

Vote 26

Energy

Adjusted budget summary

R thousand	Appropriation	2019/20 Adjustments appropriation		Adjusted appropriation
		Decrease	Increase	
Amount to be appropriated	7 440 021	(256 464)	–	7 183 557
<i>of which:</i>				
Current payments	671 544	(6 183)	–	665 361
Transfers and subsidies	6 763 692	(250 000)	–	6 513 692
Payments for capital assets	4 785	(281)	–	4 504
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.

2019 National macro organisation of government

The Department of Energy will merge with the Department of Mineral Resources by 1 April 2020. The two departments are working together to implement action plans for different workstreams to develop new organisational and programme structures for the new Department of Mineral Resources and Energy.

Mid-year performance

Indicator	Programme	MTSF outcome	Annual performance		
			Projected for 2019/20 as published in the 2019 ENE	Achieved in the first half of 2019/20 (April to September)	Changed target for 2019/20
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	692	–
Number of additional households electrified with grid electrification per year	Electrification and Energy Programme and Project Management	Outcome 9: Responsive, accountable, effective and efficient developmental local government	195 000	91 896	181 500
Number of new bulk substations built per year	Electrification and Energy Programme and Project Management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	2	1	–
Number of additional substations upgraded per year	Electrification and Energy Programme and Project Management		3	2	–
Kilometres of new medium-voltage power lines constructed per year	Electrification and Energy Programme and Project Management		50km	19km	–
Kilometres of existing medium-voltage power lines upgraded per year	Electrification and Energy Programme and Project Management		50km	0	–
Number of additional households electrified with non-grid electrification per year	Electrification and Energy Programme and Project Management	Outcome 9: Responsive, accountable, effective and efficient developmental local government	20 000	1 364	–

Mid-year progress

During the first six months of 2019/20, 692 retail site inspections were conducted out of targeted 1 500. The department is expected to meet its annual target by the end of the financial year.

The target for electricity connections to households was adjusted downwards from 195 000 connections to 181 500 connections due to budget reductions of R250 million.

No medium-voltage power lines were upgraded in the first half of 2019/20. Municipalities receive their first tranche of funding when the municipal financial year begins in July, and outputs are usually completed in the following months.

Adjusted Estimates

Programme	2019/20							Adjusted appropriation
	Appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand								
Administration	308 264	–	–	–	(1 781)	–	(1 781)	306 483
Energy Policy and Planning	54 668	–	–	–	(3 000)	–	(3 000)	51 668
Petroleum and Petroleum Products Regulation	91 269	–	–	–	(914)	–	(914)	90 355
Electrification and Energy Programme and Project Management	5 531 825	–	–	–	(250 000)	–	(250 000)	5 281 825
Nuclear Energy	1 045 912	–	–	–	(769)	–	(769)	1 045 143
Clean Energy	408 083	–	–	–	–	–	–	408 083
Total	7 440 021	–	–	–	(256 464)	–	(256 464)	7 183 557
Economic classification								
Current payments	671 544	–	–	–	(6 183)	–	(6 183)	665 361
Compensation of employees	384 278	–	–	–	(3 914)	–	(3 914)	380 364
Goods and services	287 266	–	–	–	(2 269)	–	(2 269)	284 997
Transfers and subsidies	6 763 692	–	–	–	(250 000)	–	(250 000)	6 513 692
Provinces and municipalities	2 090 393	–	–	–	–	–	–	2 090 393
Departmental agencies and accounts	165 916	–	–	–	–	–	–	165 916
Foreign governments and international organisations	29 478	–	–	–	–	–	–	29 478
Public corporations and private enterprises	4 477 425	–	–	–	(250 000)	–	(250 000)	4 227 425
Households	480	–	–	–	–	–	–	480
Payments for capital assets	4 785	–	–	–	(281)	–	(281)	4 504
Machinery and equipment	4 785	–	–	–	(281)	–	(281)	4 504
Total	7 440 021	–	–	–	(256 464)	–	(256 464)	7 183 557

Programme 1: Administration

Subprogramme	2019/20							Adjusted appropriation
	Appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
R thousand								
Ministry	34 335	–	–	–	(1 500)	–	(1 500)	32 835
Departmental Management	79 757	–	–	–	–	–	–	79 757
Finance Administration	41 291	–	–	–	(281)	–	(281)	41 010
Audit Services	8 864	–	–	–	–	–	–	8 864
Corporate Services	87 651	–	(10)	–	–	–	(10)	87 641
Office Accommodation	56 366	–	10	–	–	–	10	56 376
Total	308 264	–	–	–	(1 781)	–	(1 781)	306 483

