	47,494	730,490	609,555	120,935

2.8.17 Strategy to overcome areas of Departmental under performance

In addition to the Service Delivery Improvement Plan, the Department of Energy formulates its strategy to overcome areas of under performance by means of the Department's Annual Improvement Plan. The purpose of this tool is to monitor service delivery so as to improve the areas of past under performance. These are identified primarily from the preceding year's annual report, the most recent Management Performance Assessment Tool (MPAT), and the South African Parliament's Portfolio Committee on Energy past Budgetary Review and Recommendation Reports, as well as previously approved M&E recommendations. The Annual Improvement Plan covers all six of the department's budgetary programmes.

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

Table 35: Department of Energy Programme expenditure

Total for Department of Energy	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	305,329	304,017	1,312	278,060	272,381	5,679
Energy Policy and Planning	46,073	40,066	6,007	43,119	41,707	1,412
Petroleum and Petroleum Products Regulation	79,242	77,044	2,198	78,748	74,639	4,109
Electrification and Energy Programme and Project Management	5,380,591	5,364,511	16,080	6,219,580	6,152,173	67,407
Nuclear Energy	875,486	875,285	201	795,425	794,191	1,234
Clean Energy	476,811	429,317	47,494	730,490	609,555	120,935
Total	7,163,532	7,090,239	73,293	8,145,422	7,944,646	200,776

2.9 TRANSFER PAYMENTS

The transfer of payments to municipalities has been made in accordance with the approved annual Division of Revenue Act of South Africa (DoRA) transfer requirements (Refer to the Annual Financial Statements in Part E of this report).

Table 36: Transfers and Subsidies

Transfer payments	Adjusted budget 2018/19	Year to date transfer payments up to March 2019	Available balance	Actual spending for the year as % of total budget allocation
	R'000	R'000	R'000	%
South African National Energy Development Institute (SANEDI)	70,241	70,241	-	100.00%
International Membership Fees	30,515	26,412	4,103	86.55%
EEDSM – Municipalities	215,024	215,024	-	100.00%
South African Nuclear Energy Corporation (Necsa)	682,714	682,714	-	100.00%
National Radio-Active Waste Disposal Institute (NRWDI)	45,532	45,532	-	100.00%
National Nuclear Regulator (NNR)	16,510	16,510	-	100.00%
Integrated National Electrification Programme (INEP) – Eskom	3,262,031	3,262,031	-	100.00%
INEP – Municipalities	1,904,477	1,904,477	-	100.00%
INEP – Non-grid	149,149	134,555	14,594	90.22%
Households	896	887	9	99.00%
SETAs	1,108	1,108	-	100.00%
Total transfer payments	6,378,197	6,359,491	18,706	99.71%

Table 37: Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	
South African Nuclear Energy Corporation (Necsa)	Necsa is responsible for the following core functions:	682,714	-	Refer to general information of public entities reporting to the Minister
	• Undertaking and promoting research and the development in the field of nuclear science;			
	• Processing source material, including uranium; and			
	• Co-operating with other institutions on nuclear-related matters.			

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	
National Nuclear Regulator (NNR)	Responsible for:	16,510	-	Refer to general information of public entities reporting to the Minister
	<ul style="list-style-type: none"> Providing for the protection of persons, property and the environment against nuclear damage; 			
	<ul style="list-style-type: none"> Exercising regulatory control related to the siting, design, construction, operation, manufacture of component parts, and decontamination, decommissioning and closure of nuclear installations; 			
	<ul style="list-style-type: none"> Exercising regulatory control over the actions, to which the Act applies, through the granting of nuclear authorisations; 			
	<ul style="list-style-type: none"> Providing assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections; 			
	<ul style="list-style-type: none"> Fulfilling national obligations in respect of international legal instruments concerning nuclear safety; and 			
	<ul style="list-style-type: none"> Ensuring that provisions for nuclear emergency planning are in place. 			
National Radio-Active Waste Disposal Institute (NRWDI)	Responsible for:	45,532	-	Refer to general information of public entities reporting to the Minister
	<ul style="list-style-type: none"> Plan, design, construct, operate, manage and monitor radioactive waste disposal facilities; 			
	<ul style="list-style-type: none"> Design and implement disposal solutions for all classes of radioactive waste; 			
	<ul style="list-style-type: none"> Maintain a national radioactive waste database and publish reports on the inventory and location of radioactive waste in South Africa 			
South African National Energy Development Institute (SANEDI)	SANEDI's core functions:	70,241	-	Refer to general information of public entities reporting to the Minister
	<ul style="list-style-type: none"> Directing, monitoring and conducting energy research and development; and 			
	<ul style="list-style-type: none"> Undertaking measures to promote energy efficiency throughout the economy. 			

2.9.1 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2018 to 31 March 2019.

Table 38: Transfer payments to all organisations other than public entities

Name of transferee	Purpose for which the funds were used	Amount budgeted for	Amount transferred	Reasons why funds were not transferred
		R'000	R'000	
Non-grid Service Providers	Non-grid electricity connections	149,149	134,555	Late receipt of verification reports
Households	Leave gratuities and retirement benefits, bursaries paid to non-employees (learner programme)	896	887	-
SETAs	Annual contributions to SETAs in accordance with Circular HRD 1 of 2013 that was issued by the Department of Public Service and Administration (DPSA) on the 10th of April 2013	1,108	1,108	-
African Petroleum Producers Association (APPA)	Membership Fees	2,878	-	Time required for the processing of foreign payments, exchange conversion and consequent disbursement, the actual payment of R1.208 million only materialised on the 1st of April 2019. Roll-over requested.
Generation IV International Forum (GIF)	Membership Fees	741	559	Exchange rate for foreign currency less than anticipated
International Atomic Energy Agency (IAEA)	Membership Fees	24,149	24,326	Exchange rate for foreign currency less than anticipated
International Energy Forum (IEF)	Membership Fees	337	350	Exchange rate for foreign currency more than anticipated
International Renewable Energy Agency (IRENA)	Membership Fees	1,137	1,178	Exchange rate for foreign currency less than anticipated
International Partnership for Energy Efficiency Cooperation (IPEEC)	Membership Fees	1,273	-	Invoice and membership fee determination not received before 31 March 2019

2.10 CONDITIONAL GRANTS

2.10.1 Conditional grants and earmarked funds paid

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

Table 39: Conditional Grant 1: National Electrification Programme (equitable share)

Department/ Municipality to whom the grant has been transferred	Several municipalities
Purpose of the grant	Electricity connections
Expected outputs of the grant	-
Actual outputs achieved	-
Amount per amended DORA	1,904,477
Amount transferred (R'000)	1,904,477
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	-
Reasons for the funds unspent by the entity	-
Monitoring mechanism by the transferring department	Technical audits and monthly reports

Table 40: Conditional Grant 2: National Electrification Programme (Eskom)

Department/ Municipality to whom the grant has been transferred	Eskom
Purpose of the grant	Electricity Connections
Expected outputs of the grant	-
Actual outputs achieved	-
Amount per amended DORA	3,262,031
Amount transferred (R'000)	3,262,031
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	-
Reasons for the funds unspent by the entity	-
Monitoring mechanism by the transferring department	Quarterly Reports submitted by Eskom, verification reports

Table 41: Conditional Grant 3: Energy Efficiency and Demand Side Management Programme (equitable share)

Department/ Municipality to whom the grant has been transferred	Several municipalities
Purpose of the grant	Implementation of energy efficiency technologies
Expected outputs of the grant	-
Actual outputs achieved	-
Amount per amended DORA	215,024
Amount transferred R'000)	215,024
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department/ municipality (R'000)	-
Reasons for the funds unspent by the entity	Municipal financial year end is in June
Monitoring mechanism by the transferring department	The Department developed a monitoring and evaluation tool indicating the pay-back period to achieve kWh savings; energy savings (kWh) achieved by each municipality; and R (million)/ kWh. The Department annually undertakes an independent technical audit, measurement and verification (M&V) of energy savings achieved by implementing municipalities

2.10.2 Conditional grants and earmarked funds received

In 2018/19, the Department participated in the following Training and Development projects and Learnership programmes:

- In service training programme funded by the Energy and Water Sector Education and Training Authority (EWSETA) for electrical engineers which is aimed at ensuring that opportunities are created and promoted for unemployed students who have N6 or N4 qualifications to gain practical experience in the workplace in order to obtain their qualifications; and
- Several projects and programmes funded by the Chemical Industries Sector Education and Training Authority (CHIETA) including a Project Management learnership programme; Public Administration; Internal Audit; Petroleum Engineering Programme; and skills programme.

During the reporting period, R1.62 million was received by the Department from affiliated energy sector education and training authorities (SETAs). This budget was utilized to implement learner and training programmes as per agreement with the relevant SETAs.

2.11 DONOR FUNDS

2.11.1 Donor Funds Received


2.11.1.1 Donor Fund: Implementation of 'Smart Metering' in South Africa

Table 42: Donor Fund: Renewable Energy Development Programme

Name of donor	Government of the Kingdom of Denmark
Full amount of the funding	DKK 1,352,714.60 (R2,684,394.49)
Period of the commitment	April 2018 to Dec 2018
Purpose of the funding	Danish RE EE Program Advisory Board at its meeting 22 March 2018 approved that the remaining unspent funds to be transferred to WASA to support the WASA 1 masts until December 2018. An Addendum to the WASA 2 Agreement was made to extend the WASA 2 Agreement as well as the operation of the WASA 1 masts in the Agreement by the CSIR to Dec 2018 and to raise funds in support of WASA 1 masts
Expected outputs	<p>WASA 1 mast Instrument replacements to be implemented</p> <p>4 x Wind Sensor anemometers complete with cables</p> <p>1 x Data logger with memory reader and data cards</p> <p>3 x Vaisala HMP155 Temp/Rh sensor with rad. shield</p> <p>2 x Vector W200P wind direction sensor with mount</p> <p>WASA 1 Masts High Priority repairs to Masts WM01, WM03, WM05 and WM10, with structural repairs to WM07 and WM08</p>
Actual outputs achieved	<p>All WASA 1 masts were serviced by the CSIR and the planned upgrades were carried-out successfully with the actual costs incurred in WASA 1 upgrades being less than budgeted. Additional training was conducted (in-house as well as externally) in order to ensure sufficient competent capacity to fulfil the obligations. The following WASA 1 masts instrument replacements were made:</p> <p>9 X RH/T sensor Vaisala HMP60 Temp/RH sensor with shield and calibration</p> <p>3 x Wind vane Vector W200P wind direction sensors with mount</p> <p>39 Old anemometers refurbished Wind sensors post calibrated, refurbished, and re-calibrated</p> <p>All WASA 1 Masts High Priority repairs successfully completed with Certificate of Conformance issued for Masts WM01, WM03, WM05 and WM10</p>
Amount received in current period (R'000)	2,684
Amount spent by the department (R'000)	2,655
Reasons for the funds unspent	29K was the savings on the budget
Monitoring mechanism by the donor	Component Managers, Management Committee and Advisory Board

2.11.2 Renewable Energy Development Programme

The bilateral agreement for the programme was signed by the Minister and the Danish Ambassador on behalf of the Danish Minister of Climate Energy and Buildings during the Danish Prime Minister's visit in April 2013. The management of the programme resides jointly with the South African Department of Energy (DoE) and the Danish Ministry for Climate, Energy and Buildings (MCEB), supported by the Embassy of Denmark.



The development objective of the programme is to decouple economic growth in the Republic of South Africa from the growth in overall Greenhouse Gas (GHG) emissions. The intermediate objective is to increase the deployment of low carbon technology in the energy sector. The programme is divided into 3 components: (1) Technical Assistance to the Department of Energy (DoE), (2) further development of the Wind Atlas for South Africa (WASA 2), and 3), technical assistance to ESKOM, for renewable energy integration into electricity supply. Each of the three components has a number of sub-components.

2.11.3 Utilisation of Donor Funds

2.11.3.1 Renewable Energy Development Programme

The bilateral agreement for the programme was signed by the Minister of Energy of South Africa and the Danish Ambassador on behalf of the Danish Minister of Climate Energy and Buildings during the Danish Prime Minister's visit in April 2013. The management of the programme resides jointly with the South African Department of Energy (DoE) and the Danish Ministry for Climate, Energy and Buildings (MCEB), supported by the Embassy of Denmark.

The development objective of the programme is to decouple economic growth in the Republic of South Africa from the growth in overall Greenhouse Gas (GHG) emissions. The intermediate objective is to increase the deployment of low carbon technology in the energy sector.

The programme is divided into 3 components as outlined above and each of the three components has a number of sub-components.

2.11.4 Capital Investment

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





PART C: GOVERNANCE

3.1 INTRODUCTION

According to the South African National Energy Association's *South African Energy Risk Report, 2019* (2019 Risk Report), energy is a key risk in any economy and particularly in the South African economy due to its energy intensive nature and low readiness for an energy transition. In 2018 the major risks included lack of investment in the liquid fuel industry, weak regional energy planning, and energy affordability constraints. The major risks in 2019 were identified as a lack of investment in, and breakdown of: infrastructure; energy transition readiness; and price volatility and uncertainty. The risk of price volatility and uncertainty were identified as top risks at both country and industry level in both impact and likelihood. Some of the barriers to treating these risks are out of South Africa's control as they are global in nature, resulting in low risk readiness, and hence difficult to mitigate. The fiscal crisis was also identified in the 2019 Risk Report as being of low risk readiness at an industry level, as it was the case in 2018. It is also interesting to note that almost all the common causes and barriers to treating several identified top risks are within South Africa's control. The possible exception is that of low economic growth, which is impacted by global economic trends, commodity prices, and so on. The "changing customer of the future" is also a significant shift, as this risk is partially out of the control of regulators and utilities alike, and will be driven by much bigger global forces. Deeper level issues such as funding models, skills, and energy data are starting to emerge as risks together with indications of the so-called utility death spiral in the form of the changing customer of the future and a lack of resources leading to a breakdown of infrastructure. Policy, regulation, and governance issues at a national and industry level are key as they influence investor confidence and longer term financial sustainability and will impact on the implementation of the National Development Plan (NDP). On the plus side, having certainty around the longer term energy mix for the country will encourage both up and downstream investment and decision making, as well as contribute towards the most optimal Integrated Energy Plan.

In this context, DoE is guided by Section 38(i) (a) of the PFMA that stipulates: "the accounting officer for a department, trading entity or constitutional institution has and maintains effective, efficient and transparent systems of financial and risk management and internal controls". Section 45 of the PFMA assigns the responsibility of ensuring that the system of financial management and internal controls are established for the Department to all officials within their areas of responsibility. Section 45(c) of the PFMA stipulates that "an official in a department, trading entity or constitutional institution is responsible for management, including the safeguarding of assets and the management of the liabilities within that official's area of responsibility".

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

3.2 OVERVIEW OF RISK MANAGEMENT AT DOE

Table 43: Department Guiding Risk Management Questions

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

3.2.1 Progress on Risk Mitigation at DoE

Table 44 below is a summary of the number and status of inherent and residual risks per DoE branch.

Table 44: Total Number and Average Scores of Inherent and Residual Branch Risks

Branches/Units	Total Number of Inherent Risks	Average Score of Inherent Risks (1-25)	Total Number of Residual risks	Average Score of Residual Risks (1-25)
Policy and Planning	7	17	7	13
Petroleum and Petroleum Products Regulation	5	18.6	5	14.4
Nuclear Energy	4	16.75	4	12.25
Clean Energy	8	17.25	8	12
Programmes and Projects	5	15.8	5	8.8
Corporate Services	5	21.2	5	16.8
Financial Management Services	2	14	2	10
Governance and Compliance	3	16	3	10.7
Office of the Director-General	0	0	0	0

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

Table 45: Key to Levels of Risk

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

3.3 FRAUD AND CORRUPTION

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

Employees and members of the public are encouraged to report allegations of fraudulent or suspected practices of corruption for investigation and resolution. Cases of fraud and corruption are captured in the fraud and corruption case register, which is regularly updated and reported to the Office of the Public Service Commission and the Department of Public Service and Administration (DPSA). All reported cases of alleged, irregular, and/or fraudulent practices received from the Presidential Hotline, members of the public, and the mass media were investigated and resolved. National Anti-Corruption Hotline (NACH) complaints about DoE for the period 2004/2019 amounted to 5 referred cases, 4 of which were closed, and one still pending.

3.4 MINIMISING CONFLICT OF INTEREST

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

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

Table 46 below summarises the compliance rate for the period under review as per the categories set out by the DPSA:

Table 46 Compliance Rates of Financial Disclosure per Employee Category

Employee Categories	SMS	MMS 12	MMS 11	SCM/Finance
Registered employees	89	41	47	42
Employees that disclosed	77	34	37	38
Employees that did not disclose	12	7	10	4
Unregistered employees	2	2	3	0

3.5 CODE OF CONDUCT

A Departmental Code of Conduct is in place to guide employees on what is expected of them from an ethical point of view in their official capacities. Education, training and awareness in relation to the code of Conduct are Conducted during the induction and orientation programme of the Department.

3.6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department promotes the quality of work life, and ensures the Department's compliance to the Occupational Health and Safety Act (OHSA) and the creation of a conducive environment for the Department of Energy's employees through the Health and Wellness initiatives. The Employee Health and Wellness programme is a comprehensive employee health and wellness promotion program that focuses on the most crucial needs of the organisation as a way of improving the overall wellbeing of employees for the purposes of curbing absenteeism, improving employee productivity, and the reduction of the HIV/AIDS stigma in the work place. Employee Health and Wellness activities were implemented throughout the year, with wellness clinics conducted twice per month. DoE staff's physical and psychological health was maintained without disruption.

3.7 PORTFOLIO COMMITTEES

The Department addresses the Portfolio Committee on Energy (PCE) concerns primarily by means of its Annual Improvement Plan, which classifies issues into four priority levels as to best channel efforts and resources amongst them. These four priority levels are: *High* (intervention is needed); *Medium High* (corrective action is needed); *Medium* (increasingly accelerate and monitor progress); *Low* (accelerate and review progress); and *Lowest* (compile lessons learned and replicate as needed).

Table 47: Date and subject of briefing to the Portfolio Committee on Energy

Date	Discussion Matter
17-Apr-18	Department of Energy 2018/19 Annual Performance Plan
8-May-18	Minister's update on Energy matters; with Deputy Minister present
13-Mar-18	Reasons for decision on Eskom's Revenue Application: NERSA briefing, with Deputy Minister
27-Mar-18	ESKOM's revenue application outcome and impact
17-Apr-18	Department of Energy 2018/19 Annual Performance Plan
24 April 18	Briefing to the select committee on energy on Strategic Plan, APP and budget vote 26
8-May-18	Minister's update on Energy matters; with Deputy Minister present
9-May-18	Energy budget: Committee Report
14-Aug-18	Fuel Price: Department of Energy briefing (postponed)
21-Aug-18	Fuel Price: Minister of Energy briefing; with Deputy Minister
28-Aug-18	Eskom update on governance challenges; coal power stations; key performance targets, with Minister
4-Sep-18	Draft Integrated Resource Plan 2018: Minister of Energy briefing; and with Deputy Minister
16-Oct-18	Draft Integrated Resource Plan 2018: public hearings
17-Oct-18	Draft Integrated Resource Plan 2018: public hearings
23-Oct-18	Draft Integrated Resource Plan 2018: public hearings
24-Oct-18	Draft Integrated Resource Plan 2018: public hearings
26-Oct-18	Draft Integrated Resource Plan 2018: public hearings

Date	Discussion Matter
30-Oct-18	Draft Integrated Resource Plan 2018: roundtable discussion
6-Nov-18	Committee Report on Draft Integrated Resource Plan: briefing
13-Nov-18	Committee Report on Draft Integrated Resource Plan: discussion, with Deputy Minister
20-Nov-18	Convention on Physical Protection of Nuclear Material (CPPNM) Amendment: briefing
27-Nov-18	Committee Reports: Draft IRP 2018 hearings; Convention on Physical Protection of Nuclear Material Amendment
12-Feb-19	Department of Energy audit outcomes: Auditor-General SA briefing
26-Feb-19	Minister and Department of Energy briefing on 2017/2018 Annual Report
5-Mar-19	SA Nuclear Energy Corporation (NECSA) on its 2017/2018 Annual Report
12-Mar-19	Central Energy Fund 2017/2018 Annual Report
19-Mar-19	Energy Portfolio Committee Legacy Report

3.8 STANDING COMMITTEE ON APPROPRIATIONS

Table 48: Standing Committee on Appropriations

Date	Agenda
12-Sep-18	1st quarter expenditure for 2018/2019 financial year (SCOA)

3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

There are no prior modifications to audit reports in this reporting period.

3.10 INTERNAL CONTROL UNIT

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

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

3.11 INTERNAL AUDIT AND AUDIT COMMITTEES

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

3.11.1 Internal Audit

The Accounting Officer has in terms of Section 38 of the PFMA of 1999, put in place a system of internal audit under the control and direction of the Audit Committee that complies with and operates in accordance with regulations and instructions prescribed in terms of Sections 76 and 77 of the PFMA.

The primary objective of the internal audit unit is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. It helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and suggest improvements regarding the effectiveness of risk management, internal controls, and governance processes. A risk based annual audit plan for 2018/2019 was compiled and approved by the Audit Committee. A total of 23 audits were conducted in the 2018/2019 financial year and these included regularity, compliance, IT and ad-hoc audits.

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

3.11.2 Audit Committee

The Audit Committee provides an oversight function on governance, control, and risk management processes by reviewing financial statements, reports from Internal and external auditors, status of internal controls and risk management.

The Audit Committee reviews amongst others;

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

3.11.3 Attendance of Audit Committee meetings by Audit Committee members

The Audit Committee consists of the members listed below, all of whom are independent of the Department. The Audit Committee meets at least four times per annum as per its approved terms of reference. During the financial year under review, nine meetings were held. Table 49 below summarises relevant information on the Audit Committee members.

Table 49: Meeting attendance of Audit Committee members

Name	Qualifications	Internal or external member	Date appointed	Date resigned	No of meetings attended
L. Saki	B Com	External	01 November 2016 (First Term)	N/A	5
T. Sihlaba	BCom; BCompt (Hons); MCom; ACCA; CIA	External	01 November 2016 (Second Term)	N/A	8

Name	Qualifications	Internal or external member	Date appointed	Date resigned	No of meetings attended
A. Amod	CD(SA); B.Com; MBA; CIA; CGAP; CRMA	External	01 November 2016 (Second Term)	N/A	9
G. Lourens	CA(SA)	External	01 November 2016 (Second Term)	N/A	9
F. Docrat	CISM; CISA; CGEIT; MBA; MAP; CRM-Prac COPE	External	01 November 2016 (First Term)	N/A	9

3.12 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year-end 31 March 2019.

3.12.1 Audit Committee Responsibility

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

3.12.2 The Effectiveness of Internal Control

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

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

The Audit Committee is concerned on the adequacy and effectiveness of operational risk management and its related processes within the Department.

3.12.3 Internal Audit

We are satisfied that the Internal Audit function has operated effectively, that it has addressed the risks pertinent to the DoE in its audits and has assisted the Department with value adding services to ensure that both financial and operational objectives are achieved. The areas of concern identified by the Audit Committee for the year under review are:

- The management of pre-determined objectives;
- The high vacancy rate, and
- Prolonged vacant positions of senior management filled in an acting capacity.

3.12.4 In-Year Management and Monthly/Quarterly Report

The Accounting Officer has tabled the In-Year Management (IYM) and monthly/quarterly reports to the Minister and to the Committee as required by the Treasury Regulations. The Committee is satisfied with the content and quality of the IYM reports.

3.12.5 Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Accounting Officer;
- reviewed the AGSA's Management Report and Management's response thereto;
- reviewed accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the Department's processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the Annual Report;
- reviewed adjustments resulting from the audit of the Department; and
- reviewed, and where appropriate, recommended changes to the Annual Financial Statements as presented by the Department for the year ending 31 March 2019.

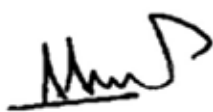
3.12.6 Report of the Auditor-General South Africa

We have on a quarterly basis reviewed the Department's implementation plan for audit issues raised in the prior year. The Audit Committee has met with the AGSA to resolve issues that emanated from the regulatory audit without success relating to a dispute on irregular expenditure. The Audit Committee recommended that an independent review be obtained from an external expert in order to affirm the Auditor General's conclusion on a particular contract. The Department obtained such a conclusion, and this conclusion favours the Department. The unresolved dispute continued as the Auditor General maintained its original position on the Departmental SCM process followed. The Department obtained a qualified audit opinion on the grounds that the Department did not include the required information on irregular expenditure in the notes to the financial statements, as required by Section 40(3) (i) of the PFMA. The matter is now at the Executive Authority level, and we await the Department's final decision on how to proceed.

Corrective actions on the accepted detailed findings raised by the AGSA will continue to be monitored by the Audit Committee on a quarterly basis. The Audit Committee is of the opinion that the audited annual financial statements be read together with the report of the AGSA.

3.12.7 Appreciation

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



Mr A Amod CD (SA), B.Comm, MBA, CIA, CGAP, CRMA
Chairperson of the Audit Committee
31 July 2019





PART D
HUMAN RESOURCE
MANAGEMENT

4.1 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 in the public service.

4.2 INTRODUCTION

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

4.2.1 Status of Human Resources in the Department

The Department employed 565 individuals out of the 673 posts, inclusive of 50 additional employees to the organisational structure. Personnel expenditure as a percentage of total expenditure stood at 4.09% in the period under review. A healthy staff turnover of 4.10% was maintained during the current reporting period. Additional descriptive statistics are provided in the Tables below.

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

4.2.2 HR Priorities and Results

The Department's top three priorities during the 2018/19 Fiscal Year were (1) to fill key funded posts, (2) roll-out its new HR plan and (3) finalisation of the organisational structure. Of these, the HR plan was successfully implemented thus maintaining core human resource competencies in line with the mission of the department and its annual pre-determined objectives. The remaining priorities could not be accomplished due to a number of factors, primarily those relating to funding by National Treasury for compensation of employees.

4.2.3 Workforce Planning

A new HR Plan was approved and implementation commenced in 2018. The aim of the new plan is to ensure the maintenance of processes and policies in HR to ensure that the right employees with the right mix of skills are placed in the right positions. It further promotes the maintenance of healthy attitudes and behaviours, and also that employee skills are developed in line with Departmental needs.

The HR Unit also developed a Workplace Skills Plan (WSP) for the Department, following the skills assessment conducted through the submission of Personal Development Plans (PDP's). As part of the implementation of the WSP, a number of training and development interventions were identified (including workshops), and 338 employees were trained during the 2018/19 financial year. The Department also offered 21 new bursaries to serving employees for the 2018/19 academic year. This brought the total number of employees studying part-time at various institutions to 62.

4.2.4 Employee Performance management

The revised PMDS Policy for levels 1-12 and SMS was implemented with effect from 1 April 2018 following workshops on the new Public Service Regulations and Directives on PMDS.

The compliance rate for the submission of performance agreements was maintained at well above 95% in the past financial year. The performance reviews for levels 1-15 were completed within the required timeframes and performance rewards were paid within budget.

4.2.5 Employee wellness programmes

The Employee Health and Wellness Program (EHWP) was partially implemented taking into account that the Department was without a professional service provider for wellness activities since March 2016. Wellness activities were implemented throughout the year with the assistance of NGOs and other service providers, including wellness clinics. Onsite clinics and other wellness initiatives did not take place in the regional offices due to unavailability of a service provider.

The EHWP team was innovative in securing services from non-profit organizations throughout the year. DoE staff's physical and psychological health was consequently maintained without disruption and counselling sessions were arranged for employees, within the allotted budget. DoE will appoint three rotating service providers to assist with professional wellness activities for the 2019/2020 financial year.

4.2.6 Achievements, challenges, and future plans

In terms of achievements, the Department was able to fill the posts of Deputy Director-General: Corporate Services and Deputy Director-General: Energy Programmes and Projects by 01 November 2018 after a long search for suitable candidates. Another achievement has been the conclusion of 9 Collective Agreements in the Departmental Bargaining Chamber.

An ongoing challenge for the Department is organisational restructuring. The review process could not be concluded for the past four financial years due to several changes to our Executive Authority, and were further postponed until after the inauguration of the 6th Administration.

Since 2014, funding based on the Medium-term Expenditure Framework (MTEF) has become a major challenge with the reduction of the budget for both compensation of employees and goods and services. The vacancy rate is still above the 10% target due to the projected deficits on Compensation of Employees budget and filling of critical posts linked to ENE funding. The full implementation of HR strategies as envisaged in the Integrated HR Plan 2018/21 for the Department could not materialize fully, such as the appointment of the EAP service provider, as indicated earlier.

In terms of future plans, an annual HR Assessment and HR Plan Implementation Review report was undertaken to guide the planning process for the new financial year, which also resulted in the new HR Plan for the period 1 April 2018 to 2021.

4.3 HUMAN RESOURCES OVERSIGHT STATISTICS

4.3.1 Personnel related expenditure

The following table 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;
- amount spent on salaries, overtime, homeowner's allowances, and medical aid.

Table 50: Personnel costs by programme for the period 1 April 2018 to 31 March 2019

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 percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)
DoE: Administration	305,314	161,937	4,250	3,633	53.00	461
DoE: Clean Energy	435,836	18,543	0.00	7,256	4.30	773
DoE: Electricity and Energy Program and Project Manangement	5,364,511	49,039	0.00	16	0.90	613
DoE: Energy Policy and Planning	40,066	36,443	0.00	160	91.00	792
DoE: Nuclear Energy	875,285	22,434	0.00	76,323	2.60	748
DoE: Petroleum and Petroleum Products Regulation	77,044	58,337	0.00	10,201	75.70	540
Total as on Financial Systems (BAS)	7,098,056	346,732	4,250	97,589	4.90	543,00

Table 51: Personnel costs by Salary Band for the period 1 April 2018 to 31 March 2019

Salary Bands	Compensation of Employees Cost including Transfers (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Number of Employees
Skilled (Levels 3-5)	23,524	6.60	261,378	90
Highly Skilled Production (Levels 6-8)	53,473	15.00	390,314	137
Highly Skilled Supervision (Levels 9-12)	154,205	43.40	717,233	215
Senior Management (Levels >= 13)	91,371	25.70	1,171,423	78
Contract (Levels 1-2)	1,999	0.60	90,864	22
Contract (Levels 3-5)	247	0.10	247,000	1
Contract (Levels 6-8)	1,766	0.50	353,200	5
Contract (Levels 9-12)	5,593	1.60	799,000	7
Contract (Levels >= 13)	13,720	3.90	1,372,000	10
Periodical Remuneration	1,178	0.30	196,333	6
Abnormal Appointment	1 135	0.30	16,691	68
TOTAL	348,210	97.90	544,930	639

Table 52: Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2018 to 31 March 2019

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost
DoE: Administration	142,747	88.10	451.00	0.30	4,151	2.60	5,397	3.30
DoE: Clean Energy	16,537	89.20	0.00	0.00	416	2.20	367	2.00
DoE: Electricity and Energy Program and Project Management	42,932	87.50	18.00	0.00	1,111	2.30	1,732	3.50
DoE: Energy Policy and Planning	32,259	88.50	5.00	0.00	798	2.20	899	2.50
DoE: Nuclear Energy	20,102	89.60	6.00	0.00	1 059	4.70	357	1.60
DoE: Petroleum and Petroleum Product Regulation	50,351	86.30	22.00	0.00	2,275	3.90	2,775	4.80
TOTAL	304,928	87.90	501	0.10	9,810	2.80	11,527	3.30

Table 53: Salaries, overtime, home owners allowance and medical aid by Salary Band for the period 1 April 2018 to 31 March 2019

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost
02 Skilled (Levels 3-5)	18,989	79.30	186	0.80	1,218	5.10	2,308	9.60
03 Highly Skilled production (Levels 6-8)	44,839	83.20	169	0.30	1,897	3.50	3 581	6.60
04 Highly Skilled supervision (Levels 9-12)	134,933	85.40	140	0.10	4,375	2.80	4,793	3.00
05 Senior Management (Levels >= 13)	82,816	88.50	0	0.00	2,104	2.20	781	0.80
10 Contract (Levels 1-2)	1,999	96.30	0	0.00	0	0.00	0	0.00
11 Contract (Levels 3-5)	225	91.10	0	0.00	16	6.50	0	0.00
12 Contract (Levels 6-8)	1,597	88.70	0	0.00	48	2.70	0	0.00
13 Contract (Levels 9-12)	5,081	89.70	7	0.10	152	2.70	14	0.20
14 Contract (Levels >= 13)	12,812	92.50	0	0.00	0	0.00	50	0.40
19 Periodical Remuneration	0	0.00	0	0.00	0	0.00	0	0.00
20 Abnormal Appointment	1,135	94.00	0	0.00	0	0.00	0	0.00
TOTAL	304,426	85.60	502	0.10	9,810	2.80	11,527	3.20

4.3.2 Employment and Vacancies

The tables in this section summarise the position with regard to 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 (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post 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.

