

Energy

Adjusted budget summary

2012/13				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	6 805 903	6 734 478	(71 425)	–
of which:				
Current payments	307 274	417 718	–	110 444
Transfers and subsidies	6 493 557	6 304 811	(188 746)	–
Payments for capital assets	5 072	11 949	–	6 877
Executive authority	Minister of Energy			
Accounting officer	Director-General of Energy			
Website address	www.energy.gov.za			

Aim

Formulate overall energy policies and oversee their implementation to ensure access to affordable and reliable energy for all South Africans. Promote environmentally friendly energy carriers.

Mid-year performance status

Indicator As published in the 2012 ENE	Programme Programme linked to the indicator	Annual performance		
		Projected for 2012/13 as published in the 2012 ENE	Achieved in the first six months of 2012/13 (April to September)	Changed estimate for 2012/13
Number of new petroleum retail site inspections per year	Energy Regulation	1 500	706	–
Number of additional petroleum licence applications approved per year	Energy Regulation	1 200	440	–
Number of new operational integrated energy centres established per year	Energy Policy and Planning	2	0	–
Number of additional households electrified per year	National Electrification Programme	180 000	10 963	–
Number of new bulk substations built per year	National Electrification Programme	6	0	–
Number of additional substations upgraded per year	National Electrification Programme	10	0	–
Kilometers of new medium voltage power lines constructed per year	National Electrification Programme	350 km	108 km	–
Kilometers of existing medium voltage power lines upgraded per year	National Electrification Programme	200 km	31 km	–
Value of expenditure on BEE and SMMEs per year	Energy Regulation	R933 mil	R296 million	–
Megawatt reduction in electricity demand per year	Energy Regulation	100 MW	700 MW	–

Mid-Year Progress

To date, 706 new petroleum retail sites have been inspected. The Department is on track to achieve the annual target. There have been 1 881 applicants for the petroleum licence. Of those, 440 have been finalised, with 1 441 still being processed and evaluated. The delay in approvals is due to the lack of supporting documentation and non-conformance with standard operating procedure requirements.

One Integrated Energy Centre in Ulundi was completed and will be operational in October 2012. The Mbizana Integrated Energy Centre is 90 per cent complete and will be operational in November 2012. Project delays were due to the prolonged land transfer and procurement processes by the Department of Rural Development and Land Reform, however, the Department of Energy should meet the annual target of having both established by the end of the year.

The Department planned to upgrade ten and build six new substations during 2012/13, which included projects not completed in the previous cycle. During the first six months of the year, no progress was achieved due to lead times in the equipment procurement processes. The process, which normally takes around 12 months, took longer than anticipated. The expected completion date for these projects has been scheduled for March 2013.

There has been low achievement in other performance areas as well. Only 10 963 additional households have been electrified within the first six months of 2012/13, which is 6 per cent of the annual estimate. 108 kilometres of new medium voltage power lines have been constructed, which represents 31 per cent of the annual target; whereas 31 kilometres of new medium voltage power lines have been upgraded (16 per cent of the annual estimate). Expenditure on BEE and SMMEs has also been slow, with R296 million spent in the first half of the year, against the annual estimate of R933 million.

Adjusted Estimates of National Expenditure 2012

Programme	2012/13							
		Adjustments appropriation						
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	Adjusted Appropriation
R thousand								
Administration	181 745	8 360	–	50 231	–	2 111	60 702	242 447
Energy Policy and Planning	1 541 548	11 758	–	9 788	–	–	21 546	1 563 094
Energy Regulation	1 350 028	667	–	(111 489)	(99 371)	–	(210 193)	1 139 835
National Electrification Programme	3 136 294	–	–	11 900	–	–	11 900	3 148 194
Nuclear Energy and Regulation	596 288	5 050	–	39 570	–	–	44 620	640 908
Total	6 805 903	25 835	–	–	(99 371)	2 111	(71 425)	6 734 478
Economic classification								
Current payments	307 274	19 845	–	88 488	–	2 111	110 444	417 718
Compensation of employees	196 260	–	–	9 000	–	2 111	11 111	207 371
Goods and services	111 014	19 845	–	79 488	–	–	99 333	210 347
Transfers and subsidies	6 493 557	–	–	(89 375)	(99 371)	–	(188 746)	6 304 811
Provinces and municipalities	1 351 443	–	–	–	–	–	–	1 351 443
Departmental agencies and accounts	81 022	–	–	18 000	–	–	18 000	99 022
Public corporations and private enterprises	5 060 722	–	–	(107 375)	(99 371)	–	(206 746)	4 853 976
Households	370	–	–	–	–	–	–	370
Payments for capital assets	5 072	5 990	–	887	–	–	6 877	11 949
Machinery and equipment	5 072	4 650	–	887	–	–	5 537	10 609
Software and other intangible assets	–	1 340	–	–	–	–	1 340	1 340
Total	6 805 903	25 835	–	–	(99 371)	2 111	(71 425)	6 734 478

