

20 YEARS OF FREEDOM

BUDGET 2014 ESTIMATES OF NATIONAL EXPENDITURE

VOTE 29 ENERGY



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure 2014

National Treasury

Republic of South Africa

26 February 2014



ISBN: 978-0-621-42406-5

RP: 01/2014

The Estimates of National Expenditure 2014 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, which includes all national government budget votes, in respect of individual votes these e-publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are also included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.



"We know it well that none of us acting alone can achieve success. We must therefore act together as a united people, for national reconciliation, for nation building, for the birth of a new world. Let there be justice for all. Let there be peace for all. Let there be work, bread, water and salt for all. Let each know that for each the body, the mind and the soul have been freed to fulfil themselves."

UNION BUILDINGS, PRETORIA, 10 MAY 1994



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Foreword

The national development plan, Vision 2030 of the government of South Africa, states that ‘Alongside hard work and effort, capabilities and the opportunities that flow from development enable individuals to live the lives to which they aspire.’ The 2014 Budget has been prepared in the spirit of this statement.

While the medium term expenditure framework (MTEF) contained in the 2014 Budget ushers in the new administration after the May elections, the country faces a markedly different situation from that of 2009. In 2006/07 and 2007/08, South Africa achieved budget surpluses. In 2008, however, the worldwide economic crisis meant budget deficit forecasts were inevitable. It is now clear that the recovery in real economic growth has been less robust than initially anticipated. Despite this, the economy is growing and government revenue collection is broadly on target. The 2009 Budget announced a ‘haircut’ and reprioritisation within budget baselines. At that stage, the reassignment of R19 billion comprised 12 per cent of the total monetary value of amendments to budgets made, of R160.6 billion. By contrast, the reassignment of the R19.6 billion in the 2014 Budget comprises 51 per cent of the total of R38.8 billion in amendments to budgets. The quantum of amendments to the total budget that can be made has clearly decreased substantially over time.

Despite the fiscal environment becoming increasingly constrained, National Treasury has been able to sustain the intensity of the pursuit for budget efficiencies, with most of the fiscal space for improvements to service delivery being made through reprioritisation. This will be reinforced by procurement reform and expenditure review initiatives. While the current fiscal position no longer automatically creates room by making additional funding available, progress towards our country objectives of inclusive economic growth and employment creation must be made in the face of a tough fiscal environment. Therefore the main budget non-interest aggregate expenditure ceiling established in the 2013 Budget remains intact. New priorities and the expansion of existing programmes must be achieved through reprioritisation within the existing resource envelope.

The current fiscal context is necessitating hard trade-offs: difficult choices will need to be made in choosing between spending priorities and in deciding on the sequencing of programme implementation. Given the constraints brought to bear by the expenditure ceiling, all government institutions need to manage any cost pressures that may be related to changes in the inflation rate, exchange rate or any other factors affecting input prices with great efficiency. This means that not everything that we believe must be done, can be done at once. In the reprioritisation of existing funds, certain outputs will have to be delayed, or discontinued.

The issue is what goods and services tax-payers’ monies ‘buy’. In keeping with the ongoing endeavour to improve transparency and reinforce accountability, the focus of the sections on budget programme expenditure trends within each vote in the 2014 Estimates of National Expenditure (ENE) publications has shifted, to an explanation of the interrelationship between the significant changes in spending, performance outputs and outcomes, and in personnel.

National Treasury teams have worked closely with policy and budget teams of national and provincial departments, as well as with public entities and local government, ensuring the alignment of policy developments with the national development plan and scrutinising spending trends and cost drivers, ever mindful of service delivery. Without this cooperation and commitment across government, it would not be possible to submit the credible and comprehensive institutional budgets contained in this publication. The political guidance of the Minister of Finance, his Deputy and the members of the ministers’ committee on the budget, has been indispensable to the medium term expenditure committee of accounting officers of departments at the centre of government, in its task of providing the strategic direction in formulating the budget. I thank you all for your assistance.



Lungisa Fuzile
Director-General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure (ENE) publications are important accountability documents, which set out the details of planned expenditure and planned performance at the time the Budget is tabled. The 2014 ENE publications largely retain the same layout of information as presented in previous years' publications. This allows information to be easily compared across publications and financial years. As in the past, information is presented for a seven-year period and contains details of all national departmental programmes and subprogrammes. Information is presented in a similar way for the national public entities related to each department. For the first time in the ENE publications, in 2014, information on changes in finances, personnel and performance is brought together with the focus on the significant interrelationships between these changes. This discussion, in the expenditure trends sections of the budget programmes in each chapter, allows the reader to assess the effectiveness of past, as well as of planned, spending.

When compared to the abridged version of the ENE, which includes all national government votes, the ENE e-publications provide more detailed expenditure information for individual votes on goods and services as well as transfers and subsidies. While the abridged version of the ENE contains one additional table at the end of each vote which has information on infrastructure spending, the ENE e-publications' additional tables also contain summaries of: the budgeted expenditure and revised estimate for 2013/14, and the audited outcome for 2012/13, by programme and economic classification; expenditure on training; conditional grants to provinces and municipalities; departmental public private partnerships; and donor funding. In selected cases more detailed information at the level of the site of service delivery is included. Budget information is also provided for the public entities that are simply listed in the abridged publication.

A separate ENE Overview e-publication is also available, which contains a description at the main budget non-interest level, summarising the Estimates of National Expenditure publication information across votes. The Overview contains this narrative explanation and summary tables; and also has a write-up on interpreting the information that is contained in each section of the publications.

Energy

**National Treasury
Republic of South Africa**



Contents

Budget summary	1
Aim	1
Mandate.....	1
Strategic goals.....	2
Programme purposes	2
Selected performance indicators	3
The national development plan	3
Expenditure estimates	4
Personnel information	5
Expenditure trends.....	6
Departmental receipts.....	7
Programme 1: Administration	8
Programme 2: Energy Policy and Planning.....	9
Programme 3: Petroleum and Petroleum Products Regulation	13
Programme 4: Electrification and Energy Programme and Project Management	15
Programme 5: Nuclear Energy	19
Programme 6: Clean Energy.....	22
Public entities and other agencies.....	27
Additional tables	42

Vote 29

Energy

Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	244.1	238.6	0.4	5.2	255.6	272.0
Energy Policy and Planning	52.6	52.6	–	–	50.3	53.6
Petroleum and Petroleum Products Regulation	82.7	82.7	–	–	79.8	83.6
Electrification and Energy Programme and Project Management	4 199.2	49.9	4 149.3	–	5 890.3	6 203.1
Nuclear Energy	850.5	44.1	806.4	–	682.3	718.7
Clean Energy	1 986.5	50.5	1 936.0	–	1 030.3	1 053.9
Total expenditure estimates	7 415.6	518.3	6 892.1	5.2	7 988.6	8 384.9
Executive authority	Minister of Energy					
Accounting officer	Director General of Energy					
Website address	www.energy.gov.za					

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

Aim

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

Mandate

The Department of Energy is mandated to ensure the secure and sustainable provision of energy for socioeconomic development. This is achieved by developing an integrated energy plan, regulating the energy industries, and promoting investment in accordance with the integrated resource plan. A number of acts regulate the energy sector and reflect the legislative measures the department has instituted to govern the energy sector. Key among these are:

- the National Energy Act (2008)
- the Petroleum Products Act (1977)
- the Electricity Regulation Act (2006)
- the Central Energy Fund Act (1977).

The National Energy Act (2008) sets out the core aspects of the department's mandate. These are to:

- ensure that diverse energy resources are available in sustainable quantities and at affordable prices in the South African economy to support economic growth and poverty alleviation, while also taking into account environmental considerations
- plan for: the increased generation and consumption of renewable energy, a contingency energy supply, the holding of strategic energy feedstock and carriers, adequate investment in appropriate upkeep, and access to energy infrastructure
- collect data and information regarding energy demand, supply and generation
- promote electricity regulation, energy research, and the efficient generation and consumption of energy.
- The department is also mandated to regulate the petroleum industry at the manufacturing, wholesale and retail levels, through the implementation of the Petroleum Products Act (1977). The Petroleum and Liquid

Fuels Charter is annexed to the Petroleum Products Amendment Act (2003), and is an important part of the department's strategy to effect the transformation of the industry.

In terms of its policy mandates, the department is working with a range of documents and legislation which: support the long term vision for South Africa to use as much renewable energy as possible; create the necessary conditions for the introduction of an independent systems operator and independent power producers in the electricity market; and position South Africa to become globally competitive in the use of innovative technology for the design, manufacture and deployment of state of the art nuclear energy systems, power reactors, and nuclear fuel cycle systems.

Strategic goals

The department's strategic goals over the medium term are to:

- ensure that energy supply is secure and demand is well managed
- facilitate an efficient, competitive and responsive energy infrastructure network
- ensure that there is improved energy regulation and competition
- ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector
- ensure that environmental assets and natural resources are protected and continually enhanced by cleaner energy technologies
- implement policies that adapt to and mitigate the effects of climate change
- implement good corporate governance for effective and efficient service delivery.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support and management services to the ministry and the department.

Programme 2: Energy Policy and Planning

Purpose: Ensure evidence based planning, policy setting and investment decisions in the energy sector to improve the security of energy supply, regulation and competition.

Programme 3: Petroleum and Petroleum Products Regulation

Purpose: Manage the regulation of petroleum and petroleum products to ensure the optimum and orderly functioning of the petroleum industry to achieve government's development goals.

Programme 4: Electrification and Energy Programme and Project Management

Purpose: Manage, coordinate and monitor programmes and projects focused on access to energy.

Programme 5: Nuclear Energy

Purpose: Manage the South African nuclear energy industry and control nuclear materials in terms of international obligations, nuclear legislation and policies to ensure the peaceful use of nuclear energy.

Programme 6: Clean Energy

Purpose: Manage and facilitate the development and implementation of clean and renewable energy initiatives, as well as energy efficiency and demand side management initiatives.

Selected performance indicators

Table 29.1 Energy

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new operational integrated energy centres established per year	Electrification and Energy Programme and Project Management	Departmental mandate	2	2	2	2	2	1	1
Number of new petroleum retail site inspections per year	Petroleum and Petroleum Products Regulation	Outcome 6: An efficient, competitive and responsive economic infrastructure network	3 360	1 500	1 500	1 500	2 000	2 500	3 000
Number of additional households electrified per year	Electrification and Energy Programme and Project Management	Outcome 9: A responsive, accountable, effective and efficient local government system	191 469	151 390	166 130	200 000	265 000	275 000	290 000
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	4	7	4	6	14	16	20
Number of additional substations upgraded per year	Electrification and Energy Programme and Project Management		3	10	5	10	10	10	10
Kilometres of new medium voltage power lines constructed per year	Electrification and Energy Programme and Project Management		350km	350km	275km	350km	350km	450km	450km
Kilometres of existing medium voltage power lines upgraded per year	Electrification and Energy Programme and Project Management		200km	200km	200km	220km	220km	220km	220km
Number of non-grid connections per year ¹	Electrification and Energy Programme and Project Management	Outcome 9: A responsive, accountable, effective and efficient local government system	— ¹	— ¹	9 343	15 000	20 000	25 000	30 000
Number of terawatts per hour of energy savings realised and verified from energy efficiency and demand side management projects ¹	Clean Energy	Outcome 10: Environmental assets and natural resources that are valued, protected and continually enhanced	— ¹	1 TWh	1.2 TWh	1.2 TWh	2.5 TWh	2.5 TWh	2.5TWh
Number of solar water heating units installed in residential and commercial sectors per year	Clean Energy		55 000	242 000	353 188	129 679	204 000	87 500	92 137

1. No past data as the indicator is new.

The national development plan

The national development plan envisages that by 2030 South Africa will have an adequate supply of electricity and liquid fuels to ensure that economic activity and welfare are not disrupted, and that at least 95 per cent of the population should have access to grid or off grid electricity. To support this vision, the integrated resource plan proposes that gas, imported hydro-power, and other renewable resources like wind, solar, and hydro-electricity, will be viable alternatives to coal and will supply at least 20 000 Megawatts of the additional 29 000 Megawatts of electricity needed by 2030.

In order to improve energy security across the entire electricity value chain, the plan recommends investment in human capital and the rehabilitation of electricity distribution infrastructure. A funding model for the electricity distribution infrastructure rehabilitation programme was being developed in 2013/14 and is due to be completed in 2014/15. Funds will continue to be allocated to research and development by the South African National Energy Development Institute for a carbon capture and storage project. In support of the development of an appropriate regulatory framework for hydraulic fracturing for shale gas, the gas utilisation master plan was being developed in 2013/14 as part of the integrated energy plan, and is due to be finalised by the end of March 2014. The integrated energy plan will map out the country's energy and infrastructure requirements up to 2050 for electricity, gas and petroleum in a manner that aligns with the strategic objectives outlined in the national development plan. The department aims to introduce more independent power producers into the market on a yearly basis to produce at least the capacity of 1000 Megawatts to increase to 18 Gigawatts of capacity, to be in line with the integrated resource plan. The 2012 Independent System and Market Operator Bill, which facilitates the creation of a conducive environment for private sector investment in the electricity sector when enacted will support this objective.

