

Vote 26

Energy

Adjusted budget summary

2017/18				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	8 113 450	8 145 422	–	31 972
of which:				
Current payments	557 923	572 647	–	14 724
Transfers and subsidies	7 551 241	7 568 489	–	17 248
Payments for capital assets	4 286	4 286	–	–
Executive authority	Minister of Energy			
Accounting officer	Director-General of Energy			
Website address	www.energy.gov.za			

Vote purpose

Formulate energy policies, regulatory frameworks and legislation, and oversee their implementation, to ensure energy security, the promotion of environmentally friendly energy carriers, and access to affordable and reliable energy for all South Africans.

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2017/18 as published in the 2017 ENE	Achieved in the first six months of 2017/18 (April to September)	Changed target for 2017/18
Number of new petroleum retail site inspections per year	Petroleum and Petroleum Products	Outcome 6: An efficient, competitive and responsive economic infrastructure network	1 500	848	–
Number of additional households electrified per year	Electrification and Energy Programme and Project Management		235 000	92 307	–
Number of new bulk substations built per year	Electrification and Energy Programme and Project Management		3	0	–
Number of additional substations upgraded per year	Electrification and Energy Programme and Project Management		4	1	–
Kilometres of new medium-voltage power lines constructed per year	Electrification and Energy Programme and Project Management		95 km	5.4 km	–
Kilometres of existing medium-voltage power lines upgraded per year	Electrification and Energy Programme and Project Management		95 km	0	–
Number of non-grid connections per year	Electrification and Energy Programme and Project Management	Outcome 9: Responsive, accountable, effective and efficient developmental local government	20 000	3 900	–
Number of new operational integrated energy centres established per year	Electrification and Energy Programme and Project Management	Departmental mandate	1	0	–
Number of terawatt hours (TWh) of energy savings realised and verified from energy efficiency and demand side management projects per year	Clean Energy	Outcome 10: Protect and enhance our environmental assets and natural resources	0.5 TWh	0	–
Number of solar water heating units installed in residential and commercial sectors per year	Clean Energy		42 000	0	–

Mid-year progress

Due to delays in finalising the procurement process to appoint service providers, 92 307 households out of a targeted 235 000 have been connected to the grid, and 3 900 households out of a targeted 20 000 have been provided with non-grid connections thus far in 2017/18. The number of connections provided is expected to increase significantly in the second half of the financial year when the procurement process is concluded.

Although no substations have been built in the first six months of 2017/18, they are currently under construction. 1 substation has been upgraded and 5.4km of medium voltage lines constructed. As a result of the municipal financial year starting in July, progress on these indicators may not necessarily be behind. The department will verify municipal reports in the third quarter.

The Bushbuckridge integrated energy centre has been built and will begin operating once water supply has been established.

Energy savings of 0.04 TWh were realised and verified from energy efficiency and demand side management projects implemented by various municipalities for the municipal financial year ending June 2017. The department has not yet verified projects being implemented in the first six months of 2017/18.

Although no solar water heating units have been installed out of a targeted 42 000 for the year, 87 200 solar water heater systems have been procured. The slow progress in installing the units is due to delays in entering into agreements with municipalities and designating areas for installation.

Adjusted Estimates of National Expenditure 2017

Programme		2017/18						
		Adjustments appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Administration	239 541	–	–	24 020	–	–	24 020	263 561
Energy Policy and Planning	46 668	–	–	–	–	–	–	46 668
Petroleum and Petroleum Products Regulation	81 828	–	–	–	–	–	–	81 828
Electrification and Energy Programme and Project Management	6 184 028	31 972	–	3 980	–	–	35 952	6 219 980
Nuclear Energy	786 875	–	–	4 000	–	–	4 000	790 875
Clean Energy	774 510	–	–	(32 000)	–	–	(32 000)	742 510
Total	8 113 450	31 972	–	–	–	–	31 972	8 145 422
Economic classification								
Current payments	557 923	–	–	14 724	–	–	14 724	572 647
Compensation of employees	318 247	–	–	15 000	–	–	15 000	333 247
Goods and services	239 676	–	–	(276)	–	–	(276)	239 400
Transfers and subsidies	7 551 241	31 972	–	(14 724)	–	–	17 248	7 568 489
Provinces and municipalities	2 290 284	–	–	–	–	–	–	2 290 284
Departmental agencies and accounts	129 394	–	–	–	–	–	–	129 394
Foreign governments and international organisations	17 907	–	–	–	–	–	–	17 907
Public corporations and private enterprises	5 111 244	31 972	–	(17 000)	–	–	14 972	5 126 216
Households	2 412	–	–	2 276	–	–	2 276	4 688
Payments for capital assets	4 286	–	–	–	–	–	–	4 286
Machinery and equipment	4 286	–	–	–	–	–	–	4 286
Total	8 113 450	31 972	–	–	–	–	31 972	8 145 422