Table 54: Employment and vacancies by programme at end of period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
DoE: Administration	328	277	15.50	27
DoE: Clean Energy	33	24	27.30	2
DoE: Electricity and Energy Program and Project Manangement	89	80	10.10	13
DoE: Energy Policy and Planning	61	46	24.60	2
DoE: Nuclear Energy	36	30	16.70	2
DoE: Petroleum and Petroleum Products Regulation	126	108	14.30	4
TOTAL	673	565	16.00	50

Table 55: Employment and vacancies by Salary Band at end of period

Salary Bands	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Skilled (Levels 3-5)	103	90	12.60	7
Highly Skilled Production (Levels 6-8)	160	137	14.40	5
Highly Skilled Supervision (Levels 9-12)	263	215	18.30	8
Senior Management (Levels >= 13)	102	78	23.50	2
Contract (Levels 1-2)	22	22	0.00	22
Contract (Levels 3-5)	1	1	0.00	0
Contract (Levels 6-8)	5	5	0.00	0
Contract (Levels 9-12)	7	7	0.00	1
Contract (Levels >= 13)	10	10	0.00	5
TOTAL	673	565	16.00	50

Table 56: Employment and vacancies by Critical Occupation at end of period

Salary Bands	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Administrative Related	114	92	19.30	10
Client Inform Clerks (Switchboard Reception Information Clerks)	17	16	5.90	0
Communication and Information Related	16	14	12.50	2
Community Development Workers	1	1	0.00	0
Economists	6	2	66.70	0
Finance and Economics Related	10	9	10.00	0
Financial and Related Professionals	23	20	13.00	0
Financial Clerks and Credit Controllers	20	18	10.00	0
Food Services Aids and Waiters	1	1	0.00	0
Head Of Department/Chief Executive Officer	1	1	0.00	0
Historians and Political Scientists	1	0	100.00	0
Human Resources and Organisational Development and Related Professionals	25	22	12.00	0
Human Resources Clerks	13	10	23.10	2
Human Resources Related	7	4	42.90	0
Information Technology Related	1	1	0.00	0
Language Practitioners Interpreters and Other Communication	3	3	0.00	1
Legal Related	5	4	20.00	0
Library Mail and Related Clerks	7	7	0.00	1
Logistical Support Personnel	7	6	14.30	0
Material-Recording and Transport Clerks	15	14	6.70	2
Messengers Porters and Deliverers	3	3	0.00	0
Meteorologists	3	2	33.30	0
Motor Vehicle Drivers	2	2	0.00	0
Natural Sciences Related	74	60	18.90	1
Nature Conservation and Oceanographically Related Technicians	3	1	66.70	0
Other Administrative and Related Clerks and Organisers	12	9	25.00	3
Other Administrative Policy and Related Officers	35	32	8.60	0
Other Information Technology Personnel	13	7	46.20	0
Political Office Bearers	2	1	50.00	0
Risk Management and Security Services	13	12	7.70	0
Interns	22	22	0.00	22
Secretaries and Other Keyboard Operating Clerks	49	44	10.20	0
Security Officers	41	36	12.20	0
Senior Managers	88	74	15.90	5

Salary Bands	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
Social Sciences Related	2	2	0.00	0
Statisticians and Related Professionals	10	7	30.00	1
Trade/Industry Advisers and Other Related Professionals	7	5	28.60	0
Youth Workers	1	1	0.00	0
TOTAL	673	565	16.00	50

Notes

- The CORE classification, as prescribed by the DPSA, was used for completion of table 56.
- Critical occupations are defined as occupations or sub-categories within an occupation;
 - a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - d) in respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

4.3.3 Filling of SMS Posts

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

Table 57: SMS post information as of 31 March 2019

SMS Level	Total Number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filed	Total Number of SMS posts vacant	Total Number of additional SMS posts
Director-General/Head of Department	1	1	100%	0	
Salary Level 16	1	1	100%	0	1
Salary Level 15	10	7	70%	2	1
Salary Level 14	21	17	81%	4	
Salary Level 13	77	55	71%	17	5
	110	81	74%	29	7

Table 58: SMS post Information as of 30 September 2018

SMS Level	Total Number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filed	Total Number of SMS posts vacant	Total Number of additional SMS posts
Director-General/Head of Department	1	1	100%	0	
Salary Level 16	1	1	100%	0	1
Salary Level 15	9	5	56%	4	
Salary Level 14	22	19	86%	3	1
Salary Level 13	72	53	74%	19	6
	105	79	75%	26	8

Table 59: Advertised and filling of SMS posts for the period 1 April 2018 to 31 March 2019

SMS Level	Advertising		Filling of Posts
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	8	4	0

Table 60: Reasons for not having complied with the filling of funded vacant SMS - advertised within 5 months and filled within 12 months after becoming vacant for period 1 April 2018 to 31 March 2019

Reasons for vacancies not advertised within six months	0	0	0
The were no new vacancies at SMS during this period	0	0	0
Reason for vacancies not filled within twelve months	0	0	0
N/A	0	0	0

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.
- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

4.3.4 Job Evaluation

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

Table 61: Job evaluation by Salary Band for the period 1 April 2018 to 31 March 2019

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Skilled (Levels 3-5)	103	0	0.00	0	0	0	0
Highly Skilled Production (Levels 6-8)	160	0	0.00	0	0	0	0
Highly Skilled Supervision (Levels 9-12)	263	1	0.40	0	0	0	0
Senior Management Service Band A	71	1	1.40	0	0	0	0
Senior Management Service Band B	20	0	0.00	0	0	0	0
Senior Management Service Band C	9	0	0.00	0	0	0	0
Senior Management Service Band D	2	0	0.00	0	0	0	0
Contract (Levels 1-2)	22	0	0.00	0	0	0	0
Contract (Levels 3-5)	1	0	0.00	0	0	0	0
Contract (Levels 6-8)	5	0	0.00	0	0	0	0
Contract (Levels 9-12)	7	0	0.00	0	0	0	0
Contract Band A	6	0	0.00	0	0	0	0
Contract Band B	1	0	0.00	0	0	0	0
Contract Band C	1	0	0.00	0	0	0	0
Contract Band D	2	0	0.00	0	0	0	0
TOTAL	673	2	0.30	0	0	0	0

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

Table 62: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 to 31 March 2019

Beneficiaries	African	Asian	Coloured	White	Total
Female	8	0	0	0	8
Male	12	0	0	0	12
TOTAL	20	0	0	0	20
Employees with a Disability	0	0	0	0	0

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

Table 63: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 to 31 March 2019

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
Human Resources Clerks	1	6	7	Retention 2013
Human Resources and Organisational Development and Related Professionals	1	11	12	Retention 2013
Financial and Related Professionals	1	7	8	Retention 2015
TOTAL	3.00	-	-	-
Percentage of Total Employment	0.53%	-	-	-

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

Table 64: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 to 31 March 2019

Gender of Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	2	0	0	0	2
TOTAL	3	0	0	0	3
Employees with a Disability	0	0	0	0	0

4.3.5 Employment Changes

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

Table 65: Annual turnover rates by Salary Band for the period 1 April 2018 to 31 March 2019

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Skilled (Levels 3-5) Permanent	89	7	1	1.10
Highly Skilled Production (Levels 6-8) Permanent	137	6	1	0.70
Highly Skilled Supervision (Levels 9-12) Permanent	217	4	10	4.60
Senior Management Service Band A Permanent	47	1	0	0.00
Senior Management Service Band B Permanent	17	0	0	0.00
Senior Management Service Band C Permanent	5	0	0	0.00
Senior Management Service Band D Permanent	2	0	1	50.00
Contract (Levels 1-2)	25	26	5	20.00
Contract (Levels 3-5)	1	0	0	0.00
Contract (Levels 6-8)	5	2	1	20.00
Contract (Levels 9-12)	6	7	4	66.70
Contract Band A	6	6	2	33.30
Contract Band C	1	1	1	100.00
Contract Band D	1	1	0	0.00
TOTAL	559	62	26	4.70

Table 66: Employment and Vacancies by Critical Occupation at end of period

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Administrative Related	99	6	7	7.10
Client Inform Clerks (Switchboard Reception Information Clerks)	16	0	0	0.00
Communication and Information Related	15	5	3	20.00
Community Development Workers	1	0	0	0.00
Economists	2	0	0	0.00
Finance and Economics Related	7	2	1	14.30
Financial and Related Professionals	20	3	1	5.00
Financial Clerks and Credit Controllers	17	1	1	5.90
Food Services Aids and Waiters	1	0	0	0.00
Head Of Department/Chief Executive Officer	1	0	0	0.00
Human Resources and Organisational Development and Related Professionals	22	0	2	9.10
Human Resources Clerks	10	2	0	0.00
Human Resources Related	5	0	1	20.00
Information Technology Related	1	0	0	0.00
Language Practitioners Interpreters and Other Communication	3	0	0	0.00
Legal Related	3	1	1	33.30
Library Mail and Related Clerks	8	0	0	0.00

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Logistical Support Personnel	6	0	0	0.00
Material-Recording and Transport Clerks	13	3	0	0.00
Messengers Porters and Deliverers	4	2	1	25.00
Meteorologists	2	0	0	0.00
Natural Sciences Related	59	2	1	1.70
Nature Conservation and Oceanographically Related Technicians	1	0	0	0.00
Other Administrat and Related Clerks and Organisers	9	0	0	0.00
Other Administrative Policy and Related Officers	31	0	0	0.00
Other Information Technology Personnel	7	0	0	0.00
Political Office Bearers	2	0	1	50.00
Risk Management and Security Services	11	0	0	0.00
Interns	25	26	5	20.00
Secretaries and Other Keyboard Operating Clerks	44	1	0	0.00
Security Officers	36	1	0	0.00
Senior Managers	63	7	1	1.60
Social Sciences Related	2	0	0	0.00
Statisticians and Related Professionals	7	0	0	0.00
Trade/Industry Advisers and Other Related Professionals	5	0	0	0.00
Youth Workers	1	0	0	0.00
TOTAL	559	62	26	4.70

Notes

- The CORE classification, as prescribed by the DPSA, was used for completion of this table 66.
- Critical occupations are defined as occupations or sub-categories within an occupation;
 - a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

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

Table 67: Reasons why staff are leaving the Department for the period 1 April 2018 to 31 March 2019

Termination Type	Number	Percentage of Total Resignations
Death, Permanent	1	4
Resignation, Permanent	15	58
Expiry of contract	10	38
TOTAL	26	100

Table 68: Promotions by Critical Occupation for the period 1 April 2018 to 31 March 2019

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative Related	99	4	4.00	76	76.80
Client Inform Clerks (Switchboard Reception Information Clerks)	16	0	0.00	13	81.30
Communication and Information Related	15	0	0.00	9	60.00
Community Development Workers	1	0	0.00	1	100.00
Economists	2	0	0.00	1	50.00
Finance and Economics Related	7	1	14.30	7	100.00
Financial and Related Professionals	20	0	0.00	17	85.00
Financial Clerks and Credit Controllers	17	0	0.00	12	70.60
Food Services Aids and Waiters	1	0	0.00	0	0.00
Head Of Department/Chief Executive Officer	1	0	0.00	0	0.00
Human Resources and Organisational Development and Related Professionals	22	1	4.50	19	86.40
Human Resources Clerks	10	0	0.00	6	60.00
Human Resources Related	5	0	0.00	4	80.00
Information Technology Related	1	0	0.00	1	100.00
Language Practitioners Interpreters and Other Communication	3	0	0.00	2	66.70
Legal Related	3	1	33.30	1	33.30
Library Mail and Related Clerks	8	0	0.00	5	62.50
Logistical Support Personnel	6	0	0.00	7	116.70
Material-Recording and Transport Clerks	13	0	0.00	10	76.90
Messengers Porters and Deliverers	4	0	0.00	1	25.00
Meteorologists	2	0	0.00	2	100.00
Natural Sciences Related	59	0	0.00	37	62.70
Nature Conservation and Oceanographical Related Technicians	1	0	0.00	1	100.00
Other Administrat and Related Clerks and Organisers	9	0	0.00	9	100.00
Other Administrative Policy and Related Officers	31	1	3.20	29	93.50
Other Information Technology Personnel	7	1	14.30	5	71.40

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Political Office Bearers	2	0	0.00	0	0.00
Risk Management and Security Services	11	1	9.10	10	90.90
Interns	25	0	0.00	0	0.00
Secretaries and Other Keyboard Operating Clerks	44	0	0.00	37	84.10
Security Officers	36	0	0.00	35	97.20
Senior Managers	63	4	6.30	55	87.30
Social Sciences Related	2	0	0.00	2	100.00
Statisticians and Related Professionals	7	0	0.00	6	85.70
Trade/Industry Advisers and Other Related Professionals	5	0	0.00	5	100.00
Motor Vehicle Driver	0	0	0.00	2	0.00
Youth Workers	1	0	0.00	0	0.00
TOTAL	559	14	2.50	427	76.40

Table 69: Promotions by Salary Band for the period 1 April 2018 and 31 March 2019

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Skilled (Levels 3-5), Permanent	89	0	0.00	79	88.80
Highly Skilled Production (Levels 6-8), Permanent	137	2	1.50	113	82.50
Highly Skilled Supervision (Levels 9-12), Permanent	217	8	3.70	167	77.00
Senior Management (Levels >= 13), Permanent	71	4	5.60	64	90.10
Contract (Levels 1-2)	25	0	0.00	0	0.00
Contract (Levels 3-5)	1	0	0.00	0	0.00
Contract (Levels 6-8)	5	0	0.00	1	20.00
Contract (Levels 9-12)	6	0	0.00	2	33.30
Contract (Levels >= 13)	8	0	0.00	1	12.50
TOTAL	559	14	2.50	427.00	76.40

4.3.6 Employment Equity

Table 70: Total number of Employees (incl. employees with disabilities) per Occupational Category (SASCO) for the period 1 April 2018 and 31 March 2019

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Professionals	42	0	0	2	55	0	2	3	104
Technicians and Associate Professionals	88	0	1	0	122	0	2	0	213
Labourers and Related Workers	3	0	0	0	1	0	0	0	4
Plant and Machine Operators and Assemblers	2	0	0	0	0	0	0	0	2
Service Shop and Market Sales Workers	39	0	0	0	9	0	0	0	48
Clerks	34	1	0	0	76	2	0	5	18
Senior Officials and Managers	41	1	1	2	27	0	2	2	76
TOTAL	249	2	2	4	290	2	6	10	565

Table 71: Total number of Employees with Disabilities for the period 1 April 2018 to 31 March 2019

	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Employees with disabilities	1	0	0	1	6	0	0	1	9

Table 72: Total number of Employees (incl. employees with disabilities) per occupational bands for the period 1 April 2018 to 31 March 2019

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management, Permanent	5	1	0	0.00	1	0	1	0	8
Senior Management, Permanent	39	0	2	2.00	23	0	1	3	70
Professionally Qualified and Experienced Specialists and Mid-Management, Permanent	95	0	0	2.00	114	0	3	1	215
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, foremen, Permanent	39	1	0	0.00	91	1	0	5	137
Semi-skilled and Discretionary Decision Making, Permanent	54	0	0	0.00	34	1	0	1	90
Contract (Top Management)	3	0	0	0	0	0	0	0	3
Contract (Senior Management)	2	0	0	0	5	0	0	0	7
Contract (Professionally Qualified)	0	0	0	0	7	0	0	0	7
Contract (Skilled Technical)	3	0	0	0	2	0	0	0	5
Contract (Semi-Skilled)	0	0	0	0	1	0	0	0	1
Contract (Unskilled)	9	0	0	0	12	0	1	0	22
TOTAL	249	2	2	4	290	2	6	10	565

Table 73: Recruitment for the period 1 April 2018 to 31 March 2019

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Senior Management, Permanent	1	0	0	0	0	0	0	0	1
Professionally Qualified and experienced specialists and mid-management, Permanent	0	0	0	0	4	0	0	0	4
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen, Permanent	0	0	0	0	6	0	0	0	6
Semi-skilled and Discretionary Decision Making, Permanent	5	0	0	0	2	0	0	0	7
Contract (Top Management)	2	0	0	0	0	0	0	0	2
Contract (Senior Management)	3	0	0	0	4	0	0	0	7
Contract (Professionally qualified)	0	0	0	0	7	0	0	0	7
Contract (Skilled technical)	2	0	0	0	0	0	0	0	2
Contract (Unskilled)	10	0	0	0	15	0	1	0	26
TOTAL	23	0	0	0	38	0	1	0	62

Table 74: Recruitment (employees with disabilities) for the period 1 April 2018 to 31 March 2019

	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Employees with disabilities	0	0	0	0	2	0	0	0	2

Table 75: Promotions for the period 1 April 2018 and 31 March 2019

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management, Permanent	4	0	0	0	1	0	1	0	6
Senior Management, Permanent	32	0	2	2	23	0	1	2	62
Professionally Qualified and Experienced Specialists and Mid-management, Permanent	74	0	0	1	97	0	1	2	175
Skilled technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen, Permanent	34	0	0	0	76	1	0	4	115
Semi-skilled and Discretionary Decision Making, Permanent	48	0	0	0	29	1	0	1	79
Contract (Senior Management)	0	0	0	0	1	0	0	0	1
Contract (Professionally Qualified)	0	0	0	0	2	0	0	0	2
Contract (Skilled Technical)	1	0	0	0	0	0	0	0	1
TOTAL	193	0	2	3	229	2	3	9	441

Table 76: Promotions (employees with disabilities) for the period 1 April 2018 to 31 March 2019

	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Employees with Disabilities	1	0	0	1	4	0	0	1	7

Table 77: Terminations for the period 1 April 2018 to 31 March 2019

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Top Management, Permanent	0	0	0	0	1	0	0	0	1
Professionally Qualified and Experienced Specialists and Mid-management, Permanent	2	0	0	0	6	0	0	1	9
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen, Permanent	1	0	0	0	1	0	0	0	2
Semi-skilled and Discretionary Decision Making, Permanent	1	0	0	0	0	0	0	0	1
Contract (Top Management)	1	0	0	0	0	0	0	0	1
Contract (Senior Management)	1	0	0	0	1	0	0	0	2
Contract (Professionally Qualified)	0	0	0	0	4	0	0	0	4
Contract (Skilled Technical)	1	0	0	0	0	0	0	0	1
Contract (Unskilled)	2	0	0	0	3	0	0	0	5
TOTAL	9	0	0	0	16	0	0	1	26
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 78: Disciplinary action for the period 1 April 2018 to 31 March 2019

	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Precautionary Suspension	2	0	0	0	0	0	1	0	3

Table 79: Terminations for the period 1 April 2018 to 31 March 2019

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, White	Female, African	Female, Coloured	Female, Indian	Female, White	Total
Legislators, Senior Officials and Managers	18	1	1	1	13	0	0	0	34
Professionals	21	0	0	1	16	0	1	1	40
Technicians and Associate Professionals	51	0	0	0	63	0	0	0	114
Clerks	43	0	0	0	85	0	1	2	131
Service and Sales Workers	17	0	0	0	2	0	0	0	19
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0
TOTAL	150	1	1	2	179	0	2	3	338
Employees with disabilities	1	0	0	0	4	0	0	1	6

4.3.7 Signing of Performance Agreements by SMS Members

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

Table 80: Signing of performance agreements by SMS members

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total SMS members
Director-General/Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0%
Salary Level 15	8	4	2	50%
Salary Level 14	22	18	16	89%
Salary Level 13	71	47	47	100%
	102	70	66	94%

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place.

Table 81: Reasons for not having concluded performance agreements for all SMS members

Reasons
2 Suspensions, 1 Non-compliance and
2 Newly Appointed

Table 82: Disciplinary steps taken against SMS members for not having concluded performance agreements

Reasons
1 Non-Compliance letter issued

4.3.8 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, disability, salary bands and critical occupations (see definition in notes below).

Table 83: Performance rewards by race, gender and disability for the period 1 April 2018 to 31 March 2019

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	177	284	62.30	2,858.71	16,151
African, Male	136	248	54.80	2,156.44	15,856
Asian, Female	1	6	16.70	17.58	17,577
Asian, Male	0	2	0.00	0.00	0
Coloured, Female	2	2	100.00	21.93	10,966
Coloured, Male	1	2	50.00	10.94	10,945
Total Blacks, Female	180	292	61.60	2,898.22	16,101
Total Blacks, Male	137	252	54.40	2,167.39	15,820
White, Female	8	9	88.90	148.06	18,507
White, Male	1	3	33.30	41.95	41,945
Employees With a Disability	6	9	66.70	60.05	10 009
TOTAL	332	565	58.80	5,315.67	16,011

Table 84: Performance rewards by Salary Band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Skilled (Levels 3-5)	77	90	85.60	610.10	7,923
Highly Skilled Production (Levels 6-8)	106	137	77.40	1,318.15	12,435
Highly Skilled Supervision (Levels 9-12)	145	215	67.40	3,232.41	22,292
Contract (Levels 1-2)	0	22	0.00	0.00	0
Contract (Levels 3-5)	0	1	0.00	0.00	0
Contract (Levels 6-8)	1	5	20.00	10.94	10,945
Contract (Levels 9-12)	0	7	0.00	0.00	0
TOTAL	329	477	69.00	5,171.60	15,719.00

Table 85: Performance rewards by critical occupation for the period 1 April 2018 to 31 March 2019

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Financial Clerks and Credit Controllers	15	18	83.30	111.88	7,459
Human Resources Clerks	5	10	50.00	52.04	10,408
Security Officers	33	36	91.70	271.43	8,225
Human Resources and Organisational Development and Related Professionals	21	22	95.50	355.46	16,927

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Messengers Porters and Deliverers	0	3	0.00	0.00	0
Risk Management And Security Services	11	12	91.70	176.28	16,026
Meteorologists	0	2	0.00	0.00	0
Interns	0	22	0.00	0.00	0
Social Sciences Related	2	2	100.00	42.32	21,158
Finance and Economics Related	7	9	77.80	214.49	30,641
Logistical Support Personnel	3	6	50.00	34.11	11,369
Natural Sciences Related	33	60	55.00	706.37	21,405
Other Administrat and Related Clerks and Organisers	8	9	88.90	65.86	8,232
Political Office Bearers	0	1	0.00	0.00	0
Legal Related	3	4	75.00	82.06	27,354
Nature Conservation and Oceanographically Related Technicians	0	1	0.00	0.00	0
Financial and Related Professionals	17	20	85.00	285.41	16,789
Administrative Related	49	92	53.30	980.50	20,010
Communication and Information Related	7	14	50.00	133.57	19,082
Secretaries and Other Keyboard Operating Clerks	37	44	84.10	431.82	11,671
Library Mail and Related Clerks	6	7	85.70	61.39	10,232
Human Resources Related	5	4	125.00	119.86	23,972
Trade/Industry Advisers and Other Related Professionals	3	5	60.00	68.13	22,711
Head of Department/Chief Executive Officer	0	1	0.00	0.00	0
Language Practitioners Interpreters & Other Communication	3	3	100.00	40.53	13,508
Material-Recording and Transport Clerks	11	14	78.60	94.73	8,612
Youth Workers	0	1	0.00	0.00	0
Other Administrative Policy and Related Officers	22	32	68.80	406.98	18,499
Statisticians and Related Professionals	6	7	85.70	151.25	25,209
Senior Managers	3	74	4.10	144.07	48,024
Client Inform Clerks (Switchboard Reception Information Clerks)	11	16	68.80	73.70	6,700
Economists	0	2	0.00	0.00	0.00
Other Information Technology Personnel.	7	7	100.00	120.24	17,177
Motor Vehicle Drivers	2	2	100.00	52.22	26,111
Food Services Aids and Waiters	0	1	0.00	0.00	0
Community Development Workers	1	1	100.00	17.32	17,317
Information Technology Related	1	1	100.00	21.64	21,635
TOTAL	332	565	58.80	5,315.67	16,011

Notes

- The CORE classification, as prescribed by the DPSA, was used for completion of table 85.
- Critical occupations are defined as occupations or sub-categories within an occupation;
 - a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 86: Performance related rewards (cash bonus) by Salary Band for Senior Management Service for the period 1 April 2018 to 31 March 2019

SMS Band	Number of Beneficiaries	Total Employees	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	3	60	5	144	48,024	0.20	64,610.27
Band B	0	17	0	0.	0	0.00	24,085.44
Band C	0	8	0	0	0	0.00	10,446.38
Band D	0	3	0	0	0	0.00	8,286.42
TOTAL	3	88	3	1,447	48,024	0.10	107,428.52

4.3.9 Foreign Workers

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

Table 87: Foreign workers by Salary Band for the period 1 April 2018 to 31 March 2019

Salary Band	Employment at Beginning of Period	Percentage of Total at Beginning of Period	Employment at End of Period	Percentage of Total at End of Period	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)	1	100	1	100	0	0	1	1	0
TOTAL	1	100	1	100	0	0	1	1	0

Table 88: Foreign workers by major occupation for the period 1 April 2018 to 31 March 2019

Salary Band	Employment at Beginning of Period	Percentage of Total at Beginning of Period	Employment at End of Period	Percentage of Total at End of Period	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	1	100	1	100	0	0	1	1	0
TOTAL	1	100	1	100	0	0	1	1	0

4.3.10 Leave utilisation

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

Table 89: Sick Leave for January 2018 to December 2018

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
Contract (Levels 1-2)	29	44.80	13	3.00	2	13	430	13
Contract (Levels 13-16)	38	92.10	7	1.60	5	187	430	35
Contract (Levels 6-8)	17	100.00	2	0.50	9	23	430	17
Contract (Levels 9-12)	44	97.70	6	1.40	7	141	430	43
Highly Skilled Production (Levels 6-8)	878	77.40	120	27.90	7	1 221	430	680
Highly Skilled Supervision (Levels 9-12)	1,081	73.40	169	39.30	6	2 821	430	793
Senior Management (Levels 13-16)	331	79.20	49	11.40	7	1 346	430	262
Skilled (Levels 3-5)	417	77.90	64	14.90	7	364	430	325
TOTAL	2,835	76.50	430	100.00	7	6,116	430	2,168

Table 90: Disability Leave (temporary and permanent) for January 2018 to December 2018

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
Contract (Levels 6-8)	7	100	1	3.60	7	10	7	28
Contract (Levels 9-12)	7	100	1	3.60	7	23	7	28
Highly Skilled Production (Levels 6-8)	165	100	10	35.70	17	230	165	28
Highly Skilled Supervision (Levels 9-12)	72	100	8	28.60	9	192	72	28
Senior Management (Levels 13-16)	32	100	2	7.10	16	123	32	28
Skilled (Levels 3-5)	136	100	6	21.40	23	125	136	28
TOTAL	419	100	28	100.00	15	703	419	28

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.

Table 91: Annual Leave for the period 1 January 2018 to 31 December 2019

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took leave
Contract (Levels 1-2)	277.00	7	38
Contract (Levels 13-16)	149.00	15	10
Contract (Levels 3-5)	12.00	12	1
Contract (Levels 6-8)	106.00	21	5
Contract (Levels 9-12)	129.00	18	7
Highly Skilled Production (Levels 6-8)	3,174.92	23	139
Highly Skilled Supervision (Levels 9-12)	5,433.00	24	225
Senior Management (Levels 13-16)	1,779.00	23	78
Skilled (Levels 3-5)	1,890.00	20	94
TOTAL	12,949.92	22	597

Table 92: Capped Leave for January 2018 to December 2018

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of Employees who took Capped leave	Total number of capped leave available at end of period	Number of Employees as at end of period
Contract (Levels 1-2)	0	0.	0	0	0.00	0
Contract (Levels 13-16)	0	0	0	0	0.00	0
Contract (Levels 3-5)	0	0	0	0	0.00	0
Contract (Levels 6-8)	0	0	0	0	0.00	0
Contract (Levels 9-12)	0	0	0	0	0.00	0
Highly Skilled Production (Levels 6-8)	1	1	17	1	241.02	14
Highly Skilled Supervision (Levels 9-12)	0	0	24	0	333.90	14
Senior Management (Levels 13-16)	2	2	56	.	613.27	11
Skilled (Levels 3-5)	0	0	98	0	196.76	2
TOTAL	3	2	34	2	1,384.95	41

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

Table 93: Leave Pay-outs for the period 1 April 2018 and 31 March 2019

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Annual - Discounting With Resignation (Work Days)	189	9	21,000
Annual - Discounting: Unused Vacation Credits (Work Days)	443	18	24,611
TOTAL	632	27	

4.3.11 HIV/AIDS & Health Promotion Programmes

Table 94: Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Male Employees Who Have Sex With Men	awareness
Transgender Employees	awareness
Employees Who Inject Drugs and Abuse Alcohol	awareness

Table 95: Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes	-	Mr Thabane Zulu, Director-General
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.	Yes	-	The Department has a sub-directorate: Employment Relations & Wellness Management consisting of the DD: ER (1), ASD: EHW (1), Practitioner: OHS (1), Clerk (1). The annual budget available for 2019/2020 is R200,000.
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.	Yes	-	The Department has a Wellness Programme that addresses the four (4) wellness pillars in line with the National Wellness Strategy by the DPSA.
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.	Yes	-	The Department has a Peer Educators Committee which addresses awareness and education on HIV/AIDS including other sexually transmitted diseases. The names of the committee members are Tiselani Mdhuli, Benny Makhura, Vusi Ndlovu, Ramotaung Tlaka, Lesego Mosadi, Annah Sefolo, Gaugelo Mphela, Veronica Mohai, Margaret Thaba, Lister Mbowane, Modisane Motiang, Nolusindiso Njengele, Nomaphosi Ngomane, Patrick Nojila, Nthabiseng Mahlaku and Lerato Mashamaite.
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.	Yes	-	The Departmental HIV/AIDS Policy
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.	Yes	-	The Department conducts HIV/AIDS and Sexually Transmitted Infections awareness Campaigns i.e. STIs condom week campaigns, Candlelight Memorials, and World AIDS Day.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved?	Yes	-	The Department conducts monthly onsite clinics includes HIV/AIDS Counselling & Testing services (HTC). The services among DoE employees have improved in that more males are utilising the services. However the growth is still not adequate. The current percentage of employees testing indicates that for every 10.5 employees only 1 utilises the HCT services.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes	-	Employee Health and Wellness Reports (Monthly, Quarterly, Bi-Annual and Annual analysis reports).

4. 3.12. Labour Relations

Table 96: Collective Agreements for the period 1 April 2018 to 31 March 2019

Collective Agreements	Date
Acting Appointment and Acting Allowance Policy	18 June 2018
HIV/AIDS and TB Management Policy	18 June 2018
Employee Wellness Management Policy for the Department of Energy	18 June 2018
Employee Health and Productivity Management Policy for the Department of Energy	18 June 2018
Working hours and Working arrangements	09 September 2018
Job Descriptions and Job Evaluation Policy	09 September 2018
PMDS Policy	09 September 2018
Policy Document on Compensation for Overtime	09 October 2018
Supply Chain Management Policy	13 February 2019
TOTAL	9.00

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

Table 97: Misconduct and discipline hearings finalised for the period 1 April 2018 to 31 March 2019

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Employee found not guilty	1	33%	1
Employee found not guilty	1	33%	1
Employee found guilty (sanction of written warning)	1	33%	1
TOTAL	3	100%	3

Table 98: Types of Misconduct Addressed and Disciplinary Hearings for the period 1 April 2018 to 31 March 2019

Type of misconduct	Number	Percentage of Total	Total
Mismanagement of State Funds	2	67%	2
Misrepresentation	1	33%	1
TOTAL	3	100%	3

Table 99: Grievances Lodged for the period 1 April 2018 to 31 March 2019

Number of grievances addressed	Number	Percentage of Total	Total
Not Resolved	39	93%	39
Resolved	3	7%	3
TOTAL	42	100%	42

Table 100: Disputes Lodged for the period 1 April 2018 to 31 March 2019

Disputes Lodged	Number	Percentage of Total
Completed	2	10%
Not Completed	18	90%
TOTAL	20	100%

Table 101: Strike Actions for the period 1 April 2018 to 31 March 2019

Strike Action	Number	Percentage of Total
None	0	0

Table 102: Precautionary suspensions for the period 1 April 2018 to 31 March 2019

Precautionary Suspensions	Number
Number of People Suspended	3
Number of People Who's Suspension Exceeded 30 Days	3
Average Number of Days Suspended	363
Cost of Suspension (R'000)	1,099

4. 3.13. Skills development

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

Table 103: Training needs identified for the period 1 April 2018 to 31 March 2019

Occupational Categories	Gender	Employment 1 April 2018	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	17	1	18
Legislators, senior officials and managers	Male	39	0	15	1	16
Professionals	Female	57	0	45	0	45
Professionals	Male	47	0	38	0	38
Technicians and associate professionals	Female	126	0	71	7	78
Technicians and associate professional	Male	93	0	49	2	51
Clerks	Female	84	46	54	3	103
Clerks	Male	35	27	19	3	49
Service and sales workers	Female	9	0	8	0	8
Service and sales workers	Male	38	0	34	3	37
Skilled agriculture and fishery workers	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
Elementary occupations	Male	3	0	0	0	0
Gender Sub Totals	Female	304	0	0	0	0
Gender Sub Totals	Male	255	0	0	0	0
TOTAL		559	73	350	20	443

Table 104: Training provided for the period 1 April 2018 to 31 March 2019

Occupational Categories	Gender	Employment 1 April 2018	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	12	1	13
Legislators, senior officials and managers	Male	39	0	20	1	21
Professionals	Female	57	0	18	0	18
Professionals	Male	47	0	22	0	22
Technicians and associate professionals	Female	126	0	56	7	63
Technicians and associate professionals	Male	93	0	49	2	51
Clerks	Female	84	46	39	3	88
Clerks	Male	35	27	13	3	43
Service and sales workers	Female	9	0	2	0	2
Service and sales workers	Male	38	0	14	3	17
Skilled agriculture and fishery workers	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
Elementary occupations	Male	3	0	0	0	0
Gender Sub Totals	Female	304	0	0	0	0
Gender Sub Totals	Male	255	0	0	0	0
TOTAL		559	73	245	20	338

4.3.14. Injury on duty

The following tables provide basic information on injury on duty.

Table 105: Injury on duty for the period 1 April 2018 to 31 March 2019

Nature of injury on duty	Number	% of Total
Required basic medical attention only	1	100
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
TOTAL	1	100

4.3.15. Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the department.