Programme 1: Administration

Subprogramme		2012/13						
		Adjustments appropriation						
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	Adjusted Appropriation
R thousand								
Ministry	21 926	—	—	—	—	—	—	21 926
Management	30 333	2 366	—	—	—	543	2 909	33 242
Audit Services	2 830	675	—	4 371	—	1 568	6 614	9 444
Corporate Services	46 342	—	—	31 531	—	—	31 531	77 873
Financial Management	44 377	5 319	—	14 329	—	—	19 648	64 025
Office Accommodation	35 937	—	—	—	—	—	—	35 937
Total	181 745	8 360	—	50 231	—	2 111	60 702	242 447
Economic classification								
Current payments	176 303	2 370	—	49 511	—	2 111	53 992	230 295
Compensation of employees	90 521	—	—	7 000	—	2 111	9 111	99 632
Goods and services	85 782	2 370	—	42 511	—	—	44 881	130 663

Programme 1: Administration (continued)

R thousand	2012/13							
	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
Transfers and subsidies	370	–	–	–	–	–	–	370
Households	370	–	–	–	–	–	–	370
Payments for capital assets	5 072	5 990	–	720	–	–	6 710	11 782
Machinery and equipment	5 072	4 650	–	720	–	–	5 370	10 442
Software and other intangible assets	–	1 340	–	–	–	–	1 340	1 340
Total	181 745	8 360	–	50 231	–	2 111	60 702	242 447

Programme 2: Energy Policy and Planning

Subprogramme	2012/13							
	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
Electricity Policy	14 827	11 758	–	4 375	–	–	16 133	30 960
Hydrocarbons Policy	1 509 336	–	–	5 088	–	–	5 088	1 514 424
Nuclear Policy	2 070	–	–	–	–	–	–	2 070
Energy Planning and Research	15 315	–	–	325	–	–	325	15 640
Total	1 541 548	11 758	–	9 788	–	–	21 546	1 563 094
Economic classification								
Current payments	41 548	11 758	–	9 656	–	–	21 414	62 962
Compensation of employees	32 604	–	–	–	–	–	–	32 604
Goods and services	8 944	11 758	–	9 656	–	–	21 414	30 358
Transfers and subsidies	1 500 000	–	–	–	–	–	–	1 500 000
Public corporations and private enterprises	1 500 000	–	–	–	–	–	–	1 500 000
Payments for capital assets	–	–	–	132	–	–	132	132
Machinery and equipment	–	–	–	132	–	–	132	132
Total	1 541 548	11 758	–	9 788	–	–	21 546	1 563 094

Programme 3: Energy Regulation

Subprogramme	2012/13							
	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
Petroleum Licencing and Monitoring	33 644	–	–	457	–	–	457	34 101
Hydrocarbons Operations	12 957	–	–	2 429	–	–	2 429	15 386
Clean Energy	1 253 317	667	–	(120 375)	(99 371)	–	(219 079)	1 034 238
Public Entity Oversight	50 110	–	–	6 000	–	–	6 000	56 110
Total	1 350 028	667	–	(111 489)	(99 371)	–	(210 193)	1 139 835
Economic classification								
Current payments	59 543	667	–	2 876	–	–	3 543	63 086
Compensation of employees	49 594	–	–	500	–	–	500	50 094
Goods and services	9 949	667	–	2 376	–	–	3 043	12 992
Transfers and subsidies	1 290 485	–	–	(114 375)	(99 371)	–	(213 746)	1 076 739
Provinces and municipalities	200 000	–	–	–	–	–	–	200 000
Departmental agencies and accounts	50 110	–	–	6 000	–	–	6 000	56 110
Public corporations and private enterprises	1 040 375	–	–	(120 375)	(99 371)	–	(219 746)	820 629
Payments for capital assets	–	–	–	10	–	–	10	10
Machinery and equipment	–	–	–	10	–	–	10	10
Total	1 350 028	667	–	(111 489)	(99 371)	–	(210 193)	1 139 835