Programme 1: Administration

Subprogramme		2017/18						
		Adjustments appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Ministry	25 250	–	–	14 044	–	–	14 044	39 294
Departmental Management	58 100	–	–	5 476	–	–	5 476	63 576
Finance Administration	36 051	–	–	–	–	–	–	36 051
Audit Services	6 076	–	–	–	–	–	–	6 076
Corporate Services	80 753	–	–	2 000	–	–	2 000	82 753
Office Accommodation	33 311	–	–	2 500	–	–	2 500	35 811
Total	239 541	–	–	24 020	–	–	24 020	263 561
Economic classification								
Current payments	231 796	–	–	21 844	–	–	21 844	253 640
Compensation of employees	138 899	–	–	14 020	–	–	14 020	152 919
Goods and services	92 897	–	–	7 824	–	–	7 824	100 721

Programme 1: Administration (continued)

Economic classification		2017/18						
		Adjustments appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Transfers and subsidies	3 459	–	–	2 176	–	–	2 176	5 635
Departmental agencies and accounts	1 047	–	–	–	–	–	–	1 047
Households	2 412	–	–	2 176	–	–	2 176	4 588
Payments for capital assets	4 286	–	–	–	–	–	–	4 286
Machinery and equipment	4 286	–	–	–	–	–	–	4 286
Total	239 541	–	–	24 020	–	–	24 020	263 561

Programme 4: Electrification and Energy Programme and Project Management

Subprogramme		2017/18						
		Adjustments appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Integrated National Electrification Programme	6 143 507	31 972	–	2 180	–	–	34 152	6 177 659
Energy Regional Offices	15 805	–	–	800	–	–	800	16 605
Programme and Project Management Office	11 338	–	–	–	–	–	–	11 338
Electricity Infrastructure/Industry Transformation	7 713	–	–	–	–	–	–	7 713
Community Upliftment Programmes and Projects	5 665	–	–	1 000	–	–	1 000	6 665
Total	6 184 028	31 972	–	3 980	–	–	35 952	6 219 980
Economic classification								
Current payments	60 998	–	–	3 980	–	–	3 980	64 978
Compensation of employees	44 232	–	–	980	–	–	980	45 212
Goods and services	16 766	–	–	3 000	–	–	3 000	19 766
Transfers and subsidies	6 123 030	31 972	–	–	–	–	31 972	6 155 002
Provinces and municipalities	2 087 048	–	–	–	–	–	–	2 087 048
Public corporations and private enterprises	4 035 982	31 972	–	–	–	–	31 972	4 067 954
Total	6 184 028	31 972	–	3 980	–	–	35 952	6 219 980

Programme 5: Nuclear Energy

Subprogramme		2017/18						
		Adjustments appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Nuclear Safety and Technology	769 527	–	–	1 200	–	–	1 200	770 727
Nuclear Non-proliferation and Radiation Security	8 003	–	–	1 250	–	–	1 250	9 253
Nuclear Policy	9 345	–	–	1 550	–	–	1 550	10 895
Total	786 875	–	–	4 000	–	–	4 000	790 875
Economic classification								
Current payments	36 224	–	–	3 900	–	–	3 900	40 124
Compensation of employees	21 181	–	–	–	–	–	–	21 181
Goods and services	15 043	–	–	3 900	–	–	3 900	18 943
Transfers and subsidies	750 651	–	–	100	–	–	100	750 751
Departmental agencies and accounts	68 573	–	–	–	–	–	–	68 573
Foreign governments and international organisations	17 907	–	–	–	–	–	–	17 907
Public corporations and private enterprises	664 171	–	–	–	–	–	–	664 171
Households	–	–	–	100	–	–	100	100
Total	786 875	–	–	4 000	–	–	4 000	790 875