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

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

Table 106: Report on consultant appointments using appropriated funds for the period 1 April 2018 to 31 March 2019

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Appointment of a service provider to render learnership for 20 learners for a period of twelve (12) months	7	261	R800,000.00
Appointment of a service provider for Sampling and Testing of Petroleum Product Projects in behalf of the Department of Energy on terms of Regulation Regarding Petroleum Products Specification and Standards No. R627, of June 2006 in the South African Petroleum Industry for a period of three (3) years	5	720	R3,231,678.18
Appointment of a service provider for the Internal Audit Plan – Co-sourcing audits 2018/19 financial year		-	-
1. Transfer Payments		625	R343,750.00
2. Energy Efficiency and Demand Side Management		580	R319,000.00
3. Energy infrastructure	8	326	R204,463.94
4. General Control Review		326	R204,463.94
5. Solar Water Heating	4	326	R204,463.94
Appointment of a service provider to conduct an independent review of the Auditor-General finding and conclusion on the audited contract for a period of two (2) months	3	160	R159,390.00
Appointment of a service provider for the procurement of petroleum products licensing system phase 3 development, maintenance and support services from Magix for a period of three (3) years	1	5,760	R 4,123,699.20

Table 107: Analysis of Consultant appointments using appropriated funds, i.t.o. HDIs for the period 1 April 2018 to 31 March 2019

Project Title	Percentage ownership by HDI groups	Percentage management by HDI/ B-BBEE groups	Number of Consultants from HDI groups that work on the project
Appointment of a service provider to render learnership for 20 learners for a period of twelve (12) months	100%	100%	7
Appointment of a service provider for Sampling and Testing of Petroleum Product Projects in behalf of the Department of Energy on terms of Regulation Regarding Petroleum Products Specification and Standards No. R627, of June 2006 in the South African Petroleum Industry for a period of three (3) years	62.4%	-	5
Appointment of a service provider for the Internal Audit Plan co-sourcing audits 2018/19 financial year	100%	100%	6
Appointment of a service provider to conduct an independent review of the Auditor-General finding and conclusion on the audited contract for a period of two (2) months	100%	100%	7
Appointment of a service provider for the procurement of petroleum products licensing system phase 3 development, maintenance and support services from Magix for a period of three (3) years	0%	0%	0

Note:

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

Table 108: Report on consultant appointments using Donor funds for the period 1 April 2018 to 31 March 2019

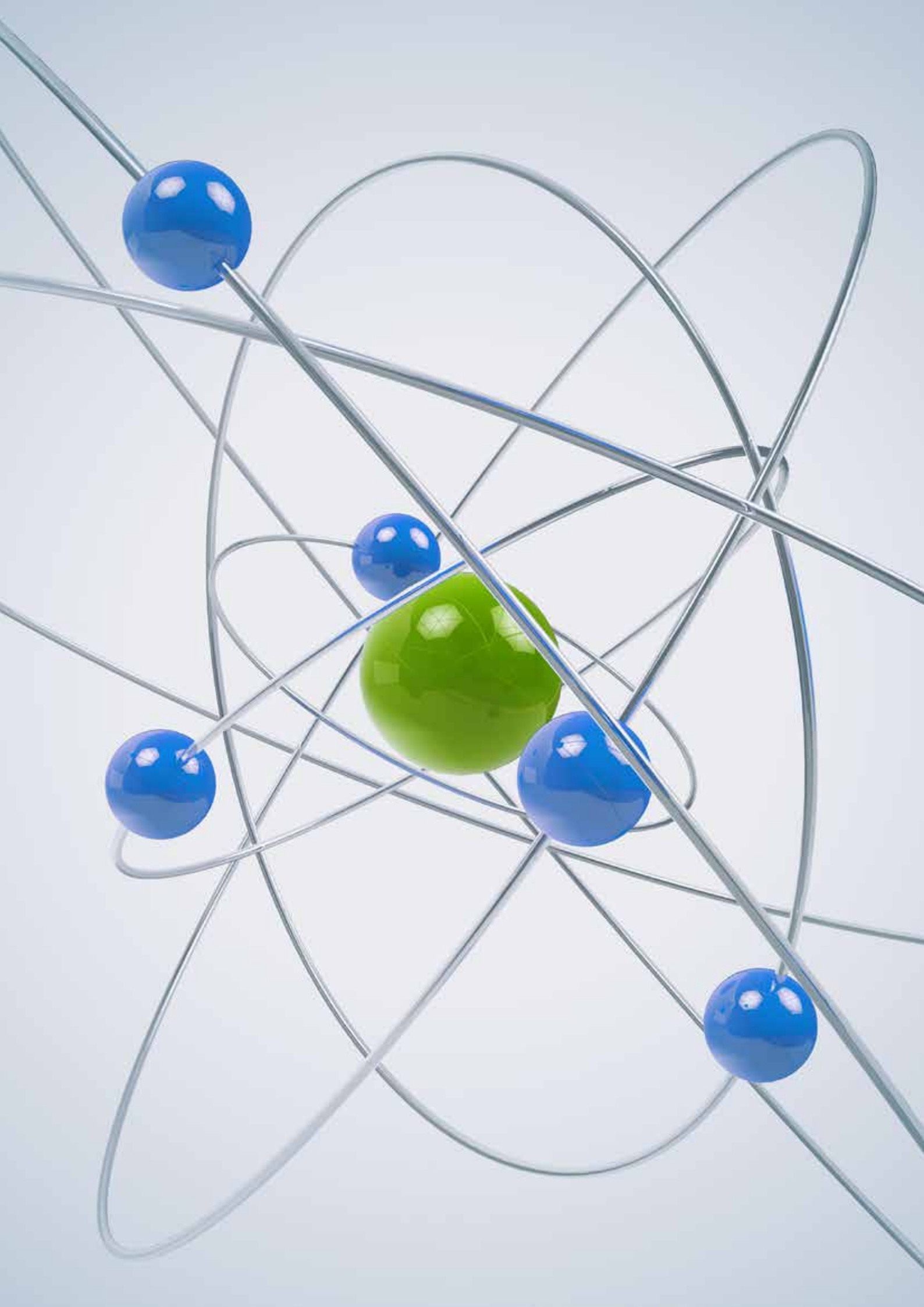
Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
None	0	0	0

Table 109: Analysis of consultant appointments using Donor funds, i.t.o. HDIs for the period 1 April 2018 to 31 March 2019

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	0	0

4.3.16 Severance Packages

There was no granting of Employee Initiated Severance Packages for the period 1 April 2018 to 31 March 2019





PART E: FINANCIAL INFORMATION

5.1 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO 26: DEPARTMENT OF ENERGY

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Department of Energy set out on pages 127 to 230, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Department of Energy as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management, 1999 (Act No.1 of 1999) (PFMA).

Basis for qualified opinion

Irregular Expenditure

3. The department did not include the required information on irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. The department did not disclose payments of R64,068,000 (2017-18: R98,382,000) made in contravention of the supply chain management requirements, resulting in irregular expenditure being understated by R162,450,000 (2017-18: R98,382,000).

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
5. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Underspending of the vote

8. As disclosed in the appropriation statement, the department materially underspent the budget by R63,574,000 on Clean Energy as well as Electrification and Energy Programme and Project Management programmes.

Independent Power Producers Office

9. As disclosed in the related party note 28 to the financial statements, the department disclosed the Independent Power Producer's (IPP) Office as a related party which is established to facilitate the IPP procurement programmes and interventions in accordance with government policy and the Electricity Regulation Act which falls under the mandate and scope of the Minister's portfolio. The IPP Office is not a legal entity of the department: however, it is included as a related party to achieve fair presentation of the financial statements.

Other matters

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

Unaudited Supplementary schedules

11. The supplementary information set out on pages 231 to 242 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the 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.
13. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matter relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – Energy Policy and Planning	56 to 57
Programmes 3 – Petroleum and Petroleum Products Regulation	63 to 64
Programmes 4 – Electrification and Energy Programme and Project Management	66
Programmes 5 – Nuclear Energy	68
Programmes 6 – Clean Energy	70

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 2 – Energy policy and planning

Gas demand/supply analysis report

21. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance.

Programme 4 – Electrification and Energy Programme and Project Management

Number of quarterly reports on additional households electrified with non-grid electrification towards the 2018/19 target of 20,000 in the National Electrification Plan

22. The evidence for achieving the planned indicator was not clearly defined and the planned target for this indicator was not specific in clearly identifying the nature and required level of performance. The target is not specific as the nature and the required level of performance cannot be clearly identified as intended in relation to number of reports and target of 20,000 in the national electrification plan.

Number of quarterly reports of additional households electrified with non-grid electrification towards the 2018/19 target of 200,000 in the National Electrification Plan

23. The evidence for achieving the planned indicator was not clearly defined and the planned target for this indicator was not specific in clearly identifying the nature and required level of performance. The target is not specific as the nature and the required level of performance cannot be clearly identified as intended in relation to number of reports and targets of 200,000 in the national electrification plan.
24. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:
- Programme 3: Petroleum and Petroleum Products Regulation
 - Programme 5: Nuclear Energy
 - Programme 6: Clean Energy

Other matters

25. I draw attention to the matter's below.

Achievements of planned targets

26. Refer to the annual performance reports on pages 53 to 71 for information on the achievements of planned targets for the year explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 21 to 23 of this report.

Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance of Energy Policy and Planning, Petroleum and Petroleum Products Regulation, Electrification and Energy Programme and Project Management as well as Nuclear Energy. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of the compliance with legislation

Introduction and scope

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
29. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

30. 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. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified opinion.

Expenditure management

31. Steps taken were not effective to prevent fruitless and wasteful expenditure amounting to R110,151,000, as disclosed in note 27 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulations 9.1.1. The majority of the fruitless and wasteful expenditure was caused by additional storage cost for solar water heater geysers that were manufactured but not installed.

Consequence management

32. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against official who had incurred irregular, fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PMFA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular, fruitless and wasteful expenditure.

Other information

33. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

37. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
38. Management did not exercise adequate oversight responsibility regarding compliance and related internal controls as there was irregular, fruitless and wasteful expenditure incurred and findings on consequence management.
39. Management did not prepare accurate and complete financial and performance reports that were supported and evidenced by reliable information as there were material misstatements identified in the financial statements and the annual performance report.

Other reports

40. I draw attention to the following engagements conducted by various parties that have or could potentially have an impact on the department's financial statements, reported performance information and compliance with applicable legislation and other related matters. The reports noted do not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

41. An independent consultant was appointed to investigate the procurement of the leased building at the request of the department which covered the period 26 October 2011 to present. The investigation was concluded and communicated to accounting officer on 4 October 2018. The department has communicated the outcome of the report to the Department of Public Works.
42. The Public Protector is conducting an investigation into alleged maladministration and improper conduct by the department in renegeing on the appointment of a service provider as well as an investigation into the procurement of the Integrated Information Governance Process Management System.

Auditor-General

Pretoria
31 July 2019



Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

5.2 ANNUAL FINANCIAL STATEMENTS

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Programme	Appropriation per programme									
	2018/19					2017/18				
	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. Administration	283,388	-	21,941	305,329	304,017	1,312	99,6%	278,060	272,382	
2. Energy Policy & Planning	50,078	-	(4,005)	46,073	40,066	6,007	87,0%	43,119	41,707	
3. Petroleum and Petroleum Products Regulation	86,132	-	(6,890)	79,242	77,044	2,198	97,2%	78,748	74,639	
4. Electrification and Energy Programme and Project Management	5,383,641	-	(3,050)	5,380,591	5,364,511	16,080	99,7%	6,219,580	6,152,173	
5. Nuclear Energy	875,586	-	(100)	875,486	875,285	201	100,0%	795,425	794,191	
6. Clean Energy	484,707	-	(7,896)	476,811	429,317	47,494	90,0%	730,490	609,555	
TOTAL	7,163,532	-	-	7,163,532	7,090,239	73,293	99,0%	8,145,422	7,944,647	
				2018/19	2017/18					
TOTAL (brought forward)				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure	
Reconciliation with statement of financial performance								8,145,422	7,944,647	
ADD										
Departmental receipts				54,680				7,994		
NRF receipts				-				-		
Aid assistance				12,034				54,774		
Actual amounts per statement of financial performance (total revenue)				7,230,246				8,208,190		
ADD										
Aid assistance					2,684				33,090	
Prior year unauthorised expenditure approved without funding										
Actual amounts per statement of financial performance (total expenditure)				7,092,923					7,977,797	

Appropriation per economic classification									
2018/19									
2017/18									
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
Economic classification									
Current payments	783,088	-	(3,896)	779,192	678,165	101,027	87,0%	608,796	586,905
Compensation of employees	360,517	-	(442)	360,075	346,731	13,344	96,3%	333,247	322,185
Salaries and wages	309,916	6,654	(225)	316,345	304,928	11,417	96,4%	287,773	283,244
Social contributions	50,601	(6,654)	(217)	43,730	41,803	1,927	95,6%	45,474	38,941
Goods and services	422,571	-	(3,455)	419,116	331,433	87,683	79,1%	275,549	264,720
Administrative fees	3,495	101	(300)	3,296	2,270	1,026	68,9%	3,649	3,653
Advertising	7,078	(388)	(1,045)	5,645	3,067	2,578	54,3%	4,558	2,016
Minor assets	405	16	-	421	354	67	84,0%	1,369	280
Audit costs: External	3,972	-	-	3,972	5,016	(1,044)	126,3%	4,707	4,542
Bursaries: Employees	821	-	-	821	870	(49)	105,9%	785	618
Catering: Departmental activities	1,714	(146)	-	1,568	1,539	29	98,1%	2,133	1,745
Communication	6,215	(9)	-	6,206	9,373	(3,167)	151,0%	5,926	9,023
Computer services	7,726	(28)	2,800	10,498	11,401	(903)	108,6%	11,903	11,740
Consultants: Business and advisory services	112,260	37	(7,100)	105,197	51,150	54,047	48,6%	33,478	30,379
Legal services	2,696	405	-	3,101	10,345	(7,244)	333,6%	1,733	4,984
Contractors	1,770	(63)	-	1,707	4,051	(2,344)	237,3%	1,870	1,100
Agency and support / outsourced services	872	(112)	-	760	882	(122)	116,1%	618	189
Entertainment	184	-	-	184	-	184	0,2%	75	13
Fleet services	641	84	-	725	2,091	(1,366)	288,4%	953	1,333
Consumable supplies	1,330	(179)	(2)	1,149	916	233	79,7%	1,543	743

Appropriation per economic classification									
	2018/19					2017/18			
	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
Consumable: Stationery, printing and office supplies	4,861	72	(258)	4,675	2,885	1,790	61,7%	3,759	2,826
Operating leases	45,336	319	-	45,655	47,916	(2,261)	105,0%	33,259	35,228
Property payments	5,030	2	-	5,032	7,609	(2,577)	151,2%	8,303	6,953
Transport provided: Departmental activity	-	-	-	-	41	(41)	-	48	73
Travel and subsistence	37,514	432	9,756	47,702	46,035	1,667	96,5%	44,754	43,736
Training and development	4,086	(17)	-	4,069	4,250	(181)	104,5%	3,879	3,409
Operating payments	166,489	(325)	(6,206)	159,958	113,191	46,767	70,8%	96,999	91,502
Venues and facilities	8,076	(201)	(1,100)	6,775	6,150	625	90,8%	9,176	8,566
Rental and hiring	-	-	-	-	31	(31)	-	72	68
Interest and rent on land	-	-	1	1	1	0	77,3%	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	1	1	1	0	77,3%	-	-
Transfers and subsidies	6,375,155	-	3,042	6,378,197	6,359,491	18,706	99,7%	7,532,339	7,354,808
Provinces and municipalities	2,119,501	-	-	2,119,501	2,119,501	-	100,0%	2,290,284	2,290,284
Municipalities	2,119,501	-	-	2,119,501	2,119,501	-	100,0%	2,290,284	2,290,284
Municipal bank accounts	2,119,501	-	-	2,119,501	2,119,501	-	100,0%	2,290,284	2,290,284
Departmental agencies and accounts	133,391	-	-	133,391	133,391	-	100,0%	129,394	129,395
Departmental agencies and accounts	133,391	-	-	133,391	133,391	-	100,0%	129,394	129,395
Foreign governments and international organisations	27,915	-	2,600	30,515	26,412	4,103	86,6%	25,852	25,622
Public corporations and private enterprises	4,093,894	-	-	4,093,894	4,079,300	14,594	99,6%	5,082,121	4,904,757
Public corporations	3,944,745	-	-	3,944,745	3,944,745	-	100,0%	4,510,325	4,510,325
Subsidies on products and production	3,944,745	-	-	3,944,745	3,944,745	-	100,0%	4,510,325	4,510,325

Appropriation per economic classification										
2018/19										2017/18
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	R'000
149,149	-	-	149,149	134,555	14,594	90,2%	571,796	394,432		
149,149	-	-	149,149	134,555	14,594	90,2%	571,796	394,432		
454	-	442	896	887	9	99,0%	4,688	4,750		
389	-	16	405	422	(17)	104,1%	2,468	4,499		
65	-	426	491	466	25	94,8%	2,220	251		
5,289	-	851	6,140	52 580	(46 440)	856,4%	4,286	2,934		
5,289	-	851	6,140	6,141	(1)	100,0%	4,286	2,934		
750	-	290	1,040	1,040	0	100,0%	1,300	970		
4,539	-	561	5,100	5,101	(1)	100,0%	2,986	1,964		
-	-	-	-	46,439	(46,439)	-	-	-		
7,163,532	-	-	7,163,532	7,090,239	73,293	99,0%	8,145,422	7,944,647		
-	-	3	3	3	0	84,5%	1	0		
7,163,532	-	-	7,163,532	7,090,239	73,293	99,0%	8,145,422	7,944,647		

Programme 1: Administration											
2018/19										2017/18	
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	R'000	
Sub programme											
1. Ministry	33,272	(99)	9,251	42,132	292	99,3%	42,097	44,405			
2. Departmental Management	73,165	(193)	6,462	77,907	1,527	98,1%	64,785	66,145			
3. Finance Administration	40,088	(197)	648	38,627	1,912	95,3%	35,871	33,807			
4. Audit Services	8,454	(1)	-	7,008	1,445	82,9%	6,172	6,299			
5. Corporate Services	79,232	490	5,580	90,904	(5,602)	106,6%	95,405	87,042			
6. Office Accommodation	49,177	-	-	47,438	1,739	96,5%	33,730	34,685			
Total for sub programmes	283,388	-	21,941	304,017	1,312	99,6%	278,060	272,382			
Economic classification											
Current payments	276,537	-	20,932	297,469	1,306	99,6%	267,839	263,375			
Compensation of employees	164,202	-	5,635	161,936	7,901	95,3%	156,319	148,354			
Salaries and wages	140,816	3,070	5,635	149,521	6,774	95,5%	134,324	130,580			
Social contributions	23,386	(3,070)	-	19,189	1,127	94,5%	21,995	17,774			
Goods and services	112,335	-	15,296	134,226	(6,595)	105,2%	111,520	115,021			
Administrative fees	1,667	36	-	1,703	616	63,8%	1,638	1,766			
Advertising	3,320	2	-	3,322	1,077	67,6%	1,907	1,224			
Minor assets	405	2	-	407	67	83,6%	634	280			
Audit costs: External	3,972	-	-	3,972	(1,044)	126,3%	3,975	4,542			
Bursaries: Employees	821	-	-	821	(49)	105,9%	785	618			
Catering: Departmental activities	496	15	-	511	15	97,1%	435	526			
Communication	3,975	105	-	4,080	(3,250)	179,7%	3,663	7,152			
Computer services	7,726	(28)	2,800	10,498	(903)	108,6%	11,814	11,732			

Programme 1: Administration											
2018/19											2017/18
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		
Consultants: Business and advisory services	24	-	5,382	3,633	1,749	67,5%	5,008	5,065			
Legal services	-	-	996	6,134	(5,138)	615,9%	521	3,779			
Contractors	(22)	-	1,564	659	905	42,1%	1,648	629			
Agency and support / outsourced services	(112)	-	760	882	(122)	116,1%	586	189			
Entertainment	-	-	184	-	184	0,2%	56	13			
Fleet services	32	-	566	1,771	(1,205)	313,0%	797	1,105			
Consumable supplies	(232)	-	800	610	190	76,2%	1,171	632			
Consumable: Stationery, printing and office supplies	296	-	3,865	2,817	1,048	72,9%	2,751	2,605			
Operating leases	47	-	45,351	46,865	(1,514)	103,3%	33,201	34,294			
Property payments	2	-	5,032	7,609	(2,577)	151,2%	8,285	6,951			
Travel and subsistence	(15)	12,496	29,246	25,178	4,068	86,1%	24,635	24,946			
Training and development	(17)	-	4,069	4,250	(181)	104,5%	3,849	3,409			
Operating payments	(104)	-	2,232	2,158	74	96,7%	2,496	1,484			
Venues and facilities	(31)	-	2,270	2,865	(595)	126,2%	1,661	2,081			
Rental and hiring	-	-	-	8	(8)	-	4	-			
Interest and rent on land	-	1	1	1	-	77,3%	-	-			
Interest (Incl. interest on unitary payments (PPP))	-	1	1	1	-	77,3%	-	-			
Transfers and subsidies	-	155	1,717	1,710	7	99,6%	5,935	6,073			
Departmental agencies and accounts	-	-	1,108	1,108	-	100,0%	1,047	1,048			
Departmental agencies	-	-	1,108	1,108	-	100,0%	1,047	1,048			

Programme 1: Administration											
2018/19											2017/18
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		
-	-	-	-	-	-	-	-	300	276		
454	-	155	609	602	7	98,9%	4,588	4,750			
389	-	-	389	406	(17)	104,5%	2,468	4,499			
65	-	155	220	196	24	88,9%	2,120	250			
5,289	-	851	6,140	6,141	(1)	100,0%	4,286	2,934			
5,289	-	851	6,140	6,141	(1)	100,0%	4,286	2,934			
750	-	290	1,040	1,040	0	100,0%	1,300	970			
4,539	-	561	5,100	5,101	(1)	100,0%	2,986	1,964			
Payments for financial assets	-	3	3	3	0	84,5%	-	-			
283,388	-	21,941	305,329	304,017	1,312	99,6%	278,060	272,382			
TOTAL											

Sub Programme 1.1: Ministry											
2018/19											2017/18
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	33,272	(99)	9,251	42,424	42,118	306	99,3%	39,997	42,225		
Compensation of employees	22,318	(99)	1,980	24,199	21,850	2,349	90,3%	22,594	21,824		
Salaries and wages	19,192	585	1,980	21,757	19,818	1,939	91,1%	19,787	19,787		
Social contributions	3,126	(684)	-	2,442	2,032	410	83,2%	2,807	2,037		
Goods and services	10,954	-	7,271	18,225	20,268	(2,043)	111,2%	17,403	20,401		
Administrative fees	782	-	-	782	381	401	48,7%	544	805		
Advertising	11	-	-	11	-	11	-	10	-		
Minor assets	91	-	-	91	8	83	8,3%	16	0		
Catering: Departmental activities	132	-	-	132	119	13	90,5%	60	28		
Communication	726	-	-	726	2,347	(1,621)	323,2%	1,019	2,246		
Computer services	-	-	-	-	-	-	-	15	14		
Contractors	141	-	-	141	-	141	-	93	47		
Agency and support / outsourced services	-	-	-	-	205	(205)	-	-	92		
Entertainment	154	-	-	154	0	154	0,2%	54	13		
Fleet services	207	-	-	207	1,131	(924)	546,2%	485	663		
Inventory: Other supplies	-	-	-	-	-	-	-	-	-		
Consumable supplies	300	-	-	300	38	262	12,8%	112	75		
Consumable: Stationery, printing and office supplies	4	-	-	4	138	(134)	3,445,4%	9	99		
Operating leases	290	-	-	290	1,742	(1,452)	600,8%	476	1,138		
Travel and subsistence	7,610	-	7,271	14,881	13,634	1,247	91,6%	13,957	14,730		
Operating payments	299	-	-	299	198	101	66,3%	200	101		
Venues and facilities	207	-	-	207	326	(119)	157,4%	353	349		

Sub Programme 1.1: Ministry											
2018/19										2017/18	
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Transfers and subsidies	-	-	-	-	-	-	-	-	2,100	2,180	
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	2,100	2,100	2,180	
Social benefits	-	-	-	-	-	-	-	2,100	2,100	2,180	
Payments for capital assets	-	-	-	-	14	(14)	-	-	-	-	
Machinery and equipment	-	-	-	-	14	(14)	-	-	-	-	
Other machinery and equipment	-	-	-	-	14	(14)	-	-	-	-	
TOTAL	33,272	(99)	9,251	42,424	42,132	292	99,3%	42,097	44,405		

Sub Programme 1.2: Departmental Management											
2018/19											2017/18
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
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	73,165	(193)	6,462	79,434	77,888	1,546	98,1%	64,485	65,837		
Compensation of employees	56,205	(193)	2,715	58,727	55,477	3,250	94,5%	48,928	46,805		
Salaries and wages	48,323	1,266	2,715	52,304	49,577	2,727	94,8%	42,839	41,650		
Social contributions	7,882	(1,459)	-	6,423	5,900	523	91,9%	6,089	5,155		
Goods and services	16,960	-	3,747	20,707	22,411	(1,704)	108,2%	15,557	19,033		
Administrative fees	457	39	-	496	337	159	67,9%	569	535		
Advertising	2,583	63	-	2,646	2,185	461	82,6%	1,401	815		
Minor assets	-	-	-	-	76	(76)	-	33	2		
Audit costs: External	220	-	-	220	288	(68)	130,7%	-	-		
Catering: Departmental activities	270	4	-	274	292	(18)	106,5%	216	409		
Communication	1,043	93	-	1,136	1,675	(539)	147,4%	824	1,731		
Computer services	3	37	-	40	93	(53)	231,4%	145	42		
Consultants: Business and advisory services	410	41	-	451	94	357	20,8%	632	1,150		
Legal services	265	-	-	265	3,793	(3,528)	1431,4%	30	3,006		
Contractors	567	(118)	-	449	51	398	11,3%	557	367		
Agency and support / outsourced services	339	(92)	-	247	677	(430)	274,2%	100	97		
Entertainment	30	-	-	30	-	30	-	2	-		
Fleet services	166	11	-	177	244	(67)	137,6%	109	145		
Consumable supplies	70	17	-	87	78	9	89,6%	125	120		
Consumable: Stationery, printing and office supplies	525	27	-	552	214	338	38,8%	259	172		
Operating leases	163	20	-	183	646	(463)	353,1%	285	543		

Sub Programme 1.2: Departmental Management											
2018/19										2017/18	
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Property payments	-	-	-	-	-	-	-	-	-	-	1
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-	-	-
Travel and subsistence	6,533	(28)	3,747	10,252	8,415	1,837	82,1%	7,626	7,552		
Training and development	-	-	-	-	-	-	-	-	-	-	-
Operating payments	1,493	(86)	-	1,407	900	507	64,0%	1,426	612		
Venues and facilities	1,823	(28)	-	1,795	2,347	(552)	130,7%	1,217	1,732		
Rental and hiring	-	-	-	-	8	(8)	-	1	-		
Transfers and subsidies	-	-	-	-	19	(19)	-	300	307		
Foreign governments and international organisations	-	-	-	-	-	-	-	300	276		
Households	-	-	-	-	19	(19)	-	-	32		
Other transfers to households	-	-	-	-	19	(19)	-	-	32		
Payments for capital assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	73,165	(193)	6,462	79,434	77,907	1,527	98,1%	64,785	66,145		

Sub Programme 1.3: Finance Administration									
Economic classification	2018/19					2017/18			
	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	37,716	(197)	-	37,519	36,771	748	98,0%	34,342	33,429
Compensation of employees	27,582	(197)	-	27,385	25,805	1,580	94,2%	25,183	24,278
Salaries and wages	23,717	206	-	23,923	22,522	1,401	94,1%	21,399	21,199
Social contributions	3,865	(403)	-	3,462	3,283	179	94,8%	3,784	3,079
Goods and services	10,134	-	-	10,134	10,966	(832)	108,2%	9,159	9,151
Administrative fees	236	-	-	236	194	42	82,1%	247	191
Advertising	322	(66)	-	256	11	245	4,2%	364	91
Minor assets	269	-	-	269	228	41	84,9%	292	262
Audit costs: External	3,752	-	-	3,752	4,628	(876)	123,4%	3,521	4,542
Catering: Departmental activities	38	2	-	40	9	31	21,5%	37	13
Communication	312	1	-	313	124	189	39,6%	221	109
Computer services	118	(45)	-	73	-	73	-	54	51
Consultants: Business and advisory services	28	-	-	28	-	28	-	275	271
Legal services	241	-	-	241	1,682	(1,441)	698,1%	-	350
Contractors	73	-	-	73	12	61	15,8%	31	12
Agency and support / outsourced services	11	-	-	11	-	11	-	10	-
Fleet services	17	18	-	35	27	8	77,8%	7	15
Housing	-	-	-	-	-	-	-	-	-
Consumable supplies	442	(229)	-	213	43	170	20,3%	283	40
Consumable: Stationery, printing and office supplies	2,887	294	-	3,181	2,462	719	77,4%	2,347	2,266

Sub Programme 1.3: Finance Administration									
2018/19							2017/18		
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	695	22	-	717	818	(101)	114,0%	538	399
Property payments	-	2	-	2	3	(1)	149,1%	-	1
Travel and subsistence	488	6	-	494	310	184	62,8%	567	278
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	142	(5)	-	137	413	(276)	301,8%	326	260
Venues and facilities	63	-	-	63	2	61	3,2%	39	-
Transfers and subsidies	-	-	130	130	129	1	99,5%	-	-
Households	-	-	130	130	129	1	99,5%	-	-
Other transfers to households	-	-	130	130	129	1	99,5%	-	-
Payments for capital assets	2,372	-	518	2,890	1,727	1,163	59,8%	1,529	378
Machinery and equipment	2,372	-	518	2,890	1,727	1,163	59,8%	1,529	378
Transport equipment	750	-	290	1,040	1,040	0	100,0%	-	-
Other machinery and equipment	1,622	-	228	1,850	687	1,163	37,1%	1,529	378
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	40,088	(197)	648	40,539	38,627	1,912	95,3%	35,871	33,807

Sub Programme 1.4: Audit Services										
Economic classification	2018/19					2017/18				
	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	
Current payments	8,454	(1)	-	8,453	7,008	1,445	82,9%	6,172	6,299	
Compensation of employees	5,582	(1)	-	5,581	3,971	1,610	71,2%	3,752	3,669	
Salaries and wages	4,800	59	-	4,859	3,517	1,342	72,4%	3,213	3,212	
Social contributions	782	(60)	-	722	454	268	62,9%	539	457	
Goods and services	2,872	-	-	2,872	3,037	(165)	105,7%	2,420	2,630	
Administrative fees	63	-	-	63	13	50	20,4%	32	8	
Advertising	30	-	-	30	-	30	-	2	-	
Catering: Departmental activities	20	-	-	20	25	(5)	125,4%	21	17	
Communication	30	-	-	30	37	(7)	124,9%	29	27	
Computer services	-	-	-	-	-	-	-	-	-	
Consultants: Business and advisory services	2,320	-	-	2,320	2,661	(341)	114,7%	1,997	2,416	
Fleet services	-	-	-	-	-	-	-	1	1	
Consumable supplies	5	-	-	5	6	(1)	127,8%	10	6	
Consumable: Stationery, printing and office supplies	8	-	-	8	-	8	-	-	-	
Operating leases	-	-	-	-	-	-	-	2	11	
Travel and subsistence	371	-	-	371	271	100	73,1%	288	121	
Training and development	-	-	-	-	-	-	-	-	-	
Operating payments	25	-	-	25	23	2	91,2%	38	24	
Venues and facilities	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Payments for capital assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
TOTAL	8,454	(1)	-	8,453	7,008	1,445	82,9%	6,172	6,299	

Sub Programme 1.5: Corporate Service									
2018/19									
2017/18									
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	74,753	490	5,219	80,462	84,940	(4,478)	105,6%	89,113	80,901
Compensation of employees	52,515	490	940	53,945	54,833	(888)	101,6%	55,862	51,778
Salaries and wages	44,784	954	940	46,678	47,313	(635)	101,4%	47,086	44,732
Social contributions	7,731	(464)	-	7,267	7,520	(253)	103,5%	8,776	7,046
Goods and services	22,238	-	4,278	26,516	30,106	(3,590)	113,5%	33,251	29,123
Administrative fees	129	(3)	-	126	162	(36)	128,8%	246	228
Advertising	374	5	-	379	49	330	12,9%	130	318
Minor assets	45	2	-	47	28	19	59,4%	293	15
Audit costs: External	-	-	-	-	100	(100)	-	454	-
Bursaries: Employees	821	-	-	821	870	(49)	105,9%	785	618
Catering: Departmental activities	36	9	-	45	51	(6)	114,3%	101	57
Communication	1,864	11	-	1,875	3,147	(1,272)	167,9%	1,570	3,039
Computer services	7,605	(20)	2,800	10,385	11,308	(923)	108,9%	11,600	11,625
Consultants: Business and advisory services	2,600	(17)	-	2,583	878	1,705	34,0%	2,104	1,229
Legal services	490	-	-	490	659	(169)	134,4%	491	422
Contractors	805	96	-	901	597	304	66,2%	967	202
Agency and support / outsourced services	522	(20)	-	502	-	502	-	476	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services	144	3	-	147	370	(223)	251,6%	195	281
Consumable supplies	215	(20)	-	195	444	(249)	227,7%	641	391
Consumable: Stationery, printing and office supplies	145	(25)	-	120	3	117	2,4%	136	67

Sub Programme 1.5: Corporate Service											
2018/19											2017/18
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
Operating leases	9	5	-	14	3,826	(3,812)	27,332,1%	6,419	4,443		
Property payments	-	-	-	-	-	-	-	36	26		
Travel and subsistence	1,763	7	1,478	3,248	2,548	700	78,5%	2,197	2,264		
Training and development	4,086	(17)	-	4,069	4,250	(181)	104,5%	3,849	3,409		
Operating payments	377	(13)	-	364	623	(259)	171,3%	506	487		
Venues and facilities	208	(3)	-	205	191	14	93,2%	52	-		
Rental and hiring	-	-	-	-	-	-	-	3	-		
Interest and rent on land	-	-	1	1	1	0	77,3%	-	-		
Interest (Incl. interest on unitary payments (PPP))	-	-	1	1	1	0	77,3%	-	-		
Transfers and subsidies	1,562	-	25	1,587	1,562	25	98,4%	3,535	3,585		
Departmental agencies and accounts	1,108	-	-	1,108	1,108	-	100,0%	1,047	1,048		
Departmental agencies	1,108	-	-	1,108	1,108	-	100,0%	1,047	1,048		
Households	454	-	25	479	454	25	94,8%	2,488	2,537		
Social benefits	389	-	-	389	406	(17)	104,5%	368	2,287		
Other transfers to households	65	-	25	90	47	43	52,8%	2,120	250		
Payments for capital assets	2,917	-	333	3,250	4,400	(1,150)	135,4%	2,757	2,556		
Machinery and equipment	2,917	-	333	3,250	4,400	(1,150)	135,4%	2,757	2,556		
Transport equipment	-	-	-	-	-	-	-	1,300	970		
Other machinery and equipment	2,917	-	333	3,250	4,400	(1,150)	135,4%	1,457	1,586		
Payments for financial assets	-	-	3	3	3	0	84,5%	-	-		
TOTAL	79,232	490	5,580	85,302	90,904	(5,602)	106,6%	95,405	87,042		