Programme 1: Administration (continued)

Economic classification		2019/20						Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Current payments	301 829	–	–	–	(1 500)	–	(1 500)	300 329
Compensation of employees	176 543	–	–	–	(1 500)	–	(1 500)	175 043
Goods and services	125 286	–	–	–	–	–	–	125 286
Transfers and subsidies	1 650	–	–	–	–	–	–	1 650
Departmental agencies and accounts	1 170	–	–	–	–	–	–	1 170
Households	480	–	–	–	–	–	–	480
Payments for capital assets	4 785	–	–	–	(281)	–	(281)	4 504
Machinery and equipment	4 785	–	–	–	(281)	–	(281)	4 504
Total	308 264	–	–	–	(1 781)	–	(1 781)	306 483

Programme 2: Energy Policy and Planning

Subprogramme		2019/20						Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Policy Analysis and Research	4 341	–	–	–	(717)	–	(717)	3 624
Energy Planning	25 137	–	–	–	(2 160)	–	(2 160)	22 977
Hydrocarbon Policy	14 964	–	–	–	(123)	–	(123)	14 841
Electricity, Energy Efficiency and Environmental Policy	10 226	–	–	–	–	–	–	10 226
Total	54 668	–	–	–	(3 000)	–	(3 000)	51 668
Economic classification	54 668	–	–	–	(3 000)	–	(3 000)	51 668
Current payments	54 668	–	–	–	(3 000)	–	(3 000)	51 668
Compensation of employees	42 619	–	–	–	(1 500)	–	(1 500)	41 119
Goods and services	12 049	–	–	–	(1 500)	–	(1 500)	10 549
Total	54 668	–	–	–	(3 000)	–	(3 000)	51 668

Programme 3: Petroleum and Petroleum Products Regulation

Subprogramme		2019/20						Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Petroleum Compliance, Monitoring and Enforcement	19 663	–	–	–	(457)	–	(457)	19 206
Petroleum Licensing and Fuel Supply	27 262	–	–	–	(457)	–	(457)	26 805
Fuel Pricing	6 454	–	–	–	–	–	–	6 454
Regional Petroleum Regulation Offices	37 890	–	–	–	–	–	–	37 890
Total	91 269	–	–	–	(914)	–	(914)	90 355
Economic classification	91 269	–	–	–	(914)	–	(914)	90 355
Current payments	88 231	–	–	–	(914)	–	(914)	87 317
Compensation of employees	66 171	–	–	–	(914)	–	(914)	65 257
Goods and services	22 060	–	–	–	–	–	–	22 060
Transfers and subsidies	3 038	–	–	–	–	–	–	3 038
Foreign governments and international organisations	3 038	–	–	–	–	–	–	3 038
Total	91 269	–	–	–	(914)	–	(914)	90 355

Programme 4: Electrification and Energy Programme and Project Management

Subprogramme		2019/20						Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Integrated National Electrification Programme	5 484 630	–	–	–	(250 000)	–	(250 000)	5 234 630
Energy Regional Offices Programme and Project Management Office	20 947	–	–	–	–	–	–	20 947
Electricity Infrastructure/Industry Transformation	12 086	–	–	–	–	–	–	12 086
Community Upliftment Programmes and Projects	8 668	–	–	–	–	–	–	8 668
	5 494	–	–	–	–	–	–	5 494
Total	5 531 825	–	–	–	(250 000)	–	(250 000)	5 281 825
Economic classification								
Current payments	81 503	–	–	–	–	–	–	81 503
Compensation of employees	54 457	–	–	–	–	–	–	54 457
Goods and services	27 046	–	–	–	–	–	–	27 046
Transfers and subsidies	5 450 322	–	–	–	(250 000)	–	(250 000)	5 200 322
Provinces and municipalities	1 863 328	–	–	–	–	–	–	1 863 328
Public corporations and private enterprises	3 586 994	–	–	–	(250 000)	–	(250 000)	3 336 994
Total	5 531 825	–	–	–	(250 000)	–	(250 000)	5 281 825

Programme 5: Nuclear Energy

Subprogramme		2019/20						Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Nuclear Safety and Technology	1 026 198	–	–	–	(769)	–	(769)	1 025 429
Nuclear Non-proliferation and Radiation Security	9 515	–	–	–	–	–	–	9 515
Nuclear Policy	10 199	–	–	–	–	–	–	10 199
Total	1 045 912	–	–	–	(769)	–	(769)	1 045 143
Economic classification								
Current payments	41 348	–	–	–	(769)	–	(769)	40 579
Compensation of employees	24 881	–	–	–	–	–	–	24 881
Goods and services	16 467	–	–	–	(769)	–	(769)	15 698
Transfers and subsidies	1 004 564	–	–	–	–	–	–	1 004 564
Departmental agencies and accounts	90 595	–	–	–	–	–	–	90 595
Foreign governments and international organisations	23 538	–	–	–	–	–	–	23 538
Public corporations and private enterprises	890 431	–	–	–	–	–	–	890 431
Total	1 045 912	–	–	–	(769)	–	(769)	1 045 143