Programme 6: Clean Energy

Subprogramme		2017/18						Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Energy Efficiency	700 703	–	–	(32 000)	–	–	(32 000)	668 703
Renewable Energy	65 752	–	–	–	–	–	–	65 752
Climate Change and Designated National Authority	8 055	–	–	–	–	–	–	8 055
Total	774 510	–	–	(32 000)	–	–	(32 000)	742 510
Economic classification								
Current payments	100 409	–	–	(15 000)	–	–	(15 000)	85 409
Compensation of employees	17 735	–	–	–	–	–	–	17 735
Goods and services	82 674	–	–	(15 000)	–	–	(15 000)	67 674
Transfers and subsidies	674 101	–	–	(17 000)	–	–	(17 000)	657 101
Provinces and municipalities	203 236	–	–	–	–	–	–	203 236
Departmental agencies and accounts	59 774	–	–	–	–	–	–	59 774
Public corporations and private enterprises	411 091	–	–	(17 000)	–	–	(17 000)	394 091
Total	774 510	–	–	(32 000)	–	–	(32 000)	742 510

Details of adjustments to Estimates of National Expenditure 2017**Roll-overs – R31.972 million**

Programme 4: Electrification and Energy Programme and Project Management

R31.972 million has been rolled over for payments to non-grid electrification service providers to finalise connections to households.

Virements and shifts within votes

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					
6. Clean Energy					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(76)	Programme 1		76
Goods and services	Training and development	(76)	Households	Scholarships for non-employees	76
Shifts within the programme as a percentage of the programme budget		1.0%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 6		(32 000)	Programme 1		14 020
Public corporations and private enterprises	Consultants and advisory services	(14 020)	Compensation of employees	Personnel remuneration ¹	14 020
	Consultants and advisory services	(980)	Programme 4		980
	National solar water heater project ²	(2 100)	Compensation of employees	Personnel remuneration ¹	980
	National solar water heater project ²	(7 900)	Programme 1		10 000
	National solar water heater project ²	(3 000)	Households	Once-off gratuity to the former Minister of Energy	2 100
	National solar water heater project ²	(100)	Goods and services	Regional office relocation and international ministerial obligations ¹	7 900
Shifts within the programme as a percentage of the programme budget		0.0%	Programme 4		3 000
Virements to other programmes as a percentage of the programme budget		4.1%	Goods and services	Electricity switch-on events, ministerial imbizos and public participation programmes ¹	3 000
			Programme 5		4 000
			Households	South African Young Nuclear Professional Society	100
			Goods and services	Communications, consultants, and travel and subsistence ¹	3 900
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		4.1%			
Total		(32 076)			32 076

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement.

Gifts, donations and sponsorships – R175 963

Programme 1: Administration

The department will make a donation of R75 963 to the Korea Electric Power Corporation International Nuclear Graduate School to sponsor travel and subsistence for a two-year scholarship for a masters programme. The programme began in February 2016 and is expected to end in December 2017.

Programme 5: Nuclear Energy

The department will make a donation of R100 000 to the South African Young Nuclear Professional Society to promote nuclear science and technology.

Expenditure outcome for 2016/17 and actual expenditure for 2017/18

Programme	2016/17 Audited outcome					2017/18 Actual expenditure			
	Adjusted appropriation	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted appropriation
R thousand									
Administration	244 822	143 658	58.7	282 762	115.5	263 561	3.2	130 808	49.6
Energy Policy and Planning	43 518	18 467	42.4	39 878	91.6	46 668	0.6	19 690	42.2
Petroleum and Petroleum Products Regulation	77 528	39 496	50.9	78 991	101.9	81 828	1.0	34 254	41.9
Electrification and Energy Programme and Project Management	5 705 155	3 713 977	65.1	5 678 659	99.5	6 219 980	76.4	3 358 884	54.0
Nuclear Energy	880 141	663 354	75.4	872 451	99.1	790 875	9.7	716 557	90.6
Clean Energy	599 392	88 056	14.7	560 101	93.4	742 510	9.1	134 661	18.1
Total	7 550 556	4 667 008	61.8	7 512 842	99.5	8 145 422	100.0	4 394 854	54.0
Economic classification									
Current payments	714 502	318 735	44.6	681 998	95.5	572 647	7.0	243 830	42.6
Compensation of employees	318 297	159 533	50.1	321 466	101.0	333 247	4.1	159 279	47.8
Goods and services	396 205	159 202	40.2	360 532	91.0	239 400	2.9	84 551	35.3
Transfers and subsidies	6 831 959	4 346 218	63.6	6 816 116	99.8	7 568 489	92.9	4 149 083	54.8
Provinces and municipalities	2 131 871	1 031 246	48.4	2 131 871	100.0	2 290 284	28.1	839 695	36.7
Departmental agencies and accounts	62 546	36 008	57.6	72 546	116.0	129 394	1.6	73 402	56.7
Foreign governments and international organisations	17 375	2 722	15.7	25 003	143.9	17 907	0.2	–	0.0
Public corporations and private enterprises	4 617 807	3 275 474	70.9	4 583 719	99.3	5 126 216	62.9	3 231 938	63.0
Households	2 360	768	32.5	2 977	126.1	4 688	0.1	4 048	86.3
Payments for capital assets	4 095	2 027	49.5	14 700	359.0	4 286	0.1	1 941	45.3
Machinery and equipment	4 095	2 027	49.5	14 700	359.0	4 286	0.1	1 941	45.3
Payments for financial assets	–	28	–	28	–	–	–	–	–
Total	7 550 556	4 667 008	61.8	7 512 842	99.5	8 145 422	100.0	4 394 854	54.0