Sub Programme 1.6 : Office Accommodation											
2018/19										2017/18	
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	49,177	-	-	49,177	47,438	1,739	96,5%	33,730	34,685		
Compensation of employees	-	-	-	-	-	-	-	-	-	-	-
Goods and services	49,177	-	-	49,177	47,438	1,739	96,5%	33,730	34,685		
Contractors	-	-	-	-	-	-	-	-	1		
Operating leases	44,147	-	-	44,147	39,832	4,315	90,2%	25,481	27,760		
Property payments	5,030	-	-	5,030	7,606	(2,576)	151,2%	8,249	6,924		
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-	-	-
TOTAL	49,177	-	-	49,177	47,438	1,739	96,5%	33,730	34,685		

Programme 2: Energy Policy and Planning										
2018/19							2017/18			
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	R'000
Sub programme										
1. Policy Analysis and Research	2,558	61	(284)	2,335	3,351	(1,016)	143,5%	1,998	1,736	
2. Energy Planning	23,010	(305)	(3,112)	19,593	17,250	2,343	88,0%	20,001	20,452	
3. Hydrocarbon Policy	15,224	(455)	(506)	14,263	12,551	1,712	88,0%	12,751	12,053	
4. Electricity, Energy Efficiency and Environmental Policy	9,286	699	(103)	9,882	6,913	2,969	70,0%	8,369	7,466	
Total for sub programmes	50,078	-	(4,005)	46,073	40,066	6,007	87,0%	43,119	41,707	
Economic classification										
Current payments	50,078	-	(4,021)	46,057	40,050	6,007	87,0%	43,118	41,707	
Compensation of employees	41,632	-	(816)	40,816	36,443	4,373	89,3%	35,283	34,776	
Salaries and wages	36,117	841	(816)	36,142	32,259	3,883	89,3%	30,633	30,793	
Social contributions	5,515	(841)	-	4,674	4,184	490	89,5%	4,650	3,983	
Goods and services	8,446	-	(3,205)	5,241	3,607	1,634	68,8%	7,835	6,931	
Administrative fees	516	(19)	(300)	197	82	115	41,4%	289	131	
Advertising	197	58	(99)	156	58	98	37,3%	325	490	
Minor assets	-	-	-	-	-	-	-	15	-	
Catering: Departmental activities	46	-	-	46	21	25	45,9%	90	60	
Communication	587	31	-	618	452	166	73,1%	522	574	
Computer services	-	-	-	-	-	-	-	28	8	
Consultants: Business and advisory services	2,626	(125)	(1,600)	901	160	741	17,7%	3,218	2,714	
Contractors	62	(45)	-	17	1	16	4,0%	150	399	
Fleet services	3	2	-	5	5	-	91,9%	9	5	

Programme 2: Energy Policy and Planning										
2018/19										2017/18
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	R'000
Consumable supplies	25	(2)	83	44	39	53,0%	50	23		
Consumable: Stationery, printing and office supplies	14	(258)	16	-	16	-	128	21		
Operating leases	-	-	1	12	(11)	1,163,7%	13	11		
Property payments	-	-	-	-	-	-	1	-		
Transport provided: Departmental activity	-	-	-	-	-	-	-	-		
Travel and subsistence	226	(240)	2,250	1,802	448	80,1%	2,178	1,844		
Training and development	-	-	-	-	-	-	30	-		
Operating payments	(112)	(106)	502	612	(110)	121,9%	470	586		
Venues and facilities	(55)	(600)	449	360	89	80,2%	319	65		
Transfers and subsidies	-	16	16	15	1	95,8%	-	-		
Households	-	16	16	15	1	95,8%	-	-		
Social benefits	-	16	16	15	1	95,8%	-	-		
Payments for capital assets	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	1	0		
Total	50,078	(4,005)	46,073	40,066	6,007	87,0%	43,119	41,707		

Subprogramme 2.1: Policy Analysis and Research											
2018/19										2017/18	
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
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	2,558	61	(284)	2,335	3,351	(1,016)	143,5%	1,998	1,736		
Compensation of employees	1,831	61	-	1,892	3,279	(1,387)	173,3%	1,736	1,726		
Salaries and wages	1,574	106	-	1,680	2,931	(1,251)	174,5%	1,514	1,518		
Social contributions	257	(45)	-	212	347	(135)	163,8%	222	208		
Goods and services	727	-	(284)	443	73	370	16,5%	262	10		
Administrative fees	171	-	(151)	20	-	20	-	84	1		
Catering: Departmental activities	13	-	-	13	3	10	24,1%	2	-		
Communication	232	-	-	232	-	232	-	5	-		
Consultants: Business and advisory services	105	-	(53)	52	-	52	-	51	-		
Consumable supplies	-	-	-	-	-	-	-	-	-		
Consumable: Stationery, printing and office supplies	57	-	(55)	2	-	2	-	15	-		
Travel and subsistence	149	-	(25)	124	70	54	56,3%	105	9		
Training and development	-	-	-	-	-	-	-	-	-		
Operating payments	-	-	-	-	-	-	-	-	-		
Payments for capital assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	2,558	61	(284)	2,335	3,351	(1,016)	143,5%	1,998	1,736		

Subprogramme 2.2: Energy Planning									
2018/19									
2017/18									
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	23,010	(305)	(3,128)	19,577	17,234	2,343	88,0%	20,001	20,452
Compensation of employees	17,917	(305)	(816)	16,796	15,016	1,780	89,4%	15,069	15,586
Salaries and wages	15,567	27	(816)	14,778	13,300	1,478	90,0%	13,092	13,811
Social contributions	2,350	(332)	-	2,018	1,717	301	85,1%	1,977	1,775
Goods and services	5,093	-	(2,312)	2,781	2,218	563	79,8%	4,932	4,866
Administrative fees	192	(15)	(110)	67	21	46	31,5%	87	39
Advertising	171	58	(99)	130	42	88	32,7%	305	448
Minor assets	-	-	-	-	-	-	-	14	-
Catering: Departmental activities	7	-	-	7	4	3	53,0%	50	46
Communication	163	10	-	173	182	(9)	105,0%	160	230
Computer services	-	-	-	-	-	-	-	20	-
Consultants: Business and advisory services	1,955	(106)	(1,291)	558	45	513	8,0%	2,793	2,581
Contractors	-	-	-	-	-	-	-	149	399
Fleet services	1	-	-	1	3	(2)	319,3%	3	3
Consumable supplies	32	5	(2)	35	20	15	58,6%	14	5
Consumable: Stationery, printing and office supplies	61	-	(61)	-	-	-	-	15	-
Operating leases	1	-	-	1	12	(11)	1,163,7%	10	9
Property payments	-	-	-	-	-	-	-	1	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	778	195	(105)	868	925	(57)	106,5%	572	455
Training and development	-	-	-	-	-	-	-	30	-

Subprogramme 2.2: Energy Planning									
2018/19							2017/18		
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	710	(112)	(106)	492	604	(112)	122,8%	466	586
Venues and facilities	1,022	(35)	(538)	449	360	89	80,2%	243	65
Transfers and subsidies	-	-	16	16	15	1	95,8%	-	-
Households	-	-	16	16	15	1	95,8%	-	-
Social benefits	-	-	16	16	15	1	95,8%	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	23,010	(305)	(3,112)	19,593	17,250	2,343	88,0%	20,001	20,452

Subprogramme 2.3: Hydrocarbon Policy									
	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	15,224	(455)	(506)	14,263	12,551	1,712	88,0%	12,750	12,053
Compensation of employees	13,841	(455)	-	13,386	11,801	1,585	88,2%	11,383	11,004
Salaries and wages	12,062	(173)	-	11,889	10,428	1,461	87,7%	9,857	9,741
Social contributions	1,779	(282)	-	1,497	1,373	124	91,7%	1,526	1,263
Goods and services	1,383	-	(506)	877	750	127	85,5%	1,367	1,049
Administrative fees	126	(6)	(29)	91	48	43	52,6%	65	54
Advertising	-	-	-	-	-	-	-	-	27
Minor assets	-	-	-	-	-	-	-	1	-
Catering: Departmental activities	9	2	-	11	7	4	63,8%	25	11
Communication	154	1	-	155	171	(16)	110,5%	277	258
Consultants: Business and advisory services	439	(28)	(256)	155	-	155	-	242	1
Contractors	62	(45)	-	17	1	16	4,0%	1	-
Fleet services	-	-	-	-	-	-	-	3	1
Consumable supplies	5	12	-	17	9	8	53,9%	10	4
Consumable: Stationery, printing and office supplies	108	14	(108)	14	-	14	-	77	20
Travel and subsistence	398	70	(51)	417	514	(97)	123,3%	590	673
Venues and facilities	82	(20)	(62)	-	-	-	-	76	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	1	-
TOTAL	15,224	(455)	(506)	14,263	12,551	1,712	88,0%	12,751	12,053

Subprogramme 2.4: Electricity, Energy Efficiency and Environmental Policy											
2018/19											2017/18
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	9,286	699	(103)	9,882	6,913	2,969	70,0%	8,369	8,369	7,466	
Compensation of employees	8,043	699	-	8,742	6,347	2,395	72,6%	7,095	7,095	6,460	
Salaries and wages	6,914	881	-	7,795	5,599	2,196	71,8%	6,170	6,170	5,722	
Social contributions	1,129	(182)	-	947	747	200	78,9%	925	925	737	
Goods and services	1,243	-	(103)	1,140	566	574	49,7%	1,274	1,274	1,007	
Administrative fees	27	2	(10)	19	13	6	66,5%	53	53	37	
Advertising	26	-	-	26	16	10	60,7%	20	20	15	
Catering: Departmental activities	17	(2)	-	15	7	8	48,5%	13	13	4	
Communication	38	20	-	58	99	(41)	170,4%	80	80	86	
Computer services	-	-	-	-	-	-	-	-	-	8	
Consultants: Business and advisory services	127	9	-	136	115	21	84,5%	132	132	131	
Fleet services	2	2	-	4	1	3	35,0%	3	3	1	
Consumable supplies	23	8	-	31	14	17	46,3%	26	26	14	
Consumable: Stationery, printing and office supplies	34	-	(34)	-	-	-	-	21	21	1	
Operating leases	-	-	-	-	-	-	-	3	3	2	
Travel and subsistence	939	(39)	(59)	841	293	548	34,9%	911	911	707	
Operating payments	10	-	-	10	8	2	80,7%	4	4	-	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	
Payments for capital assets	-	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	-	
TOTAL	9,286	699	(103)	9,882	6,913	2,969	70,0%	8,369	8,369	7,466	

Programme 3: Petroleum and Petroleum Energy Policy and Planning									
2018/19							2017/18		
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
Sub programme									
1. Petroleum Compliance, and Enforcement	(1)	(3,498)	14,075	13,573	502	96,4%	13,786	13,337	
2. Petroleum Licensing and Fuel Supply	201	(899)	26,690	26,322	368	98,6%	25,836	24,807	
3. Fuel Pricing	158	(38)	6,289	5,689	600	90,5%	6,657	5,443	
4. Regional Petroleum Regulation Office	(358)	(2,455)	32,188	31,459	729	97,7%	32,469	31,052	
Total for sub programmes	-	(6,890)	79,242	77,044	2,198	97,2%	78,748	74,639	
Economic classification									
Current payments	-	(6,909)	76,345	77,025	(680)	100,9%	77,673	73,565	
Compensation of employees	-	(4,309)	59,054	58,337	717	98,8%	57,917	56,715	
Salaries and wages	774	(4,172)	51,130	50,351	779	98,5%	49,925	49,075	
Social contributions	(774)	(137)	7,924	7,986	(62)	100,8%	7,992	7,640	
Goods and services	-	(2,600)	17,291	18,688	(1 397)	108,1%	19,756	16,850	
Administrative fees	20	-	395	311	84	78,8%	583	561	
Advertising	(419)	-	598	134	464	22,3%	515	76	
Minor assets	-	-	-	-	-	-	33	-	
Catering: Departmental activities	(34)	-	162	171	(9)	105,7%	339	151	
Communication	(79)	-	509	403	106	79,2%	500	423	
Computer services	-	-	-	-	-	-	8	-	
Consultants: Business and advisory services	146	(2,600)	9,147	10,202	(1,055)	111,5%	10,234	8,527	
Legal services	405	-	405	706	(301)	174,4%	574	568	
Contractors	4	-	34	21	13	63,1%	24	19	

Programme 3: Petroleum and Petroleum Energy Policy and Planning											
2018/19										2017/18	
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	R'000	
Fleet services	72	42	-	223	(109)	195,8%	91	28	91	28	
Consumable supplies	91	9	-	38	62	37,5%	197	37	197	37	
Consumable: Stationery, printing and office supplies	247	(168)	-	59	20	74,2%	170	146	170	146	
Operating leases	11	249	-	757	(497)	291,3%	24	230	24	230	
Property payments	-	-	-	-	-	-	17	1	17	1	
Travel and subsistence	4,085	15	-	4,719	(619)	115,1%	4,924	4,842	4,924	4,842	
Training and development	-	-	-	-	-	-	-	-	-	-	
Operating payments	405	(112)	-	55	238	18,8%	268	100	268	100	
Venues and facilities	1,173	(78)	-	888	207	81,1%	1,255	1,143	1,255	1,143	
Rental and hiring	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	2,878	-	19	2,897	2,878	0,7%	1,075	1,074	1,075	1,074	
Foreign governments and international organisations	2,878	-	-	2,878	2,878	-	1,075	1,074	1,075	1,074	
Households	-	-	19	19	-	99,4%	-	-	-	-	
Other transfers to households	-	-	19	19	-	99,4%	-	-	-	-	
Payments for capital assets	-	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	-	-	-	
Other machinery and equipment	-	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	-	
TOTAL	86,132	-	(6,890)	77,044	2,198	97,2%	78,748	74,639	78,748	74,639	

Subprogramme 3.1: Petroleum Compliance, Monitoring and Enforcement										
Economic classification	2018/19					2017/18				
	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	14,696	(1)	(3,498)	11,197	13,573	(2,376)	121,2%	12,711	12,263	
Compensation of employees	4,244	(1)	(1,198)	3,045	3,123	(78)	102,6%	4,110	4,045	
Salaries and wages	3,648	128	(1,061)	2,715	2,788	(73)	102,7%	3,601	3,599	
Social contributions	596	(129)	(137)	330	335	(5)	101,6%	509	447	
Goods and services	10,452	-	(2,300)	8,152	10,450	(2,298)	128,2%	8,601	8,217	
Administrative fees	44	-	-	44	74	(30)	167,8%	79	83	
Advertising	3	-	-	3	-	3	-	-	7	
Catering: Departmental activities	50	-	-	50	73	(23)	145,4%	79	88	
Communication	78	-	-	43	25	18	57,1%	28	30	
Consultants: Business and advisory services	9,432	-	(2,300)	7,132	8,727	(1,595)	122,4%	7,304	7,162	
Legal services	-	-	-	-	349	(349)	-	-	-	
Fleet services	-	-	-	-	0	(0)	-	8	9	
Consumable supplies	20	-	-	20	8	12	39,1%	11	5	
Consumable: Stationery, printing and office supplies	7	-	-	7	2	5	22,6%	7	3	
Operating leases	-	-	-	-	0	(0)	-	14	15	
Travel and subsistence	718	35	-	753	762	(9)	101,2%	708	454	
Operating payments	5	-	-	5	-	5	-	-	-	
Venues and facilities	95	-	-	95	432	(337)	454,6%	363	362	
Rental and hiring	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	2,878	-	-	2,878	-	2,878	-	1,075	1,074	

Subprogramme 3.1: Petroleum Compliance, Monitoring and Enforcement									
Economic classification	2018/19					2017/18			
	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
Foreign governments and international organisations	2,878	-	-	2,878	-	2,878	-	1,075	1,074
Payments for capital assets	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	17,574	(1)	(3,498)	14,075	13,573	502	96,4%	13,786	13,337

Subprogramme 3.2: Petroleum licensing and fuel supply									
Economic classification	2018/19					2017/18			
	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
Current payments	27,388	201	(899)	26,690	26,322	368	98,6%	25,836	24,807
Compensation of employees	24,169	361	(599)	23,931	24,119	(188)	100,8%	22,583	22,509
Salaries and wages	20,784	625	(599)	20,810	20,873	(63)	100,3%	19,466	19,467
Social contributions	3,385	(264)	-	3,121	3,246	(125)	104,0%	3,117	3,042
Goods and services	3,219	(160)	-	2,759	2,203	556	79,8%	3,253	2,298
Administrative fees	48	11	-	59	50	9	85,0%	84	81
Advertising	144	(62)	-	82	23	59	28,2%	88	-
Minor assets	-	-	-	-	-	-	-	2	-
Catering: Departmental activities	14	-	-	14	19	(5)	138,7%	5	10
Communication	44	-	-	88	148	(60)	168,1%	123	163
Computer services	-	-	-	-	-	-	-	8	-

Subprogramme 3.2: Petroleum licensing and fuel supply									
Economic classification	2018/19					2017/18			
	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
Consultants: Business and advisory services	2,169	(227)	(300)	1,642	1,268	374	77,2%	1,998	-
Legal services	-	-	-	-	64	(64)	-	-	-
Contractors	1	-	-	1	-	1	-	-	-
Fleet services	4	1	-	5	13	(8)	255,2%	9	8
Consumable supplies	7	-	-	7	11	(4)	157,4%	16	12
Consumable: Stationery, printing and office supplies	17	-	-	17	0	17	2,1%	44	46
Operating leases	11	-	-	14	35	(21)	253,2%	10	25
Travel and subsistence	457	70	-	527	519	8	98,4%	670	578
Operating payments	24	-	-	24	-	24	-	48	-
Venues and facilities	279	-	-	279	51	228	18,3%	147	139
Rental and hiring	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	27,388	201	(899)	26,690	26,322	368	98,6%	25,836	24,807

Subprogramme 3.3: Fuel Pricing											
2018/19											2017/18
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
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	6,169	158	(38)	6,289	5,689	600	90,5%	6,657	5,443	6,657	5,443
Compensation of employees	4,521	(2)	(38)	4,481	4,527	(46)	101,0%	4,097	4,248	4,097	4,248
Salaries and wages	3,886	134	(38)	3,982	4,063	(81)	102,0%	3,600	3,815	3,600	3,815
Social contributions	635	(136)	-	499	464	35	93,0%	497	433	497	433
Goods and services	1,648	160	-	1,808	1,162	646	64,3%	2,560	1,195	2,560	1,195
Administrative fees	70	2	-	72	24	48	34,0%	68	38	68	38
Advertising	298	(205)	-	93	-	93	-	47	-	47	-
Minor assets	-	-	-	-	-	-	-	2	-	2	-
Catering: Departmental activities	96	-	-	96	73	23	76,5%	203	33	203	33
Communication	95	-	-	35	32	3	92,5%	92	37	92	37
Computer services	-	-	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	373	-	373	206	167	55,3%	932	133	932	133
Legal service	-	405	-	405	293	112	72,3%	296	295	296	295
Contractors	-	-	-	-	3	(3)	-	-	-	-	-
Fleet services	-	-	-	-	2	(2)	-	5	5	5	5
Consumable supplies	3	1	-	4	7	(3)	162,8%	6	4	6	4
Consumable: Stationery, printing and office supplies	39	11	-	50	55	(5)	110,9%	115	94	115	94
Operating leases	-	-	-	-	-	-	-	-	-	-	-
Travel and subsistence	731	(281)	-	450	365	85	81,0%	649	481	649	481
Training and development	-	-	-	-	-	-	-	-	-	-	-
Operating payments	125	(90)	-	35	5	30	13,7%	60	60	60	60
Venues and facilities	191	4	-	195	96	99	49,4%	85	15	85	15

Subprogramme 3.3: Fuel Pricing									
2018/19							2017/18		
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	6,169	158	(38)	6,289	5,689	600	90,5%	6,657	5,443

Subprogramme 3.4: Regional Petroleum Regulation Offices									
2018/19							2017/18		
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	35,001	(358)	(2,474)	32,169	31,440	729	97,7%	32,469	31,052
Compensation of employees	30,429	(358)	(2,474)	27,597	26,568	1,029	96,3%	27,127	25,912
Salaries and wages	26,210	(113)	(2,474)	23,623	22,627	996	95,8%	23,258	22,194
Social contributions	4,219	(245)	-	3,974	3,941	33	99,2%	3,869	3,718
Goods and services	4,572	-	-	4,572	4,873	(301)	106,6%	5,342	5,140
Administrative fees	213	7	-	220	163	57	74,0%	352	359
Advertising	572	(152)	-	420	110	310	26,3%	380	68
Minor assets	-	-	-	-	-	-	-	29	-
Catering: Departmental activities	36	(34)	-	2	6	(4)	286,6%	52	19
Communication	371	(28)	-	343	198	145	57,7%	257	192
Legal services	-	-	-	-	-	-	-	278	273
Contractors	29	4	-	33	19	14	57,4%	23	19
Fleet services	68	41	-	109	208	(99)	191,1%	69	5
Consumable supplies	61	8	-	69	12	57	17,7%	164	16

Subprogramme 3.4: Regional Petroleum Regulation Offices										
2018/19										2017/18
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Consumable: Stationery, printing and office supplies	184	(179)	-	5	1	4	25,1%	4	4	2
Operating leases	-	246	-	246	721	(475)	293,3%	-	-	189
Property payments	-	-	-	-	-	-	-	17	17	1
Travel and subsistence	2,179	191	-	2,370	3,074	(704)	129,7%	2,897	2,897	3,329
Training and development	-	-	-	-	-	-	-	-	-	-
Operating payments	251	(22)	-	229	50	179	22,0%	160	160	40
Venues and facilities	608	(82)	-	526	309	217	58,7%	660	660	627
Rental and hiring	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	19	19	19	-	99.4%	-	-	-
Households	-	-	19	19	19	-	99,4%	-	-	-
Other transfers to households	-	-	19	19	19	-	99,4%	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-	-
TOTAL	35,001	(358)	(2,455)	32,188	31,459	729	97,7%	32,469	32,469	31,052

Programme 4: Electrification and Energy Programme and Project											
2018/19										2017/18	
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	R'000	
Sub programme											
1. Integrated National Electrification Programme	5,340,704	1	(3,302)	5,337,403	5,320,997	16,406	99,7%	6,177,471	6,111,174		
2. Energy Regional Offices	18,123	30	-	18,153	20,174	(2,021)	111,1%	16,557	18,271		
3. Programme and Project Management Office	11,353	1,196	252	12,801	9,665	3,136	75,5%	11,325	8,336		
4. Electrification Infrastructure / industry Transformation	8,140	(1,227)	-	6,913	8,066	(1,153)	116,7%	7,726	8,413		
5. Community Upliftment Programmes and Projects	5,321	-	-	5,321	5,609	(288)	105,4%	6,501	5,978		
Total for sub-programmes	5,383,641	-	(3,050)	5,380,591	5,364,511	16,080	99,7%	6,219,580	6,152,173		

Programme 4: Electrification and Energy Programme and Project											
2018/19										2017/18	
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	R'000	
Economic classification											
Current payments	67,984	-	(3,302)	64,682	63,197	1,485	97,7%	64,578	60,011		
Compensation of employees	49,620	-	(502)	49,118	49,039	79	99,8%	44,812	44,287		
Salaries and wages	42,652	868	(502)	43,018	42,932	86	99,8%	39,062	38,781		
Social contributions	6,968	(868)	-	6,100	6,107	(7)	100,1%	5,750	5,507		
Goods and services	18,364	-	(2,800)	15,564	14,159	1,405	91,0%	19,766	15,723		
Administrative fees	682	53	-	735	544	191	74,0%	824	831		
Advertising	312	6	-	318	174	144	54,7%	74	98		
Minor assets	-	14	-	14	14	1	96,4%	544	-		
Audit costs: External	-	-	-	-	-	-	-	732	-		
Bursaries: Employees	-	-	-	-	-	-	-	-	-		
Catering: Departmental activities	783	(99)	-	684	778	(94)	113,8%	1,030	890		
Communication	643	(91)	-	552	576	(24)	104,3%	728	484		
Computer services	-	-	-	-	-	-	-	53	-		
Consultants: Business and advisory services	4,852	17	(300)	4,569	16	4,553	0,4%	3,241	-		
Contractors	91	-	-	91	423	(332)	465,3%	48	53		
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-		
Fleet services	29	8	-	37	82	(45)	222,0%	56	193		
Consumable supplies	137	4	-	141	205	(64)	145,6%	107	38		
Consumable: Stationery, printing and office supplies	135	(9)	-	126	3	123	2,5%	106	2		
Operating leases	17	23	-	40	250	(210)	625,5%	21	682		
Property payments	-	-	-	-	-	-	-	-	-		

Programme 4: Electrification and Energy Programme and Project									
2018/19						2017/18			
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
Transport provided: Departmental activity	-	-	-	41	(41)	-	-	48	73
Travel and subsistence	9,326	79	6,905	9,803	(2,898)	142,0%	7,234	8,194	
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	228	(42)	186	113	73	61,0%	248	192	
Venues and facilities	1,129	37	1,166	1,131	35	97,0%	4,625	3,948	
Rental and hiring	-	-	-	5	(5)	-	-	47	45
Transfers and subsidies	5,315,657	-	5,315,909	5,301,314	14,595	99,7%	6,155,002	6,092,162	
Provinces and municipalities	1,904,477	-	1,904,477	1,904,477	-	100,0%	2,087,048	2,087,048	
Municipalities	1,904,477	-	1,904,477	1,904,477	-	100,0%	2,087,048	2,087,048	
Municipal bank accounts	1,904,477	-	1,904,477	1,904,477	-	100,0%	2,087,048	2,087,048	
Public corporations and private enterprises	3,411,180	-	3,411,180	3,396,586	14,594	99,6%	4,067,954	4,005,114	
Public corporations	3,262,031	-	3,262,031	3,262,031	-	100,0%	3,846,154	3,846,154	
Subsidies on products and production	3,262,031	-	3,262,031	3,262,031	-	100,0%	3,846,154	3,846,154	
Private enterprises	149,149	-	149,149	134,555	14,594	90,2%	221,800	158,960	
Subsidies on products and production	149,149	-	149,149	134,555	14,594	90,2%	221,800	158,960	
Households	-	-	252	251	1	99,6%	-	1	
Other transfers to households	-	-	252	251	1	99,6%	-	1	
Payments for capital assets	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	
TOTAL	5,383,641	-	5,380,591	5,364,511	16,080	99,7%	6,219,580	6,152,173	

Subprogramme 4.1: Integrated National Electrification Programme									
2018/19									
2017/18									
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	25,047	1	(3,302)	21,746	19,934	1,812	91,7%	22,469	19,012
Compensation of employees	14,502	1	(502)	14,001	13,052	949	93,2%	11,326	11,358
Salaries and wages	12,470	204	(502)	12,172	11,528	644	94,7%	10,021	10,058
Social contributions	2,032	(203)	-	1,829	1,524	305	83,3%	1,305	1,300
Goods and services	10,545	-	-	7,745	6,882	863	88,9%	11,143	7,654
Administrative fees	320	52	-	372	414	(42)	111,3%	295	460
Advertising	67	-	-	67	50	17	75,3%	-	-
Minor assets	-	-	-	-	-	-	-	43	-
Audit costs: External	-	-	-	-	-	-	-	732	-
Catering: Departmental activities	173	(100)	-	73	94	(21)	128,2%	474	358
Communication	343	(100)	-	243	323	(80)	132,8%	308	263
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	4,852	17	(300)	4,569	16	4,553	0,4%	3,241	-
Contractors	-	-	-	-	-	-	-	-	-
Fleet services	2	6	-	8	30	(22)	369,4%	23	23
Consumable supplies	16	(2)	-	14	14	-	99,9%	22	8
Consumable: Stationery, printing and office supplies	43	(9)	-	34	1	33	3,5%	16	-
Operating leases	5	15	-	20	37	(17)	186,8%	15	42
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	4,545	55	(2,500)	2,100	5,407	(3,307)	257,5%	3,662	4,417
Training and development	-	-	-	-	-	-	-	-	-

Subprogramme 4.1: Integrated National Electrification Programme										
2018/19							2017/18			
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	R'000	R'000	R'000	R'000	%	R'000	R'000	
Operating payments	45	-	-	63	57	6	89,7%	111	79	
Venues and facilities	134	-	-	182	440	(258)	241,5%	2,187	1,991	
Rental and hiring	-	-	-	-	-	-	-	14	13	
Transfers and subsidies	5,315,657	-	-	5,315,657	5,301,063	14,594	99,7%	6,155,002	6,092,162	
Provinces and municipalities	1,904,477	-	-	1,904,477	1,904,477	-	100,0%	2,087,048	2,087,048	
Municipalities	1,904,477	-	-	1,904,477	1,904,477	-	100,0%	2,087,048	2,087,048	
Municipal bank accounts	1,904,477	-	-	1,904,477	1,904,477	-	100,0%	2,087,048	2,087,048	
Public corporations and private enterprises	3,411,180	-	-	3,411,180	3,396,586	14,594	99,6%	4,067,954	4,005,114	
Public corporations	3,262,031	-	-	3,262,031	3,262,031	-	100,0%	3,846,154	3,846,154	
Subsidies on products and production	3,262,031	-	-	3,262,031	3,262,031	-	100,0%	3,846,154	3,846,154	
Private Enterprise	149,149	-	-	149,149	134,555	14,594	90,2%	221,800	158,960	
Subsidies on products and production	149,149	-	-	149,149	134,555	14,594	90,2%	221,800	158,960	
Households	-	-	-	-	-	-	-	-	-	
Other transfers to households	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
TOTAL	5,340 704	1	(3,302)	5,337,403	5,320,997	16,406	99,7%	6,177,471	6,111,174	

Subprogramme 4.2: Energy Regional Offices											
2018/19										2017/18	
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	18,123	30	-	18,153	20,174	(2,021)	111,1%	16,557	18,271		
Compensation of employees	17,191	30	-	17,221	17,943	(722)	104,2%	16,081	15,915		
Salaries and wages	14,770	310	-	15,080	15,545	(465)	103,1%	13,837	13,771		
Social contributions	2,421	(280)	-	2,141	2,398	(257)	112,0%	2,244	2,144		
Goods and services	932	-	-	932	2,231	(1,299)	239,4%	476	2,356		
Administrative fees	22	(2)	-	20	13	7	65,2%	26	18		
Advertising	-	-	-	-	39	(39)	-	-	-		
Catering: Departmental activities	18	(2)	-	16	-	16	-	25	-		
Communication	23	(2)	-	21	-	21	-	25	-		
Fleet services	15	(2)	-	13	-	(18)	240,1%	25	162		
Consumable supplies	-	1	-	1	1	0	97,5%	-	-		
Consumable: Stationery, printing and office supplies	25	-	-	25	-	25	-	26	-		
Operating leases	-	-	-	-	-	(157)	-	-	607		
Travel and subsistence	789	7	-	796	-	(1,147)	244,1%	325	1,475		
Operating payments	18	-	-	18	46	(28)	257,6%	-	94		
Venues and facilities	22	-	-	22	22	-	-	24	-		
Transfers and subsidies	-	-	-	-	-	-	-	-	-		
Payments for capital assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	18,123	30	-	18,153	20,174	(2,021)	111,1%	16,557	18,271		

Subprogramme 4.3: Programme and Project Management Office									
2018/19									
2017/18									
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11,353	1,196	-	12,549	9,414	3,135	75,0%	11,325	8,336
Compensation of employees	6,871	1,196	-	8,067	7,196	871	89,2%	6,484	6,531
Salaries and wages	5,909	1,363	-	7,272	6,277	995	86,3%	5,628	5,688
Social contributions	962	(167)	-	795	919	(124)	115,6%	856	843
Goods and services	4,482	-	-	4,482	2,218	2,264	49,5%	4,841	1,805
Administrative fees	253	-	-	253	47	206	18,6%	386	71
Advertising	47	-	-	47	-	47	-	44	13
Minor assets	-	-	-	-	-	-	-	496	-
Catering: Departmental activities	406	-	-	406	157	249	38,6%	268	342
Communication	150	-	-	150	41	109	27,5%	229	-
Computer services	-	-	-	-	-	-	-	53	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	26	(26)	-	48	53
Fleet services	4	1	-	5	2	3	48,1%	-	-
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Consumable supplies	47	(6)	-	41	6	35	13,9%	41	1
Consumable: Stationery, printing and office supplies	47	-	-	47	-	47	-	48	1
Property payments	-	3	-	3	3	-	99,8%	-	-
Transport provided: Departmental activity	-	-	-	-	32	(32)	-	48	73
Travel and subsistence	2,917	30	-	2,947	1,360	1,587	46,1%	2,089	811

Subprogramme 4.3: Programme and Project Management Office											
2018/19										2017/18	
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Training and development	-	-	-	-	-	-	-	-	-	-	-
Operating payments	92	(28)	-	64	2	62	3,1%	110	10		
Venues and facilities	519	-	-	519	537	(18)	103,5%	976	425		
Rental and hiring	-	-	-	-	5	(5)	-	5	4		
Transfers and subsidies	-	-	252	252	251	1	99,6%	-	-		
Households	-	-	252	252	251	1	99,6%	-	-		
Other transfers to households	-	-	252	252	251	1	99,6%	-	-		
Payments for capital assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	11,353	1,196	252	12,801	9,665	3,136	75,5%	11,325	8,336		

Subprogramme 4.4: Electricity Infrastructure/Industry Transformation											
2018/19										2017/18	
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	8,140	(1,227)	-	6,913	8,066	(1,153)	116,7%	7,726	8,413		
Compensation of employees	7,290	(1,227)	-	6,063	6,934	(871)	114,4%	6,913	6,867		
Salaries and wages	6,265	(1,054)	-	5,211	6,140	(929)	117,8%	6,010	6,088		
Social contributions	1,025	(173)	-	852	793	59	93,1%	903	779		
Goods and services	850	-	-	850	1,132	(282)	133,2%	813	1,547		
Administrative fees	61	3	-	64	48	16	75,5%	47	82		