The department established a task team to develop a plan to implement the national development plan. The implementation plan was approved in December 2013, and is inclusive of different approaches and time frames to be applied and adhered to for the implementation of recommendations from the plan. Some of the major activities related to the plan will be increased demand side management measures; the revision to the national electrification plan to ensure universal access of 97 per cent by 2025; the implementation of the strategic stocks policy to ensure security of supply; and a decision on South Africa's nuclear future by the national nuclear energy executive coordination committee, especially after actual costs and financing options are revealed.

Expenditure estimates

Table 29.2 Energy

Programme				Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome												
R million	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	121.6	192.7	216.8	219.6	212.8	20.5%	3.0%	244.1	255.6	272.0	8.5%	3.3%
Energy Policy and Planning	1 607.2	1 541.9	1 545.3	47.2	45.0	-69.6%	19.1%	52.6	50.3	53.6	6.0%	0.7%
Petroleum and Petroleum Products Regulation	24.1	27.2	44.4	68.8	69.3	42.2%	0.7%	82.7	79.8	83.6	6.5%	1.0%
Electrification and Energy Programme and Project Management	2 772.1	3 274.5	3 116.0	3 952.5	3 946.2	12.5%	52.8%	4 199.2	5 890.3	6 203.1	16.3%	66.8%
Nuclear Energy	612.3	642.3	643.2	708.8	730.8	6.1%	10.6%	850.5	682.3	718.7	-0.6%	9.9%
Clean Energy	368.0	495.7	1 093.3	1 506.3	1 483.1	59.1%	13.9%	1 986.5	1 030.3	1 053.9	-10.8%	18.3%
Total	5 505.4	6 174.3	6 659.0	6 503.2	6 487.2	5.6%	100.0%	7 415.6	7 988.6	8 384.9	8.9%	100.0%
Change to 2013 Budget estimate				(94.9)	(111.0)			201.0	18.0	25.0		

Economic classification

	233.9	341.2	371.7	460.3	421.0	21.7%	5.5%	518.3	530.0	562.3	10.1%	6.7%
Current payments												
Compensation of employees	142.8	184.8	201.5	242.6	226.5	16.6%	3.0%	291.9	307.4	328.3	13.2%	3.8%
Goods and services	91.0	156.3	170.2	217.7	194.5	28.8%	2.5%	226.4	222.6	234.0	6.4%	2.9%
of which:												
Administration fees	2.0	2.3	2.3	3.0	3.0	14.5%	0.0%	3.0	3.2	4.0	10.2%	0.0%
Advertising	2.6	2.7	3.5	8.0	6.8	37.7%	0.1%	7.7	8.0	28.5	61.4%	0.2%
Assets less than the capitalisation threshold	0.8	0.2	0.1	2.8	0.8	3.4%	0.0%	6.0	6.3	4.4	74.8%	0.1%
Audit costs: External	1.9	4.1	4.8	2.5	2.5	9.9%	0.1%	3.1	3.3	3.6	12.5%	0.0%
Bursaries: Employees	0.4	0.8	0.8	1.6	1.6	56.9%	0.0%	0.9	0.9	1.0	-15.6%	0.0%
Catering: Departmental activities	1.4	1.6	1.5	1.7	1.8	8.6%	0.0%	2.0	2.1	2.4	9.2%	0.0%
Communication	4.2	5.8	6.5	7.2	7.2	19.2%	0.1%	9.7	10.1	11.6	17.5%	0.1%
Computer services	2.8	6.6	7.4	8.8	8.8	46.0%	0.1%	7.2	8.1	8.5	-1.2%	0.1%
Consultants and professional services: Business and advisory services	9.8	35.6	15.4	17.9	17.4	21.0%	0.3%	34.9	30.2	30.3	20.4%	0.4%
Consultants and professional services: Infrastructure and planning	–	–	–	1.8	1.8	–	0.0%	–	–	–	-100.0%	0.0%
Consultants and professional services: Laboratory services	–	–	–	4.0	4.0	–	0.0%	–	–	–	-100.0%	0.0%

Table 29.2 Energy

Economic classification				Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)				Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome								Medium-term expenditure estimate				
R million	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Consultants and professional services: Legal costs	0.0	0.9	4.4	–	–	-100.0%	0.0%	0.5	0.5	0.5	–	0.0%
Contractors	3.1	1.5	3.7	2.6	2.6	-5.9%	0.0%	1.8	1.9	1.8	-10.8%	0.0%
Agency and support / outsourced services	0.4	0.4	0.4	10.0	9.9	187.7%	0.0%	2.5	2.6	0.9	-54.6%	0.1%
Entertainment	0.1	0.1	0.1	0.1	0.1	11.5%	0.0%	0.2	0.2	0.2	21.8%	0.0%
Fleet services (including government motor transport)	–	–	0.2	–	–	–	0.0%	0.7	0.7	0.8	–	0.0%
Inventory: Learner and teacher support material	0.0	0.0	0.0	0.3	0.3	85.7%	0.0%	–	0.0	–	-100.0%	0.0%
Inventory: Materials and supplies	0.2	0.1	0.2	0.2	0.2	16.8%	0.0%	0.0	0.0	0.0	-46.8%	0.0%
Inventory: Medicine	–	0.0	0.0	–	–	–	0.0%	0.0	0.0	0.5	–	0.0%
Inventory: Other supplies	0.1	0.4	0.5	0.3	0.3	44.7%	0.0%	0.3	0.3	0.1	-31.9%	0.0%
Consumable supplies	–	–	–	0.0	0.0	–	0.0%	0.8	0.9	0.9	211.4%	0.0%
Consumable: Stationery, printing and office supplies	1.7	2.5	2.5	5.2	5.2	45.4%	0.0%	4.0	4.3	4.6	-4.0%	0.1%
Operating leases	17.3	25.8	28.6	36.7	36.7	28.6%	0.4%	36.9	38.9	40.9	3.6%	0.5%
Property payments	0.6	0.5	20.2	0.6	0.6	-1.4%	0.1%	2.3	2.2	3.2	77.1%	0.0%
Transport provided: Departmental activity	–	–	–	3.8	1.4	–	0.0%	4.2	4.3	0.5	-27.5%	0.0%
Travel and subsistence	31.8	40.1	37.0	62.9	60.2	23.7%	0.7%	57.8	52.8	56.4	-2.1%	0.8%
Training and development	1.3	2.5	2.1	1.2	1.2	-3.4%	0.0%	5.2	5.5	5.8	69.5%	0.1%
Operating payments	3.4	13.5	24.0	5.9	5.9	19.6%	0.2%	6.7	7.0	8.9	14.8%	0.1%
Venues and facilities	5.0	8.2	4.2	28.5	14.1	41.7%	0.1%	27.3	27.7	13.1	-2.4%	0.3%
Rental and hiring	–	0.0	0.0	–	–	–	0.0%	0.4	0.5	0.5	–	0.0%
Transfers and subsidies	5 268.2	5 829.0	6 276.7	6 034.3	6 057.5	4.8%	94.4%	6 892.1	7 453.2	7 816.9	8.9%	93.2%
Provinces and municipalities	1 253.4	1 376.6	1 351.4	1 815.5	1 815.5	13.1%	23.4%	1 241.6	2 244.4	2 368.9	9.3%	25.3%
Departmental agencies and accounts	81.5	55.5	99.0	202.5	202.5	35.4%	1.8%	196.4	124.0	93.7	-22.7%	2.0%
Foreign governments and international organisations	–	–	–	13.6	36.8	–	0.1%	12.1	12.5	13.1	-29.0%	0.2%
Public corporations and private enterprises	3 933.2	4 396.7	4 825.9	4 002.3	4 002.3	0.6%	69.1%	5 441.7	5 071.9	5 340.8	10.1%	65.6%
Households	0.1	0.2	0.3	0.4	0.4	65.2%	0.0%	0.4	0.4	0.4	4.7%	0.0%
Payments for capital assets	3.3	4.0	10.6	8.7	8.7	37.7%	0.1%	5.2	5.4	5.7	-12.9%	0.1%
Machinery and equipment	3.3	4.0	9.9	8.7	8.7	37.7%	0.1%	5.2	5.4	5.7	-12.9%	0.1%
Software and other intangible assets	–	–	0.6	–	–	–	0.0%	–	–	–	–	–
Payments for financial assets	–	0.1	0.0	–	–	–	0.0%	–	–	–	–	–
Total	5 505.4	6 174.3	6 659.0	6 503.2	6 487.2	5.6%	100.0%	7 415.6	7 988.6	8 384.9	8.9%	100.0%

Personnel information

Table 29.3 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment														Number		
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Energy																			
Salary level	554	54	611	201.5	0.3	616	226.5	0.4	624	291.9	0.5	624	307.4	0.5	624	328.3	0.5	0.4%	100.0%
1 – 6	109	53	196	21.7	0.1	132	16.5	0.1	127	20.5	0.2	127	21.6	0.2	127	23.1	0.2	-1.3%	20.6%
7 – 10	289	–	245	59.9	0.2	287	83.2	0.3	288	104.3	0.4	288	109.8	0.4	288	117.3	0.4	0.1%	46.3%
11 – 12	92	1	92	50.9	0.6	102	49.5	0.5	107	64.7	0.6	107	68.2	0.6	107	72.8	0.7	1.6%	17.0%
13 – 16	62	–	76	65.2	0.9	93	74.3	0.8	100	98.4	1.0	100	103.7	1.0	100	110.7	1.1	2.4%	15.8%
Other	2	–	2	3.9	1.9	2	3.1	1.6	2	3.9	2.0	2	4.1	2.1	2	4.4	2.2	–	0.3%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Expenditure trends

The spending focus over the medium term will continue to be on expanding the integrated national electrification programme to increase the number of households with a connection to the electricity grid and the number of non-grid connections, provide substation infrastructure, and promote energy efficiency through the continuation of the solar water geyser programme. Thus, over the medium term, 93.2 per cent of the department's budget is expected to be transferred to the implementing municipalities and agencies, and the state owned company Eskom. Transfer payments for the integrated national electrification programme, and the energy efficiency and demand side management programme, constitute on average 67.4 per cent and 15.5 per cent of total expenditure over the medium term.

Established in 2001/02, the integrated national electrification programme aims to address electrification backlogs in line with the recommendations of the 1998 White Paper on Energy Policy. The programme over the past 10 years electrified newly built households and informal settlements, and reduced backlogs. The new household electrification strategy, which was approved by Cabinet in June 2013, has set a access target of 97 per cent of households by 2025. Furthermore, the strategy focuses on the electrification of about 90 per cent of households through grid connections, and the rest with high quality non-grid solar home systems or other possible technologies based on cost effective options. This is evident in the increase in transfers and subsidies, as well as the *Electrification and Energy Programme and Project Management* programme over the medium term. To increase the number of households connected to the electricity grid, spending in this programme increased by 12.5 per cent between 2010/11 and 2013/14. In 2012/13, 175 473 connections were made, of which 166 130 were grid connections and 9 343 were off-grid connections. Eskom made 118 926 or 71.6 per cent of the total grid connections, while municipalities made 47 204 or 28.4 per cent. Over the medium term, total expenditure is estimated to increase to R8.4 billion in 2016/17, mostly in transfers and subsidies, to provide for the expansion and acceleration of electrification programmes to meet the universal access target.

As the government and Eskom have sought to make solar water heating technology more affordable and accessible to citizens, the department rolled out the solar water geyser programme in 2012/13 through the *Clean Energy* programme. Thus expenditure in the programme increased significantly from R368 million in 2010/11 to R1.5 billion in 2013/14 to roll out 1 million solar water geyser units. Over the medium term, expenditure is expected to decrease to R 1.1 billion in order to match allocations with delivery.

The South African Nuclear Energy Corporation, which provides products and services to various market sectors, including industry and medicine, receives additional funding of R190 million in 2014/15 through the *Nuclear Energy* programme. The additional funding is to make improvements to SAFARI-1 nuclear reactor, conduct research and development, and upgrade and refurbish the Pelindaba facilities in 2014/15.

Cabinet approved budget reductions of R15 million in 2014/15, R10 million in 2015/16 and R5 million in 2016/17 are made to the department's budget. These reductions will be implemented in the energy efficiency and demand side management grant paid to municipalities as a result of slow spending.