Programme 4: National Electrification Programme

Subprogramme		2012/13						Adjusted Appropriation
R thousand	Main appropriation	Adjustments appropriation						
		Roll- overs	Unforeseeable/ unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
Business Planning	19 083	–	–	10 700	–	–	10 700	29 783
Grant Management and Monitoring	3 117 211	–	–	1 200	–	–	1 200	3 118 411
Total	3 136 294	–	–	11 900	–	–	11 900	3 148 194
Economic classification								
Current payments	19 083	–	–	11 900	–	–	11 900	30 983
Compensation of employees	15 713	–	–	1 500	–	–	1 500	17 213
Goods and services	3 370	–	–	10 400	–	–	10 400	13 770
Transfers and subsidies	3 117 211	–	–	–	–	–	–	3 117 211
Provinces and municipalities	1 151 443	–	–	–	–	–	–	1 151 443
Public corporations and private enterprises	1 965 768	–	–	–	–	–	–	1 965 768
Total	3 136 294	–	–	11 900	–	–	11 900	3 148 194

Programme 5: Nuclear Energy and Regulation

Subprogramme		2012/13						Adjusted Appropriation
		Adjustments appropriation					Total adjustments appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
Nuclear Safety and Regulation	7 513	5 050	–	14 570	–	–	19 620	27 133
Nuclear Non-proliferation and Radiation Security	3 284	–	–	–	–	–	–	3 284
Public Entity Oversight	585 491	–	–	25 000	–	–	25 000	610 491
Total	596 288	5 050	–	39 570	–	–	44 620	640 908
Economic classification								
Current payments	10 797	5 050	–	14 545	–	–	19 595	30 392
Compensation of employees	7 828	–	–	–	–	–	–	7 828
Goods and services	2 969	5 050	–	14 545	–	–	19 595	22 564
Transfers and subsidies	585 491	–	–	25 000	–	–	25 000	610 491
Departmental agencies and accounts	30 912	–	–	12 000	–	–	12 000	42 912
Public corporations and private enterprises	554 579	–	–	13 000	–	–	13 000	567 579
Payments for capital assets	–	–	–	25	–	–	25	25
Machinery and equipment	–	–	–	25	–	–	25	25
Total	596 288	5 050	–	39 570	–	–	44 620	640 908

Details of adjustments to Estimates of National Expenditure 2012**Roll-overs – R25.835 million****Programme 1: Administration**

Funds have been rolled over as follows:

R2.192 million for the payment of membership fees to the African Petroleum Producers Association

R174 000 for the payment of membership fees to the International Energy Forum

R4 000 for the payment of membership fees to the Information Systems Audit and Control Association

R671 000 for the procurement of audit software and data interrogation software

R4.650 million for the acquisition, installation and configuration of data and voice network cables at the Department's new offices

R669 000 for the procurement of computer servers for the new office building

Programme 2: Energy Policy and Planning

R11.758 million for the asset rehabilitation multi-phase project

Programme 3: Energy Regulation

R667 000 for the payment of membership fees to the International Renewable Energy Agency

Programme 5: Nuclear Energy and Regulation

R5.050 million for the payment of membership fees to the International Atomic Energy Agency

Virements and shifts

Programmes

1. Administration
2. Energy Policy and Planning
3. Energy Regulation
4. National Electrification Programme
5. Nuclear Energy and Regulation

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(720)	Programme 1		720
Goods and services	Reprioritisation of funds	(720)	Machinery and equipment	For computer equipment	720
Shifts within the programme as percentage of programme budget		0.4%			
Virements to other programmes as percentage of programme budget		0.0%			
Programme 2		(132)	Programme 2		132
Goods and services	Reprioritisation of funds	(132)	Machinery and equipment	For computer equipment	132
Shifts within the programme as percentage of programme budget		0.0%			
Virements to other programmes as percentage of programme budget		0.0%			
Programme 3		(120 498)	Programme 2		113
Goods and services	Underspending in Renewable Energy and Finance Subsidy Office	(113)	Goods and services	For Petroleum Infrastructure Policy	113
	Underspending in Renewable Energy and Finance Subsidy Office	(10)	Programme 3		10
			Machinery and equipment	For computers	10
Public corporations and private enterprises	Underspending in Renewable Energy and Finance Subsidy Office ¹	(43 231)	Programme 1		50 231
			Goods and services	For relocation costs	43 231
	Reduction in Solar Water Geyser programme due to delayed initiation of the programme ²	(7 000)	Compensation of employees	For remuneration of staff appointed in addition to the approved establishment, performance bonuses and payments to interns	7 000