Subprogramme 4.4: Electricity Infrastructure/Industry Transformation									
Economic classification	2018/19					2017/18			
	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
Advertising	-	-	-	-	-	-	-	-	57
Catering: Departmental activities	2	3	-	5	28	(23)	552,2%	87	91
Communication	65	11	-	76	149	(73)	195,8%	108	141
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Contractors	-	-	-	-	2	(2)	-	-	-
Consumable supplies	6	8	-	14	19	(5)	132,4%	12	24
Consumable: Stationery, printing and office supplies	7	-	-	7	-	7	-	1	-
Transport provided: Departmental activity	-	-	-	-	8	(8)	-	-	-
Travel and subsistence	670	(19)	-	651	784	(133)	120,5%	549	1,119
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	9	5	-	14	8	6	60,7%	9	8
Venues and facilities	30	(11)	-	19	86	(67)	450,5%	-	24
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	8,140	(1,227)	-	6,913	8,066	(1,153)	116,7%	7,726	8,413

Subprogramme: 4.5: Community Upliftment Programmes and Projects									
Economic classification	2018/19					2017/18			
	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	5,321	-	-	5,321	5,609	(288)	105,4%	6,501	5,977
Compensation of employees	3,766	-	-	3,766	3,914	(148)	103,9%	4,008	3,616
Salaries and wages	3,238	45	-	3,283	3,441	(158)	104,8%	3,566	3,176
Social contributions	528	(45)	-	483	472	11	97,8%	442	441
Goods and services	1,555	-	-	1,555	1,695	(140)	109,0%	2,493	2,361
Administrative fees	26	-	-	26	21	5	82,4%	70	200
Advertising	198	6	-	204	85	119	41,5%	30	27
Minor assets	-	14	-	14	14	1	96,4%	5	-
Catering: Departmental activities	184	-	-	184	500	(316)	272,0%	176	98
Communication	62	-	-	62	63	(1)	101,4%	58	80
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Contractors	91	-	-	91	396	(305)	434,9%	-	-
Fleet services	8	3	-	11	19	(8)	172,6%	8	8
Consumable supplies	68	3	-	71	166	(95)	233,8%	32	6
Consumable: Stationery, printing and office supplies	13	-	-	13	2	11	14,6%	15	1
Operating leases	12	5	-	17	52	(35)	308,0%	6	33
Travel and subsistence	405	6	-	411	309	102	75,1%	609	372
Operating payments	64	(37)	-	27	-	27	-	18	-
Venues and facilities	424	-	-	424	69	355	16,2%	1,438	1,508
Rental and hiring	-	-	-	-	-	-	-	28	28
Transfers and subsidies	-	-	-	-	-	-	-	-	1

Subprogramme: 4.5: Community Upliftment Programmes and Projects									
2018/19							2017/18		
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	-	-	-	-	-	-	-	1
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	5,321	-	-	5,321	5,609	(288)	105,4%	6,501	5,978

Programme 5: Nuclear Energy									
2018/19							2017/18		
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Nuclear Safety and Technology	855,159	709	1,121	856,989	857,728	(739)	100,1%	775,710	780,818
2. Nuclear Non – Proliferation and Radiation Security	9,074	(710)	283	8,647	9,015	(368)	104,3%	9,253	8,414
3. Nuclear Policy	11,353	1	(1,504)	9,850	8,542	1,308	86,7%	10,462	4,959
Total for sub programmes	875,586	-	(100)	875,486	875,285	201	100,0%	795,425	794,191
Economic classification									
Current payments	108,540	-	(2,700)	105,840	59,205	46,635	55,9%	39,124	38,189
Compensation of employees	21,794	-	800	22,594	22,434	160	99,3%	21,181	20,807
Salaries and wages	18,549	640	800	19,989	20,102	(113)	100,6%	18,403	18,653
Social contributions	3,245	(640)	-	2,605	2,332	273	89,5%	2,778	2,154

Programme 5: Nuclear Energy									
2018/19									
2017/18									
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
86,746	-	(3,500)	83,246	36,771	46,475	44,2%	17,943	17,382	
110	3	-	113	103	10	91,2%	127	171	
1,395	(35)	(400)	960	457	503	47,6%	1,401	112	
-	-	-	-	-	-	-	-	-	
112	(23)	-	89	58	31	65,7%	146	114	
275	(19)	-	256	360	(104)	140,6%	307	240	
80,052	-	(2,600)	77,452	29,884	47,568	38,6%	10,698	13,340	
1,700	-	-	1,700	3,505	(1,805)	206,2%	638	638	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	32	-	
3	-	-	3	8	(5)	252,4%	-	2	
-	10	-	10	12	(2)	115,3%	1	10	
466	(16)	-	450	1	449	0,3%	456	6	
3	-	-	3	26	(23)	864,4%	-	8	
1,578	109	-	1,687	1,844	(157)	109,3%	3,382	1,844	
-	-	-	-	-	-	-	-	-	
-	45	-	45	44	1	98,3%	-	12	
1,052	(74)	(500)	478	452	26	94,6%	734	863	
-	-	-	-	18	(18)	-	21	23	

Programme 5: Nuclear Energy											
2018/19						2017/18					
Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	Final Appropriation	Actual expenditure	
R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Transfers and subsidies	767,046	-	769,646	769,641	5	100,0%	756,301	756,002	756,301	756,002	
Departmental agencies and accounts	62,042	-	62,042	62,042	-	100,0%	68,573	68,573	68,573	68,573	
Departmental agencies	62,042	-	62,042	62,042	-	100,0%	68,573	68,573	68,573	68,573	
Higher education institutions	-	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	22,290	2,600	24,890	24,885	5	100,0%	23,457	23,258	23,457	23,258	
Public corporations and private enterprises	682,714	-	682,714	682,714	-	100,0%	664,171	664,171	664,171	664,171	
Public corporations	682,714	-	682,714	682,714	-	100,0%	664,171	664,171	664,171	664,171	
Subsidies on products and production	682,714	-	682,714	682,714	-	100,0%	664,171	664,171	664,171	664,171	
Households	-	-	-	-	-	-	100	-	100	-	
Other transfers to households	-	-	-	-	-	-	100	-	100	-	
Payments for capital assets	-	-	-	46,439	(46,439)	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	-	-	-	
Transport equipment	-	-	-	-	-	-	-	-	-	-	
Other machinery and equipment	-	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	46,439	(46,439)	-	-	-	-	-	
TOTAL	875,586	-	875,486	875,285	201	100,0%	795,425	794,191	795,425	794,191	

Subprogramme 5.1: Nuclear Safety and Technology											
2018/19											2017/18
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	88,854	709	(1,479)	88,084	42,206	45,878	47,9%	20,776	25,383		
Compensation of employees	10,172	709	-	10,881	10,841	40	99,6%	10,936	10,489		
Salaries and wages	8,558	1 049	-	9,607	9,734	(127)	101,3%	9,512	9,418		
Social contributions	1,614	(340)	-	1,274	1,106	168	86,8%	1,424	1,071		
Goods and services	78,682	-	(1,479)	77,203	31,366	45,837	40,6%	9,840	14,894		
Administrative fees	49	-	-	49	30	19	60,8%	62	122		
Advertising	307	-	(222)	85	84	1	98,7%	279	3		
Minor assets	-	-	-	-	-	-	-	-	-		
Catering: Departmental activities	49	(26)	-	23	42	(19)	183,4%	93	65		
Communication	223	(25)	-	198	190	8	95,7%	213	126		
Computer services	-	-	-	-	-	-	-	-	-		
Consultants: Business and advisory services	77,531	-	(1 208)	76,323	29,884	46,439	39,2%	7,769	12,857		
Fleet services	-	-	-	-	2	(2)	-	-	-		
Consumable supplies	-	2	-	2	5	(3)	269,9%	-	3		
Consumable: Stationery, printing and office supplies	24	(1)	-	23	-	23	-	20	-		
Operating leases	-	-	-	-	5	(5)	-	-	1		
Travel and subsistence	399	75	-	474	1,080	(606)	227,8%	1,266	942		
Operating payments	-	-	-	-	-	-	-	-	12		
Venues and facilities	100	(25)	(49)	26	45	(19)	173,8%	138	762		
	-	-	-	-	-	-	-	-	-		

Subprogramme 5.1: Nuclear Safety and Technology											
2018/19											2017/18
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Transfers and subsidies	766,305	-	2,600	768,905	769,082	(177)	100,0%	754,934	755,436		
Departmental agencies and accounts	62,042	-	-	62,042	62,042	-	100,0%	68,573	68,573		
Departmental agencies	62,042	-	-	62,042	62,042	-	100,0%	68,573	68,573		
Foreign governments and international organisations	21,549	-	2,600	24,149	24,326	(177)	100,7%	22,190	22,692		
Public corporations and private enterprises	682,714	-	-	682,714	682,714	-	100,0%	664,171	664,171		
Public corporations	682,714	-	-	682,714	682,714	-	100,0%	664,171	664,171		
Subsidies on products and production	682,714	-	-	682,714	682,714	-	100,0%	664,171	664,171		
Households	-	-	-	-	-	-	-	-	-		
Payments for capital assets	-	-	-	-	46,439	(46,439)	-	-	-		
Machinery and equipment	-	-	-	-	-	-	-	-	-		
Other machinery and equipment	-	-	-	-	-	-	-	-	-		
Intangible assets	-	-	-	-	46,439	(46,439)	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	855,159	709	1 121	856,989	857,728	(739)	100,1%	775,710	780,818		

Subprogramme 5.2: Nuclear Non-Proliferation and Radiation Security									
2018/19									
2017/18									
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	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9,074	(710)	283	8,647	9,015	(368)	104,3%	9,253	8,414
Compensation of employees	8,263	(710)	328	7,881	8,119	(238)	103,0%	7,343	7,397
Salaries and wages	7,104	(484)	328	6,948	7,268	(320)	104,6%	6,379	6,611
Social contributions	1,159	(226)	-	933	851	82	91,2%	964	787
Goods and services	811	-	(45)	766	897	(131)	117,1%	1,910	1,016
Administrative fees	16	3		19	26	(7)	137,2%	28	25
Advertising	116		(10)	106	100	6	94,3%	20	-
Catering: Departmental activities	17	3	-	20	11	9	55,8%	11	1
Communication	20	6		26	128	(102)	491,9%	58	84
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	13			13		13	-	413	483
Agency and support / outsourced services	-	-	-	-	-	-	-	32	-
Fleet services	1	-	-	1	4	(3)	444,0%	-	1
Consumable supplies	-	3		3	3	0	96,7%	-	2
Consumable: Stationery, printing and office supplies	34	(15)	-	19	1	18	4,8%	45	-
Operating leases	2	-	-	2	17	(15)	827,5%	-	7
Travel and subsistence	553	4	-	557	502	55	90,1%	1,246	409
Venues and facilities	39	(4)	(35)	-	87	(87)	-	57	-
Rental and hiring	-	-	-	-	18	(18)	-	-	4
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	9,074	(710)	283	8,647	9,015	(368)	104,3%	9,253	8,414

Subprogramme 5.3: Nuclear Policy											
2018/19											2017/18
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	R'000	R'000
10,612	1	(1,504)	9,109	7,984	1,125	87,6%	9,095	4,392			
Compensation of employees	1	472	3,832	3,475	357	90,7%	2,902	2,920			
Salaries and wages	75	472	3,434	3,100	334	90,3%	2,512	2,624			
Social contributions	(74)		398	375	23	94,2%	390	296			
Goods and services	-	(1,976)	5,277	4,509	768	85,4%	6,193	1,472			
Administrative fees	45		45	47	(2)	104,7%	37	24			
Advertising	972	(168)	769	273	496	35,5%	1,102	109			
Catering: Departmental activities	46	-	46	5	41	11,1%	42	48			
Communication	32	-	32	42	(10)	132,6%	36	30			
Computer services	-	-	-	-	-	-	-	-			
Consultants: Business and advisory services	2,508	(1,392)	1,116	-	1,116	-	2,516	-			
Legal services	1,700	-	1,700	3,505	(1,805)	206,2%	638	638			
Fleet services	2	-	2	2	0	78,6%					
Consumable supplies	-	-	5	3	2	64,6%	1	5			
Consumable: Stationery, printing and office supplies	408	-	408	0	408	0,1%	391	6			
Operating leases	1	-	1	5	(4)	478,8%	-	-			
Travel and subsistence	626	30	656	262	394	39,9%	870	493			
Operating payments	-	45	45	44	1	98,3%					
Venues and facilities	913	(45)	452	320	132	70,9%	539	101			
Rental and hiring	-	-	-	-	-	-	21	19			
Transfers and subsidies	741	-	741	559	182	75,4%	1,367	567			

Subprogramme 5.3: Nuclear Policy											
2018/19										2017/18	
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Higher education institutions	-	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	741	-	-	741	559	182	75,4%	1,267	567		
Households	-	-	-	-	-	-	-	100	-		
Other transfers to households	-	-	-	-	-	-	-	100	-		
Payments for capital assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	11,353	1	(1,504)	9,850	8,542	1,308	86,7%	10,462	4,959		

Programme 6: Clean Energy											
2018/19										2017/18	
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
1. Energy Efficiency	400,244	-	(7,896)	392,348	362,336	30,012	92,4%	717,602	597,288		
2. Renewable Energy	75,796	-	-	75,796	58,262	17,534	76,9%	4,946	4,431		
3. Climate Change and Designated National Authority	8,667	-	-	8,667	8,719	(52)	100,6%	7,942	7,836		
Total for sub programmes	484,707	-	(7,896)	476,811	429,317	47,494	90,0%	730,490	609,555		
Economic classification											
Current payments	196,695	-	(7,896)	188,799	142,525	46,274	75,5%	116,464	110,058		

Programme 6: Clean Energy

	2018/19							2017/18	
	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
Compensation of employees	19,906	-	(1,250)	18,656	18,543	113	99,4%	17,735	17,246
Salaries and wages	17,254	461	(1,170)	16,545	16,537	8	100,0%	15,426	15,363
Social contributions	2,652	(461)	(80)	2,111	2,005	106	95,0%	2,309	1,883
Goods and services	176,789	-	(6,646)	170,143	123,982	46,161	72,9%	98,729	92,811
Administrative fees	145	8	-	153	143	10	93,8%	188	193
Advertising	837	-	(546)	291	-	291	-	336	17
Minor assets	-	-	-	-	-	-	-	143	-
Catering: Departmental activities	81	(5)	-	76	13	63	17,2%	93	5
Communication	147	44	-	191	252	(61)	132,0%	206	151
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	7,771	(25)	-	7,746	7,256	490	93,7%	1,079	734
Contractors	1	-	-	1	2,947	(2,946)	294675,4%	-	-
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	19	-
Fleet services	-	-	-	-	-	2	(2)	-	-
Consumable supplies	10	5	-	15	8	7	52,1%	17	2
Consumable: Stationery, printing and office supplies	184	(45)	-	139	5	134	3,6%	148	46
Operating leases	-	-	-	-	6	(6)	-	-	4
Property payments	-	-	-	-	-	-	-	-	-
Travel and subsistence	3,496	18	-	3,514	2,689	825	76,5%	2,401	2,065

Programme 6: Clean Energy									
2018/19						2017/18			
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
-	-	-	-	-	-	-	-	-	-
162,800	-	(6,100)	156,700	110,209	46,491	70,3%	93,517	89,128	
1,317	-	-	1,317	453	864	34,4%	582	467	
288,012	-	-	288,012	286,792	1,220	99,6%	614,026	499,497	
215,024	-	-	215,024	215,024	-	100,0%	203,236	203,236	
215,024	-	-	215,024	215,024	-	100,0%	203,236	203,236	
215,024	-	-	215,024	215,024	-	100,0%	203,236	203,236	
70,241	-	-	70,241	70,241	-	100,0%	59,774	59,774	
70,241	-	-	70,241	70,241	-	100,0%	59,774	59,774	
2,747	-	-	2,747	1,527	1,220	55,6%	1,020	1,015	
-	-	-	-	-	-	-	349,996	235,472	
-	-	-	-	-	-	-	349,996	235,472	
-	-	-	-	-	-	-	349,996	235,472	
Payments for capital assets	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	
TOTAL	484,707	-	476,811	429,317	47,494	90,0%	730,490	609,555	

Subprogramme 6.1: Energy Efficiency

Economic classification	2018/19										2017/18	
	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	R'000	
Current payments	182,473	-	(7,896)	174,577	128,224	46,353	73,4%	103,576	97,791			
Compensation of employees	7,791	-	(1,250)	6,541	6,367	174	97,3%	6,465	5,876			
Salaries and wages	6,837	193	(1,170)	5,860	5,761	99	98,3%	5,646	5,302			
Social contributions	954	(193)	(80)	681	606	75	88,9%	819	574			
Goods and services	174,682	-	(6,646)	168,036	121,857	46,179	72,5%	97,111	91,914			
Administrative fees	121	(5)	-	116	83	33	71,8%	149	145			
Advertising	679	-	(546)	133	-	133	-	184	17			
Minor assets	-	-	-	-	-	-	-	143	-			
Catering: Departmental activities	64	-	-	64	7	57	11,6%	59	3			
Communication	94	37	-	131	187	(56)	142,8%	148	108			
Computer services	-	-	-	-	-	-	-	-	-			
Consultants: Business and advisory services	7,424	-	-	7,424	6,919	505	93,2%	896	734			
Contractors	-	-	-	-	2,946	(2,946)	-	-	-			
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-			
Entertainment	-	-	-	-	-	-	-	19	-			
Fleet services	-	-	-	-	1	(1)	-	-	-			
Consumable supplies	9	3	-	12	3	9	23,7%	12	-			
Consumable: Stationery, printing and office supplies	184	(45)	-	139	5	134	3,6%	148	46			
Operating leases	-	-	-	-	4	(4)	-	-	4			
Travel and subsistence	2,337	10	-	2,347	1,434	913	61,1%	1,641	1,341			
Operating payments	162,800	-	(6,100)	156,700	110,014	46,686	70,2%	93,517	89,128			
Venues and facilities	970	-	-	970	253	717	26,1%	195	387			

Subprogramme 6.1: Energy Efficiency											
2018/19										2017/18	
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
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Transfers and subsidies	217,771	-	-	217,771	234,112	(16,341)	107,5%	614,026	499,497		
Provinces and municipalities	215,024	-	-	215,024	215,024	-	100,0%	203,236	203,236		
Municipalities	215,024	-	-	215,024	215,024	-	100,0%	203,236	203,236		
Municipal bank accounts	215,024	-	-	215,024	215,024	-	100,0%	203,236	203,236		
Departmental agencies and accounts	-	-	-	-	17,561	(17,561)	-	59,774	59,774		
Departmental agencies	-	-	-	-	17,561	(17,561)	-	59,774	59,774		
Higher education institutions	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	2,747	-	-	2,747	1,527	1,220	55,6%	1,020	1,015		
Public corporations and private enterprises	-	-	-	-	-	-	-	349,996	235,472		
Private enterprises	-	-	-	-	-	-	-	349,996	235,472		
Subsidies on products and production	-	-	-	-	-	-	-	349,996	235,472		
Payments for capital assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	400,244	-	(7,896)	392,348	362,336	30,012	92,4%	717,602	597,288		

Subprogramme 6.2: Renewable Energy											
2018/19											2017/18
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	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	5,555	-	-	5,555	5,582	(27)	100,5%	4,946	4,431		
Compensation of employees	4,396	-	-	4,396	4,556	(160)	103,6%	4,135	4,244		
Salaries and wages	3,780	110	-	3,890	4,005	(115)	103,0%	3,598	3,724		
Social contributions	616	(110)	-	506	551	(45)	108,9%	537	519		
Goods and services	1,159	-	-	1,159	1 026	133	88,5%	811	187		
Administrative fees	5	8	-	13	24	(11)	187,1%	10	13		
Advertising	158	-	-	158	-	158	-	152	-		
Catering: Departmental activities	10	-	-	10	5	5	45,4%	29	-		
Communication	44	-	-	44	21	23	47,8%	42	23		
Consultants: Business and advisory services	-	-	-	-	337	(337)	-	-	-		
Consumable supplies	-	1	-	1	2	(1)	206,7%	-	-		
Property payments	-	-	-	-	-	-	-	-	-		
Travel and subsistence	634	(9)	-	625	320	305	51,1%	277	151		
Training and development	-	-	-	-	-	-	-	-	-		
Operating payments	-	-	-	-	194	(194)	-	-	-		
Venues and facilities	308	-	-	308	124	184	40,2%	301	-		
Transfers and subsidies	70,241	-	-	70,241	52,680	17,561	75,0%	-	-		
Departmental agencies and accounts	70,241	-	-	70,241	52,680	17 561	75,0%	-	-		
Departmental agencies	70,241	-	-	70,241	52,680	17 561	75,0%	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	75,796	-	-	75,796	58,262	17,534	76,9%	4,946	4,431		

Subprogramme 6.3: Climate Change and Designated National Authority											
2018/19										2017/18	
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
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Current payments	8,667	-	-	8,667	8,719	(52)	100,6%	7,942	7,836		
Compensation of employees	7,719	-	-	7,719	7,620	99	98,7%	7,135	7,126		
Salaries and wages	6,637	158	-	6,795	6,771	24	99,6%	6,182	6,337		
Social contributions	1,082	(158)	-	924	849	75	91,9%	953	790		
Goods and services	948	-	-	948	1,099	(151)	115,9%	807	710		
Administrative fees	19	5	-	24	36	(12)	149,5%	29	35		
Advertising	-	-	-	-	-	-	-	-	-		
Catering: Departmental activities	7	(5)	-	2	1	1	53,4%	5	2		
Communication	9	7	-	16	44	(28)	275,8%	16	19		
Computer services	-	-	-	-	-	-	-	-	-		
Consultants: Business and advisory services	347	(25)	-	322	-	322	-	183	-		
Contractors	1	-	-	1	1	0	68,0%	-	-		
Fleet services	-	-	-	-	1	(1)	-	-	-		
Consumable supplies	1	1	-	2	3	(1)	145,3%	5	2		
Operating leases	-	-	-	-	2	(2)	-	-	-		
Travel and subsistence	525	17	-	542	936	(394)	172,6%	483	572		
Venues and facilities	39	-	-	39	76	(37)	194,9%	86	80		
Transfers and subsidies	-	-	-	-	-	-	-	-	-		
Payments for capital assets	-	-	-	-	-	-	-	-	-		
Payments for financial assets	-	-	-	-	-	-	-	-	-		
TOTAL	8,667	-	-	8,667	8,719	(52)	100,6%	7,942	7,836		

5.3 NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

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

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

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

3. Detail on payments for financial assets

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

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

5.3.1 PER PROGRAMME

Programme 1	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	305,329	304,017	1,312	0,43%

The Programme spent R304.02 million from a budget allocation of R305.33 million, resulting in a net budget underspending of R1.31 million. The underspending is mainly as a result of vacant positions particularly from newly funded priority posts.

Programme 2	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Energy Policy and Planning	46,073	40,066	6,007	13,04%

The Programme spent R40.07 million from a budget allocation of R46.07 million, resulting in a net budget underspending of R6.01 million or 13.04%. The underspending is mainly due to the following:

- Compensation of employees: R4.37 million mainly as a result of vacant positions.
- Consultants: Business and Advisory services: R741 thousand underspending attributable to delayed projects which could not be finalised as planned.
- Travel and subsistence: R448 thousand due to less domestic and international trips than anticipated.
- Other savings are on Administrative fees, communication, catering, consumables, contractors and venues and facilities are as a result of cost containment measures.

Programme 3	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Petroleum & Petroleum Products Regulation	79,242	77,044	2,198	3%

The Programme spent R77.04 million from a budget of R79.24 million, resulting in a net budget underspending of R2.20 million or 2.77% mainly due to International membership fees of R2.88 million to the African Petroleum Producers Organisation (APPO). The membership fees could not be disbursed before year-end as planned due to late receipt of the related invoice. However, the payment was processed late in March but due to the time required for the processing of foreign payments, exchange conversion and consequent disbursement, this payment only materialized in April 2019, i.e. new financial year. A motivation has since be submitted to Treasury for approval to rollover the unspent funds to the 2019/20 financial year.

Programme 4	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Electrification and Energy Programme and Project Management	5,380,591	5,364,511	16,080	0,30%

The Programme spent R5.36 billion of the total budget allocation of R5.38 billion, resulting in a net underspending of R16.08 million. The net underspending is mainly as a result of:

- INEP Non-Grid Households programme: The underspending of R14.59 million due to the delayed finalisation of allocation of units to be installed to service providers which subsequently affected delivery by the appointed service providers. The approval for allocations to service providers was negatively impacted by the time taken to receive a decision from Parliament for the virement proposal of R52.50 million from INEP Non-grid project to Programme 5. A roll-over motivation for rolling the budget balance of R13,649 to the 2019/20 financial year has been submitted to National Treasury for consideration
- Goods and services: R1.41 million net-underspending mainly from Consultants Business and Advisory services item due to the delay in appointing a service provider for the Non-grid monitoring and evaluation project. The related Terms of Reference for this project were finalized late in the financial year, therefore delaying the procurement process.

Programme 5	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Nuclear Energy	875,486	875,285	201	0,02%

Spending in this Programme is on par with the allocated budget as R875.29 million was spent from the available budget of R875.49 million resulting in a net budget underspending of R201 thousand.

Programme 6	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Clean Energy	476,811	429,317	47,494	9,96%

The Programme spent R429.32 million from a final budget of R476.81 million resulting in the net budget underspending of R47.49 million or 9.96%.

- Operating payments: R46.49 million underspending due to delays in the overall implementation of the SWHP following the approval of R114.52 million roll over from the 2017/18 financial year to this programme. It was planned that the rolled over budget will be disbursed for training of installers, payment of retention fees and actual installation of stored units. Payments totalling R110.02 million and R2.95 million were made for the storage and transport of SWH units respectively. Additionally, payments of R65.2 million for retention fees, for the delayed long stop installation date (9% of retention fees), and warranties was paid. Although these payments were made, they do not reflected against the roll over budget of R114.52 million as they are regarded as payments made in advance / prepayments pending the outstanding training of installers.
- International membership fees: R1.22 million underspending as a result of an outstanding invoice for subscription fees to the IPEEC. “

5.3.2 PER ECONOMIC CLASSIFICATION

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	360,075	346,731	13,344	3,71%
Goods and services	419,116	331,433	87,863	20,92%
Interest and rent on land	1	1	0	0,00%
Transfers and subsidies				
Provinces and municipalities	2,119,501	2,119,501	-	0,00%
Departmental agencies and accounts	133,391	133,391	-	0,00%
Higher education institutions	-	-	-	-
Public corporations and private enterprises	4,093,894	4,079,300	14,594	0,36%
Foreign governments and international organisations	30,515	26,412	4,103	13,45%
Non-profit institutions	-	-	-	-
Households	896	887	9	0,96%
Payments for capital assets				
Buildings and other fixed structures	-	-	-	-
Machinery and equipment	6,140	6,141	1	-0,02%
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Intangible assets	-	46,439	(46 439)	0%
Payments for financial assets	3	3	-	15,53%

Explanation of variance:

Compensation of employees (CoE)

The budget underspending of R13.34 million or 3.71% is attributable to delays in filling vacant priority positions. On 31 March, the Department had in its employment 512 permanent employees and 50 contract employees, inclusive of 22 interns. A total of 39 permanent funded posts remained vacant.

Goods and Services

A budget of R419.12 million was allocated to this classification while actual expenditure was R331.43 million resulting in a net budget underspending of R87.68 million or 20.9% mainly due to the following items:

- Operating Payments: R46.77 million underspending due to delays in the overall implementation of the SWHP following the approval of R1 14.52 million roll over from the 2017/18 financial year to this programme. It was planned that the rolled over budget will be disbursed for training of installers, payment of retention fees and actual installation of stored units. By the end of the financial year under review, payments in the SWHP were a total of R112.97 million consisting of R110.02 million for storage fees and R2.95 million for

transportation of SWH units from private storage facilities to government entities. In addition, an amount of R65.2 million, for warrantees and retentions fees, paid to services providers during the financial year in terms of the long stop installation date clause included in agreements with the service providers was allocated to the pre-payments item.

- Consultants: Business and advisory services: R54.05 million underspending mainly due to an unspent budget of R46.44 million appropriated in the goods and services classification for discharging outstanding obligations from the Department's implementation of the New Nuclear Build Programme (NNBP), while actual expenditure had to be allocated to the payments for capital assets classification, as well as delayed projects in Programme 2 and 4. Some of these delayed projects were affected by the expiry of the contract period which required special approval from the Accounting Officer to extend the period. The affected projects are:
 - Footprint and Saving Potential project in Programme 2 and
 - INEP Non-grid Monitoring and Evaluation project in Programme 4.
- The total payment of R46.44 million was in relation to the NNBP's IIGPMS system. Funding for all NNBP related services was originally appropriated under the goods and services classification while actual expenditure is correctly accounted for under the payments for capital assets classification consequently leading to a budget underspending under goods and services and a budget overspending under payments for capital assets.
- Communication services: R3.17 million over budget due to various events that took place mainly outside office hours and required maximum communication with stakeholders through mobile phones as well as communication while on official international trips.
- Legal services: R7.24 million as a result of the expenditure for disciplinary / arbitration proceedings and the Coal Transporters Forum matter which were not budgeted for.
- Property payments: R2.58 million over budget attributable to an insufficient budget allocation and claims from DPW that were approximately 7% higher than anticipated.

Transfer payments

The net budget underspending of R18.71 million or 0.19% is for the following:

- INEP Non-Grid Households programme: R14.59 million underspending due to the delayed implementation of the 2018/19 connections plan in particular the allocation of units to service providers. Subsequently, the process of finalizing contracts was concluded late which negatively affected delivery. The verification process necessary before payments can be processed was also delayed for some invoices which were received late in March. A roll-over motivation for the unspent funds to be made available in the 2019/20 financial year has been submitted to National Treasury for approval.
- International membership fees: R4.10 million net underspending mainly as a result of delayed receipt of invoices for subscription fees to international organizations. The delay subsequently resulted in the processing of a payment to APPO falling outside of the 2018/19 payment process deadline leading to the payment reflecting in April 2019, i.e. 2019/20 financial year. A roll over motivation has been submitted to Treasury for approval. A budgeted payment to the IPEEC could also not be processed attributable to an outstanding invoice.
- SWHP: R6.39 million of warranty fees were paid as prepayments and advances due to pending installations of units. The payments will be charged against the vote upon training of installers and installation of the units.

Payments for capital assets

The net budget overspending of R46.44 million is due to expenditure incurred for the implementation of the NNBP IIGPMS system. Funding of R46.44 million for the mentioned services was originally appropriated under the goods and services classification where it remained unspent at year-end while related payments were charged to the capital assets classification leading to a budget overspending of the same amount.

5.3.3 PER CONDITIONAL GRANT

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
ENERGY				
Integrated National Electrification Programme	1,904,477	1,904,477	-	0,00%
Energy Efficiency and Demand Side Management Programme	215,024	215,024	-	0,00%

5.4 STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19	2017/18
		R'000	R'000
REVENUE			
Annual appropriation	1	7,163,532	8,145,422
Departmental revenue	2	54,680	7,994
Aid assistance	3	12,034	54,774
TOTAL REVENUE	-	7,230,246	8,208,190
EXPENDITURE			
Current expenditure			
Compensation of employees	4	346,731	322,185
Goods and services	5	331,433	264,720
Interest and rent on land	6	1	-
Total current expenditure	-	678,165	586,905
Transfers and subsidies			
Transfers and subsidies	8	6,359,491	7,354,808
Aid assistance	3	2,684	33,090
Total transfers and subsidies	-	6,362,175	7,387,898
Expenditure for capital assets			
Tangible assets	9	6,141	2,934
Intangible assets	9	46,439	-
Total expenditure for capital assets	-	52,580	2,934
Payments for financial assets	7	3	-
TOTAL EXPENDITURE	-	7,092,923	7,977,737
SURPLUS/(DEFICIT) FOR THE YEAR	-	137,323	230,453
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds	-	73,293	200,775
Annual appropriation	-	73,293	200,775
Conditional grants	-	-	-
Departmental revenue and NRF Receipts	16	54,680	7,994
Aid assistance	3	9,350	21,684
SURPLUS/(DEFICIT) FOR THE YEAR	-	137,323	230,453

5.5 STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	2018/19	2017/18
		R'000	R'000
ASSETS			
Current assets		122,200	202,267
Unauthorised expenditure	10	50,604	50,604
Cash and cash equivalents	11	3,472	150,911
Prepayments and advances	12	66,654	543
Receivables	13	1,470	209
Non-current assets		2,235	2,240
Investments	14	2,205	2,205
Receivables	13	30	35
TOTAL ASSETS		124,435	204,507
LIABILITIES			
Current liabilities		122,172	202,217
Voted funds to be surrendered to the Revenue Fund	15	73,293	200,775
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	16	48,770	1,352
Payables	17	109	90
Non-current liabilities			
Payables		-	-
TOTAL LIABILITIES		122,172	202,217
NET ASSETS		2,263	2,290
Represented by:			
Capitalisation reserve		2,205	2,205
Recoverable revenue		58	85
Retained funds		-	-
Revaluation reserves		-	-
TOTAL		2,263	2,290

5.6 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19	2017/18
		R'000	R'000
ASSETS			
Capitalisation Reserves			
Opening balance	-	2,205	2,205
Transfers:	-	-	-
Movement in Equity	-	-	-
Movement in Operational Funds	-	-	-
Other movements	-	-	-
Closing balance	-	2,205	2,205
Recoverable revenue			
Opening balance	-	85	107
Transfers:	-	(27)	(22)
Irrecoverable amounts written off	-	-	-
Debts revised	-	3	(18)
Debts recovered (included in departmental receipts)	-	(96)	(157)
Debts raised	-	66	153
Closing balance	-	58	85
TOTAL		2,263	2,290

5.7 CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19	2017/18
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts	-	7,230,246	8,208,190
Annual appropriated funds received	1.1	7,163,532	8,145,422
Departmental revenue received	2	54,668	7,967
Interest received	2.2	12	27
Aid assistance received	3	12,034	54,774
Net (increase)/decrease in working capital	-	(67,348)	274
Surrendered to Revenue Fund	-	(208,037)	(80,506)
Surrendered to RDP Fund/Donor	-	(9,350)	(21,684)
Current payments	-	(678,164)	(586,905)
Interest paid	-	(1)	-
Payments for financial assets	-	(3)	-
Transfers and subsidies paid	-	(6,362,175)	(7,387,898)
Net cash flow available from operating activities	18	(94,832)	131,471
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(52,580)	(2,934)
Net cash flows from investing activities	-	(52,580)	(2,934)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets	-	(27)	(22)
Net cash flows from financing activities	-	(27)	(22)
Net increase/(decrease) in cash and cash equivalents	-	(147,439)	128,515
Cash and cash equivalents at beginning of period unrealised gains and losses within cash and cash equivalents	-	150,911	22,396
Cash and cash equivalents at end of period	19	3,472	150,911

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

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

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

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

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

3. PRESENTATION CURRENCY

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

4. ROUNDING

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

5. FOREIGN CURRENCY TRANSLATION

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

6. COMPARATIVE INFORMATION

6.1 Prior Period Comparative Information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

6.2 Current Year Comparison With Budget

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

7. REVENUE

7.1 Appropriated funds

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

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

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

7.2 Departmental Revenue

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

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

7.3 Accrued Departmental Revenue

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

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

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

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

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

8. EXPENDITURE

8.1 Compensation of Employees

8.1.1 Salaries and Wages

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

8.1.2 Social Contributions

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

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

8.2 Other Expenditure

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

8.3 Accruals and Payables not Recognised

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

8.4 Leases

8.4.1 Operating Leases

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

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance Leases

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

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. AID ASSISTANCE

9.1 Aid Assistance Received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid Assistance Paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

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

11. PREPAYMENTS AND ADVANCES

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12. LOANS AND RECEIVABLES

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

13. INVESTMENTS

Investments are recognised in the statement of financial position at cost.