The significant increase in spending on compensation of employees between 2010/11 and 2013/14 was due to additional funds for capacitating areas in the department where critical skills are required, mainly in the *Electrification and Energy Programme and Project Management* and *Nuclear Energy* programmes. Over this period, the department's filled posts increased to 616 in 2013/14, including 54 filled in addition to the approved establishment. Following a review of its organisational structure in 2013/14, the department was allocated additional funding of R84 million to increase the approved establishment to 624 posts in 2014/15, in line with the resources required for the department to carry out its mandate. As a result, expenditure on compensation of employees is expected to increase over the medium term, largely due to increased staff costs.

Infrastructure spending

Mega project: Integrated national electrification programme

The department makes transfer payments to Eskom and municipalities for the integrated national electrification programme. These transfers fund infrastructure for the electrification of households, and the building and upgrading of substations and electrical networks. Between 2010/11 and 2013/14, R12.4 billion was spent on electricity infrastructure, of which R4.6 billion was spent by municipalities, R7.5 billion by Eskom, and R315.3 million by non-grid service providers. The spending provided electricity connections to

508 989 households over the period. The non-grid electrification programme will in future be implemented throughout the country, including those parts outside concessionary areas and particularly those with low density and low consumption households. A once-off allocation of R320 million in 2013/14 was distributed to nine municipalities facing severe electricity distribution challenges in order to improve their distribution asset condition.

Over the medium term, the spending on electrification infrastructure is expected to increase to R6.1 billion in 2016/17 to electrify 905 000 households over the medium term. 50 new substations will also be built, 32 by independent power producers, while a total of 30 substations will be upgraded.

Mega project: new generation capacity through independent power producers

In line with the national development plan the energy sector has developed sector plans: an integrated resource plan for electricity, a gas utilisation master plan for gas, and a plan for liquid fuels. The implementation of the integrated resource plan for ensuring energy security involves the development of infrastructure, including power stations and transmission lines, by Eskom and independent power producers. The department has focused on introducing independent power producers using renewable energy technologies such as wind, solar photovoltaic, concentrated solar power, biomass and hydro, through bidding rounds, in terms of which project developers compete on the most attractive projects that yield the lowest cost to the electricity consumer while maximising local economic development. By September 2013, three bidding rounds under the renewable energy independent power producers procurement programme had been concluded to contract for about 3 900 Megawatts, which represents approximately R120 billion of direct investment in the green economy. Further bidding rounds in which bidders will be awarded contracts for generating 1 000 Megawatts will be held each year until the capacity of 18 Gigawatts has been created, in line with the integrated resource plan.

In addition to their involvement in this renewable energy programme, independent power producers are due to be introduced to the baseload programme utilizing coal, co-generation, gas, and imported hydro technologies. This is in parallel to the baseload programme executed by Eskom, in terms of which Medupi and Kusile power stations are being developed.

Departmental receipts

Table 29.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
R thousand												
Departmental receipts	3 917	3 381	2 516	2 912	3 613	-2.7%	3.1%	2 647	2 777	2 907	-7.0%	24.4%
Sales of goods and services produced by department	3 705	2 872	2 296	2 472	3 022	-6.6%	2.7%	2 429	2 559	2 685	-3.9%	21.9%
Sales by market establishments	169	255	233	135	135	-7.2%	0.2%	–	–	–	-100.0%	0.3%
of which:												
Sales by market establishment	169	255	233	135	135	-7.2%	0.2%	–	–	–	-100.0%	0.3%
Administration fees	3 484	2 549	2 056	2 257	2 807	-6.9%	2.5%	2 381	2 511	2 637	-2.1%	21.1%
of which:												
Administration fees	3 484	2 549	2 056	2 257	2 807	-6.9%	2.5%	2 381	2 511	2 637	-2.1%	21.1%
Other sales	52	68	7	80	80	15.4%	–	48	48	48	-15.7%	0.5%
of which:												
Other sales	52	68	7	80	80	15.4%	–	48	48	48	-15.7%	0.5%
Sales of scrap, waste, arms and other used current goods	–	–	1	4	4	–	–	–	–	4	–	–
of which:												
List item	–	–	1	4	4	–	–	–	–	4	–	–
Transfers received	–	–	–	16	16	–	–	–	–	–	-100.0%	–
Interest, dividends and rent on land	14	168	85	40	40	41.9%	0.1%	15	15	15	-27.9%	0.2%
Interest	14	168	85	40	40	41.9%	0.1%	15	15	15	-27.9%	0.2%
Transactions in financial assets and liabilities	198	341	134	380	531	38.9%	0.3%	203	203	203	-27.4%	2.3%
National Revenue Fund receipts	–	–	387 618	–	37 000	–	96.9%	–	–	–	-100.0%	75.6%
of which:												
Electricity Distribution Industry Holding Company	–	–	387 618	–	37 000	–	96.9%	–	–	–	-100.0%	75.6%
Total	3 917	3 381	390 134	2 912	40 613	118.1%	100.0%	2 647	2 777	2 907	-58.5%	100.0%

Programme 1: Administration

Expenditure estimates

Table 29.5 Administration

Subprogramme				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Ministry	17 946	28 510	23 253	24 770	11.3%	12.6%	25 414	26 782	28 441	4.7%	10.6%
Departmental Management	18 614	25 770	35 783	45 583	34.8%	16.8%	51 434	53 224	56 957	7.7%	20.9%
Finance Administration	20 792	39 358	52 162	35 296	19.3%	19.7%	35 369	36 941	39 306	3.7%	14.8%
Audit Services	2 346	4 471	5 863	5 293	31.2%	2.4%	5 530	5 800	6 188	5.3%	2.3%
Corporate Services	54 834	69 320	74 098	77 238	12.1%	36.7%	91 127	95 702	101 992	9.7%	36.9%
Office Accommodation	7 070	25 260	25 617	31 448	64.5%	11.9%	35 248	37 148	39 089	7.5%	14.4%
Total	121 602	192 689	216 776	219 628	21.8%	100.0%	244 122	255 597	271 973	7.4%	100.0%
Change to 2013 Budget estimate				(1 330)			13 734	15 977	15 978		
Economic classification											
Current payments	118 209	188 472	206 014	210 879	21.3%	96.4%	238 553	249 779	265 842	8.0%	97.4%
Compensation of employees	57 938	82 526	90 166	112 947	24.9%	45.8%	132 787	139 839	149 314	9.8%	54.0%
Goods and services	60 271	105 946	115 848	97 932	17.6%	50.6%	105 766	109 940	116 528	6.0%	43.4%
of which:											
Administration fees	1 279	1 130	1 335	1 355	1.9%	0.7%	1 144	1 211	1 271	-2.1%	0.5%
Advertising	1 848	1 363	1 089	3 233	20.5%	1.0%	1 679	1 637	1 725	-18.9%	0.8%
Assets less than the capitalisation threshold	739	198	124	590	-7.2%	0.2%	3 098	3 260	3 430	79.8%	1.0%
Audit costs: External	1 879	4 104	4 781	2 146	4.5%	1.7%	3 149	3 348	3 550	18.3%	1.2%
Bursaries: Employees	416	837	793	675	17.5%	0.4%	871	918	966	12.7%	0.3%
Catering: Departmental activities	1 131	1 304	663	759	-12.4%	0.5%	637	670	709	-2.2%	0.3%
Communication	2 995	4 532	5 016	4 327	13.0%	2.2%	6 640	7 013	7 402	19.6%	2.6%
Computer services	2 830	6 598	7 427	1 500	-19.1%	2.4%	5 743	7 480	7 761	73.0%	2.3%
Consultants and professional services: Business and advisory services	2 460	20 064	4 638	5 186	28.2%	4.3%	3 966	3 923	4 122	-7.4%	1.7%
Consultants and professional services: Legal costs	46	914	4 374	—	-100.0%	0.7%	491	485	510	—	0.1%
Contractors	1 012	1 387	3 020	2 211	29.8%	1.0%	1 347	1 422	1 496	-12.2%	0.7%
Agency and support / outsourced services	56	371	355	63	4.0%	0.1%	790	832	877	140.6%	0.3%
Entertainment	61	114	57	115	23.5%	—	169	175	184	17.0%	0.1%
Fleet services (including government motor transport)	—	—	162	—	—	—	515	543	572	—	0.2%
Inventory: Clothing material and accessories	—	—	—	—	—	—	2	2	2	—	—
Inventory: Fuel, oil and gas	9	16	20	16	21.1%	—	4	4	5	-32.1%	—
Inventory: Learner and teacher support material	11	—	1	19	20.0%	—	—	—	—	-100.0%	—
Inventory: Materials and supplies	150	121	228	238	16.6%	0.1%	33	34	36	-46.7%	—
Inventory: Medicine	—	24	—	—	—	—	—	—	—	—	—
Inventory: Other supplies	66	385	384	38	-16.8%	0.1%	—	—	—	-100.0%	—
Consumable supplies	—	—	—	30	—	—	340	359	380	133.1%	0.1%
Consumable: Stationery, printing and office supplies	918	2 059	2 110	3 863	61.4%	1.2%	2 630	2 782	2 930	-8.8%	1.2%
Operating leases	16 186	25 829	28 575	36 693	31.4%	14.3%	36 858	38 851	40 881	3.7%	15.5%
Property payments	607	472	20 147	582	-1.4%	2.9%	2 307	2 211	2 328	58.7%	0.7%
Transport provided: Departmental activity	—	—	—	—	—	—	16	17	18	—	—
Travel and subsistence	19 069	24 214	22 041	24 499	8.7%	12.0%	22 922	21 764	23 638	-1.2%	9.4%
Training and development	1 283	2 058	1 396	1 147	-3.7%	0.8%	5 239	5 518	5 807	71.7%	1.8%
Operating payments	732	2 516	5 176	5 033	90.2%	1.8%	1 892	2 100	2 369	-22.2%	1.1%
Venues and facilities	4 488	5 334	1 936	3 614	-7.0%	2.0%	2 931	3 009	3 167	-4.3%	1.3%
Rental and hiring	—	2	—	—	—	—	353	372	392	—	0.1%
Transfers and subsidies	79	129	179	356	65.2%	0.1%	374	388	409	4.7%	0.2%
Households	79	129	179	356	65.2%	0.1%	374	388	409	4.7%	0.2%
Payments for capital assets	3 314	4 029	10 548	8 393	36.3%	3.5%	5 195	5 430	5 722	-12.0%	2.5%
Machinery and equipment	3 314	4 029	9 933	8 393	36.3%	3.4%	5 195	5 430	5 722	-12.0%	2.5%
Software and other intangible assets	—	—	615	—	—	0.1%	—	—	—	—	—
Payments for financial assets	—	59	35	—	—	—	—	—	—	—	—
Total	121 602	192 689	216 776	219 628	21.8%	100.0%	244 122	255 597	271 973	7.4%	100.0%
Proportion of total programme expenditure to vote expenditure	2.2%	3.1%	3.3%	3.4%			3.3%	3.2%	3.2%		

Table 29.5 Administration

Details of transfers and subsidies											
				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Households											
Other transfers to households											
Current	22	30	4	–	-100.0%	–	52	55	58	–	–
Employee ex-gratia payments	22	26	2	–	-100.0%	–	–	–	–	–	–
Gifts and donations	–	4	2	–	–	–	52	55	58	–	–
Households											
Social benefits											
Current	57	99	175	356	84.2%	0.1%	322	333	351	-0.5%	0.1%
Employee social benefits	57	99	175	356	84.2%	0.1%	322	333	351	-0.5%	0.1%

Personnel information

Table 29.6 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Salary level	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Administration	282	5	292	90.2	0.3	321	106.1	0.3	329	132.8	0.4	329	139.8	0.4	329	149.3	0.5	0.8%	100.0%
1 – 6	92	5	113	13.5	0.1	113	14.5	0.1	122	19.7	0.2	122	20.7	0.2	122	22.1	0.2	2.6%	36.6%
7 – 10	120	–	111	25.1	0.2	126	35.3	0.3	126	44.4	0.4	126	46.8	0.4	126	50.0	0.4	–	38.5%
11 – 12	34	–	32	17.3	0.5	40	18.6	0.5	40	23.3	0.6	40	24.5	0.6	40	26.2	0.7	–	12.2%
13 – 16	34	–	34	30.4	0.9	40	34.5	0.9	39	41.5	1.1	39	43.7	1.1	39	46.6	1.2	-0.8%	12.0%
Other	2	–	2	3.9	1.9	2	3.1	1.6	2	3.9	2.0	2	4.1	2.1	2	4.4	2.2	–	0.6%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Expenditure trends

The department embarked on a restructuring process in 2013/14 to achieve better alignment between the structure and the electoral mandate. This included restructuring the regional offices to improve service delivery. The programme had a funded establishment of 282 posts in 2013/14 and 5 posts are filled in addition to this establishment. In 2013/14, the programme had 321 filled posts, the majority of which are in salary levels 7 to 10. Expenditure on compensation of employees increased significantly over the medium term mainly due to additional funding of R29.5 million out of a total of R66 million to improve the human resource capacity of the department's support service structure in order to implement these and other objectives. This expansion in human resources is expected to result in an increase in expenditure on communication, training and development, and audit fees over the same period. Over the medium term, it is expected that the establishment will increase to 329 posts, which also accounts for the strong growth in the compensation of employees' budget to support human resource capacity in the line functions.