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
	Underspending in Renewable Energy and Finance Subsidy Office ¹	(9 675)	Programme 2		9 675
			Goods and services	For Energy Policy and Planning for impact studies of power generation For 20 Year Liquid Fuels Infrastructure Road Map and procurement of equipment	9 675
	Reduction in Solar Water Geyser programme due to delayed initiation of the programme ²	(2 499)	Programme 3		8 999
			Goods and services	For equipment, development of integrated energy centres and audits of these centres	2 499
	Reduction in Solar Water Geyser programme due to delayed initiation of the programme ²	(500)	Compensation of employees	For remuneration of staff appointed in addition to the approved establishment	500
	Reduction in Solar Water Geyser programme due to delayed initiation of the programme ²	(6 000)	Departmental agencies and accounts	For South African National Energy Development Institute Information Technology systems	6 000
	Reduction in Solar Water Geyser programme due to delayed initiation of the programme ²	(10 400)	Programme 4		11 900
			Goods and services	For the establishment of the Independent Power Producers unit, development of norms and standards for electricity distribution, and the Integrated National Electrification Programme for technical audits	10 400
	Reduction in Solar Water Geyser programme due to delayed initiation of the programme ²	(1 500)	Compensation of employees	For remuneration of staff appointed in addition to the approved establishment	1 500
	Underspending in Renewable Energy and Finance Subsidy Office ¹	(14 570)	Programme 5		39 570
			Goods and services	For Nuclear Energy and Regulations, international membership fees and the creation of the Waste Disposal Unit	14 570
	Reduction in Solar Water Geyser programme due to delayed initiation of the programme ²	(12 000)	Departmental agencies and accounts	For the National Nuclear Regulator	12 000
	Reduction in Solar Water Geyser programme due to delayed initiation of the programme ²	(13 000)	Public corporations and private enterprises	For the Nuclear Energy Corporation of South Africa for facility upgrades	13 000
Shifts within the programme as percentage of programme budget		0.7%			
Virements to other programmes as percentage of programme budget		9.2%			

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 5		(25)	Programme 5		25
Goods and services	Funds budgeted provisionally in the ENE have now been more specifically allocated	(25)	Machinery and equipment	For equipment	25
Shifts within the programme as percentage of programme budget		0.0%			
Virements to other programmes as percentage of programme budget		0.0%			
Total		(121 375)			121 375

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement in terms of the Public Finance Management Act, (Act 1 of 1999).

Declared savings – R99.371 million

Programme 3: Energy Regulation – R99.371 million

Savings of R99.371 million has been declared mainly on the Solar Water Geyser Programme due to the delayed initiation of the programme.

Other adjustments – R2.111 million

Adjustments due to significant and unforeseeable economic and financial events

An additional R2.111 million is allocated for higher personnel remuneration increases than the main budget provided for:

Programme 1: Administration

R2.111 million

Expenditure for 2011/12 and preliminary expenditure for 2012/13

Programme	2011/12 Expenditure outcome					2012/13 Preliminary expenditure		
	Adjusted appropriation	Apr 11 - Sep 11	Apr 11 - Sep 11 % of adjusted appropriation	Apr 11 - Mar 12	Apr 11 - Mar 12 % of adjusted appropriation	Adjusted appropriation	Apr 12 - Sep 12	Apr 12 - Sep 12 % of adjusted appropriation
R thousand								
Administration	176 340	104 514	59.3	196 943	111.7	242 447	111 047	45.8
Energy Policy and Planning	1 544 708	390 922	25.3	1 545 679	100.1	1 563 094	768 543	49.2
Energy Regulation	573 431	55 053	9.6	528 594	92.2	1 139 835	55 631	4.9
National Electrification Programme	3 264 555	1 760 277	53.9	3 264 540	100.0	3 148 194	1 653 956	52.5
Nuclear Energy and Regulation	641 875	577 146	89.9	638 506	99.5	640 908	562 055	87.7
Total	6 200 909	2 887 912	46.6	6 174 262	99.6	6 734 478	3 151 232	46.8
Economic classification								
Current payments	309 771	166 556	53.8	341 174	110.1	417 718	184 766	44.2
Compensation of employees	183 317	90 861	49.6	184 836	100.8	207 371	99 046	47.8
Goods and services	126 454	75 695	59.9	156 338	123.6	210 347	85 720	40.8
Transfers and subsidies	5 883 267	2 719 099	46.2	5 829 021	99.1	6 304 811	2 960 216	47.0
Provinces and municipalities	1 376 612	486 959	35.4	1 376 611	100.0	1 351 443	628 815	46.5
Departmental agencies and accounts	67 288	17 169	25.5	55 551	82.6	99 022	41 096	41.5
Public corporations and private enterprises	4 439 018	2 214 938	49.9	4 396 696	99.0	4 853 976	2 290 151	47.2
Households	349	33	9.5	163	46.7	370	154	41.6
Payments for capital assets	7 871	2 257	28.7	4 008	50.9	11 949	6 250	52.3
Machinery and equipment	7 871	2 257	28.7	4 008	50.9	10 609	5 926	55.9
Software and other intangible assets	–	–	0.0	–	0.0	1 340	324	24.2
Payments for financial assets	–	–	–	59	–	–	–	–
Total	6 200 909	2 887 912	46.6	6 174 262	99.6	6 734 478	3 151 232	46.8