14. FINANCIAL ASSETS

14.1 Financial Assets (Not Covered Elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

14.2 Impairment of Financial Assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15. PAYABLES

Payables recognised in the statement of financial position are recognised at cost.

16. CAPITAL ASSETS

16.1 Immovable Capital Assets

Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

16.2 Movable Capital Assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

16.3 Intangible Assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

16.4 Project Costs: Work-in-Progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

17. PROVISIONS AND CONTINGENTS

17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent Liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent Assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

17.4 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

20. IRREGULAR EXPENDITURE

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

23. PRINCIPAL-AGENT ARRANGEMENTS

The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

24. CAPITALISATION RESERVE

The capitalisation reserve comprises 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 underlying asset is disposed and the related funds are received.

25. RECOVERABLE REVENUE

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

26. RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

27. INVENTORIES

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

28. PUBLIC-PRIVATE PARTNERSHIPS

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.

29. EMPLOYEE BENEFITS

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

PART B: EXPLANATORY NOTES

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:

	2018/19			2017/18	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	305,329	288,888	16,441	278,060	263,561
Energy Policy and Planning	46,073	47,178	(1,105)	43,119	46,668
Petroleum and Petroleum Products	79,242	83,532	(4,290)	78,748	81,828
Electrification and Energy Programme	5,380,591	5,383,641	(3,050)	6,219,580	6,219,980
Nuclear Energy	875,486	875,586	(100)	795,425	790,875
Clean Energy	476,811	484,707	(7,896)	730,490	742,510
TOTAL	7,163,532	7,163,532	-	8,145,422	8,145,422

The decrease in the appropriation was as a result of Cabinet approved reductions implemented on the INEP – Eskom and INEP Municipal grants. The budget which was initially earmarked for the procuring of SWH units, was also removed in order to align the manufacturing of units with installation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

2. DEPARTMENTAL REVENUE

	Note	2018/19	2017/18
		R'000	R'000
Sales of goods and services other than capital assets	2.1	4,409	3,998
Interest, dividends and rent on land	2.2	12	27
Transactions in financial assets and liabilities	2.3	48,642	1,743
Transfer received	2.4	1,617	2,226
Total revenue collected	-	54,680	7,994
Departmental revenue collected	-	54,680	7,994

2.1 Sales of Goods and Services Other Than Capital Assets

	Note	2018/19	2017/18
		R'000	R'000
Sales of goods and services produced by the department	-	4,407	3,997
Sales by market establishment	-	138	140
Administrative fees	-	4,134	3,729
Other sales	-	135	128
Sales of scrap, waste and other used current goods	-	2	1
TOTAL	-	4,409	3,998

2.2 Interest, Dividends and Rent on Land

	Note	2018/19	2017/18
		R'000	R'000
Interest	-	12	27
TOTAL	-	12	27

2.3 Transactions in Financial Assets and Liabilities

	Note	2018/19	2017/18
		R'000	R'000
Receivables	-	87	134
*Other Receipts including Recoverable Revenue	-	48,555	1,609
TOTAL	-	48,642	1,743

* Included in the amount is a once off receipt from Eskom representing unspent funds from its tenure as the implementing agent of the national Solar Water Heater Programme (NSWHP).

2.4 Transfers Received

	Note	2018/19	2017/18
		R'000	R'000
Other governmental units	-	1,617	2,226
TOTAL	-	1,617	2,226

3. AID ASSISTANCE

	Note	2018/19	2017/18
		R'000	R'000
Opening balance	-	-	-
Revenue	Annex 1F	12,034	54,774
Expenditure	Annex 1F	(2,684)	33,090
Transferred from statement of financial performance	-	9,350	21,684
Paid during the year*	Annex 1F	(9,350)	(21,684)
Closing Balance	-	-	-

* Funds amounting to R 9,350 million were surrendered to the RDP Fund during the current financial year.

3.1 Aid Assistance Expenditure Per Economic Classification

	Note	2018/19	2017/18
		R'000	R'000
Transfer and subsidies		2,684	33,090
Total aid assistance expenditure		2,684	33,090

4. COMPENSATION OF EMPLOYEES

4.1 Salaries and Wages

	Note	2018/19	2017/18
		R'000	R'000
Basic salary		235,104	218,162
Performance award		5,583	4,813
Service based		536	244
Compensative/circumstantial		6,584	6,477
Periodic payments		-	178
Other non-pensionable allowances		57,121	53,370
TOTAL		304,928	283,244

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

4.2 Social contributions

	Note	2018/19	2017/18
		R'000	R'000
Employer contributions		-	-
Pension		30,228	28,102
Medical		11,527	10,767
UIF		-	-
Bargaining council		48	44
Insurance		-	28
TOTAL		41,803	38,941
Total compensation of employees		346,731	322,185
Average number of employees		565	540

5. GOODS AND SERVICES

	Note	2018/19	2017/18
		R'000	R'000
Administrative fees	-	2,270	3,653
Advertising	-	3,067	2,016
Minor assets	5.1	354	280
Bursaries (employees)	-	870	618
Catering	-	1,539	1,745
Communication	-	9,373	9,023
Computer services	5.2	11,401	11,740
*Consultants: Business and advisory services	-	51,150	30,379
Legal services	-	10,345	4,984
Contractors	-	4,051	1,100
Agency and support / outsourced services	-	882	189
Entertainment	-	-	14
Audit cost – external	5.3	5,016	4,542
Fleet services	-	2,091	1,333
Consumables	5.4	3,801	3,568
Operating leases	-	47,916	35,228
Property payments	5.5	7,609	6,953
Rental and hiring	-	31	68
Transport provided as part of the departmental activities	-	41	73
Travel and subsistence	5.6	46,035	43,736
Venues and facilities	-	6,150	8,566
Training and development	-	4,250	3,409
Other operating expenditure	5.7	113,191	91,503
TOTAL	-	331,433	264,720

*The significant increase in the Consultants cost item is due to payments outstanding from the 2016/17 financial year, made under Programme 5: Nuclear Energy in relation to the Department's implementation of the New Nuclear Build Programme (NNBP).

*The increase in Operating Leases was specifically in the buildings item. The costs were for 2017/18 which had to be paid in 2018/19 and includes annual inflation adjustments.

5.1 Minor Assets

	Note 5	2018/19	2017/18
		R'000	R'000
Tangible assets		354	280
Machinery and equipment		354	280
Intangible assets		-	-
TOTAL		354	280

5.2 Computer Services

	Note 5	2018/19	2017/18
		R'000	R'000
SITA computer services		6,108	8,602
External computer service providers		5,293	3,138
TOTAL		11,401	11,740

5.3 Audit cost – External

	Note 5	2018/19	2017/18
		R'000	R'000
Regularity audits		4,846	4,067
*Investigations		170	-
Computer audits		273	475
TOTAL		5,016	4,542

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

5.4 Consumables

	Note 5	2018/19	2017/18
		R'000	R'000
Consumable supplies		916	742
Uniform and clothing		9	46
Household supplies		523	347
Building material and supplies		173	168
Communication accessories		1	1
IT consumables		151	103
*Other consumables		59	77
Stationery, printing and office supplies		2,885	2,826
TOTAL		3,801	3,568

* Other consumables includes gifts & awards, flags & accessories.

5.5 Property Payments

	Note 5	2018/19	2017/18
		R'000	R'000
Municipal services		3,742	3,162
Property management fees		2	35
Property maintenance and repairs		-	-
*Other		3,865	3,756
TOTAL		7,609	6,953

*Other includes cleaning services, security services and municipality services.

5.6 Travel and Subsistence

	Note 5	2018/19	2017/18
		R'000	R'000
Local		33,594	31,788
Foreign		12,441	11,948
TOTAL		46,035	43,736

5.7 Other Operating Expenditure

	Note 5	2018/19	2017/18
		R'000	R'000
Professional bodies, membership and subscription fees		664	509
Resettlement costs		16	3
*Other		112,511	90,991
TOTAL		113,191	91,503

*Other includes Printing & Publications Services, Storage Services and Courier & Delivery Services etc.

6. INTEREST AND RENT ON LAND

	Note	2018/19	2017/18
		R'000	R'000
Interest paid		1	-
Rent on land		-	-
TOTAL		1	-

7. PAYMENTS FOR FINANCIAL ASSETS

	Note	2018/19	2017/18
		R'000	R'000
Debts written off	7.1	3	-
TOTAL	-	3	-

7.1 Debts Written Off

	Note 7	2018/19	2017/18
		R'000	R'000
Nature of debts written off		-	-
Staff debt		3	-
TOTAL		3	-
		-	-

8. TRANSFERS AND SUBSIDIES

	Note	2018/19	2017/18
		R'000	R'000
Provinces and municipalities	32	2,119,501	2,290,284
Departmental agencies and accounts	Annex 1B	133,391	129,395
Foreign governments and international organisations	Annex 1D	26,412	25,622
Public corporations and private enterprises	Annex 1C	4,079,300	4,904,757
Households	Annex 1E	887	4,750
TOTAL	-	6,359,491	7,354,808

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

9. EXPENDITURE FOR CAPITAL ASSETS

	Note	2018/19	2017/18
		R'000	R'000
Tangible assets	-	6,141	2,934
Machinery and equipment	30.1	6,141	2,934
Intangible assets	-	46,439	-
*Software	31.1	46,439	-
TOTAL	-	52,580	2,934

**Intangible Assets includes Software for the Integrated Information Governance Process Management System for Nuclear New Build Program.*

9.1 Analysis of Funds Utilised to Acquire Capital Assets – 2018/19

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	6,141	-	6,141
Machinery and equipment	6,141	-	6,141
Intangible assets	46,439	-	46,439
*Software	46,439	-	46,439
TOTAL	52,580	-	52,580

9.2 Analysis of Funds Utilised to Acquire Capital Assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	2,934	-	2,934
Machinery and equipment	2,934	-	2,934
Intangible assets	-	-	-
*Software	-	-	-
TOTAL	2,934	-	2,934

10. UNAUTHORISED EXPENDITURE

10.1 Reconciliation Of Unauthorised Expenditure

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		50,604	50,604
Prior period error		-	-
As restated		50,604	50,604
Unauthorised expenditure – discovered in current year		-	-
Closing balance		50,604	50,604
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		50,604	50,604
TOTAL		50,604	50,604

10.2 Analysis of Unauthorised Expenditure Awaiting Authorisation Per Economic Classification

	Note	2018/19	2017/18
		R'000	R'000
Current		34,740	34,740
Capital		(461)	(461)
Transfers and subsidies		16,325	16,325
TOTAL		50,604	50,604

10.3 Analysis of Unauthorised Expenditure Awaiting Authorisation Per Type

	Note	2018/19	2017/18
		R'000	R'000
Unauthorised expenditure relating to overspending of the a main division –Programme 1- Administration within a vote in the 2016/17 financial year		35,744	35,744
**Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division in the 2010/11 financial year		14,860	14,860
TOTAL		50,604	50,604

The unauthorised expenditure incurred in 2016/17 for R35,744 million relates to overspending in the main division of the vote being Programme 1 – Administration

***Unauthorised expenditure incurred in 2010/11 for R14,860 million relates to overspending of the vote or main division within the vote*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

11. CASH AND CASH EQUIVALENTS

	Note	2018/19	2017/18
		R'000	R'000
Consolidated Paymaster General Account		3,380	150,815
Cash on hand		46	46
Investments (Domestic)		46	50
TOTAL		3,472	150,911

There are no amounts of significant cash and cash equivalent balances held by the department that are not available for use.

12. PREPAYMENTS AND ADVANCES

	Note	2018/19	2017/18
		R'000	R'000
Travel and subsistence	-	65	15
Prepayments (Not expensed)	12.2	65,204	-
Advances paid (Not expensed)	12.1	1,385	528
TOTAL	-	66,654	543

12.1 Advances Paid (Not Expensed)

	Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2019
	12	R'000	R'000	R'000	R'000	R'000
National departments		528	(5,134)	-	5,991	1,385
TOTAL		528	(5,134)	-	5,991	1,385

	Note	Balance as at 1 April 2017	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2018
	12	R'000	R'000	R'000	R'000	R'000
National departments		871	(3,536)	-	3,193	528
TOTAL		871	(3,536)	-	3,193	528

12.2 Prepayments (Not Expensed)

	Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2019
		R'000	R'000	R'000	R'000	R'000
Goods and services		-	-	-	7	7
Transfers and subsidies		-	-	-	65,197	65,197
TOTAL		-	-	-	65,204	65,204

Included in prepayments is R7 thousand for career fair event, and R65,197 million was for Solar Water Heaters, the 9% payments was based on invoking clause 4.2.1.3.2 of the supply agreement and the 1% payment was as per negotiation with suppliers to address the litigation matters.

13. RECEIVABLES

		2018/19			2017/18		
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	13.1	1,297	-	1,297	30	-	30
Recoverable expenditure	13.2	-	-	-	35	-	35
Staff debt	13.3	173	30	203	144	35	179
TOTAL	-	1,470	30	1,500	209	35	244

13.1 Claims Recoverable

	Note	2018/19	2017/18
	12	R'000	R'000
National departments		1,238	-
Public entities		-	30
Private enterprises		59	-
TOTAL		1,297	30

13.2 Recoverable Expenditure (Disallowance Accounts)

	Note	2018/19	2017/18
	13	R'000	R'000
Sal. Pension		-	35
TOTAL		-	35

13.3 Staff Debt

	Note	2018/19	2017/18
	13	R'000	R'000
Staff debtors		203	179
TOTAL		203	179

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

14. INVESTMENTS

	Note	2018/19	2017/18
		R'000	R'000
Non-Current	-	-	-
Shares and other equity	-	-	-
Nuclear Energy Corporation of South Africa	Annex 2A	2,205	2,205
TOTAL		2,205	2,205
Securities other than shares		-	-
TOTAL		-	-
Total non-current		2,205	2,205
		2018/19	2017/18
		R'000	R'000
Analysis of non-current investments			
Opening balance		2,205	2,205
Additions in cash		-	-
Disposals for cash		-	-
Non-cash movements		-	-
Closing balance		2,205	2,205

The Department holds 2,205,000 shares 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 assets value as at 31 March 2019.

15. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		200,775	73,458
As restated		200,775	73,458
Transfer from statement of financial performance (as restated)		73,293	200,775
Paid during the year		(200,775)	(73,458)
Closing balance		73,293	200,775

16. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		1,352	406
As restated		1,352	406
Transfer from Statement of Financial Performance (as restated)		54,680	7,994
Paid during the year		(7,262)	(7,048)
Closing balance		48,770	1,352

17. PAYABLES – CURRENT

	Note	2018/19	2017/18
		R'000	R'000
Clearing accounts	17.1	68	25
Other payables	17.2	41	65
TOTAL	-	109	90

17.1 Clearing Accounts

	Note	2018/19	2017/18
		R'000	R'000
Sal: Pension Fund		3	-
Sal: Income tax		43	25
Sal: Reversal		22	-
TOTAL		68	25

17.2 Other Payables

	Note	2018/19	2017/18
		R'000	R'000
Licence fee received		41	65
TOTAL		41	65

18. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2018/19	2017/18
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		137,323	230,453
Add back non cash/cash movements not deemed operating activities		(232,155)	(98,982)
(Increase)/decrease in receivables – current		(1,256)	74
(Increase)/decrease in prepayments and advances		(66,111)	363
Increase/(decrease) in payables – current		19	(163)
Expenditure on capital assets		52,580	2,934
Surrenders to Revenue Fund		(208,037)	(80,506)
Surrenders to RDP Fund/Donor		(9,350)	(21,684)
Net cash flow generated by operating activities		(94,832)	131,471

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

19. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	2018/19	2017/18
	R'000	R'000
Consolidated Paymaster General account	3,380	150,815
Cash on hand	46	46
Cash with commercial banks (Local)	46	50
TOTAL	3,472	150,911

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

20.1 Contingent Liabilities

	Note	2018/19	2017/18
		R'000	R'000
Other guarantees	Annex 3A	20,000	20,000
*Claims against the department	Annex 3B	124,717	82,330
TOTAL	-	144,717	102,330

**The amount is an aggregation of several separate claims against the Department, wherein legal proceedings have been initiated and instituted against the Department, the Department has disputed liability.*

20.2 Contingent Assets

Nature of contingent asset	2018/19	2017/18
	R'000	R'000
	-	-
Possible rental overpayments for Matimba Building	12,372	-
TOTAL	12,372	-

The contingent assets is due to possible overpayments on the lease contract for the DoE Head Office building from inception of the lease to 31 August 2018. DoE is disputing the square meterage of the building leased. The possible overpayment was revealed in a forensic investigation report which was recently concluded. The report will be sent to Department of Public Works. The possible overpayment for period 1 September 2018 to 31 March 2019 has been calculated by Internal Audit Division. This might result in DPW owing DoE if the overpayments are confirmed. Refer to Lease Commitment note 24.

21. COMMITMENTS

	Note	2018/19	2017/18
		R'000	R'000
Current expenditure			
Approved and contracted		80,965	161,550
		80,965	161,550
Capital expenditure			
Approved and contracted		46	1,040
		46	1,040
Total Commitments		81,011	162,590

22. ACCRUALS AND PAYABLES NOT RECOGNISED

22.1 Accruals

				2018/19	2017/18
				R'000	R'000
Listed by economic classification					
	30 Days	30+ Days	Total	Total	
Goods and services	6,949	227	7,176	29,718	
Transfers and subsidies	3,202	-	3,202	4,194	
TOTAL	10,151	227	10,378	33,912	

			2018/19	2017/18	
			R'000	R'000	
Programme 1: Administration					10,275
Programme 2: Energy Policy and Planning					664
Programme 3: Petroleum and Petroleum Products Regulation					2,300
Programme 4: Electrification and Energy Programme and Project Management					5,415
Programme 5: Nuclear Energy					12,439
Programme 6: Clean Energy					2,819
TOTAL			10,378	33,912	

22.2 Payables Not Recognised

				2018/19	2017/18
				R'000	R'000
Listed by economic classification					
	30 Days	30+ Days	Total	Total	
Goods and services	81	5	86	434	
Transfers and subsidies	9,432	-	9,432	16,174	
Capital assets	-	-	-	65,265	
TOTAL	9,513	5	9,519	81,873	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19	2017/18
		R'000	R'000
Listed by programme level		-	-
Programme 1: Administration		29	-
Programme 2: Energy Policy and Planning		39	-
Programme 3: Petroleum and Petroleum Products Regulation		-	434
Programme 4: Electrification and Energy Programme and Project Management		9,451	16,174
Programme 5: Nuclear Energy		-	65,265
Programme 6: Clean Energy		-	-
TOTAL		9,519	81,873

	Note	2018/19	2017/18
		R'000	R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	963	5,567
Confirmed balances with other government entities	Annex 5	1	1
TOTAL	-	964	5,568

23. EMPLOYEE BENEFITS

	Note	2018/19	2017/18
		R'000	R'000
*Leave entitlement		14,737	12,382
Service bonus		8,482	7,682
**Performance awards		5,401	4,999
Capped leave commitments		2,823	2,045
Other		51	268
TOTAL		31,495	27,376

*The leave entitlement does not include the leaves with credit balances. The leave with credit balances amounts to R304,684.

**The performance awards amount is based on the allowed percentage of 1.5 of the total "Compensation of employees" budget.

24. LEASE COMMITMENTS

24.1 Operating Leases

2018/19	Specialised military equipment	Land	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	*39,442	3,222	42,664
Later than 1 year and not later than 5 years	-	-	*97,720	2,173	99,893
Later than 5 years	-	-	*950	-	950
Total lease commitments	-	-	138,112	5,395	143,507

2017/18	Specialised military equipment	Land	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	35,919	4,792	40,711
Later than 1 year and not later than 5 years	-	-	133,610	3,481	137,091
Later than 5 years	-	-	2,499	-	2,499
Total lease commitments	-	-	172,028	8,273	180,301

The Lease Commitment for Building and Other Fixed Structures include a lease contract for Head Office building that the Department is disputing the square meterage. The varying meterage could result in a recovery of overpayments. The forensic report will be sent to Department of Public Works for confirmation of the findings.

*Commitments for building and other fixed Structures will be adjusted accordingly once the over payment is agreed to. Pending the confirmation by DPW the amount has been recorded in the secondary information as Contingent Assets under note 20.

25. ACCRUED DEPARTMENTAL REVENUE

	Note	2018/19	2017/18
		R'000	R'000
Sales of goods and services other than capital assets		4,580	3,750
TOTAL		4,580	3,750

25.1 Analysis Of Accrued Departmental Revenue

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		3,750	2,877
Less: amounts received		3,052	2,678
Add: amounts recorded		3,882	3,551
Less: amounts transferred to receivables for recovery		-	-
Closing balance		4,580	3,750

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

26. IRREGULAR EXPENDITURE

26.1 Reconciliation of Irregular Expenditure

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		89,170	76,482
As restated		89,170	76,482
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		12,424	12,688
Less: Current year amounts condoned		-	-
Closing balance		101,594	89,170

Analysis of awaiting condonation per age classification			
Current year		12,424	12,688
Prior years		89,170	76,482
TOTAL		101,594	89,170

26.2 Details of Irregular Expenditure – Added Current Year

Incident	Disciplinary steps taken/criminal proceedings	2018/19
		R'000
Procurement processes not followed	The transactions have been referred for investigation disciplinary action is pending investigation outcome.	12,424
TOTAL		12,424

27. FRUITLESS AND WASTEFUL EXPENDITURE

27.1 Reconciliation of Fruitless and Wasteful Expenditure

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		89,143	16
As restated		89,143	16
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		110,151	89,183
Less: Amounts resolved		(4)	(56)
Closing balance		199,290	89,143

**Storage costs for Solar Water Heater units that are awaiting installation.*

27.2 Analysis of Awaiting Resolution Per Economic Classification

	Note	2018/19	2017/18
		R'000	R'000
Current		110,151	89,143
TOTAL		110,151	89,143

27.3 Analysis of Current Year's (Relating to Current and Prior Years) Fruitless and Wasteful Expenditure

Incident	Disciplinary steps taken/criminal proceedings	2018/19
		R'000
Damage vehicles	-	3
No shows	-	1
Interest on overdue account	-	1
Other - Storage services for solar water heater units	-	110,146
TOTAL	-	110,151

28. RELATED PARTY TRANSACTIONS

	Note	2018/19	2017/18
		R'000	R'000
Guarantees issued/received		-	-
Guarantees issued – NECSA		20,000	20,000
TOTAL		20,000	20,000

Entity/Departments	Relationship
CEF-State Owned Entity of Depart of Energy	State Owned Entity (SOE) of Department
Necsa-State Owned Entity of Depart of Energy	SOE of Department
NERSA-State Owned Entity of Depart of Energy	SOE of Department
NNR-State Owned Entity of Depart of Energy	SOE of Department
NRWDI-State Owned Entity of Depart of Energy	SOE of Department
SANEDI-State Owned Entity of Depart of Energy	SOE of Department
Independent Power Producers Office (IPPO)	Joint Affiliation

There is a Memorandum of Agreement (MoA) between Department of Energy, the National Treasury and the Development of Southern Africa Limited (DBSA) for co-ordinated support, management and facilitation of the implementation of the Independent Power Programmes (IPP) Procurement Programmes and interventions through the IPP office, within the context of their respective statutory mandates, policy objectives, powers, functions, duties and accountability.

The Department influences the operations of the IPP office due to the nature of service of the IPP office which is derived from the mandate of the Department and its operations have a significant impact on the said mandate. However, there are no financial transactions between the Department and the IPP office. The IPP office financial statements will be consolidated in the national consolidation for entities, and subject to its own independent audit.

During 2018/19 Joint Implementation Committee resolved that the Scope of Work for the Institutionalisation of the IPP office be approved. Further, JIC mandated the Development Bank of Southern Africa to proceed to procure services of external advisors in accordance with the approved Scope of Work.

The process to procure such advisory services has been completed. The service provider will undertake an extensive independent investigation of realistic, economical options in relation to the permanent institutionalisation of the IPP office in consultation with all relevant stakeholders. This work is expected to conclude by 30th April 2020. Interim progress reports will be received by JIC periodically.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

29. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2018/19	2017/18
		R'000	R'000
*Political office bearers	2	3,974	4,788
Officials:	-	-	-
*Level 15 to 16	11	16,835	16,908
Level 14	-	-	19,491
TOTAL	-	20,809	41,187

*Key Management Personnel are officials having the authority and responsibility for the planning, directing and controlling the activities of the department.

30. MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019					
	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	222	-	-	-	222
Heritage assets	222	-	-	-	222
MACHINERY AND EQUIPMENT	60,381	-	7,676	932	67,125
Transport assets	4,005	-	2,224	-	6,229
Computer equipment	37,785	-	3,747	166	41,366
Furniture and office equipment	13,574	-	437	754	13,258
Other machinery and equipment	5,017	-	1,269	13	6,272
	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	60,603	-	7,676	932	67,347

30.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	6,141	1,535	-	-	7,676
Transport assets	1,040	1,184	-	-	2,224
Computer equipment	3,403	344	-	-	3,747
Furniture and office equipment	437	-	-	-	437
Other machinery and equipment	1,261	7	-	-	1,269
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	6,141	1,535	-	-	7,676

30.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019				
	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	932	932	-
Transport assets	-	-		-
Computer equipment	-	166	166	-
Furniture and office equipment	-	754	754	-
Other machinery and equipment	-	13	13	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	932	932	-

30.3 Movement for 2017/18

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018					
	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	222	-	-	-	222
Heritage assets	222	-	-	-	222
	-	-	-	-	-
MACHINERY AND EQUIPMENT	60,802	-	2,934	3,355	60,381
Transport assets	3,035	-	970	-	4,005
Computer equipment	38,067	-	1,535	1,818	37,785
Furniture and office equipment	14,581	-	405	1,413	13,574
Other machinery and equipment	5,118	-	23	125	5,017
		-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	61,024	-	2,934	3,355	60,603

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

30.4 Minor Assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	185	7,742	-	7,927
Additions	-	-	-	397	-	397
Disposals	-	-	-	118	-	118
TOTAL MINOR ASSETS	-	-	185	8,021	-	8,206

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	74	-	74
Number of minor assets at cost	-	-	83	4,836	-	4,919
TOTAL NUMBER OF MINOR ASSETS	-	-	83	4,910	-	4,993

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	185	7,840	-	8,025
Prior period error	-	-	-	-	-	-
Additions	-	-	-	280	-	280
Disposals	-	-	-	378	-	378
TOTAL MINOR ASSETS	-	-	185	7,742	-	7,927

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	75	-	75
Number of minor assets at cost	-	-	83	4,773	-	4,856
TOTAL NUMBER OF MINOR ASSETS	-	-	83	4,848	-	4,931

30.5 Movable Assets Written Off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2019						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	173	-	173
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	173	-	173

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2018						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	176	-	176
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	176	-	176

31. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019					
	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	90,932	-	46,439	-	137,371
TOTAL INTANGIBLE CAPITAL ASSETS	90,932	-	46,439	-	137,371

31.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019					
	Cash	Non-Cash	(Development work-in-progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	46,439	-	-	-	46,439
TOTAL INTANGIBLE CAPITAL ASSETS	46,439	-	-	-	46,439

31.2 Movement for 2017/18

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018					
	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	90,932	-	-	-	90,932
TOTAL INTANGIBLE CAPITAL ASSETS	90,932	-	-	-	90,932

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

32. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER		
	DoRA and other transfers	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	%	
ABAQLUSI MUNICIPALITY	15,000	-	-	15,000	15,000	-	15,000	
ALBERT LUTHULI MUNICIPALITY	8,334	-	-	8,334	8,334	-	8,334	
ALFRED DUMA MUNICIPALITY	14,598	-	-	14,598	14,598	-	14,598	
ALFRED NZO DIST MUNICIPALITY	6,000	-	-	6,000	6,000	-	6,000	
AMAHLATI MUNICIPALITY	5,000	-	-	5,000	5,000	-	5,000	
BA-PHALABORWA MUNICIPALITY	-	-	5,000	5,000	5,000	-	5,000	
BEAUFORT WEST MUNICIPALITY	10,000	-	-	10,000	10,000	-	10,000	
BELA BELA MUNICIPALITY	15,580	-	-	15,580	15,580	-	15,580	
BERGRIVIER MUNICIPALITY	3,000	-	-	3,000	3,000	-	3,000	
BIG FIVE/HLABISA LOC MUNICIPALITY	-	-	-	-	-	-	-	
BITOU MUNICIPALITY	8,000	-	-	8,000	8,000	-	8,000	
BLOUBERG MUNICIPALITY	9,295	-	-	9,295	9,295	-	9,295	
BLUE CRANE ROUTE MUNICIPALITY	6,000	-	-	6,000	6,000	-	6,000	
BREEDE VALLEY MUNICIPALITY	5,000	-	-	5,000	5,000	-	5,000	
BUFFALO CITY MUNICIPALITY	14,200	-	-	14,200	14,200	-	14,200	
BUSHBUCKRIDGE MUNICIPALITY	12,000	-	-	12,000	12,000	-	12,000	
CAPE AGULHAS MUNICIPALITY	7,000	-	-	7,000	7,000	-	7,000	
CEDERBERG MUNICIPALITY	3,000	-	5,000	8,000	8,000	-	8,000	
CITY OF CAPE TOWN MUNICIPALITY	20,000	-	-	20,000	20,000	-	20,000	
CITY OF JOHANNESBURG MUNICIPALITY	31,298	-	(1,550)	29,748	29,748	-	29,748	
CITY OF MATLOSANA MUNICIPALITY	29,000	-	-	29,000	29,000	-	29,000	
CITY OF TSHWANE MUNICIPALITY	50,000	-	-	50,000	50,000	-	50,000	
DAWID KRUIPER MUNICIPALITY	17,000	-	-	17,000	17,000	-	17,000	

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	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	%
DIHLABENG MUNICIPALITY	10,000	-	-	10,000	10,000	-	10,000
DIKGATLONG MUNICIPALITY	1,000	-	-	1,000	1,000	-	1,000
DIPALESENG MUNICIPALITY	13,430	-	-	13,430	13,430	-	13,430
DITSOBOTLA MUNICIPALITY	10,000	-	(10,000)	-	-	-	-
DR BEYERS NAUDE LOCAL MUNICIPALITY	4,500	-	-	4,500	4,500	-	4,500
DR JS MOROKA MUNICIPALITY	1,550	-	3,500	5,050	5,050	-	5,050
DR NKOSAZANA DLAMINI ZUMA MUNICIPAL	13,540	-	-	13,540	13,540	-	13,540
DRAKENSTEIN MUNICIPALITY	5,738	-	-	5,738	5,738	-	5,738
EDEN DISTRICT MUNICIPALITY	-	-	-	-	-	-	-
EDUMBE MUNICIPALITY	13,300	-	-	13,300	13,300	-	13,300
EKURHULENI MUNICIPALITY	59,000	-	-	59,000	59,000	-	59,000
ELIAS MOTSOALEDI MUNICIPALITY	14,998	-	-	14,998	14,998	-	14,998
ELUNDINI MUNICIPALITY	30,636	-	-	30,636	30,636	-	30,636
EMADLANGENI MUNICIPALITY	6,000	-	-	6,000	6,000	-	6,000
EMAKHAZENI MUNICIPALITY	9,014	-	-	9,014	9,014	-	9,014
EMALAHLENI MUNICIPALITY	42,000	-	-	42,000	42,000	-	42,000
EMTHANJENI MUNICIPALITY	4,000	-	-	4,000	4,000	-	4,000
ENDUMENI MUNICIPALITY	6,930	-	-	6,930	6,930	-	6,930
ENGCOBO MUNICIPALITY	-	-	-	-	-	-	-
ENOCH MGJIMA LOCAL MUNICIPALITY	6,162	-	4,000	10,162	10,162	-	10,162
ETHEKWINI MUNICIPALITY	41,000	-	-	41,000	41,000	-	41,000
FEZILE DABI DIST MUNICIPAL	-	-	-	-	-	-	-
GAMAGARA MUNICIPALITY	18,035	-	-	18,035	18,035	-	18,035
GA-SEGONYANA MUNICIPALITY	1,000	-	17,943	18,943	18,943	-	18,943