The department relocated its head office during 2012/13 to Matimba House to cater for the growing establishment. Thus, expenditure in the *Office Accommodation* subprogramme increased significantly in 2013/14. The relocation also accounts for a large increase in operating leases expenditure between 2010/11 and 2012/13.

Programme 2: Energy Policy and Planning

Objectives

- Improve energy security by:
 - regulating demand and introducing a diversified mix of energy generation technologies on an ongoing basis

- increasing competition in the energy sector by introducing independent power producers utilising renewable technologies through a bidding process on an annual basis
- planning interventions to expand energy infrastructure through the development of a policy framework for the integrated energy plan, the integrated resource plan, the liquid fuels infrastructure roadmap, the transmission development plan, and the major distribution infrastructure plan, over the medium term
- publishing an annual energy statistics report to facilitate information based decision making.
- Address current and envisaged energy supply and distribution constraints by developing the planned approach to distribution asset management for the rehabilitation of critical municipal electricity distribution infrastructure by the end of June 2014.
- Improve liquid fuels energy security by developing and implementing the liquid fuels 20-year infrastructure plan over the medium term.

Subprogrammes

- *Policy Analysis and Research* 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 on the security of energy supply; conducts research and analyses policies in relation to other countries; and carries out research and analysis on national and international trends or developments that impact on the demand and supply of energy. In 2012/13, the draft integrated energy plan report was completed and circulated to the integrated energy plan steering committee. It was also presented at an integrated energy plan colloquium before being forwarded to Cabinet for approval. The report was approved for public release by Cabinet and was subsequently published in the Government Gazette in 2013/14. By the end of September 2013, the first consultation workshop had been held in Johannesburg, with other provincial consultation workshops taking place in October and November 2013. This subprogramme had a staff complement of 3 in 2013/14.
- *Energy Planning* manages energy data and information; develops and maintains an energy modelling system to stimulate energy supply and distribution; identifies energy supply and distribution constraints and addresses them through the integrated energy plan; 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. Over the medium term, the focus will be on developing standardised tools for connecting data, centralising the collection and storage of energy data collected within the unit, and automating the submission of energy data by the oil industry. In 2012/13, fuel sales volume data was collected, quality checked, and stored in the database. Disaggregated data was published on the department's website and provided to stakeholders in accordance with the recommendation made by the Competition Commission. By the end of September 2013, a preliminary oil questionnaire had been submitted to the Joint Organisations Data Initiative, and the 2013 third quarter prices and taxes questionnaire had been submitted to the International Energy Agency. This subprogramme had a staff complement of 23, including 1 contracted intern, in 2013/14.
- *Hydrocarbon Policy* ensures a secure energy supply, well managed demand, and enhanced access to hydrocarbons; a transformed energy sector; and ensures that energy regulation and competition is improved through the development, promulgation and maintenance of a statutory framework for petroleum, petroleum products, petroleum infrastructure, coal and gas. Between 2010 and 2013, Transnet's construction of the new multi-purpose pipeline from Durban to Johannesburg was monitored and reported on. In 2012/13, the final allocation of R1.5 billion was transferred to Transnet and an oversight visit to the Durban terminal was conducted. In 2013/14, stakeholder comments were considered and incorporated into a draft gas amendment bill, which was then presented to the National Economic Development and Labour Council for analysis. This subprogramme had a staff complement of 20, including 1 contracted intern, in 2013/14.
- *Electricity, Energy Efficiency and Environmental Policy* ensures secure energy supply; well managed demand and 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. A final independent system and market operator report was submitted to Parliament for consideration of options with, and without, transmission assets. In 2012/13, the National Assembly considered the Independent System and Market Operator Bill, which provides for an independent, integrated system of

power generation without transmission assets. A draft report for the second phase of the South African coal roadmap was also developed. By the end of September 2013, the third window of the renewable energy independent power producers programme, during which bid documents were assessed, was completed, allowing for the selection of candidates prior to the start of construction work related to renewable energy technologies. This subprogramme had a staff complement of 8 in 2013/14.

Expenditure estimates

Table 29.7 Energy Policy and Planning

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Policy Analysis and Research	69 739	3 443	11 895	3 827	-62.0%	1.9%	4 425	4 078	4 339	4.3%	8.2%
Energy Planning	20 546	17 120	14 876	21 740	1.9%	1.6%	25 356	23 815	25 306	5.2%	47.2%
Hydrocarbon Policy	1 512 856	1 515 456	1 513 371	13 378	-79.3%	96.1%	14 519	13 991	14 950	3.8%	27.9%
Electricity, Energy Efficiency and Environmental Policy	4 104	5 901	5 181	8 256	26.2%	0.5%	8 283	8 377	9 040	3.1%	16.7%
Total	1 607 245	1 541 920	1 545 323	47 201	-69.1%	100.0%	52 583	50 261	53 635	4.4%	100.0%
Change to 2013 Budget estimate				(3 955)			(784)	(1 268)	859		

Economic classification

Current payments	45 657	41 920	45 284	47 201	1.1%	3.8%	52 583	50 261	53 635	4.4%	100.0%
Compensation of employees	31 340	30 390	33 403	30 629	-0.8%	2.7%	35 495	37 375	39 909	9.2%	70.4%
Goods and services	14 317	11 530	11 881	16 572	5.0%	1.1%	17 088	12 886	13 726	-6.1%	29.6%
of which:											
Administration fees	289	259	252	665	32.0%	-	485	512	539	-6.8%	1.1%
Advertising	318	159	299	73	-38.8%	-	450	475	499	89.8%	0.7%
Assets less than the capitalisation threshold	11	22	1	47	62.3%	-	33	36	38	-6.8%	0.1%
Catering: Departmental activities	124	74	36	532	62.5%	-	189	199	210	-26.6%	0.6%
Communication	460	235	432	341	-9.5%	-	794	669	706	27.5%	1.2%
Computer services	-	-	-	-	-	-	27	28	30	-	-
Consultants and professional services:	5 025	6 681	5 928	1 979	-26.7%	0.4%	1 107	1 267	1 334	-12.3%	2.8%
Business and advisory services											
Contractors	2 076	-	172	8	-84.3%	-	109	114	120	146.6%	0.2%
Agency and support / outsourced services	1	3	-	2 606	1276.1%	0.1%	-	-	-	-100.0%	1.3%
Entertainment	2	-	-	-	-100.0%	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	10	-	-	-	-	-	-100.0%	-
Inventory: Learner and teacher support material	24	2	1	295	130.8%	-	-	-	-	-100.0%	0.1%
Inventory: Materials and supplies	-	1	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	26	-	-	1	-66.2%	-	-	-	-	-100.0%	-
Consumable supplies	-	-	-	-	-	-	1	1	1	-	-
Consumable: Stationery, printing and office supplies	349	285	58	1 164	49.4%	-	417	440	463	-26.5%	1.2%
Operating leases	13	1	-	-	-100.0%	-	-	-	-	-	-
Travel and subsistence	3 829	3 334	3 776	8 817	32.1%	0.4%	9 171	5 202	5 634	-13.9%	14.2%
Training and development	40	123	136	3	-57.8%	-	-	-	-	-100.0%	-
Operating payments	1 667	107	211	13	-80.2%	-	488	421	444	224.4%	0.7%
Venues and facilities	63	244	579	18	-34.1%	-	3 817	3 522	3 708	490.6%	5.4%
Transfers and subsidies	1 561 582	1 500 000	1 500 031	-	-100.0%	96.2%	-	-	-	-	-
Departmental agencies and accounts	61 582	-	-	-	-100.0%	1.3%	-	-	-	-	-
Public corporations and private enterprises	1 500 000	1 500 000	1 500 000	-	-100.0%	94.9%	-	-	-	-	-
Households	-	-	31	-	-	-	-	-	-	-	-
Payments for capital assets	6	-	7	-	-100.0%	-	-	-	-	-	-
Machinery and equipment	6	-	7	-	-100.0%	-	-	-	-	-	-
Payments for financial assets	-	-	1	-	-	-	-	-	-	-	-
Total	1 607 245	1 541 920	1 545 323	47 201	-69.1%	100.0%	52 583	50 261	53 635	4.4%	100.0%
Proportion of total programme expenditure to vote expenditure	29.2%	25.0%	23.2%	0.7%			0.7%	0.6%	0.6%		

Details of transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	61 582	-	-	-	-100.0%	1.3%	-	-	-	-	-
Electricity Distribution Industry Holding Company	61 582	-	-	-	-100.0%	1.3%	-	-	-	-	-

Table 29.7 Energy Policy and Planning

Details of transfers and subsidies				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Households											
Social benefits											
Current	-	-	31	-	-	-	-	-	-	-	-
Employee social benefits	-	-	31	-	-	-	-	-	-	-	-
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Capital	1 500 000	1 500 000	1 500 000	-	-100.0%	94.9%	-	-	-	-	-
Transnet	1 500 000	1 500 000	1 500 000	-	-100.0%	94.9%	-	-	-	-	-

Personnel information

Table 29.8 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
			2012/13			2013/14			2014/15			2015/16			2016/17				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Energy Policy and Planning			81	33.4	0.4	61	28.4	0.5	59	35.5	0.6	59	37.4	0.6	59	39.9	0.7	-1.1%	100.0%
Salary level	65	3	81	33.4	0.4	61	28.4	0.5	59	35.5	0.6	59	37.4	0.6	59	39.9	0.7	-1.1%	100.0%
1 – 6	1	3	18	2.3	0.1	2	0.2	0.1	–	–	–	–	–	–	–	–	–	-100.0%	0.8%
7 – 10	36	–	31	8.5	0.3	32	10.4	0.3	31	12.6	0.4	31	13.3	0.4	31	14.2	0.5	-1.1%	52.5%
11 – 12	14	–	17	9.8	0.6	12	6.5	0.5	13	8.7	0.7	13	9.2	0.7	13	9.8	0.8	2.7%	21.4%
13 – 16	14	–	15	12.9	0.9	15	11.3	0.8	15	14.2	0.9	15	14.9	1.0	15	15.9	1.1	–	25.2%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on implementing the regulatory framework for the introduction of biofuels in the liquid fuels sector, completing the infrastructure plans for gas and liquid fuels, and revamping the legislative and regulatory frameworks for the sector. Key projects are expected to be finalised, such as the development of the energy modelling systems; the audit of refineries as an extension of scope under the 20-year liquid fuels infrastructure road map, which will look at unlocking bottlenecks in the supply value chain under the *Energy Planning* subprogramme; and the integrated energy plan within the *Policy Analysis and Research* subprogramme. The plan, which the minister is mandated to review and publish annually in the Government Gazette, aims to prescribe an energy roadmap for the country. The plan will have integrated a number of other plans by the end of March 2014, including those relating to liquid fuels, gas, energy efficiency and distribution, in order to provide policy direction in the energy sector in line with the developmental goals in the national development plan. Expenditure on goods and services, particularly in consultants and professional services, is consequently expected to decrease over the medium term due to the completion of these plans.

In 2013/14, R6 million was earmarked for the review of the asset status of the electricity distribution industry, which is to be finalised in 2014/15. This resulted in a spike in expenditure on travel and subsistence in 2013/14, which continues in 2014/15. The pilot phase of the asset rehabilitation, linked to this review, began in 2013/14, led by the integrated national electrification programme in the *Electrification and Energy Programme and Project Management* programme.

The commissioning of the new multi-products pipeline between Durban and the inland market aims to reduce the constraints in supplying liquid fuels to the inland market of Gauteng. Between 2010/11 and 2012/13, expenditure grew significantly in transfers and subsidies as a result of allocations in the *Hydrocarbon Policy* subprogramme to Transnet of R4.5 billion for the construction of the pipeline. Expenditure in the subprogramme is consequently set to decrease significantly from 2013/14 onwards as a result of the conclusion of transfers to Transnet, in accordance with the grant funding agreement.