Main expenditure trends for the first half of 2012/13

Total expenditure for 2011/12 was 99.6 per cent of the 2011/12 adjusted appropriation. Expenditure in the first six months of 2012/13 was R3.151 billion, or 46.8 per cent of the adjusted appropriation of R6.734 billion for the year as a whole. In comparison, mid-year expenditure in 2011/12 was R2.888 billion, or 46.6 per cent of the 2011/12 adjusted appropriation. Expenditure in the first six months of 2012/13 increased by R263.320 million or 9.1 per cent, compared to expenditure in the first six months of 2011/12.

The main expenditure increase compared to 2011/12 is due to an increase in transfer payments to municipalities including in respect of the Integrated National Electrification Programme, as well as to the National Nuclear Regulator and the South African National Energy Research Institute.

Departmental receipts

R thousand	2011/12					2012/13			
	Adjusted estimate	Audited outcome			Apr 11 - Mar 12 adjusted estimate	Actual receipts			Apr 12 - Sep 12 Adjusted Estimate
		Apr 11 - Sep 11	Apr 11 - Sep 11 adjusted estimate	Apr 11 - Mar 12		Budget estimate	Adjusted Estimate	Apr 12 - Sep 12	
Departmental receipts	3 867	1 279	33.1	3 381	87.4	4 118	4 118	1 291	31.4
Sales of goods and services produced by department	3 867	1 279	33.1	2 872	74.3	3 905	3 905	1 212	31.0
Sales of scrap, waste, arms and other used current goods	–	–	–	–	–	–	–	1	–
Interest, dividends and rent on land	–	–	–	168	–	14	14	5	35.7
Transactions in financial assets and liabilities	–	–	–	341	–	199	199	73	36.7
Total	3 867	1 279	33.1	3 381	87.4	4 118	4 118	1 291	31.4

Main departmental revenue trends for the first half of 2012/13

Departmental revenue collection in the first six months of 2012/13 was R1.291 million, or 31.4 per cent of the adjusted revenue estimate of R4.118 million for the year as a whole. In comparison, mid-year revenue collection in 2011/12 was R1.279 million, or 33.1 per cent of the 2011/12 adjusted estimate. Departmental revenue collection in the first six months of 2012/13 increased by R12 000 or 0.9 per cent, compared to revenue in the first six months of 2011/12.

The main revenue increase compared to 2011/12 is due to an increase in transactions in financial assets and liabilities.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

2012/13								
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted Appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
Energy Regulation								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	50 110	–	–	6 000	–	–	6 000	56 110
South African National Energy Development Institute	50 110	–	–	6 000	–	–	6 000	56 110

Summary of changes to transfers and subsidies per programme (continued)

2012/13								
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
R thousand								
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Current	1 000 000	–	–	(80 000)	(99 371)	–	(179 371)	820 629
Eskom: National Energy Efficiency and Demand Side Management	1 000 000	–	–	(80 000)	(99 371)	–	(179 371)	820 629
Public corporations and private enterprises								
Private enterprises								
Other transfers								
Current	40 375	–	–	(40 375)	–	–	(40 375)	–
Renewable Energy Subsidy Scheme	40 375	–	–	(40 375)	–	–	(40 375)	–
Nuclear Energy and Regulation								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	30 547	–	–	12 000	–	–	12 000	42 547
National Nuclear Regulator	30 547	–	–	12 000	–	–	12 000	42 547
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Current	452 369	–	–	13 000	–	–	13 000	465 369
South African Nuclear Energy Corporation	452 369	–	–	13 000	–	–	13 000	465 369