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	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	%
GEORGE MUNICIPALITY	20,000	-	-	20,000	20,000	-	20,000
GOVAN MBHEKI MUNICIPALITY	14,000	-	-	14,000	14,000	-	14,000
GREAT KEI MUNICIPALITY	6,000	-	(4,000)	2,000	2,000	-	2,000
GREATER GIYANI MUNICIPALITY	11,200	-	-	11,200	11,200	-	11,200
GREATER KOKSTAD MUNICIPALITY	13,914	-	4,000	17,914	17,914	-	17,914
GREATER LETABA MUNICIPALITY	5,983	-	-	5,983	5,983	-	5,983
GREATER TZANEEN MUNICIPALITY	15,996	-	-	15,996	15,996	-	15,996
GRTR TUBATSE/FETAKGOMO MUNICIPALITY	15,000	-	-	15,000	15,000	-	15,000
HANTAM MUNICIPALITY	-	-	-	-	-	-	-
HARRY GWALA DISTRICT MUNICIPALITY	-	-	-	-	-	-	-
HESSEQUA MUNICIPALITY	3,000	-	-	3,000	3,000	-	3,000
IEMBE DISTRICT MUNICIPALITY	7,000	-	-	7,000	7,000	-	7,000
INKOSI LANGALIBALE MUNICIPALITY	14,000	-	-	14,000	14,000	-	14,000
INTSIKA YETHU MUNICIPALITY	4,792	-	2,800	7,592	7,592	-	7,592
INXUBA YETHEMBA MUNICIPALITY	7,000	-	-	7,000	7,000	-	7,000
JOZINI MUNICIPALITY	15,000	-	(15,000)	-	-	-	-
KAI I GARIB MUNICIPALITY	-	-	-	-	-	-	-
KAMIESBERG MUNICIPALITY	700	-	-	700	700	-	700
KANNALAND MUNICIPALITY	2,000	-	-	2,000	2,000	-	2,000
KAREEBERG MUNICIPALITY	1,000	-	-	1,000	1,000	-	1,000
KAROO HOOGLAND MUNICIPALITY	4,000	-	-	4,000	4,000	-	4,000
KGATELOPELE MUNICIPALITY	2,700	-	-	2,700	2,700	-	2,700
KHAI-MA MUNICIPALITY	1,650	-	-	1,650	1,650	-	1,650

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER		
	DoRA and other transfers	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	%	
KING SABATA DALINDYEBO MUNICIPALITY	27,800	-	(13,000)	14,800	14,800	-	14,800	
KNYSNA MUNICIPALITY	13,000	-	-	13,000	13,000	-	13,000	
KOPANONG MUNICIPALITY	2,000	-	-	2,000	2,000	-	2,000	
KOUGA MUNICIPALITY	10,200	-	-	10,200	10,200	-	10,200	
KOU-KAMMA MUNICIPALITY	-	-	-	-	-	-	-	
KWADUKUZA MUNICIPALITY	14,920	-	-	14,920	14,920	-	14,920	
LAINGSBURG MUNICIPALITY	2,000	-	-	2,000	2,000	-	2,000	
LANGEBERG MUNICIPALITY	3,000	-	-	3,000	3,000	-	3,000	
LEJWELEPUTSWA DIST MUNICIPALITY	-	-	1,000	1,000	1,000	-	1,000	
LEKWA MUNICIPALITY	6,000	-	-	6,000	6,000	-	6,000	
LEKWA-TEEMANE MUNICIPALITY	9,000	-	-	9,000	9,000	-	9,000	
LEPELLE-NKUMPI MUNICIPALITY	9,998	-	-	9,998	9,998	-	9,998	
LEPHALALE MUNICIPALITY	10,013	-	6,000	16,013	16,013	-	16,013	
LESEDI MUNICIPALITY	14,434	-	(4,275)	10,159	10,159	-	10,159	
LETSEMENG MUNICIPALITY	-	-	-	-	-	-	-	
MADIBENG MUNICIPALITY	-	-	-	-	-	-	-	
MAFIKENG MUNICIPALITY	6,024	-	-	6,024	6,024	-	6,024	
MAGARENG MUNICIPALITY	4,000	-	(3,000)	1,000	1,000	-	1,000	
MAKANA MUNICIPALITY	8,000	-	-	8,000	8,000	-	8,000	
MAKHADO MUNICIPALITY	16,913	-	-	16,913	16,913	-	16,913	
MAKHUDUTHAMAGA MUNICIPALITY	12,012	-	-	12,012	12,012	-	12,012	
MALUTI-A-PHOFUNG MUNICIPALITY	29,000	-	(15,000)	14,000	14,000	-	14,000	
MAMUSA MUNICIPALITY	4,000	-	-	4,000	4,000	-	4,000	
MANDENI MUNICIPALITY	6,786	-	-	6,786	6,786	-	6,786	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	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	%
MANGAUNG MUNICIPALITY	15,450	-	-	15,450	15,450	-	15,450
MAPHUMULO MUNICIPALITY	18,000	-	(8,000)	10,000	10,000	-	10,000
MAQUASSI HILLS MUNICIPALITY	-	-	-	-	-	-	-
MASILONYANA MUNICIPALITY	1,000	-	(1,000)	-	-	-	-
MATATIELE MUNICIPALITY	41,160	-	-	41,160	41,160	-	41,160
MATJHABENG MUNICIPALITY	10,000	-	-	10,000	1,000	-	10,000
MATZIKAMA MUNICIPALITY	2,500	-	-	2,500	2,500	-	2,500
MBHASHE MUNICIPALITY	8,946	-	-	8,946	8,946	-	8,946
MBIZANA MUNICIPALITY	25,030	-	7,580	32,610	32,610	-	32,610
MBOMBELA MUNICIPALITY	31,045	-	-	31,045	31,045	-	31,045
MERAFONG CITY MUNICIPALITY	16,000	-	(6,000)	10,000	10,000	-	10,000
METSIMAHOLO MUNICIPALITY	11,650	-	-	11,650	11,650	-	11,650
MFOLOZI MUNICIPALITY	11,000	-	-	11,000	11,000	-	11,000
MHLONTLO MUNICIPALITY	-	-	4,017	4,017	4,017	-	4,017
MIDVAAL MUNICIPALITY	8,000	-	6,453	14,453	14,453	-	14,453
MKHAMBATHINI MUNICIPALITY	8,000	-	-	8,000	8,000	-	8,000
MKHONDO MUNICIPALITY	8,500	-	8,500	17,000	17,000	-	17,000
MINQUMA MUNICIPALITY	11,140	-	-	11,140	11,140	-	11,140
MODIMOLLE/MOOKGOPONG LOCAL MUNICIPALITY	10,000	-	-	10,000	10,000	-	10,000
MOGALAKWENA MUNICIPALITY	12,302	-	-	12,302	12,302	-	12,302
MOGALE CITY MUNICIPALITY	8,000	-	2,077	10,077	10,077	-	10,077
MOHOKARE MUNICIPALITY	500	-	-	500	500	-	500
MOQHAKA MUNICIPALITY	-	-	-	-	-	-	-

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER		
	DoRA and other transfers	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	6,000	-	-	6,000	6,000	-	6,000	
MPOFANA MUNICIPALITY	6,984	-	-	6,984	6,984	-	6,984	
MSINGA MUNICIPALITY	17,700	-	3,000	20,700	20,700	-	20,700	
MSUKALIGWA MUNICIPALITY	10,075	-	-	10,075	10,075	-	10,075	
MTHONJANENI MUNICIPALITY	15,000	-	-	15,000	15,000	-	15,000	
MTUBATUBA MUNICIPALITY	12,600	-	-	12,600	12,600	-	12,600	
MUSINA MUNICIPALITY	15,000	-	(8,500)	6,500	6,500	-	6,500	
NALA MUNICIPALITY	8,300	-	-	8,300	8,300	-	8,300	
NALEDI MUNICIPALITY	5,825	-	-	5,825	5,825	-	5,825	
NAMA KHOI MUNICIPALITY	4,000	-	-	4,000	4,000	-	4,000	
NDLAMBE MUNICIPALITY	-	-	-	-	-	-	-	
NDWENDWE MUNICIPALITY	-	-	6,000	6,000	6,000	-	6,000	
NELSON MANDELA BAY MUNICIPALITY	25,648	-	(6,145)	19,503	19,503	-	19,503	
NEW LOC MUNICIPALITY (RNDFTN & WSTNR)	16,000	-	-	16,000	16,000	-	16,000	
NEW LOCAL MUNICIPALITY (LIM 345)	20,000	-	(3,000)	17,000	17,000	-	17,000	
NEWCASTLE MUNICIPALITY	15,000	-	-	15,000	15,000	-	15,000	
NGQUSHWA MUNICIPALITY	5,332	-	1,000	6,332	6,332	-	6,332	
NGQUZA HILL MUNICIPALITY	12,350	-	-	12,350	12,350	-	12,350	
NGWATHE MUNICIPALITY	3,000	-	-	3,000	3,000	-	3,000	
NKANDLA MUNICIPALITY	18,000	-	-	18,000	18,000	-	18,000	
NKETOANA MUNICIPALITY	-	-	-	-	-	-	-	
NKOMAZI MUNICIPALITY	5,000	-	-	5,000	5,000	-	5,000	
NONGOMA MUNICIPALITY	15,000	-	-	15,000	15,000	-	15,000	
NQUTHU MUNICIPALITY	14,035	-	-	14,035	14,035	-	14,035	
NTABANKULU MUNICIPALITY	51,732	-	-	51,732	51,732	-	51,732	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER		
	DoRA and other transfers	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	%	
NYANDENI MUNICIPALITY	18,189	-	-	18,189	18,189	-	18,189	
OKHAHLAMBA MUNICIPALITY	7,984	-	-	7,984	7,984	-	7,984	
OUDTSHOORN MUNICIPALITY	3,000	-	2,600	5,600	5,600	-	5,600	
OVERSTRAND MUNICIPALITY	4,262	-	-	4,262	4,262	-	4,262	
PHOKWANE MUNICIPALITY	3,200	-	-	3,200	3,200	-	3,200	
PIXLEY KA SEME DISTRICT MUNICIPALITY	-	-	-	-	-	-	-	
PIXLEY KA SEME MUNICIPALITY	12,375	-	-	12,375	12,375	-	12,375	
POLOKWANE MUNICIPALITY	46,957	-	-	46,957	46,957	-	46,957	
PORT ST JOHNS MUNICIPALITY	25,940	-	-	25,940	25,940	-	25,940	
PRINCE ALBERT MUNICIPALITY	2,500	-	-	2,500	2,500	-	2,500	
RAMOTSHERE MOILOA MUNICIPALITY	9,269	-	-	9,269	9,269	-	9,269	
RAY NKONYENI MUNICIPALITY	20,000	-	-	20,000	20,000	-	20,000	
RAYMOND MHLABA MUNICIPALITY	1,400	-	-	1,400	1,400	-	1,400	
RENOSTERBERG MUNICIPALITY	2,000	-	-	2,000	2,000	-	2,000	
RICHMOND MUNICIPALITY	10,500	-	-	10,500	10,500	-	10,500	
RICHTERSVELD MUNICIPALITY	4,000	-	-	4,000	4,000	-	4,000	
RUSTENBURG MUNICIPALITY	10,038	-	-	10,038	10,038	-	10,038	
SALDANHA BAY MUNICIPALITY	3,000	-	-	3,000	3,000	-	3,000	
SENQU MUNICIPALITY	5,983	-	-	5,983	5,983	-	5,983	
SETSOTO MUNICIPALITY	682	-	-	682	682	-	682	
SIYANCUIMA MUNICIPALITY	5,000	-	-	5,000	5,000	-	5,000	
SIYATHEMBA MUNICIPALITY	1,100	-	-	1,100	1,100	-	1,100	
SOL PLAATJIE MUNICIPALITY	36,997	-	-	36,997	36,997	-	36,997	

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER		
	DoRA and other transfers	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	%	
STELLENBOSCH MUNICIPALITY	5,000	-	-	5,000	5,000	-	5,000	
STEVE TSHWETE MUNICIPALITY	9,000	-	-	9,000	9,000	-	9,000	
SUNDAY'S RIVER VALLEY MUNICIPALITY	16,731	-	-	16,731	16,731	-	16,731	
SWARTLAND MUNICIPALITY	7,000	-	-	7,000	7,000	-	7,000	
SWELLEDAM MUNICIPALITY	2,000	-	-	2,000	2,000	-	2,000	
THABA CHWEU MUNICIPALITY	4,935	-	-	4,935	4,935	-	4,935	
THABAZIMBI MUNICIPALITY	10,000	-	-	10,000	10,000	-	10,000	
THABO MOFUTSANYANE DIST MUNICIPALITY	8,000	-	-	8,000	8,000	-	8,000	
THEEWATERSKLOOF MUNICIPALITY	5,000	-	-	5,000	5,000	-	5,000	
THEMBELIHLE MUNICIPALITY	18,325	-	(7,000)	11,325	11,325	-	11,325	
THULAMELA MUNICIPALITY	35,000	-	-	35,000	35,000	-	35,000	
TOKOLOGO MUNICIPALITY	3,100	-	-	3,100	3,100	-	3,100	
TSANT'SABANE MUNICIPALITY	1,000	-	-	1,000	1,000	-	1,000	
TSWELOPELE MUNICIPALITY	-	-	-	-	-	-	-	
UBUHLEBEZWE MUNICIPALITY	16,000	-	-	16,000	16,000	-	16,000	
UBUNTU MUNICIPALITY	1,000	-	3,000	4,000	4,000	-	4,000	
ULUNDI MUNICIPALITY	18,000	-	-	18,000	18,000	-	18,000	
UMDONI MUNICIPALITY	14,000	-	-	14,000	14,000	-	14,000	
UMHLABUYALINGANA MUNICIPALITY	18,000	-	4,000	22,000	22,000	-	22,000	
UMHLATHUZE LOCAL MUNICIPALITY	6,000	-	-	6,000	6,000	-	6,000	
UMLALAZI MUNICIPALITY	7,000	-	3,000	10,000	10,000	-	10,000	
UMNGENI MUNICIPALITY	8,000	-	-	8,000	8,000	-	8,000	
UMSHWATHI MUNICIPALITY	10,000	-	-	10,000	10,000	-	10,000	
UMSOBOMVU MUNICIPALITY	3,000	-	-	3,000	3,000	-	3,000	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

NAME OF MUNICIPALITY	GRANT ALLOCATION					TRANSFER		
	DoRA and other transfers	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	%	
UMUZIWABANTU MUNICIPALITY	10,000	-	(5,000)	5 000	5,000	-	5,000	
UMVOTI MUNICIPALITY	9,329	-	2,000	11,329	11,329	-	11,329	
UMZIMKHULU MUNICIPALITY	15,000	-	-	15,000	15,000	-	15,000	
UMZIMVUBU MUNICIPALITY	31,200	-	-	31,200	31,200	-	31,200	
UMZUMBE MUNICIPALITY	14,880	-	-	14,880	14,880	-	14,880	
UPHONGOLO MUNICIPALITY	8,500	-	-	8,500	8,500	-	8,500	
VENTERSDORP/TLOKWE LOC MUNICIPALITY	23,917	-	8,000	31,917	31,917	-	31,917	
WALTER SISULU MUNICIPALITY	5,231	-	-	5,231	5,231	-	5,231	
WITZENBERG MUNICIPALITY	5,000	-	-	5,000	5,000	-	5,000	
TOTAL	2,119,501	-	-	2,119,501	2,119,501	-	2,119,501	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1A: STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT				2017/18
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	
	R'000	R'000	R'000	R'000	R'000	R'000	%						
Energy Efficiency and Demand Side Management (EEDSM)	215,024	-	-	215,024	215,024	-	-	-	-	-	-	203,236	-
Integrated National Electrification Programme (INEP)	1,904,477	-	-	1,904,477	1,904,477	-	-	-	-	-	-	2,087,048	-
TOTAL	2,119,501	-	-	2,119,501	2,119,501	-	2,119,501	-	-	-	-	2,290,284	-

ANNEXURE 1B: STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER				2017/18
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred		Final Appropriation	
						R'000	R'000		
Chemical Industry SETA	554	-	-	554	554	100%	100%	525	
Energy and Water SETA	554	-	-	554	554	100%	100%	523	
National Nuclear Regulator	16,510	-	-	16,510	16,510	100%	100%	38,573	
National Radioactive Waste Disposal Institute	45,532	-	-	45,532	45,532	100%	100%	30,000	
SA National Energy Development Institute	70,241	-	-	70,241	70,241	100%	100%	59,774	
TOTAL	133,391	-	-	133,391	133,391	-	-	129,395	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1C: STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE			2017/18 Final Appropriation R'000
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Public Corporations									
Transfers	3,944,745	-	-	3,944,745	3,944,745	100,0%	-	-	4,510,325
ESKOM (INEP & EEDSM)	3,262,031	-	-	3,262,031	3,262,031	100,0%	-	-	3,846,154
SA Nuclear Energy Corp LTD	682,714	-	-	682,714	682,714	100,0%	-	-	664,171
Subtotal Private enterprise	3,944,745	-	-	3 944 745	3 944 745	100,0%	-	-	4,510,325
Private Enterprises									
Transfers	149,149			149,149	134,555	90,2%	-	-	394,432
Non-grid Household SWHP Service providers	149 149	-	-	149,149	134,555	90,2%	-	-	158,960
	-	-	-	-	-	-	-	-	235,472
Subtotal Private enterprise	149,149	-	-	149,149	134,555	90,2%	-	-	394,432
TOTAL	4,093,894	-	-	4,093,894	4,079,300	99,6%	-	-	4,904,757

ANNEXURE 1D: STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
International Atomic Energy Agency (IAEA)	24,149	-	-	24,149	24,326	101%	16,798
The African Petroleum Producer Association (APPA)	2,878	-	-	2,878	-	-	1,074
Generation International Forum (GIF)	741	-	-	741	559	75%	567
African Regional Cooperation Agreement for Research Development & Training (AFRA)	-	-	-	-	-	-	5,893
International Renewable Energy Agency (IRENA)	1,137	-	-	1,137	1,178	104%	1,015
International Energy Forum (IEF)	337	-	-	337	349	104%	275
International Partnership for Energy Efficiency Cooperation (IPEEC)	1,273	-	-	1,273	-	0%	-
TOTAL	30,515	-	-	30,515	26,412		25,622

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1E: STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
	405	-	-	405	422	104%	
Bursary non-employees	252	-	-	252	251	100%	246
Post retirement benefit	-	-	-	-	-	-	915
Refund & Remission of grace	-	-	-	-	20	-	-
Severance package	-	-	-	-	-	3%	2,117
Donations and gifts	65	-	-	65	2	-	5
Claims against the State	174	-	-	174	192	110%	-
TOTAL	896	-	-	896	887	-	4,750

ANNEXURE 1F: STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	Purpose	Opening Balance R'000	Revenue R'000	Expenditure R'000	Paid Back on/ by 31 March R'000	Closing Balance R'000
Received in cash						
EU Commission (GBS Funding)- Implementation of smart metering in SA electricity industry.	Implementation of smart metering in SA electricity industry. Surrendering 2017/18.	-	8,690	-	8,690	-
RDP Fund - Government of the Kingdom of Denmark, Renewable Energy Development Programme	Denmark, Renewable Energy Development Programme. Surrendering 2017/18.	-	660	-	660	-
Government of the Kingdom of Denmark, Renewable Energy Development Programme. 2018/19 Wind Atlas for South Africa.	RDP Fund Request Denmark, Renewable Energy Development Programme.	-	2,684	2,684	-	-
TOTAL		-	12,034	2,684	9,350	-

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	2018/19	2017/18
	R'000	R'000
Made in Kind		
Purchase of trophy for energy month organised at NECSA	-	1
Purchase of corporate gifts for speakers at the youth in Energy Dialogue	-	2
Purchasing of wheel chair for a blind person with disability imbizo held in EC	-	1
Purchase of gifts for the ceremony for long service awards	32	63
Purchase of corporate gifts and promotional materials	14	-
Purchase of consumables for Albertina Sisulu and Nelson Mandela centenary celebration	2	-
Purchasing corporate gifts on behalf of the Deputy Minister's office	7	2
Venue and consumables for school energy day in Mbombela Mpumalanga	2	-
TOTAL	57	69

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1H: STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
Received in cash			
(IAEA) International Atomic Energy Agency	Request for approval for the department of energy to participate in the 3 rd International conference on Human Resource Development for Nuclear Power Programmes; meeting challenges to ensure the future Nuclear workforce capability from 28-31 May 2018 in Gyeongju, Republic of Korea.	24	-
(IAEA) International Atomic Energy Agency	Attendance of the Nuclear Security guidance committee meeting by the CD: NUCLEAR NON-PROLIFER & RAD SEC from the 11 to 14 June 2018.	51	-
Subtotal		74	-
Received in kind			
(IAEA) International Atomic Energy Agency	Attendance of the International meeting on integrated Nuclear security plans for states embarking on nuclear power by the Deputy Director: Nuclear and radiation security from 16-19 April 2018.	Unknown	-
(IAEA) International Atomic Energy Agency	Attendance of 2 nd meeting on Radiation Detection Instruments for Nuclear Security; trends, challenges and opportunities to be held at the IAEA'S Headquarters in Vienna, Austria 16 to 20 April 2018.	Unknown	-
(IAEA) International Atomic Energy Agency	Participation of the CD: NUCLEAR NON-PROLIFER & RAD SEC in the International Training course on the physical protection of Nuclear material and facilities from the 17 to 18 May 2018.	Unknown	-
(UNFCCC) United Nations framework convention on Climate Change	Attend and participate in the UFCCC roundtables during the 10 th Africa Carbon forum from 11 to 13 April 2018 in Nairobi, Kenya.	Unknown	-
(IAEA) International Atomic Energy Agency	Attendance of the International seminar on the regulatory inspection of Nuclear Facilities with respect to Nuclear Security from the 08 to 11 May 2018 in Vienna, Austria.	Unknown	-
(UNDP) The United Nations Development Programme and (UNEP) United Nations Environment Programmes's	Attendance of the SADC workshop on a regional action plan on leafrogging to efficient lighting, appliances and equipment from 12 to 14 September 2018.	Unknown	-
(IAEA) International Atomic Energy Agency	IAEA technical meeting on stakeholder involvement across the nuclear power plant life cycle from 03 to 06 September 2018.	Unknown	-
(IAEA) International Atomic Energy Agency and (DIRCO) Department of International Relations and Cooperation	Attendance of the international training course on the control of nuclear material in use, movement and storage from 10 to 14 September 2018.	Unknown	-
(IAEA) International Atomic Energy Agency	Attendance of training course on stakeholder involvement for nuclear power programmes from 10 to 14 September 2018.	Unknown	-

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19		2017/18	
		R'000		R'000	
International Nuclear non-proliferation and security academy (INSA)	Participate in the 21 st International Nuclear non-proliferation and security academy (INSA) training course from 12 to 15 November 2018.	Unknown		-	
United Nations Environment Programme(UNEP)	To attend IPEEC and EECFRAC meetings to be held on the 19 to 22 February 2019 in Paris, France and also to attend the appliance energy efficiency data modelling Development and training offered by the Lawrence Berkeley National Laboratory (LBNL) from 25 February to 01 March 2019.	Unknown		-	
Oil and Natural Gas Corporation (ONGC)	Attendance and participation by CD:PROG AND PROJ MANAGEMENT to the Petrotech series of International Oil & Gas conference 2019, from 10 to 12 February 2019, at the India expo mart, Greater NOIDA (Delhi-NCR), INDIA.	Unknown		-	
Federation of Indian Chambers of Commerce and Industry (FICCI)	To attend and participate in the Efficiency and conservation International Training Course.	Unknown		-	
United Nations Climate change Secretariat (UNFCCC)	To attend and participate as a speaker during the africa Climate week from 20 to 22 March 2019 in ACCRA, GHANA.	Unknown		-	
Subtotal					
TOTAL		74		-	

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 2018/19	% Held 2017/18	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
				R'000		R'000		R'000		R'000		
				2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
National/Provincial Public Entity												
The South African Nuclear Corporation Limited	Schedule 2	100	100	2,205	2,205	2,205	2,205	(275,144)	71,168	(293,742)	(19,004)	No
Central Energy Fund (Pty) Ltd	Schedule 2	100	100	1	-	-	-	13,130,613	14,451,414	(440,085)	748,280	No
TOTAL				2,206	2,206	2,205	2,205	12,855,469	14,522,582	(733,827)	729,276	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 2B: STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Controlled entities									
Central Energy Fund (Pty) Ltd	Financing and promotion of the acquisition of, research into and exploitation of energy related products and technology	-	-	13,130,613	14,451,414	-	-	-	-
TOTAL		-	-	13,130,613	14,451,414	-	-	-	-

ANNEXURE 3A: STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees draw downs during the year	Guarantees repayments/cancelled/reduced/ released during the year	Revaluations due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
ABSA	Necsa	20,000	20,000	-	-	-	20,000	-	-
TOTAL		20,000	20,000	-	-	-	20,000	-	-

ANNEXURE 3B: STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

Nature of Liability	Opening Balance		Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance		
	1 April 2018						31 March 2019	
	R'000	R'000					R'000	R'000
Claims against the department								
Claims against the Department	82,330		*42,386	-	-	124,717		
TOTAL	82,330		42,386	-	-	124,717		

The amount is an aggregation of several separate claims against the Department, wherein legal proceedings have been initiated and instituted against the Department, the Department has disputed liability. The State Attorney represents the Department in all such litigation.

ANNEXURE 4: CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19*	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Department of Water and Sanitation	1,238	-	-	-	1,238	-	-	-
	-	-	-	-	-	-	-	-
	1,238	-	-	-	1,238	-	-	-
Other Government Entities								
Municipal Infrastructure Support Agent	-	30	-	-	-	-	30	-
South Africa Post Office	59	-	-	-	59	-	-	-
TOTAL	1,297	30	-	-	1,297	30	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 5: INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
South Africa Police Services	51	117	-	-	51	117	-	-
Gauteng Provincial Government (G+Fleet)	-	-	-	-	-	-	-	-
Department of Public Works	31	5,157	-	-	31	5,157	-	-
Department of Economic and Tourism	-	-	-	-	-	-	-	-
Department of Justice and Constitutional Development	43	293	-	-	43	293	-	-
Gauteng Department of Transport (G-FLEET)	461	-	-	-	461	-	-	-
Gauteng Department of Health	7	-	-	-	7	-	-	-
Department of Mineral Resources	370	-	-	-	370	-	-	-
Subtotal	963	5,567	-	-	963	5,567	-	-
Other Government Entity								
Deeds Registration Trading Account (Petroleum)	1	1	-	-	1	1	-	-
TOTAL	964	5,568	-	-	964	5,568	-	-

ANNEXURE 6: INVENTORIES

Inventories	Note	2018/19	2017/18
		Quantity	Quantity
		R'000	R'000
Opening balance		-	-
Add/(Less): Adjustments to prior year balance		-	-
Add: Additions/Purchases – Cash		-	-
Add: Additions - Non-cash		-	-
(Less): Disposals		-	-
(Less): Issues		-	-
Add/(Less): Received current, not paid (Paid current year, received prior year)		6,828	61,745
Add/(Less): Adjustments		-	-
Closing balance		6,828	61,745

The Department procured a total of 87,200 solar water geyser units from various manufactures/suppliers from the financial years 2016/17 to 2017/18 and the expenditure was expensed in the same period.

The units were kept in storage at manufacturer's premises, at which point all the risk and rewards are with the manufactures/ suppliers until the department take delivery.

During the current financial year, 2018/19 the department took delivery of 6,828 units valued at R61,745 million to its custody thereby transferring the risk and reward to the department. The geyser units in the custody of the department or the delivered geyser units are currently accounted for as inventory in the financial statements, pending installation of the units while being stored in government premises with less storage costs.

Part of the delivery of 6,872 geyser units valued at R 55,856 million took place after year ending 31 March 2019, and those are accounted for in the Accounting Officer's Report under the paragraph - Events after reporting date.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 8A: INTER-ENTITY ADVANCES PAID (NOTE 14)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	1,385	528	-	-	1,385	528
TOTAL	1,385	528	-	-	1,385	528



PART F: ANNEXURES

THE INDEPENDENT POWER PRODUCERS OFFICE UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

General Information

Nature of business and principal activities	The Independent Power Producers Office (“IPP Office”) manages the Independent Power Producers Procurement Programmes and related interventions and mandates, on behalf of the Department of Energy.
Business address	The IPP Office Building 9, Byls Bridge Office Park Cnr Jean & Olievenhoutbosch Ave Centurion 0157
Country of incorporation and domicile	South Africa
Legal form	Unincorporated and unlisted entity (i.e. not a juristic person) managing the Independent Power Producers Procurement Programme of the Department of Energy

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

	Note(s)	31 March 2019 R	31 March 2018 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	23 949 285	33 218 941
Intangible assets	4	2 739 547	3 412 057
		26 688 832	36 630 998
Current Assets			
Other Financial Assets	5	80 000	80 000
Trade and other receivables	6	103 774 636	12 180 484
Prepayments	7	105 553	179 347
Short term investments	8	353 259 878	-
Cash and cash equivalents	9	94 891 595	9 262 588
		552 111 662	21 702 419
Total Assets		578 800 494	58 333 417
Equity and Liabilities			
Equity			
Retained income		550 631 332	32 992 353
Liabilities			
Non-Current Liabilities			
Operating lease liability	19	2 628 476	5 187 681
		2 628 476	5 187 681
Current Liabilities			
Operating lease liability	19	2 559 205	586 425
Trade and other payables	10	22 981 481	19 483 868
Provisions			83 090
		25 540 686	20 153 383
Total Liabilities		28 169 162	25 341 064
Total Equity and Liabilities		578 800 494	58 333 417

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Statement of Comprehensive Income

	Note(s)	2019 R	2018 R
Revenue	12	663 395 453	41 755 493
Other income	13	183 208	529 311
Foreign Exchange Loss		(4 361)	-
Transaction advisor and consultant expenses	14	(1 623 533)	(7 750 272)
Operating expenses		(182 175 078)	(155 211 115)
Operating Profit/ (loss)	15	479 775 689	(120 676 583)
Finance income	16	37 863 290	5 150 849
Profit/ (Loss) for the year		517 638 979	(115 525 734)
Other comprehensive income			-
Total comprehensive Income/ (loss) for the year		517 638 979	(115 525 734)

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Statement of Changes in Equity

	Note(s)	Retained income	Total equity
		R	R
Balance at 01 April 2017		148 518 087	148 518 087
Loss for the year		(115 525 734)	(115 525 734)
Total comprehensive loss for the year		(115 525 734)	(115 525 734)
Balance at 31 March 2018		32 992 353	32 992 353
Profit/ (Loss) for the year		517 638 979	517 638 979
Total comprehensive Income/ (loss) for the year		517 638 979	517 638 979
Balance at 31 March 2019		550 631 332	550 631 332

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Statement of Cash Flows

	Note(s)	2019 R	2018 R
Cash flows from operating activities			
Cash receipts from customers	17	561 022 855	30 306 628
Cash paid to suppliers and employees		(143 127 278)	(172 772 539)
Cash (used in) generated from operations	18	417 895 577	(142 465 911)
Net cash (used in) from operating activities		417 895 577	(142 465 911)
Cash flows from investing activities			
Purchase of property, plant and equipment		(511 251)	(185 355)
Purchase of intangible assets		(109 143)	(733 005)
Short term (investments)/ withdrawals	8	(353 259 878)	120 000 000
Interest received		21 613 702	5 431 156
Net cash from (used in) investing activities		(332 266 570)	124 512 796
Total cash movement for the year		85 629 007	(17 953 115)
Cash at the beginning of the year	9	9 262 588	27 215 703
Total cash at end of the year	9	94 891 595	9 262 588

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1. PRESENTATION OF UNAUDITED ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared on the historical cost basis, except for certain assets that were initially recognised at deemed cost in accordance with IFRS 1. The financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the unaudited annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the unaudited annual financial statements and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of affected assets or liabilities in future periods. Use of available information and the application of judgement are inherent in the formation of estimates. Significant judgements and estimates include:

Scope of the reporting entity

The Independent Power Producers Office ("IPP Office"), which manages the Independent Power Producer Procurement Programme (IPPPP) of the Department of Energy (DOE), is managed as a stand-alone unincorporated and unlisted entity with its own management structure and management accounts. It was formed through a tri-partite Memorandum of Agreement (MOA) between the DOE (as programme owner), the National Treasury as represented by the Government Technical Assistance Centre (GTAC) (as the treasury function), and the Development Bank of Southern Africa Limited (DBSA) (as the administrative agent and host of the IPP Office). The Joint Implementation Committee (JIC), which consists of representatives of the three parties is the governance oversight structure of the IPP Office. The management of the IPP Office is responsible for preparing the Annual Financial Statements in accordance with generally accepted accounting principles applied in accordance with the policies of the DBSA, namely International Financial Reporting Standards (IFRS).

These financial statements only include the assets and liabilities ring-fenced through the MOA from the other assets and/or liabilities of the DoE, DBSA and GTAC. Note however that, as the IPP Office is currently not an incorporated legal entity, it cannot own its own assets or be held liable for obligations as a juristic person. These financial statements provide financial information of the financial position, performance and cash flow for the IPP Office as a ring-fenced silo or reporting entity. To give effect to this principle, the ring-fenced assets and liabilities of the IPP Office can be described as follows:

- Cash equivalents and short term investments of the IPP Office are held and administered by GTAC and the DBSA, but in ring-fenced bank accounts used solely for receipt of income and reimbursement of expenditure associated with the IPP Office and incurred by the IPP Office in the execution of its mandates.
- Procurement of assets, goods and services is done through the DBSA (acting as an agent of the IPP Office) on behalf of the IPP Office and payment of suppliers for such items is made from the ring-fenced bank accounts. Notwithstanding their legal form, all related expenditure and asset purchases are in substance under the control of and exclusively for the benefit, use and consumption of the IPP Office and its staff in the execution of its mandate. All property, plant and equipment, including leased assets, procured on behalf of the IPP Office is held at the IPP Office's premises. The IPP Office is also responsible for asset management and ensuring and maintaining adequate insurance cover for all assets and liabilities of the IPP Office.
- Where trade receivables or other financial assets arise relating to revenue, other income or amounts receivable associated to the IPP Office, the cash subsequently received is deposited into the ring-fenced bank accounts for future use by the IPP Office, and no other party has any legal claims against such amounts held on behalf of the IPP Office.
- The IPP Office is responsible for recordkeeping, in its own separate set of accounts, of all transactions, including the resulting assets, liabilities, income and expenditure, entered into on its behalf in the execution of its mandate.