The programme had a funded establishment of 65 posts, and 3 posts were filled additional to the establishment. As at 30 November 2013, 61 posts were filled. Expenditure on compensation of employees increased in 2012/13 due to the high number of filled posts in 2012/13 as a result of the large number of interns and contract workers employed in that year. The number of posts is expected to decrease slightly over the medium term as fewer contract employees will be required.

Programme 3: Petroleum and Petroleum Products Regulation

Objectives

- Ensure development and transformation of the liquid fuels industry and security of supply of petroleum products in the South African economy through monitoring and enforcing technical and economic compliance to legislation, specifications, standards and licence conditions in each year of the medium term.
- Facilitate the improved participation of historically disadvantaged individuals in the petroleum sector by enforcing compliance by wholesalers, manufacturers and retailers with the liquid fuels charter in the adjudication of licences on an ongoing basis.
- Strengthen the regulatory framework in the liquid fuels petroleum industry by implementing the regulatory accounting system to have a transparent fuel pricing mechanism that will reward investors in the liquid fuels sector throughout the value chain, by 2013/14.

Subprogrammes

- *Petroleum Compliance, Monitoring and Enforcement* 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 enforcement of the submission of data by industry. The subprogramme also processes arbitration requests, promotion of access to information requests on behalf of the Controller of Petroleum Products, and assists in finalising appeals based on decisions of the controller. On an annual basis, the subprogramme aims to conduct 1 500 retail site inspections for petroleum manufacturers, wholesalers and retailers to ensure compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. In 2012/13, 1 717 site inspections were carried out. By the end of September 2013, 845 inspections had been conducted. 20 non-compliance issues were identified, 6 were resolved immediately and 14 enforcement notices were issued. This subprogramme had a staff complement of 4 in 2013/14.
- *Petroleum Licensing and Fuel Supply* manages the petroleum licensing process; regulates the permitting of the export and import of petroleum products; monitors fuel stock levels; and coordinates corrective actions to avoid distribution shortages. This entails conducting licence analyses, and ensuring permit and charter compliance and hydrocarbons supply. Wholesale and retail licence applications are managed by renewing 95 per cent of licences issued within 90 days, and issuing new licences to the retail industry within 60 days. In 2012/13, no fuel supply shortages were experienced and through regular meetings with the industry's heads of supply managers, corrective actions to avoid distribution shortages were implemented where necessary. By the end of September 2013, no fuel supply shortages had been experienced and 46 petroleum activity licence applications, excluding site and retail new to industry applications, were finalised within 90 days, against a target of 38. This subprogramme had a staff complement of 33 in 2013/14.
- *Fuel Pricing* regulates the pricing of petroleum products in accordance with the legislative framework. This entails 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; and ensuring secure audit services for the auditing of fuel prices to ensure internationally competitive pricing of petroleum products, thereby enabling investment in the sector. In 2012/13, the stakeholder consultation process on the fixed retail margin for illuminating paraffin was finalised, and a discussion document on the maximum refinery gate price was published. By the end of September 2013, the global energy information provider Platts had been consulted regarding elements to ensure internationally competitive pricing in the administration of petroleum product pricing. The department participated in the South African Petroleum Industry Association-Kellogg Brown Roodt study on the review of the basic fuel price, and 2 reports on the implementation of the regulatory accounting system

applicable to the adjustment of fuel margins and petrol attendants' wages were compiled and approved in 2013/14. This subprogramme had a staff complement of 5 in 2013/14.

- *Regional Petroleum Regulation Offices* 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. In 2012/13, 13 licensing awareness campaigns relating to the Petroleum Products Act (1977) were conducted throughout the country to explain the legislation to the public. These campaigns continued in 2013/14, with 4 having been conducted by the end of September 2013. This subprogramme had a staff complement of 61 in 2013/14.

Expenditure estimates

Table 29.9 Petroleum and Petroleum Products Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
Petroleum Compliance, Monitoring and Enforcement	2 607	1 240	4 488	13 662	73.7%	13.4%	16 277	17 635	17 384	8.4%	20.6%
Petroleum Licensing and Fuel Supply	11 549	13 927	13 017	15 280	9.8%	32.7%	21 051	20 767	22 226	13.3%	25.2%
Fuel Pricing	–	–	12 423	14 373	–	16.3%	14 920	9 396	9 985	-11.4%	15.5%
Regional Petroleum Regulation Offices	9 926	12 006	14 461	25 491	36.9%	37.6%	30 497	31 969	34 020	10.1%	38.7%
Total	24 082	27 173	44 389	68 806	41.9%	100.0%	82 745	79 767	83 615	6.7%	100.0%
Change to 2013 Budget estimate				19 083			30 698	32 773	3 788		

Economic classification

	24 082	27 159	44 379	68 806	41.9%	100.0%	82 745	79 767	83 615	6.7%	100.0%
Current payments											
Compensation of employees	20 370	22 964	36 225	37 894	23.0%	71.4%	50 347	53 016	56 610	14.3%	62.8%
Goods and services	3 712	4 195	8 154	30 912	102.7%	28.6%	32 398	26 751	27 005	-4.4%	37.2%
of which:											
Administration fees	93	195	216	421	65.4%	0.6%	383	403	426	0.4%	0.5%
Advertising	46	150	378	782	157.1%	0.8%	1 104	1 163	1 224	16.1%	1.4%
Assets less than the capitalisation threshold	3	5	–	36	128.9%	–	197	208	219	82.5%	0.2%
Catering: Departmental activities	41	33	327	187	65.8%	0.4%	489	465	541	42.5%	0.5%
Communication	177	260	366	1 389	98.7%	1.3%	710	749	789	-17.2%	1.2%
Computer services	–	–	–	1 200	–	0.7%	1 111	209	222	-43.0%	0.9%
Consultants and professional services: Business and advisory services	1 617	287	1 743	2 309	12.6%	3.6%	14 784	10 415	9 445	59.9%	11.7%
Consultants and professional services: Laboratory services	–	–	–	4 008	–	2.4%	–	–	–	-100.0%	1.3%
Contractors	4	89	5	96	188.4%	0.1%	23	24	26	-35.3%	0.1%
Agency and support / outsourced services	1	–	2	5 749	1691.4%	3.5%	8	9	9	-88.4%	1.8%
Entertainment	19	–	–	–	-100.0%	–	5	6	6	–	–
Fleet services (including government motor transport)	–	–	–	–	–	–	192	202	213	–	0.2%
Inventory: Materials and supplies	–	–	1	1	–	–	–	–	–	-100.0%	–
Inventory: Other supplies	–	8	6	9	–	–	82	87	91	116.2%	0.1%
Consumable supplies	–	–	–	–	–	–	314	331	349	–	0.3%
Consumable: Stationery, printing and office supplies	29	43	176	68	32.9%	0.2%	92	97	102	14.5%	0.1%
Property payments	–	–	4	–	–	–	30	31	33	–	–
Transport provided: Departmental activity	–	–	–	–	–	–	47	50	53	–	–
Travel and subsistence	1 658	2 760	3 970	14 310	105.1%	13.8%	8 230	7 585	8 290	-16.6%	12.2%
Training and development	–	97	537	5	–	0.4%	–	–	–	-100.0%	–
Operating payments	14	38	86	35	35.7%	0.1%	2 865	3 020	3 181	349.6%	2.9%
Venues and facilities	10	230	327	307	213.1%	0.5%	1 658	1 619	1 704	77.1%	1.7%
Rental and hiring	–	–	10	–	–	–	74	78	82	–	0.1%
Transfers and subsidies	–	14	10	–	–	–	–	–	–	–	–
Households	–	14	10	–	–	–	–	–	–	–	–
Total	24 082	27 173	44 389	68 806	41.9%	100.0%	82 745	79 767	83 615	6.7%	100.0%
Proportion of total programme expenditure to vote expenditure	0.4%	0.4%	0.7%	1.1%			1.1%	1.0%	1.0%		

Details of transfers and subsidies

Households											
Social benefits											
Current	–	14	10	–	–	–	–	–	–	–	–
Employee social benefits	–	14	10	–	–	–	–	–	–	–	–

Personnel information

Table 29.10 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Petroleum and Petroleum Products Regulation	Number of funded posts	Number of posts additional to the establishment	Actual 2012/13			Revised estimate 2013/14			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
									2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Salary level 1 – 6	53	2	105	36.2	0.3	101	38.4	0.4	103	50.3	0.5	103	53.0	0.5	103	56.6	0.5	0.7%	100.0%
7 – 10	34	–	12	1.6	0.1	5	0.7	0.1	5	0.9	0.2	5	0.9	0.2	5	1.0	0.2	–	4.9%
11 – 12	8	–	68	17.5	0.3	73	23.0	0.3	72	28.3	0.4	72	29.8	0.4	72	31.8	0.4	-0.5%	70.5%
13 – 16	6	–	11	6.1	0.6	9	4.5	0.5	9	5.6	0.6	9	5.9	0.7	9	6.3	0.7	–	8.8%
			14	11.0	0.8	14	10.2	0.7	17	15.6	0.9	17	16.4	1.0	17	17.5	1.0	6.7%	15.9%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on monitoring and enforcing technical, economic, and legal compliance with legislation, specifications, standards and licence conditions by conducting fuel specification tests and issuing enforcement notices in cases where non-compliance is identified. The emphasis will also be on the testing of fuel samples collected from licence holders, which explains the increase in expenditure on consultants and professional services for laboratory services in 2013/14. A service provider is contracted to provide this service from 2014/15, which accounts for the increase in business and advisory services over the medium term.

Following a review of the department's organisational and budget structure, the department moved the *Regional Petroleum Regulation Offices* subprogramme from the *Electrification and Energy Programme and Project Management* programme to this programme. The move is expected to improve the alignment of the budget structure to the department's mandate. Expenditure on travel and subsistence increased significantly between 2010/11 and 2013/14 due to licensing awareness campaigns that were conducted throughout the nine provinces.

The department is required to inspect 7 500 petroleum manufacturers, wholesalers and retailers over the medium term for compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. Over the medium term, the department plans to increase its monitoring activities, finalise arbitration requests and public complaints in the petroleum industry within 14 working days, and conduct 27 awareness campaigns on the Petroleum Products Act (1977) among members of the industry. These activities require that the department increases its funded establishment over the medium term, from 53 posts, with 2 additional to the establishment, at the end of November 2013, to 103 over the medium term. This projected increase in personnel numbers is the main reason for the significant increase expected in spending on compensation of employees over the medium term. The increase in spending on compensation of employees in 2012/13 was due to the high number of interns and contract workers employed during this period while the department finalised its structure.

Programme 4: Electrification and Energy Programme and Project Management

Objectives

- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which aims to electrify an additional 905 000 (grid and non-grid) households by 2016/17.
- Ensure the efficient management of the electricity supply by:
 - enhancing the application of project management business principles to assist programme and project managers on an ongoing basis

- continually coordinating, monitoring and reporting on the implementation of programmes and projects focused on the development, improvement and transformation of the energy generation, refinement, transmission and distribution industry and infrastructure.
- Increase public awareness about energy issues while empowering disadvantaged and vulnerable groups by identifying, implementing, managing and coordinating upliftment programmes and projects on an ongoing basis.

Subprogrammes

- *Integrated National Electrification 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 coordinates technical audits for the programme. In 2012/13, through transfers to Eskom, municipalities, and non-grid service providers, 175 473 new household connections were achieved, of which 9 343 were under the non-grid programme. In addition, 4 new substations were completed, 5 were upgraded, and 275 kilometres of new electrical lines were installed while 85 kilometres were upgraded. By the end of September 2013, 92 085 new household connections had been achieved, including 4 415 non-grid connections. This subprogramme had a staff complement of 20, including 2 contracted interns, in 2013/14.
- *Energy Regional Offices* provides advice on integrated energy services, develops appropriate interventions to enhance and promote universal access to energy, manages and coordinates regional electrification planning and ensures economic and technical compliance with relevant legislation. In 2012/13, the establishment of 2 integrated energy centres was facilitated. These are one-stop shops that provide energy services and information to communities in Mbizana in Eastern Cape and Ulundi in KwaZulu-Natal. By the end of September 2013, 3 integrated energy centres had been completed or were being built in Free State, Eastern Cape and Limpopo. This subprogramme had a staff complement of 19 in 2013/14.
- *Programme and Projects Management Office* provides specialised assistance to programme and project managers, and management in general, to apply management principles, coordinate project information, and report on projects. The focus will be on capacitating this subprogramme over the medium term through the development of a project management platform, the appointment and training of staff, and meeting with stakeholders to conduct planning sessions. In 2013/14, the requisite progress reports and dashboards were compiled and submitted to entities such as the renewable energy independent power producer procurement programme's project office, and the Presidential Infrastructure Coordinating Commission secretariat. This subprogramme had a staff complement of 6, including 1 contracted project integration manager, in 2013/14.
- *Electricity Infrastructure/Industry Transformation* oversees programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector, and independent power producers. By the end of September 2013, the necessary strategic infrastructure projects reports and a progress summary on all other project reports had been compiled and forwarded to the Presidential Infrastructure Coordinating Commission secretariat; a strategic infrastructure projects business plan had been compiled and was subsequently approved by the minister; and contracts were finalised and signed with 9 municipalities facing significant electricity distribution challenges as part of the approach to distribution asset management pilot project. All projects have since begun within these municipalities. The progress of these projects will be monitored by a steering committee of relevant stakeholders. This subprogramme had a staff complement of 7, including 4 contract workers, in 2013/14.
- *Community Upliftment Programmes and Projects* fulfils government's priorities for broad transformation in the work of the department and the energy sector, and supports departmental special programmes and projects. This entails drafting youth and gender policies for the department, as well as showcasing energy issues to the public. 5 awareness campaigns were hosted in 2012/13, including the learners focus week, which was attended by 250 learners from the coastal provinces, with a concentration of learners from rural areas. 14 were awarded bursaries to study in the science, technology, engineering and mathematics fields. In addition, the job summit in Ekurhuleni and various energy awareness exhibitions were held where youth and women in rural areas were informed of career opportunities available within the energy sector, and given energy saving tips. In 2013/14, 4 public awareness campaigns were conducted. In addition, a learner focus

week was hosted; targeting 300 grade 10 to 12 learners to educate them on career opportunities in the energy sector. This subprogramme had a staff complement of 6 in 2013/14.