Expenditure trends for the first six months of 2017/18

Total expenditure in 2016/17 was R7.5 billion, or 99.5 per cent of the 2016/17 adjusted appropriation. Expenditure in the first six months of 2017/18 was R4.4 billion, or 54 per cent of the adjusted appropriation of R8.1 billion for the year. In comparison, mid-year expenditure in 2016/17 was R4.7 billion, or 61.8 per cent of the 2016/17 adjusted appropriation. Compared to the first six months of 2016/17, expenditure over the same period in 2017/18 decreased by R272.2 million, or 5.8 per cent. This is mainly due to a rescheduling of transfer payments to municipalities and Eskom, and delays in appointing service providers.

Departmental receipts

R thousand	2016/17					2017/18				
	Audited outcome					Actual receipts				
	Adjusted estimate	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted estimate
Departmental receipts	5 975	3 546	59.3	956 905	16 015.1	6 054	6 002	100.0	2 873	47.9
Sales of goods and services produced by department	3 820	1 927	50.4	4 209	110.2	3 808	3 822	63.7	1 690	44.2
Sales of scrap, waste, arms and other used current goods	—	—	—	—	—	2	—	—	—	—
Transfers received	1 750	1 330	76.0	1 745	99.7	1 750	1 750	29.2	1 002	57.3
Interest, dividends and rent on land	130	65	50.0	649	499.2	29	45	0.7	19	42.2
Transactions in financial assets and liabilities	275	224	81.5	950 302	345 564.4	465	385	6.4	162	42.1
Total	5 975	3 546	59.3	956 905	16 015.1	6 054	6 002	100.0	2 873	47.9

Revenue trends for the first six months of 2017/18

Revenue in the first six months of 2017/18 was R2.9 million, or 47.9 per cent of the adjusted revenue estimate of R6 million for the year. In comparison, mid-year revenue in 2016/17 was R3.5 million, or 59.3 per cent of the 2016/17 adjusted estimate. Compared to the first six months of 2016/17, revenue over the same period in 2017/18 decreased by R673 000, or 19 per cent. This is mainly due to a decrease in the collection of administrative fees, petroleum fees and revenue from various affiliated energy sector education and training authorities.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

2017/18								
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Administration								
Households								
Social benefits								
Current	368	—	—	2 100	—	—	2 100	2 468
Employee social benefits	368	—	—	2 100	—	—	2 100	2 468
Households								
Other transfers to households								
Current	1 983	—	—	76	—	—	76	2 059
Bursaries for Non-employees	1 983	—	—	76	—	—	76	2 059
Electrification and Energy Programme and Project Management								
Public corporations and private enterprises								
Private enterprises								
Subsidies on production or products								
Capital	189 828	31 972	—	—	—	—	31 972	221 800
Various institutions: Integrated National Electrification Programme	189 828	31 972	—	—	—	—	31 972	221 800
Nuclear Energy								
Households								
Other transfers to households								
Current	—	—	—	100	—	—	100	100
Households: Bursaries (non-employees)	—	—	—	100	—	—	100	100

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

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

2017/18								
R thousand	Main appropriation	Adjustments appropriation					Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		Total adjustments appropriation
Clean Energy								
Public corporations and private enterprises								
Private enterprises								
Subsidies on production or products								
Capital	411 091	–	–	(17 000)	–	–	(17 000)	394 091
Various institutions: Solar water heater project	411 091	–	–	(17 000)	–	–	(17 000)	394 091