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

Control over and accountability for these assets and liabilities is therefore assumed, for the purposes of these financial statements to vest in the management of the IPP Office. Consequently:

- The readily available cash resources held by GTAC and the DBSA on behalf of the IPP Office are classified in these financial statements as cash and cash equivalents (rather than receivables) and finance income and bank charges relating to these accounts are recognised as income or expenditure of the IPP Office.
- Assets, goods and services (and related expenditure) procured under the legal name of the DBSA are recognised as assets or expenditure of the IPP Office, and where supplier payment is outstanding, the related trade payable is recognised as a liability in the financial statements of the IPP Office. Prepayments relating to the procurement of assets, goods and services on behalf of the IPP Office are also recognised as that of the IPP Office.
- Any accruals, provisions and contingent liabilities arising from transactions entered into in the execution of the IPP Office mandate are also recognised as liabilities of the IPP Office.
- The IPP Office reimburses DBSA for employee costs in respect of staff employed by the DBSA to work full-time at the IPP Office and these costs are recognised as employee costs of the IPP Office.
- Revenue and other income, including finance income, arising from the mandate and activities of the IPP Office and related trade receivables and other financial assets are also recognised in the financial statements of the IPP Office.

The effect of these judgements is that the IPP Office is treated as a stand-alone entity for financial reporting purposes, similar to a government business enterprise. Any further clarification of the entity's legal status or amendments to its role and mandate in the future may impact these judgements accordingly, which may necessitate adjustments to these financial statements.

Leases

Management applied judgement in classifying all lease agreements that the IPP Office is party to as operating leases. The leases were assessed as not transferring substantially all the risks and rewards of ownership to the IPP Office.

Depreciation and amortisation

Management estimates the useful life and residual values of property, plant and equipment, and intangible assets based on the information available at the time of making the estimate. Management revises these estimates on an annual basis where new information becomes available. Changes in accounting estimates are accounted for on a prospective basis in the year of assessment.

Provisions and contingencies

Management's judgement is required when recognising and measuring provisions. Provisions are discounted where the effect of discounting is material. Contingent liabilities may arise from the ordinary course of business in relation to claims against the IPP Office. By their nature, contingencies will be resolved only when one or more uncertain future events occurs or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Notes to the Unaudited Annual Financial Statements

1.2 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

When significant parts of property, plant and equipment are required to be replaced at intervals, the IPP Office recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Item	Average useful life
Furniture and equipment	4 to 9 years
Computer equipment	4 to 9 years
Leasehold improvements	Lease period*
Security systems	5 years
Motor vehicles	7 years

*An asset under an operating lease contract is depreciated over the shorter of the estimated useful life of the asset or the lease term.

Assets under construction (work-in-progress) are not depreciated. Depreciation of assets under construction (work-in-progress) will commence when the asset is available for use and is transferred from work-in-progress to the relevant asset category.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over their economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Notes to the Unaudited Annual Financial Statements

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Computer software	2 to 9 years
CRM system	4 to 7 years

1.4 Research and development costs

Research and development costs relate to the CRM system (see below). Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the IPP Office can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recognised in profit or loss. During the period of development, the asset is tested for impairment annually.

CRM system

The Microsoft Dynamics CRM System was developed by a third party based on the IPP Office's needs and specifications to assist with the procurement function. There are no restrictions on the use of the system by the IPP Office and ownership of the system has been transferred to the IPP Office.

The CRM system is recognised as an intangible asset and the development cost of the system is capitalised when incurred. Subsequent costs are capitalised if they meet the criteria for recognition of development cost.

Website

A website was developed to assist the IPP Office in the procurement and bidding process. The website provides background information on the IPP Office and information on bid-windows. The costs associated with the development of the website to generate future economic benefits cannot be distinguished from the costs relating to the dissemination of information and therefore costs associated with development and maintenance of the website are recognised as an expense when incurred.

1.5 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Notes to the Unaudited Annual Financial Statements

recognised as an operating lease asset or liability in the statement of financial position. An operating lease liability is not discounted.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification

The IPP Office classifies its financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Recognition and measurement

Financial instruments are initially recognised when the IPP Office becomes a party to the contractual terms of the instruments and are measured at fair value, including transaction costs. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on recognition.

Subsequent to initial recognition, financial instruments are measured as set out below.

Financial assets

The IPP Office's principal financial assets, which are classified as loans and receivables, are trade receivables and cash and cash equivalents.

- **Trade receivables**

Trade receivables are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. The unwinding of the interest is included in finance income in profit or loss. Any losses arising from impairment are recognised in profit or loss.

- **Cash and cash equivalents**

Cash and cash equivalents comprise cash and cash on call held and administered on behalf of the IPP Office in ring fenced accounts by GTAC and the DBSA, all of which are considered to be highly liquid and available for use by the IPP Office unless otherwise stated. Cash and cash equivalents are subsequently measured at amortised cost. The IPP Office does not have any overdraft facilities.

- **Short term investments**

Short term investments relate to investments in money market instruments and fixed deposits which include short-term investments held on behalf of the IPP Office by GTAC.

Short term investments are subsequently measured at amortised cost using the EIR method, less impairment. The unwinding of interest on these investments is included in finance income in profit or loss. Any losses arising from impairment are recognised in profit or loss.

- **Other financial assets**

Other financial assets relate to deposits paid. They are subsequently measured at amortised cost using the EIR method, less impairment. The unwinding of interest on these financial assets is included in finance income in profit or loss. Any losses arising from impairment are recognised in profit or loss.

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Notes to the Unaudited Annual Financial Statements

Financial liabilities

The IPP Office's principal financial liabilities are trade and other payables.

1.7 Financial instruments (continued)

- **Trade payables**

Trade payables, which are primarily settled on 30 day terms, are subsequently measured at amortised cost using the EIR method.

Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the IPP Office has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the IPP Office has transferred substantially all the risks and rewards of the asset, or (b) the IPP Office has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability (or a part of a financial liability) is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

Assets carried at amortised cost

The IPP Office assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a trade receivable or a group of trade receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, management first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and

The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Notes to the Unaudited Annual Financial Statements

the loss is recognised in profit or loss.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is recognised in profit or loss.

1.8 Impairment of non-financial assets

At each reporting date, management reviews the carrying amounts of its property, plant and equipment, and intangible assets to determine whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, management estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, management estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

1.9 Provisions

A provision is recognised when the IPP Office has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The risks and uncertainties that inevitably surround many events and circumstances is taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

1.10 Employee benefits

Short-term employee benefits

The IPP Office recognises the undiscounted amount of short-term employee benefits (those payable wholly within 12 months after the service is rendered, such as salaries, wages and bonuses) as an expense in the period in which the service is rendered.

The expected cost of short-term employee benefits in the form of compensated absences (such as annual leave and sick leave) is recognised as follows

- in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and
- in the case of non-accumulating compensated absences, when the absences occur.

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Notes to the Unaudited Annual Financial Statements

1.11 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the IPP Office and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Tender document sales

Potential bidders pay Request for Proposal (RFP) fees to gain access to documentation setting out the tender details and requirements. These non-refundable fees are recognised on receipt of payment, as this is the point at which the right of access is granted to the potential bidder.

1.12 Revenue (continued) Development fee income

A development fee, based on a percentage of the project value, is payable by successful bidders, which is used to sustain and fund the general activities of the IPP Office (including the ongoing monitoring of projects). Since there is no further obligation to the bidder in this regard, development fee revenue is recognised in full on the date of the bidders' acceptance of the project (at Financial Close when signing the various agreements). The fees are payable within the specific number of days after the date of the successful bidder's acceptance of the project, as specified in the relevant agreement. When Commercial Close and Financial Close fall on different dates, a pre-determined amount (recorded in the Implementation Agreement) is payable within 10 business days after the Commercial Signature date and the balance is payable within 10 business days of the Financial Close effective date. If payment is not received within 10 business days, interest is levied at the prescribed rate of interest until payment is received.

Economic Development Performance Penalties

In terms of the Implementation Agreement with the Independent Power Producers, the Independent Power Producers have Economic Development Obligations they commit to at the beginning of each project. At the end of the construction measurement period and thereafter at the end of each Contract Year in the operations period, an assessment of the compliance with the Economic Development obligations is made by the IPP Office. If there is a discrepancy between the actual performance and agreed upon performance as per the Implementation Agreement, the Independent Power Producer is required to pay an Economic Development Performance Penalty based on the calculation stated in the Implementation Agreement. Revenue is recognised at the point when a reliable estimate of the penalty can be made. The penalties are payable within 15 working days from invoice date. If payment is not received within this time, interest is levied at the prescribed rate of interest until payment is received.

Finance income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

1.13 Translation of foreign currencies

The IPP Office's functional and presentation currency is South African Rand.

Foreign currency transactions

Transactions in foreign currency are initially recorded at the functional currency spot rate at the date the transaction first qualifies for recognition.

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Foreign currency balances

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.14 Related party disclosures

The IPP Office applies the exemption available to government-related entities in paragraph 25 of *IAS 24: Related Party Disclosures* for disclosure of its related party transactions and balances. Certain disclosures are however still required when the exemption is applied. Refer to note 21 for the required related party disclosures.

2. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the IPP Office's financial statements are disclosed below. The IPP Office intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial instruments (not yet implemented in this AFS)

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 will have an effect on the classification and measurement of financial assets, but not financial liabilities. The IPP Office is in the process of assessing the impact of IFRS 9. The assessment thus far has indicated that it is unlikely that the new standard will have a material impact on the financial statements. The IPP Office plans to adopt the new standard on the required effective date.

IFRS 15 Revenue from contracts with customers (not yet implemented in this AFS)

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The IPP Office is in the process of assessing the impact of IFRS 15. The assessment thus far has indicated that it is unlikely that the new standard will have a material impact on the financial statements. The IPP Office plans to adopt the new standard on the required effective date.

IFRS 16 Leases

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of

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certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The lease expense recognition pattern for lessees will generally be accelerated as compared to current recognition under IAS

17. Key balance sheet metrics could be impacted. Furthermore, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities.

Lessor accounting under IFRS 16 will be substantially unchanged from the current accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The standard requires lessees and lessors to make more extensive disclosures than under IAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15. The effective date of IFRS 16 is 1 January 2019. The IPP Office is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

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2. Standards issued but not yet effective (continues)

The following amendments and annual improvements are not expected to have an impact on the financial statements of the IPP Office:

Standard number	Amendment	Impact	Effective – annual period beginning on or after...
Conceptual Framework	<i>Conceptual Framework for Financial Reporting</i> The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.	The impact of this change is expected to be minimal as the IPP Office rarely enters into transactions where no specific standard can be applied to it. Should such transactions be entered into in the future after the Conceptual Framework has become effective, the Conceptual Framework will need to be applied.	1 January 2020
IFRS 1	<i>Deletion of short-term exemptions for first-time adopters</i> Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose .	There will not be any impact since the IPP Office will be an existing IFRS preparer as at the effective date of this amendment.	1 January 2018
IFRS 2	<i>Classification and measurement of share-based payment transactions</i> Amendments addressing three main areas, namely the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.	The IPP Office does not have share-based payment transactions.	1 January 2018

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IFRS 3	<p><i>Business combinations – Previously held interests in a joint operation</i></p> <p>The amendments clarify that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.</p>	The IPP Office does not have interests in joint operations.	1 January 2019
IFRS 4	<p><i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i></p> <p>The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.</p>	The IPP Office does not have insurance contracts or financial instruments within the scope of IFRS 4.	1 January 2018

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Standard number	Amendment	Impact	Effective - annual period beginnings on or after ...
IFRS 9	<p><i>Prepayment features with negative compensation</i></p> <p>The amendments to IFRS 9 clarify that a financial asset passes the solely payments of principal and interest on the principal amount outstanding criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate.</p> <p><i>Consolidation of financial statements & Investments in associates</i></p> <p>Sale or contribution of assets between an investor and its associate or joint venture.</p>	<p>The impact of this interpretation is expected to be minimal as the IPP Office does not enter into transactions where prepayments are made over long terms that requires the prepayments to be discounted. Should such transactions be entered into in the future after the amendment has become effective, the amendment will need to be applied.</p>	1 January 2019
IFRS 10 & IAS 28		<p>The IPP Office does not have any investments in associates or joint ventures.</p>	To be announced

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IFRS 11	<p><i>Joint arrangements – Previously held interests in a joint operation</i></p> <p>A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.</p>	The IPP Office does not have interests in joint operations.	1 January 2019
IFRS 17	<p><i>Insurance contracts</i></p> <p>The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.</p>	The IPP Office does not have insurance contracts.	1 January 2021
IAS 12	<p><i>Income taxes – Income tax consequences of payments on financial instruments classified as equity</i></p> <p>The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.</p>	The IPP Office does not have an obligation to pay taxes.	1 January 2019

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IAS 19	<p><i>Plan Amendment, Curtailment or Settlement</i> The amendments specify to determine the current service cost and the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).</p>	<p>The IPP Office does not have defined benefit obligations.</p>	1 January 2019
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Standard number	Amendment	Impact	Effective - annual period beginnings on or after ...
IAS 23	<p>Borrowing cost eligible for capitalization</p> <p>The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.</p>	<p>The IPP Office does not have borrowings.</p>	<p>1 January 2019</p>
IAS 28	<p>Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice</p> <p>Amendments clarifying that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss; if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.</p>	<p>The IPP Office is not a venture capital organisation or other qualifying entity for the purpose of application of these amendments and the IPP Office also does not have an interest in an associate or joint venture that is an investment entity.</p>	<p>1 January 2018</p>

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IAS 28	<p><i>Long-term interest in associates and joint ventures</i> The amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.</p>	<p>The IPP Office does not have interests in associates or joint ventures.</p>	1 January 2019
IAS 40	<p><i>Transfer of investment property</i> The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.</p>	<p>The IPP Office does not have investment property.</p>	1 January 2018

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Standard number	Amendment	Impact	Effective - annual period beginnings on or after ...
IFRIC 22	<p><i>Foreign currency transactions and advance consideration</i></p> <p>The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.</p>	<p>The impact of this interpretation is expected to be minimal as the IPP Office does not enter into transactions within the scope of IFRIC 22 on a regular basis, if at all. Should such transactions be entered into in the future after the IFRIC has become effective, IFRIC 22 will need to be applied.</p>	1 January 2018
IFRIC 23	<p><i>Uncertainty over income tax treatments</i></p> <p>The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.</p>	<p>The IPP Office does not have an obligation to pay taxes</p>	1 January 2019

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Notes to the Unaudited Annual Financial Statements

The following amendments and annual improvements became effective in the current year but did not have an impact on the financial statements of the IPP Office:

IFRS 12

Clarification of the scope of the disclosure requirements

Amendment clarifying that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

IAS 7

Disclosure Initiative (Amendments to IAS 7)

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

IAS 12

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

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Notes to the Unaudited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	31 March 2019		31 March 2018			
	Cost/ Valuation	Accumulated depreciation/ Impairment	Carrying value	Cost/ Valuation	Accumulated depreciation/ Impairment	Carrying value
Furniture and equipment	3 729 242	(2 568 189)	1 161 053	3 721 845	(2 418 605)	1 303 240
Computer equipment	10 063 319	(7 102 634)	2 960 685	11 417 469	(7 946 465)	3 471 004
Leasehold improvements	28 346 127	(17 110 126)	11 236 001	28 342 835	(10 022 364)	18 320 471
Security systems	11 853 744	(5 312 645)	6 541 099	10 858 301	(3 798 392)	7 059 909
Motor vehicles	207 123	(105 509)	101 614	207 123	(87 082)	120 041
Work-in-progress	1 948 833		1 948 833	2 944 276	-	2 944 276
Total	56 148 388	(32 199 103)	23 949 285	57 491 849	(24 272 908)	33 218 941

Reconciliation of property, plant and equipment - 31 March 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Furniture and equipment	1 303 240	7 397			(149 584)	1 161 053
Computer equipment	3 471 004	500 563	(314 152)		(696 730)	2 960 685
Leasehold improvements	18 320 471	3 291			(7 087 760)	11 236 001
Security systems	7 059 909			995 443	(1 514 253)	6 541 099
Motor vehicles	120 041				(18 427)	101 614
Work-in-progress	2 944 276			(995 443)		1 948 833
Total	33 218 941	511 251	(314 152)	-	(9 466 755)	23 949 285

Management re-assessed the useful lives of assets during the 2019 financial year. The estimated useful lives of certain furniture and equipment and computer equipment assets increased by 1 year to 5, 7, 8 and 9 years due to a change in the circumstances that had an effect on management's previous estimates. The useful life for motor vehicles increased by 1 year to 7 years and the useful life for certain security assets increased by 1 year to 5 years. This resulted in a decrease in the depreciation for the year of R 2 946 747 and will result in an increase in depreciation of R 2 946 747 in future periods.

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Notes to the Unaudited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2018

	Opening balance	Additions	Disposals	Depreciation	Impairment	Total
Furniture and equipment	1 555 990	7 797	(11 479)	(219 140)	(29 928)	1 303 240
Computer equipment	4 421 298	-	(40 681)	(868 021)	(41 592)	3 471 004
Leasehold improvements	25 407 134	-	-	(7 086 663)	-	18 320 471
Security systems	9 184 297	177 558	-	(2 301 946)	-	7 059 909
Motor vehicles	144 240	-	-	(24 199)	-	120 041
Work-in-progress	2 520 394	423 882	-	-	-	2 944 276
	43 233 353	609 237	(52 160)	(10 499 969)	(71 520)	33 218 941

Management re-assessed the useful life of assets during the 2018 financial year. The estimated useful lives of certain furniture & equipment and computer equipment assets increased to 8 years due to a change in circumstances that had an effect on management's previous estimates. This resulted in a decrease in depreciation for the year of R 3 210 770 and will result in an increase in depreciation of R 3 210 770 in future periods. The positive depreciation amount for computer equipment is due to the re-assessment of useful lives performed during this financial year.

Notes to the Unaudited Annual Financial Statements

Figures in Rand

4. Intangible assets

	31 March 2019		31 March 2018			
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	5 771 857	(4 002 380)	1 769 477	5 662 714	(3 434 971)	2 227 743
CRM system	3 021 219	(2 051 149)	970 070	3 021 219	(1 836 905)	1 184 314
Total	8 793 076	(6 053 529)	2 739 547	8 683 933	(5 271 876)	3 412 057

Reconciliation of intangible assets - 31 March 2019

	Opening balance	Additions	Amortisation	Total
Computer software	2 227 743	109 143	(567 409)	1 769 477
CRM system	1 184 314	-	(214 244)	970 070
	3 412 057	109 143	(781 653)	2 739 547

Management re-assessed the useful lives of intangible assets during the 2019 financial year. The estimated useful lives of certain computer software assets increased by 1 year to 5, 7, 8 and 9 years due to a change in the circumstances that had an effect on management's previous estimates. The estimated useful lives of certain CRM system assets increased by 1 year to 5 and 7 years. This resulted in a decrease in amortisation for the year of R1 139 111 and will result in an increase in the amortisation of R1 139 111 in future periods.

Reconciliation of intangible assets - 31 March 2018

	Opening balance	Additions	Written-Off/ Scrapped	Amortisation	Total
Computer software	2 117 549	874 183		(763 989)	2 227 743
CRM system	1 522 824			(338 510)	1 184 314
	3 640 373	874 183		(1 102 499)	3 412 057

Management re-assessed the useful lives of intangible assets during the 2018 financial year. The estimated useful lives of certain computer software assets increased by 1 year to 4, 6, 7 and 8 years due to a change in the circumstances that had an effect on management's previous estimates. The estimated useful lives of certain CRM system assets increased by 1 year to 4 and 6 years. This resulted in a decrease in amortisation for the year of R1 221 811 and will result in an increase in the amortisation of R1 221 811 in future periods.

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Notes to the Unaudited Annual Financial Statements

	2019	2018
	R	R

5. Other financial assets

Current assets

Deposits	<u>80 000</u>	<u>80 000</u>
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The deposits include an amount of R 80,000 for electricity deposits which will be refundable when the lease agreement expires. (also refer to note 19).

The deposits do not accrue interest.

6. Trade and other receivables

Trade receivables	116 940 766	12 120 499
Interest receivable	16 309 573	
Provision for Bad Debts	(29 475 703)	59 985
	<u>103 774 636</u>	<u>12 180 484</u>

Due to uncertainty regarding the collection of Economic Development Deductions at year end a Provision was made against this debt. The Implementation Agreement entered into between the Seller and the Department of Energy compels the Seller to pay the Economic Development Deductions within fifteen working days of the date of invoice. The Seller has raised a dispute regarding the settlement of these penalties. The IPP Office is in ongoing discussions with the Seller to recover these amounts.

7. Prepayments

Supplier prepayments	<u>105 553</u>	<u>179 347</u>
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Prepayments relate to amounts paid in advance to suppliers.

8. Short term investments

Money market investments	<u>353 259 878</u>	<u>-</u>
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Money market investments are held with financial institutions. The money market investments have an average maturity of 90 (2018: 30 to 60 days) and an average variable rate of 7.7% (2018: 7.025%).

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	16 442
Bank balances	94 891 595	9 246 146
	<u>94 891 595</u>	<u>9 262 588</u>

Cash at bank earns interest at floating rates on daily bank deposit rates.

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	2019	2018
	R	R
10. Trade and other payables		
Trade payables	11 504 046	13 741 044
Accrued leave pay	3 527 222	3 553 069
Accrued expenses	7 940 613	2 180 155
Other payables	9 600	9 600
	22 981 481	19 483 868

Supplier payment terms are 30 days.

11. Provisions

Opening balance at beginning of year	83 090	83 090
Arising during the year	-	-
Reversed during the year	(83 090)	-
Closing balance as at year end	-	83 090

During the 2016 financial year, the IPP Office received payments in excess of the required fee for access to tender documents. As at 31 March 2018, certain of the payees had not yet confirmed their banking details and the excess amounts could not be refunded. A provision was therefore raised for the excess amounts which had not yet been refunded. As there was still no movement on this during the current year the decision was taken to write the amount off.

12. Revenue

Tender document sales	63 130	-
Re-financing fee income	-	25 284 261
Development fee income	648 177 328	-
Economic development performance penalties	15 154 995	16 471 232
	663 395 453	41 755 493

13. Other income

Recoverable expenses	183 208	529 311
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The Independent Power Producers Office

Unaudited Annual Financial Statements for the year ended 31 March 2019

Notes to the Unaudited Annual Financial Statements

	2019	2018
	R	R
14. Transaction advisor and consultant expenses		
Project Management	-	474 294
Financial Advisors	719 955	4 326 741
Technical Advisors	-	281 605
Specialist Advisors and Secondment	903 578	2 639 527
Implementation Advisors	-	28 105
	1 623 533	7 750 272
Transaction advisor and consultant expenses relate to services provided to the IPP Office to assist with the tender processes and other programme related processes.		
15. Operating Profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
• Premises	29 458 984	28 640 669
Amortisation on intangible assets	781 653	1 102 499
Depreciation on property, plant and equipment	9 466 755	10 499 969
Impairment of assets	-	71 520
Loss on disposal of equipment	314 152	52 160
Employee costs	86 834 843	94 748 308
Foreign exchange loss/(gain)	4 361	2043
16. Finance income		
Interest - Current bank accounts	6 288 814	872 873
Interest - Short term investments	21 361 972	4 129 410
Interest - Development Fees	7 801 583	-
Interest - Economic development performance penalties	2 410 921	148 566
	37 863 290	5 150 849
17. Cash receipts from customers		
Cash received from tender document sales	63 130	-
Cash received from development fee income	560 894 053	-
Cash received from refinancing income	-	25 284 261
Cash received from economic development performance penalties	-	4 676 382
Cash received from other income	65 672	345 985
	561 022 855	30 306 628

The Independent Power Producers Office

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	2019	2018
	R	R
18. Cash (used in) generated from operations		
(Loss)/Profit for the year	517 638 979	(115 525 734)
Adjustments for:		
Depreciation and amortisation	10 248 408	11 602 468
Impairment of assets	-	71 520
Finance income	(37 863 290)	(5 150 849)
Loss on disposal of equipment	314 152	52 160
Accrued leave pay movement	(25 847)	(783 057)
Operating lease liability movement	(586 425)	(3 011 862)
Provision for doubtful debts	29 475 703	-
Provision movement	(83 090)	-
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(104 820 267)	(11 657 512)
(Decrease)/increase in trade and other payables	3 597 254	(18 063 045)
	417 895 577	(142 465 911)

19. Operating lease liability

Non-current liability	(2 628 476)	(5 187 681)
Current liability	(2 559 205)	(586 425)
Operating lease liability	(5 187 681)	(5 774 106)

Operating lease payments represent rentals payable by the IPP Office for its office properties.

The lease is negotiated for an average term of five years. No contingent rent is payable. The operating lease payments have an escalation of 8% per annum. The operating lease agreement commenced in the 2016 financial year and expires on 30 November 2020.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are as follows:

Minimum lease payments due		
- within one year	26 632 545	24 659 764
- in second to fifth year inclusive	18 677 369	45 309 914
	45 309 914	69 969 678

The Independent Power Producers Office

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20. Financial instruments

20.1 Financial assets by category

The carrying amounts of financial assets presented in the statement of financial position relate to the following measurement categories as defined in IAS 39:

2019

	Loans and receivables	Total
Other financial assets	80,000	80,000
Trade and other receivables	103,774,636	103,774,636
Short term investments	353,259,878	353,259,878
Cash and cash equivalents	94,891,595	94,891,595
	552,006,109	552,006,109

2018

	Loans and receivables	Total
Other financial assets	80,000	80,000
Trade and other receivables	12,180,484	12,180,484
Cash and cash equivalents	9,262,588	9,262,588
	21,523,072	21,523,072

20.2 Financial liabilities by category

The carrying amounts of financial liabilities presented in the statement of financial position relate to the following measurement categories as defined in IAS 39:

2019

	Financial liabilities at amortised cost	Total
Trade and other payables	22,281,397	22,281,397

2018

	Financial liabilities at amortised cost	Total
Trade and other payables	19,483,868	19,483,868

The impact of IFRS 9 and 15 are not taken into the equation in this draft set of financials.

The Independent Power Producers Office

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Figures in Rand

20.3 Financial Risk Management

The IPP Office's principal financial liabilities comprise of trade and other payables. The IPP Office's principal financial assets comprise trade receivables, and cash and short-term deposits.

The IPP Office's senior management oversees the management of risks associated with its financial instruments by ensuring that financial risks are identified, measured and managed in accordance with the IPP Office's policies and risk objectives. The IPP Office's exposure to market risk, credit risk and liquidity risk is considered and the risk management policies in place are described below.

Market Risk

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market prices. Market risk specifically includes exposure to currency risk, interest rate risk and certain other price risks through the use of financial instruments.

Currency risk

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The IPP Office's exposure to currency risk is considered minimal as most of its transactions are carried out in South African Rand. Due to the infrequent nature of transactions in foreign currency, management does not employ any hedging mechanisms against this risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The IPP Office's interest rate risk arises from account payables and short term investments. Exposure to interest rate risk is managed as follows:

- trade payables are settled within 30 days
- fixed deposits and money market instruments are held short-term and the interest rate is linked to the prime rate.

GTAC manages cash deposits and determines the strategies for short term investments. No long term investments are envisaged. Investments are made and held in the name of GTAC on behalf of the IPP Office.

The IPP Office's exposure to the risk of changes in market interest rates primarily relates to the following short term investments and other cash and cash equivalents held with financial institutions:

	2019	2018
Short-term investments	353 259 878	-
Other cash and cash equivalents	94 891 595	9 262 588
	448 151 473	9 262 588

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the short-term investments and cash held at financial institutions:

	Increase/ decrease in basis points	Effect on profit
2019	+100	448 151
	-100	-448 151
2018	+100	51 508
	-100	-51 508

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

The Independent Power Producers Office

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Figures in Rand

20.3 Financial Risk Management (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The IPP Office does not hold any financial instruments that are exposed to significant other price risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The IPP Office is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including short-term deposits with banks.

The maximum credit exposure at year end is the carrying amounts of the financial assets:

	2019	2018
Cash and cash equivalents	94 891 595	9 262 588
Short term investments	353 259 878	-
Other financial assets	80 000	80 000
Trade and other receivables	103 774 636	12 180 484
	552 006 109	21 523 072

Cash and Cash Equivalents

Although there is a degree of credit risk associated with cash equivalents, specifically relating to the cash held on behalf of the IPP Office by other parties, this is mitigated by the fact that the majority of the funds are held by GTAC, and all cash equivalents are held at reputable financial institutions.

Short term investments

Short term investments are held at reputable and leading financial institutions and the resulting credit risk exposure is considered to be minimal.

Other financial assets

Other financial assets relate to a deposit for electricity. The risk exposure from other financial assets is not considered significant.

Trade and other receivables

Trade receivables may arise from development fees receivable from successful bidders and economic development performance penalties receivable from Independent Power Producers.

The risk exposure arising from development fees receivable is considered minimal as the creditworthiness of successful bidders is assessed prior to contracts being awarded to the party, and the nature of the agreements is such that the development fee is payable within a defined number of days from reaching financial close. There were no development fee receivables as at the respective year ends.

The IPP Office assesses, at each reporting date, whether there is objective evidence that trade receivables are impaired, and recognises any impairment in terms of the accounting policy, when necessary.

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The economic development performance penalties are receivable as per the Implementation Agreement with the Independent Power Producers. The risk of default by the Independent Power Producers is considered minimal as the IPP Office has controls in place to prompt the Independent Power Producers to acknowledge and pay their penalties timeously. There are receivables

for economic development performance penalties for the 2018 year end.

As at the respective year ends, the age analysis of trade and other receivables is as follows:

2019	Total	Neither past due nor impaired	Past due but not impaired			
			30 Days	60 Days	90 Days	120+ Days
Trade receivables	116 924 154	307 333	310 083	228 889	228 889	115 848 960
2018						
Trade receivables	12 180 484	359 421	8 615 959	3 205 104	-	-

Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The IPP Office maintains liquidity by limiting capital and operational expenditure within the approved budgets, together with the maintenance of high cash and cash equivalent balances and highly liquid short-term investments, in excess of its financial liabilities. Liquidity management was a challenge in the 2018 financial year. Refer to note 25 for a further explanation.

The table below illustrates the IPP Office's exposure to liquidity risk from financial liabilities:

2019	3 months or less	Total
Trade and other payables	7 708 742	7 708 742
2018		
Trade and other payables	15 930 799	15 930 799

For the operating lease commitments, refer to note 19 Operating lease liability.

The following financial assets are used to manage liquidity risk:

	2019	2018
Cash and cash equivalents	94 891 595	9 262 588
Short-term investments	353 259 878	-
	448 151 473	9 262 588

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21. Related parties

21.1 Entities that were party to the establishment of the IPP Office

Department of Minerals and Energy
The Development Bank of Southern Africa Limited
National Treasury

The IPP Office is owned by National Government and therefore could be considered to be related to other government entities in the National Sphere.

21.2 Significant outstanding balances and transactions with related parties

Related party outstanding balances	2019	2018
Management fees expenditure - Development Bank of Southern Africa Limited	6 084 145	6 000 000

Non-Related party outstanding balances	2019	2018
McKinsey	3 534 000	-
PopTech (expenditure to be condoned by National Treasury)	206 164	-

22. Key management emoluments

2019

	Basic Salary	Bonus	Allowances	Total
Short-term employee benefits	23 789 762	4 169,437	160 304	28 119 503

2018

	Basic Salary	Bonus	Allowances	Total
Short-term employee benefits	25 813 023	4 255 894	96 000	30 164 917

23. Capital management

Due to the nature of the entity, the IPP Office does not have any shareholding or equity interest, other than retained income. Any residual interest in the entity upon hypothetical winding up would be returned to the National Revenue Fund.

For the purpose of the IPP Office's capital management, capital includes cash and cash equivalents and short-term investments. The primary objective of the IPP Office's capital management is to maximise its cash inflows, through collection of tender fees and development fees, and minimise its cash outflows while fulfilling the functions for which the IPP Office was established.

Excess funds are invested in short-term investments as set out in note 8. Also refer to note 20.3 for further information on management's policies and processes relating to risk management applicable to cash and cash equivalents and short-term investments.

24. Events after the reporting period

Management is not aware of any matters that arose after the reporting date that require adjustments to the financial statements or additional disclosure. It should however be noted that the position of Head of the IPP Office was vacated on 28 February 2019 and that an acting Head was appointed.

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Notes to the Unaudited Annual Financial Statements

25. Going concern

Management has determined that the entity has the ability to continue as a going concern for the foreseeable future. A major contributor is the result of successfully reaching financial close on most of the 27 Renewable Energy Independent Power Producer projects for Bid Window 3.5 and 4 during 2019. A few projects requested to postpone their financial close to FY2020, to which the IPP Office agreed. This provides evidence of the future sustainability of the IPP Office hence the financial

ENERGY SAVING TIPS



Follow Eskom instructions to reduce energy usage during peak times.



Remember to keep the lid on the pot when you cook to conserve heat and energy.



Use energy-saving light bulbs.



Use the kettle to boil water. It is energy wasting to use the stove to boil water compared to a kettle.



- Change to highest gear rather than driving in lowest gear.
 - Service your car regularly.
 - Don't over rev your car.
 - Check your tyre pressure if it's correct.
-



- Fill your tank in the morning.
 - Only fill up when it's half tank rather than quarter tank.
-



- Obey speed limit
 - Travel at a regular speed (i.e. don't repeatedly accelerate and then slow down); use cruise control if you have one.
-



Close the windows and doors when the air conditioner or heater is on and save money!



Close the door every time you take things out of the fridge and also check that it seals properly.

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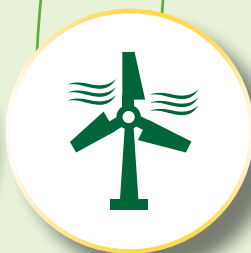
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