Expenditure estimates

Table 29.11 Electrification and Energy Programme and Project Management

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Integrated National Electrification Programme	2 763 146	3 264 539	3 106 371	3 914 233	12.3%	99.5%	4 165 901	5 854 544	6 164 995	16.3%	99.3%
Energy Regional Office	5 734	6 080	5 127	11 881	27.5%	0.2%	7 831	8 246	8 805	-9.5%	0.2%
Programme and Projects Management Office	–	–	–	13 273	–	0.1%	8 994	10 120	10 717	-6.9%	0.2%
Electricity Infrastructure/Industry Transformation	929	349	814	7 676	102.2%	0.1%	9 798	10 417	11 126	13.2%	0.2%
Community Upliftment Programmes and Projects	2 314	3 515	3 638	5 474	33.2%	0.1%	6 688	7 006	7 454	10.8%	0.1%
Total	2 772 123	3 274 483	3 115 950	3 952 537	12.6%	100.0%	4 199 212	5 890 333	6 203 097	16.2%	100.0%
Change to 2013 Budget estimate				9 768			(25 281)	(26 604)	(782)		

Economic classification

Current payments	9 029	31 202	26 744	57 264	85.1%	0.9%	49 896	53 133	56 525	-0.4%	1.1%
Compensation of employees	7 344	22 711	19 685	35 838	69.6%	0.7%	35 343	37 216	39 740	3.5%	0.7%
Goods and services	1 685	8 491	7 059	21 426	133.4%	0.3%	14 553	15 917	16 785	-7.8%	0.3%
of which:											
Administration fees	33	510	242	220	88.2%	–	674	747	786	52.9%	–
Advertising	74	364	231	214	42.5%	–	538	566	597	40.8%	–
Assets less than the capitalisation threshold	–	2	–	151	–	–	728	767	812	75.2%	–
Audit cost: External	–	–	–	350	–	–	–	–	–	-100.0%	–
Catering: Departmental activities	11	107	337	137	131.8%	–	616	650	685	71.0%	–
Communication	102	435	299	197	24.5%	–	653	688	724	54.3%	–
Computer services	–	–	1	6 111	–	–	316	333	351	-61.4%	–
Consultants and professional services:	–	–	2	–	–	–	–	–	–	–	–
Business and advisory services	–	–	–	1 800	–	–	–	–	–	-100.0%	–
Consultants and professional services: Infrastructure and planning	–	–	–	–	–	–	–	–	–	–	–
Contractors	19	3	51	–	-100.0%	–	–	–	–	–	–
Fleet services (including government motor transport)	–	–	–	–	–	–	1	1	1	–	–
Inventory: Fuel, oil and gas	–	1	1	–	–	–	–	–	–	–	–
Inventory: Materials and supplies	–	–	2	–	–	–	–	–	–	–	–
Inventory: Medicine	–	–	–	–	–	–	1	1	1	–	–
Inventory: Other supplies	3	1	101	30	115.4%	–	–	–	–	-100.0%	–
Consumable supplies	–	–	–	–	–	–	160	168	176	–	–
Consumable: Stationery, printing and office supplies	254	27	13	15	-61.1%	–	856	902	950	298.6%	–
Transport provided: Departmental activity	–	–	–	–	–	–	105	111	117	–	–
Travel and subsistence	855	6 149	4 192	7 073	102.2%	0.1%	8 516	9 521	10 045	12.4%	0.2%
Training and development	–	6	–	3	–	–	–	–	–	-100.0%	–
Operating payments	280	41	632	18	-59.9%	–	586	617	649	230.4%	–
Venues and facilities	54	845	955	5 107	355.6%	0.1%	803	845	891	-44.1%	–
Transfers and subsidies	2 763 094	3 243 281	3 089 206	3 895 023	12.1%	99.1%	4 149 316	5 837 200	6 146 572	16.4%	98.9%
Provinces and municipalities	1 033 382	1 096 611	1 151 443	1 634 772	16.5%	37.5%	1 104 658	2 056 090	2 165 063	9.8%	34.4%
Public corporations and private enterprises	1 729 712	2 146 670	1 937 696	2 260 251	9.3%	61.6%	3 044 658	3 781 110	3 981 509	20.8%	64.5%
Households	–	–	67	–	–	–	–	–	–	–	–
Payments for capital assets	–	–	–	250	–	–	–	–	–	-100.0%	–
Machinery and equipment	–	–	–	250	–	–	–	–	–	-100.0%	–
Total	2 772 123	3 274 483	3 115 950	3 952 537	12.6%	100.0%	4 199 212	5 890 333	6 203 097	16.2%	100.0%
Proportion of total programme expenditure to vote expenditure	50.4%	53.0%	46.8%	60.8%			56.6%	73.7%	74.0%		

Table 29.11 Electrification and Energy Programme and Project Management

Details of transfers and subsidies				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Capital	1 033 382	1 096 611	1 151 443	1 634 772	16.5%	37.5%	1 104 658	2 056 090	2 165 063	9.8%	34.4%
Integrated National Electrification Programme Grant	1 033 382	1 096 611	1 151 443	1 314 772	8.4%	35.0%	1 104 658	2 056 090	2 165 063	18.1%	32.8%
Integrated National Electrification Programme - Approach to Distribution Asset Management	—	—	—	320 000	—	2.4%	—	—	—	-100.0%	1.6%
Households											
Social benefits											
Current	—	—	67	—	—	—	—	—	—	—	—
Employee social benefits	—	—	67	—	—	—	—	—	—	—	—
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Capital	1 719 810	1 737 810	1 879 368	2 141 027	7.6%	57.0%	2 948 037	3 680 043	3 875 085	21.9%	62.5%
Eskom - Integrated National Electrification Programme	1 719 810	1 737 810	1 879 368	2 141 027	7.6%	57.0%	2 948 037	3 680 043	3 875 085	21.9%	62.5%
Public corporations and private enterprises											
Private enterprises											
Private enterprises - subsidies on products and production											
Capital	9 902	127 860	58 328	119 224	129.2%	2.4%	96 621	101 067	106 424	-3.7%	2.1%
Integrated National Electrification Programme Grant (Non-Grid)	9 902	127 860	58 328	119 224	129.2%	2.4%	96 621	101 067	106 424	-3.7%	2.1%
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Capital	—	281 000	—	—	—	2.1%	—	—	—	—	—
Local organising committee for the 2010 FIFA World Cup	—	281 000	—	—	—	2.1%	—	—	—	—	—

Personnel information

Table 29.12 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment													Number			
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Electrification and Energy Programme and Project Management			81	19.7	0.2	79	29.5	0.4	69	35.3	0.5	69	37.2	0.5	69	39.7	0.6	-4.4%	100.0%
Salary level	103	41	81	19.7	0.2	79	29.5	0.4	69	35.3	0.5	69	37.2	0.5	69	39.7	0.6	-4.4%	100.0%
1 – 6	1	41	42	2.9	0.1	10	0.9	0.1	–	–	–	–	–	–	–	–	–	-100.0%	3.5%
7 – 10	73	–	20	5.0	0.2	33	8.4	0.3	34	10.8	0.3	34	11.4	0.3	34	12.2	0.4	1.0%	47.2%
11 – 12	26	–	15	8.1	0.5	25	12.0	0.5	24	14.3	0.6	24	15.1	0.6	24	16.1	0.7	-1.4%	33.9%
13 – 16	3	–	4	3.6	0.9	11	8.2	0.7	11	10.2	0.9	11	10.8	1.0	11	11.5	1.0	–	15.4%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Expenditure trends

The new household electrification strategy, which was approved by Cabinet on 26 June 2013, aims to achieve universal access to electricity by 97 per cent of all households by 2025. Thus the spending focus over the medium term will continue to be on the continuation and expansion of the electrification programmes being implemented by Eskom and municipalities, which accounts for the increase in transfers and subsidies and in the *Integrated National Electrification Programme* subprogramme, as well as the strengthening of the programme and projects management office and the independent power producers unit. The electrification programmes implemented by Eskom will be strengthened through the development of a project management platform, as well as the appointment and training of staff. The new household electrification strategy includes a least cost

approach that combines grid and high quality non-grid solutions to support areas with high backlogs and low delivering municipalities, and to ensure that electrification targets are met.

Therefore, expenditure is expected to increase significantly over the medium term due to higher allocations for the *Integrated National Electrification Programme*, for which expenditure is projected to increase to R6.2 billion in 2016/17 to expand electrification to 290 000 households in that year. The bulk of this allocation is towards transfer payments to Eskom, which is projected to increase to R3.9 billion in 2016/17. Within goods and services, expenditure on travel and subsistence is the major cost driver over the medium term and relates to the department's responsibility to monitor progress and conduct technical audits of completed electrification projects.

The increased spending in the *Integrated National Electrification Programme* between 2010/11 and 2013/14 was due to additional allocations to municipalities and Eskom for their implementation of electrification projects to achieve universal access to electricity. 708 989 connections were achieved in this period.

A number of initiatives will be undertaken to support the key strategies and objectives in this programme. These include the development of reporting systems to enhance the electrification planning and monitoring processes, which accounts for the increase in spending on computer services in 2013/14.

The programme has a funded establishment of 103 posts, and 41 posts were filled additional to the establishment. Expenditure on compensation of employees in this programme increased to R35.8 million in 2013/14 due to the high numbers of interns and contract workers that were employed. The total number of employees is expected to decrease over the medium term as fewer interns and contract workers are expected to be employed, and more permanent workers are recruited over the medium term to increase capacity. Overall, this will result in the expenditure on compensation of employees growing to R39.7 million in 2016/17. Regional petroleum regulation offices was moved to programme 3, which accounts for the staff numbers being below the establishment numbers.

Programme 5: Nuclear Energy

Objectives

- Regulate the security of nuclear material, related equipment, and facilities by developing and publishing appropriate regulations by 2016.
- Strengthen the control of, and accounting for, the nuclear materials and related equipment by enforcing relevant statutory frameworks on an ongoing basis.
- Ensure safe, secure and sustainable management and disposal of radioactive waste by facilitating the full operation of the National Radioactive Waste Disposal Institute, and establishing a waste disposal fund by 2015.
- Contribute towards ensuring the security of energy supply by leading, developing and overseeing the implementation of the nuclear energy expansion programme as guided by nuclear energy policy and the decision of the national nuclear energy executive coordination committee of November 2013, in accordance with timelines stipulated in the integrated resource plan 2010-2030.
- Ensure compliance with international nuclear obligations by developing, maintaining and implementing an appropriate statutory framework for nuclear energy policy by 2016.
- Ensure the readiness of all relevant stakeholders for the management of any nuclear emergency as part of the national disaster plan on an ongoing basis by:
 - conducting an emergency preparedness review of the International Atomic Energy Agency in order to identify gaps in South Africa's nuclear infrastructure
 - developing an action plan to address such gaps to be in line with the national nuclear emergency management plan.