Programme 6: Clean Energy

Subprogramme		2019/20						Adjusted appropriation
		Adjustments appropriation					Total adjustments appropriation	
R thousand	Appropriation	Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Energy Efficiency	318 911	–	–	–	–	–	–	318 911
Renewable Energy	80 070	–	–	–	–	–	–	80 070
Climate Change and Designated National Authority	9 102	–	–	–	–	–	–	9 102
Total	408 083	–	–	–	–	–	–	408 083

Programme 6: Clean Energy (continued)

Economic classification		2019/20						
R thousand	Appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Current payments	103 965	–	–	–	–	–	–	103 965
Compensation of employees	19 607	–	–	–	–	–	–	19 607
Goods and services	84 358	–	–	–	–	–	–	84 358
Transfers and subsidies	304 118	–	–	–	–	–	–	304 118
Provinces and municipalities	227 065	–	–	–	–	–	–	227 065
Departmental agencies and accounts	74 151	–	–	–	–	–	–	74 151
Foreign governments and international organisations	2 902	–	–	–	–	–	–	2 902
Total	408 083	–	–	–	–	–	–	408 083

Details of adjustments to the 2019 Estimates of National Expenditure**Declared unspent funds – R256.464 million**

Programme 1: Administration (R1.781 million)

R1.5 million in unspent funds has been declared on compensation of employees due to a number of vacancies within the programme that have not been filled. This is as a result of a moratorium on the filling of most vacancies, particularly in the *Administration* programme, following the merger of the Department of Energy and the Department of Mineral Resources into the Department of Mineral Resources and Energy, pending the finalisation of the national macro organisation of government. An additional R281 000 in unspent funds has been declared on capital assets due to a reduction in the procurement of assets in anticipation of the merger and the associated transfer of existing assets to the newly established department.

Programme 2: Energy Policy and Planning (R3 million)

R1.5 million in unspent funds has been declared on compensation of employees due to a number of vacancies within the programme that have not been filled, resulting from the moratorium on the filling of vacancies pending the finalisation of the national macro organisation of government. An additional R1.5 million in unspent funds has been declared on goods and services, mainly due to the Footprint and Savings Potential project being transferred to and funded by the United Nations Industrial Development Organisation.

Programme 3: Petroleum and Petroleum Product Regulation (R914 000)

R914 000 in unspent funds has been declared on compensation of employees due to a number of vacancies within the programme that have not been filled.

Programme 4: Electrification and Energy Programme and Project Management (R250 million)

R250 million in unspent funds has been declared on transfer payments to Eskom's integrated national electrification programme.

Programme 5: Nuclear Energy (R769 000)

R769 000 in unspent funds has been declared on goods and services due to slow spending as a result of delays in the procurement of planned projects, such as the development of funding mechanisms for decommissioning and decontamination programmes.