Subprogrammes

- *Nuclear Safety and Technology* manages and implements all matters related to nuclear safety and technology as required by legislation and international agreements; implements the nuclear energy policy, which was

approved in 2008 as a national nuclear programme in line with the integrated resource plan requirements; and administers all matters related to nuclear safety, liability and emergency management with the aim to improve the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. In 2012/13 and 2013/14, an integrated nuclear infrastructure review mission of the International Atomic Energy Agency was conducted, after which an action plan to address the identified gaps was developed. Studies and strategies on nuclear financing and procurement were completed and South Africa's self-assessment on nuclear emergency preparedness was also finalised. In addition, an emergency preparedness review pre-mission of the International Atomic Energy Agency was hosted and a procurement framework benchmark proposal was submitted to the national nuclear energy executive coordination committee. The board of directors for the National Radioactive Waste Disposal Institute was established. This subprogramme had a staff complement of 11 in 2013/14.

- *Nuclear Non-proliferation and Radiation Security* manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements. This entails standardising security measures at ports of entry and installing portal radiation monitors at the main ports of entry. In 2012/13 and 2013/14, the relevant stakeholders were engaged in the installation of radiation portal monitors at strategic port of entry to enhance security. Nuclear safeguards compliance inspections were also successfully conducted. This subprogramme had a staff complement of 9 in 2012/13.
- *Nuclear Policy* develops and reviews policies as required by international agreements and governance of the nuclear sector 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. The National Nuclear Regulator Act (1999) is currently being amended. The review process has commenced and will be finalised in 2014/15. During 2013/14, a study was completed on the independence of the National Nuclear Regulator to ensure the effective separation of promotional and regulatory aspects of nuclear energy. This report has been submitted to the minister for approval, and the amendment to the act is anticipated to be finalised in 2014/15. This subprogramme's staff complement will increase from 1 in 2013/14 to 4 in 2014/15.

Expenditure estimates

Table 29.13 Nuclear Energy

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
R thousand											
Nuclear Safety and Technology	607 314	637 985	638 698	694 456	4.6%	98.9%	832 246	663 772	699 228	0.2%	97.6%
Nuclear Non-proliferation and Radiation Security	2 550	519	3 846	5 504	29.2%	0.5%	7 338	7 611	8 155	14.0%	1.0%
Nuclear Policy	2 480	3 762	684	8 838	52.7%	0.6%	10 918	10 921	11 292	8.5%	1.4%
Total	612 344	642 266	643 228	708 798	5.0%	100.0%	850 502	682 304	718 675	0.5%	100.0%
Change to 2013 Budget estimate				(1 194)			193 463	2 762	6 772		

Economic classification

	18 280	20 781	32 732	34 879	24.0%	4.1%	44 072	44 098	46 645	10.2%	5.7%
Current payments											
Compensation of employees	11 356	7 522	8 686	11 772	1.2%	1.5%	20 100	21 165	22 600	24.3%	2.6%
Goods and services	6 924	13 259	24 046	23 107	49.4%	2.6%	23 972	22 933	24 045	1.3%	3.2%
of which:											
Administration fees	201	139	170	213	2.0%	—	225	228	817	56.5%	0.1%
Advertising	139	150	1 327	205	13.8%	0.1%	219	218	5 316	196.0%	0.2%
Assets less than the capitalisation threshold	—	—	—	1	—	—	1	1	—	-100.0%	—
Bursaries: Employees	—	—	—	932	—	—	—	—	—	-100.0%	—
Catering: Departmental activities	47	35	88	70	14.2%	—	76	75	110	16.3%	—
Communication	399	104	151	187	-22.3%	—	188	189	1 746	110.6%	0.1%
Computer services	4	—	—	12	44.2%	—	12	12	—	-100.0%	—
Consultants and professional services: Business and advisory services	12	495	2 738	8 435	789.1%	0.4%	9 735	9 042	8 695	1.0%	1.2%
Contractors	3	2	305	1	-30.7%	—	1	1	—	-100.0%	—
Agency and support / outsourced services	357	—	—	1 617	65.5%	0.1%	1 712	1 772	40	-70.9%	0.2%
Entertainment	1	—	—	—	-100.0%	—	—	—	—	—	—
Inventory: Materials and supplies	—	—	1	—	—	—	—	—	—	—	—
Inventory: Medicine	—	—	—	—	—	—	—	—	468	—	—

Table 29.13 Nuclear Energy

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Inventory: Other supplies	—	8	—	210	—	—	218	227	—	-100.0%	—
Consumable: Stationery, printing and office supplies	42	—	59	67	16.8%	—	4	5	81	6.5%	—
Transport provided: Departmental activity	—	—	—	—	—	—	—	—	350	—	—
Travel and subsistence	4 666	1 408	1 750	5 219	3.8%	0.5%	5 899	5 556	4 518	-4.7%	0.7%
Training and development	—	236	26	34	—	—	—	—	—	-100.0%	—
Operating payments	743	10 624	17 065	27	-66.9%	1.1%	28	27	41	14.9%	—
Venues and facilities	310	58	366	5 877	166.6%	0.3%	5 654	5 580	1 863	-31.8%	0.6%
Transfers and subsidies	594 064	621 485	610 496	673 919	4.3%	95.9%	806 430	638 206	672 030	-0.1%	94.3%
Departmental agencies and accounts	19 954	35 430	42 912	68 160	50.6%	6.4%	33 697	34 887	36 736	-18.6%	5.9%
Foreign governments and international organisations	—	—	—	13 577	—	0.5%	12 055	12 481	13 142	-1.1%	1.7%
Public corporations and private enterprises	574 110	586 034	567 579	592 182	1.0%	89.0%	760 678	590 838	622 152	1.7%	86.7%
Households	—	21	5	—	—	—	—	—	—	—	—
Total	612 344	642 266	643 228	708 798	5.0%	100.0%	850 502	682 304	718 675	0.5%	100.0%
Proportion of total programme expenditure to vote expenditure	11.1%	10.4%	9.7%	10.9%			11.5%	8.5%	8.6%		

Details of transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	19 093	34 960	42 547	50 812	38.6%	5.7%	33 331	34 509	36 338	-10.6%	5.2%
National Nuclear Regulator	19 093	34 960	42 547	31 012	17.5%	4.9%	33 331	34 509	36 338	5.4%	4.6%
National Radio Active Waste Disposal Institute	–	–	–	19 800	–	0.8%	–	–	–	-100.0%	0.7%
Capital	861	470	365	17 348	172.1%	0.7%	366	378	398	-71.6%	0.6%
National Nuclear Regulator	861	470	365	17 348	172.1%	0.7%	366	378	398	-71.6%	0.6%
Households											
Social benefits											
Current	–	21	5	–	–	–	–	–	–	–	–
Employee social benefits	–	21	5	–	–	–	–	–	–	–	–
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Current	490 508	505 798	489 122	469 166	-1.5%	75.0%	491 881	509 257	536 275	4.6%	67.8%
South African Nuclear Energy Corporation	490 508	505 798	489 122	469 166	-1.5%	75.0%	491 881	509 257	536 275	4.6%	67.8%
Capital	83 602	80 236	78 457	123 016	13.7%	14.0%	268 797	81 581	85 877	-11.3%	18.9%
South African Nuclear Energy Corporation	83 602	80 236	78 457	123 016	13.7%	14.0%	268 797	81 581	85 877	-11.3%	18.9%
Foreign governments and international organisations											
Capital	–	–	–	13 577	–	0.5%	12 055	12 481	13 142	-1.1%	1.7%
International Atomic Energy Agency and International Renewable Energy Agency	–	–	–	13 577	–	0.5%	12 055	12 481	13 142	-1.1%	1.7%

Personnel information

Table 29.14 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13			2013/14			2014/15			2015/16					2016/17			2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
Nuclear Energy			23	8.7	0.4	29	13.8	0.5	34	20.1	0.6	34	21.2	0.6	34	22.6	0.7			
1 – 6	10	2	7	0.8	0.1	1	0.1	0.1	–	–	–	–	–	–	–	–	–	-100.0%	0.8%	
7 – 10	14	–	6	1.4	0.2	11	2.7	0.2	13	4.0	0.3	13	4.2	0.3	13	4.5	0.3	5.7%	38.2%	
11 – 12	2	–	6	3.3	0.6	8	4.0	0.5	12	7.3	0.6	12	7.7	0.6	12	8.2	0.7	14.5%	33.6%	
13 – 16	–	–	4	3.3	0.8	9	7.1	0.8	9	8.8	1.0	9	9.3	1.0	9	9.9	1.1	–	27.5%	

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Expenditure trends

The spending focus over the medium term continues to be on funding the department's public entities to carry out their mandates on behalf of the minister. Thus, transfers and subsidies are projected to be the most significant item of expenditure over the medium term and comprise transfers to the nuclear departmental agencies, such as the South African Nuclear Energy Corporation and the National Nuclear Regulator. The activities these transfers fund are governed by the nuclear energy policy, which was approved by Cabinet in June 2008. The policy provides a framework within which prospecting, mining, milling, the use of nuclear materials, and the development and use of nuclear energy for peaceful purposes, is to take place. The transfer to the South African Nuclear Energy Corporation is projected to increase over the medium term due to a once-off Cabinet approved additional allocation of R190 million in 2014/15. The additional allocation provides for the upgrading, replacement and refurbishment of the Pelindaba site infrastructure; the replacement and upgrading of the SAFARI-1 nuclear reactor research and development facilities as part of the ageing management programme; upgrading liquid effluent management services to comply with licencing and regulatory requirements; and sustaining critical investment in the entity's analytical and calibration capabilities.

The transfer to the National Nuclear Regulator increased between 2010/11 and 2013/14 to allow the entity to upgrade its ICT infrastructure, cater for staff retention due to a skills shortage and weakness in areas such as governance compliance, and upgrade the emergency preparedness centre. In the same period, transfers to the National Radioactive Waste Disposal Institute increased between 2010/11 and 2013/14 following the establishment of the entity in 2013/14.

The national nuclear energy executive coordination committee, which comprises ministers from various departments and is chaired by the president, is responsible for taking strategic decisions on the implementation of the nuclear energy policy. Cabinet endorsed several decisions taken by this committee, such as the phased decision making approach for implementing the nuclear programme, and the reaffirmation of Eskom as the owner-operator for the future nuclear power plants. In preparation for the new nuclear build programme and in order to learn from international experience on nuclear procurement, spending on consultants increased significantly due to a once-off allocation in 2012/13 for research and studies relating to the nuclear build programme. Over the medium term, expenditure on consultants will be focused on the development of an implementation plan based on the mission report of the nuclear infrastructure review, implementation of the nuclear procurement process, finalisation of plans to support the nuclear fuel cycle strategy, and the implementation of the nuclear fuel cycle strategy. Consultants are used to perform highly specialised work for which the department does not have the requisite skills.

This programme had a staff complement of 29 in 2013/14, which is expected to increase to 34 by 2014/15, due to the additional funding allocated to the department for specialised nuclear human resource capacity. The programme capacity is strengthened in line with the department's mandate on nuclear energy policy. Expenditure on compensation of employees is expected to grow significantly over the medium term to support the increase in personnel numbers. At the end of November 2013, this programme had no vacant posts.

Programme 6: Clean Energy

Objectives

- Manage climate change and environmental matters by:
 - monitoring the implementation of climate change regulations to mitigate the risk of environmental impact on an ongoing basis
 - publishing climate change strategies and plans by 2014/15.
- Promote and facilitate energy efficiency and demand management by:
 - monitoring and reporting on energy savings on an ongoing basis
 - coordinating, monitoring and reporting on the progress and impact of energy efficiency and demand management strategies by 2015
 - reviewing the energy efficiency tax incentive and energy conservation schemes by 2014/15.

- Improve energy demand management by facilitating the development of an energy management plan by 2014/15.
- Ensure the integration of renewable energy into the mainstream energy supply of South Africa by planning and coordinating initiatives and interventions focused on the development and improvement of the renewable energy market through:
 - facilitating the incorporation of the renewable energy policy into the integrated energy plan by 2014
 - implementing awareness campaigns from 2013/14 onwards.