Expenditure outcome for 2018/19 and actual expenditure for 2019/20

Programme	2018/19					2019/20			
	Adjusted appropriation	Outcome		Adjusted appropriation	Adjusted Total (%)	Actual expenditure			
		Apr 18 - Sep 18	Apr 18 - Mar 19			Apr 19 - Sep 19	Apr 19 - Sep 19		
R thousand	Apr 18 - % of adjusted Sep 18 appropriation	Apr 18 - % of adjusted Mar 19 appropriation	Apr 18 - % of adjusted Sep 18 appropriation	Apr 18 - % of adjusted Mar 19 appropriation	Adjusted appropriation	Adjusted Total (%)	Apr 19 - % of adjusted Sep 19 appropriation	Apr 19 - % of adjusted Sep 19 appropriation	
Administration	283 388	153 793	54.3	304 017	107.3	306 483	4.3	128 222	41.8
Energy Policy and Planning	50 078	21 112	42.2	40 066	80.0	51 668	0.7	20 507	39.7
Petroleum and Petroleum Products Regulation	86 132	36 817	42.7	77 044	89.4	90 355	1.3	38 816	43.0
Electrification and Energy Programme and Project Management	5 383 641	1 924 056	35.7	5 364 511	99.6	5 281 825	73.5	1 843 987	34.9
Nuclear Energy	875 586	748 375	85.5	875 285	100.0	1 045 143	14.5	940 129	90.0
Clean Energy	484 707	169 558	35.0	429 317	88.6	408 083	5.7	124 172	30.4
Total	7 163 532	3 053 711	42.6	7 090 239	99.0	7 183 557	100.0	3 095 834	43.1
Economic classification									
Current payments	783 088	325 194	41.5	678 165	86.6	665 361	9.3	266 070	40.0
Compensation of employees	360 517	174 170	48.3	346 732	96.2	380 364	5.3	177 682	46.7
Goods and services	422 571	151 023	35.7	331 433	78.4	284 997	4.0	88 389	31.0
Interest and rent on land	–	1	–	1	–	–	–	–	–
Transfers and subsidies	6 375 155	2 724 960	42.7	6 359 491	99.8	6 513 692	90.7	2 828 168	43.4
Provinces and municipalities	2 119 501	606 575	28.6	2 119 501	100.0	2 090 393	29.1	664 561	31.8
Departmental agencies and accounts	133 391	98 271	73.7	133 391	100.0	165 916	2.3	118 840	71.6
Foreign governments and international organisations	27 915	143	0.5	26 412	94.6	29 478	0.4	1 214	4.1
Public corporations and private enterprises	4 093 894	2 019 519	49.3	4 079 300	99.6	4 227 425	58.8	2 040 245	48.3
Households	454	452	99.6	887	195.5	480	0.0	3 307	689.0
Payments for capital assets	5 289	3 557	67.3	52 580	994.1	4 504	0.1	1 588	35.3
Machinery and equipment	5 289	3 557	67.3	6 141	116.1	4 504	0.1	1 588	35.3
Software and other intangible assets	–	–	–	46 439	–	–	–	–	–
Payments for financial assets	–	–	–	3	–	–	–	8	–
Total	7 163 532	3 053 711	42.6	7 090 239	99.0	7 183 557	100.0	3 095 834	43.1

Expenditure trends for the first half of 2019/20

Total expenditure in 2018/19 was R7.1 billion, 99 per cent of the adjusted appropriation for the year. Mid-year expenditure in 2018/19 was R3.1 billion, 42.6 per cent of the 2018/19 adjusted appropriation, whereas expenditure in the first half of 2019/20 was R3.1 billion, 43.1 per cent of the adjusted appropriation of R7.2 billion for the year. Compared to the first half of 2018/19, expenditure over the same period in 2019/20 increased by R42.1 million, 1.4 per cent, mainly due to an increase in transfer payments to municipalities and Eskom for the *integrated national electrification* programme.

Departmental receipts

R thousand	2018/19					2019/20				
	Adjusted estimate	Outcome			Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Actual receipts		
		Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted estimate	Apr 18 - Mar 19				Apr 18 - Mar 19 % of adjusted estimate	Apr 19 - Sep 19	Apr 19 - Sep 19 % of adjusted estimate
Departmental receipts	6 170	3 054	49.5	54 680	886.2	6 309	5 993	100.0	2 239	37.4
Sales of goods and services produced by department	3 914	2 001	51.1	4 407	112.6	4 027	4 035	67.3	1 764	43.7
Sales of scrap, waste, arms and other used current goods	2	1	50.0	2	100.0	2	1	0.0	-	-
Transfers received	1 750	933	53.3	1 617	92.4	1 750	1 750	29.2	373	21.3
Interest, dividends and rent on land	30	10	33.3	12	40.0	32	2	0.0	1	50.0
Transactions in financial assets and liabilities	474	109	23.0	48 642	10 262.0	498	205	3.4	101	49.3
Total	6 170	3 054	49.5	54 680	886.2	6 309	5 993	100.0	2 239	37.4

Revenue trends for the first half of 2019/20

Mid-year revenue in 2018/19 was R3.1 million, 49.5 per cent of the 2018/19 adjusted estimate, whereas revenue in the first half of 2019/20 was R2.2 million, 37.4 per cent of the adjusted estimate of R6.3 million for the year. Compared to the first half of 2018/19, revenue over the same period in 2019/20 decreased by R815 000, 26.7 per cent. This was mainly due to a decrease in the collection of administrative fees for petroleum licences and sector education and training authority grants received for training and development programmes.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

R thousand	2019/20							Adjusted appropriation
	Appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Virements and shifts	Shifts between votes	Declared unspent funds	Other adjustments		
Electrification and Energy Programme and Project Management								
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Capital	3 374 053	-	-	-	(250 000)	-	(250 000)	3 124 053
Eskom	3 374 053	-	-	-	(250 000)	-	(250 000)	3 124 053