Subprogrammes

- *Energy Efficiency* is discussed in more detail below.
- *Renewable Energy* ensures the integration of renewable energy into South Africa's mainstream energy supply by planning and coordinating initiatives and interventions focused on the development and improvement of the renewable energy market; and ensures the integration and coordination of renewable energy initiatives and interventions with relevant associated institutions. The largest spending item, constituting 95.7 per cent of expenditure, is on transfers to the South African National Energy Development Institute for operational expenditure, and research and development into projects such as carbon capture and storage. In 2012/13, an umbrella memorandum of understanding was completed and signed with the Central Energy Fund and the Northern Cape provincial government for the development of a solar park, which included the land access agreement for an Upington site. To raise awareness, wind energy articles were published in various media outlets nationally. By the end of 2013/14, the solar park corridor development feasibility studies report will have been submitted to Cabinet for approval. The corridor consists of 6 sites, while the geotechnical and environmental impact studies, which commenced in 2012/13, focused on Upington and Prieska. This subprogramme had a staff complement of 5 in 2013/14.
- *Climate Change and Designated National Authority* ensures that 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. This subprogramme will develop an energy and climate change strategy, and measure and report on energy related carbon emission reductions. In 2012/13, 68 clean development mechanism applications were processed. 57 clean development mechanism projects were submitted and registered with the United Nations Framework Convention on Climate Change. In 2012/13 and 2013/14, the subprogramme received awards from the United Nations in recognition of work done to raise awareness of the clean development mechanism programme activities. The award in 2012/13 was for being the best performer among developing countries with 10 or more registered clean development mechanism projects, while the award in 2013/14 was for being the best performer globally. The subprogramme also participated in the 19th conference of the parties to the United Nations Framework Convention on Climate Change (COP 19), and held workshops with stakeholders in promoting the clean development mechanism methodology. This subprogramme had a staff complement of 8 in 2013/14.

Expenditure estimates

Table 29.15 Clean Energy

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand				2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Energy Efficiency	339 327	418 839	1 025 376	1 358 631	58.8%	90.7%	1 810 348	927 135	981 893	-10.3%	91.1%
Renewable Energy	25 790	73 618	64 340	140 364	75.9%	8.8%	168 437	95 105	63 363	-23.3%	8.4%
Climate change and Designated National Authority	2 873	3 274	3 602	7 279	36.3%	0.5%	7 690	8 089	8 633	5.9%	0.6%
Total	367 990	495 731	1 093 318	1 506 274	60.0%	100.0%	1 986 475	1 030 329	1 053 889	-11.2%	100.0%
Change to 2013 Budget estimate				(117 300)			(10 830)	(5 640)	(1 615)		

Table 29.15 Clean Energy

Economic classification				Adjusted appropri- ation	Average growth rate (%)	Expen- diture/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expen- diture/ total: Average (%)
Audited outcome							2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11	2013/14	2014/15	2015/16	2016/17	2013/14	2016/17
Current payments	18 603	31 640	16 540	41 278	30.4%	3.1%	50 485	52 961	56 046	10.7%	3.6%
Compensation of employees	14 478	18 724	13 320	13 482	-2.3%	1.7%	17 875	18 822	20 098	14.2%	1.3%
Goods and services	4 125	12 916	3 220	27 796	88.9%	1.4%	32 610	34 139	35 948	9.0%	2.3%
of which:											
Administration fees	102	98	52	120	5.6%	—	126	132	171	12.5%	—
Advertising	169	517	157	3 507	174.8%	0.1%	3 741	3 913	19 113	76.0%	0.5%
Assets less than the capitalisation threshold	—	3	—	1 944	—	0.1%	1 979	2 071	(59)	-131.2%	0.1%
Catering: Departmental activities	81	70	26	14	-44.3%	—	15	15	134	112.3%	—
Communication	103	260	275	731	92.2%	—	734	769	278	-27.5%	—
Computer services	—	—	—	—	—	—	—	—	158	—	—
Consultants and professional services:	677	8 036	309	—	-100.0%	0.3%	5 265	5 550	6 721	—	0.3%
Business and advisory services											
Contractors	1	—	167	280	554.2%	—	293	339	199	-10.8%	—
Agency and support / outsourced services	1	—	—	—	-100.0%	—	—	—	—	—	—
Entertainment	—	—	—	—	—	—	—	—	18	—	—
Inventory: Learner and teacher support material	14	—	—	—	-100.0%	—	—	2	—	—	—
Inventory: Medical supplies	—	—	—	3	—	—	—	—	—	-100.0%	—
Inventory: Medicine	—	—	1	—	—	—	—	—	—	—	—
Medsas inventory interface	—	—	—	2	—	—	2	—	—	-100.0%	—
Consumable: Stationery, printing and office supplies	100	38	60	27	-35.4%	—	33	34	79	43.0%	—
Operating leases	1 085	—	—	54	-63.2%	—	56	58	—	-100.0%	—
Property payments	—	—	—	—	—	—	—	—	874	—	—
Transport provided: Departmental activity	—	—	—	3 839	—	0.1%	4 070	4 124	—	-100.0%	0.2%
Travel and subsistence	1 743	2 256	1 280	2 973	19.5%	0.2%	3 020	3 159	4 257	12.7%	0.2%
Training and development	—	2	—	—	—	—	—	—	—	—	—
Operating payments	11	137	819	770	312.1%	0.1%	805	842	2 228	42.5%	0.1%
Venues and facilities	38	1 499	74	13 532	608.8%	0.4%	12 471	13 131	1 777	-49.2%	0.7%
Transfers and subsidies	349 387	464 091	1 076 778	1 464 966	61.3%	96.9%	1 935 990	977 368	997 843	-12.0%	96.4%
Provinces and municipalities	220 000	280 000	200 000	180 722	-6.3%	25.4%	136 905	188 305	203 815	4.1%	12.7%
Departmental agencies and accounts	—	20 100	56 110	134 344	—	6.1%	162 685	89 063	56 928	-24.9%	7.9%
Public corporations and private enterprises	129 387	163 991	820 629	1 149 900	107.1%	65.4%	1 636 400	700 000	737 100	-13.8%	75.7%
Households	—	—	39	—	—	—	—	—	—	—	—
Payments for capital assets	—	—	—	30	—	—	—	—	—	-100.0%	—
Machinery and equipment	—	—	—	30	—	—	—	—	—	-100.0%	—
Total	367 990	495 731	1 093 318	1 506 274	60.0%	100.0%	1 986 475	1 030 329	1 053 889	-11.2%	100.0%
Proportion of total programme expenditure to vote expenditure	6.7%	8.0%	16.4%	23.2%			26.8%	12.9%	12.6%		

Details of transfers and subsidies

Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	220 000	280 000	200 000	180 722	-6.3%	25.4%	136 905	188 305	203 815	4.1%	12.7%
Energy efficiency and demand side management grant	220 000	280 000	200 000	180 722	-6.3%	25.4%	136 905	188 305	203 815	4.1%	12.7%
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	—	20 100	56 110	63 344	—	4.0%	51 685	54 063	56 928	-3.5%	4.1%
South African National Energy Development Institute	—	20 100	56 110	63 344	—	4.0%	51 685	54 063	56 928	-3.5%	4.1%
Capital	—	—	—	71 000	—	2.1%	111 000	35 000	—	-100.0%	3.9%
South African National Energy Development Institute	—	—	—	71 000	—	2.1%	111 000	35 000	—	-100.0%	3.9%
Households											
Social benefits											
Current	—	—	39	—	—	—	—	—	—	—	—
Employee social benefits	—	—	39	—	—	—	—	—	—	—	—
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Current	108 900	118 800	820 629	1 149 900	119.4%	63.5%	1 636 400	700 000	737 100	-13.8%	75.7%
Eskom: Solar water heater project	108 900	118 800	820 629	1 149 900	119.4%	63.5%	1 636 400	700 000	737 100	-13.8%	75.7%
Public corporations and private enterprises											
Private enterprises											
Other transfers to private enterprises											
Current	20 487	45 191	—	—	-100.0%	1.9%	—	—	—	—	—
South African National Energy Development Institute: Working for Energy	20 000	25 000	—	—	-100.0%	1.3%	—	—	—	—	—
Renewable Energy Subsidy Scheme	487	20 191	—	—	-100.0%	0.6%	—	—	—	—	—

Personnel information

Table 29.16 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Clean Energy			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	25	1	29	13.3	0.5	25	10.3	0.4	30	17.9	0.6	30	18.8	0.6	30	20.1	0.7	6.3%	100.0%	
1 – 6	–	–	4	0.6	0.1	1	0.1	0.1	–	–	–	–	–	–	–	–	–	-100.0%	0.9%	
7 – 10	12	–	9	2.5	0.3	12	3.3	0.3	12	4.2	0.3	12	4.4	0.4	12	4.7	0.4	–	41.7%	
11 – 12	8	1	11	6.2	0.6	8	3.8	0.5	9	5.5	0.6	9	5.8	0.6	9	6.2	0.7	4.0%	30.4%	
13 – 16	5	–	5	4.0	0.8	4	3.0	0.8	9	8.2	0.9	9	8.7	1.0	9	9.3	1.0	31.0%	27.0%	

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on improving the implementation of energy efficiency and clean energy technologies through the provision of financial subsidies and tax incentives in support of the department's mandate to promote the development and use of clean and renewable energy resources. Expenditure in the *Renewable Energy* subprogramme increased between 2010/11 and 2013/14 due to an increase in transfer payments to the South African National Energy Development Institute to fund its operational activities, as well as research and development it conducted on key projects such as carbon capture and storage, with the entity on track to conduct a test injection of carbon in 2016, and continuing with the national energy efficiency and demand side management programme being implemented by Eskom and municipalities. The programme will also focus on the full establishment of the energy efficiency target monitoring system, which will be critical in the accurate reporting of achievements of the national energy efficiency strategy. The *Energy Efficiency* subprogramme is discussed in more detail below.

Expenditure on consultants was increased in 2011/12 when the department contributed towards the implementation of the renewable energy market transformation project as co-founders of the grant agreement. The project is an initiative funded from the World Bank's global environmental facility to overcome barriers to the development and implementation of technical, regulatory and economic aspects of renewable energy in South Africa, with a special focus on solar water heating and renewable power generation.

The programme has a funded establishment of 25 posts and 1 post filled in addition to the establishment. An increase in the number of posts is expected over the medium term due to additional capacity required for the *Climate Change and Designated National Authority* subprogramme to fulfil its mandate. This accounts for the 14.2 per cent average growth in expenditure on compensation of employees over the medium term.

Subprogramme: Energy Efficiency

This subprogramme advances energy efficiency in South Africa by planning and coordinating initiatives and interventions focused on developing and improving the energy efficiency market; and ensures integration and coordination of energy efficiency initiatives and interventions with relevant associated institutions. In 2012/13, regulations for introducing the energy efficiency incentives scheme and the public consultation process on the national energy efficiency strategy document were completed. In December 2013, the regulations on the allowance for the energy efficiency savings were promulgated and formally presented to stakeholders. These regulations will provide South African Revenue Service tax incentives for energy efficiency improvements for businesses, based on measured and verified energy savings through registration with the South African National Energy Development Institute. Businesses will have to intensify energy efficiency improvement measures in order to take full benefit of this tax incentive. Linked to these regulations for the income tax allowance for energy efficiency savings, is the private sector energy efficiency project, which was launched in December 2013 in collaboration with the lead implementer, National Business Initiative. This project will provide commercial and industrial companies with various services to assist them in identifying energy efficiency savings measures.

Expenditure estimates

Table 29.17 Energy Efficiency

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome							2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14				2013/14 - 2016/17		
Current payments	10 427	20 039	4 708	27 979	39.0%	2.0%	37 043	38 830	40 978	13.6%	2.9%
Compensation of employees	8 433	8 634	3 183	3 330	-26.6%	0.8%	7 637	8 041	8 586	37.1%	0.5%
Goods and services	1 994	11 405	1 525	24 649	131.2%	1.3%	29 406	30 789	32 392	9.5%	2.3%
of which:											
Administration fees	59	44	28	102	20.0%	—	107	112	129	8.1%	—
Advertising	90	517	123	3 481	238.2%	0.1%	3 714	3 885	18 926	75.8%	0.6%
Assets less than the capitalisation threshold	—	3	—	1 944	—	0.1%	1 979	2 071	(59)	-131.2%	0.1%
Catering: Departmental activities	77	18	24	—	-100.0%	—	—	—	110	—	—
Communication	92	206	241	720	98.5%	—	723	758	211	-33.6%	—
Computer services	—	—	—	—	—	—	—	—	158	—	—
Consultants and professional services: Business and advisory services	677	8 036	—	—	-100.0%	0.3%	5 265	5 550	6 312	—	0.3%
Contractors	1	—	167	280	554.2%	—	293	339	199	-10.8%	—
Agency and support / outsourced services	1	—	—	—	-100.0%	—	—	—	—	—	—
Entertainment	—	—	—	—	—	—	—	—	18	—	—
Inventory: Learner and teacher support material	8	—	—	—	-100.0%	—	—	2	—	—	—
Inventory: Medicine	—	—	1	—	—	—	—	—	—	—	—
Medsas inventory interface	—	—	—	2	—	—	2	—	—	-100.0%	—
Consumable: Stationery, printing and office supplies	82	34	60	26	-31.8%	—	27	28	79	44.8%	—
Operating leases	—	—	—	9	—	—	9	9	—	-100.0%	—
Transport provided: Departmental activity	—	—	—	3 839	—	0.1%	4 070	4 124	—	-100.0%	0.2%
Travel and subsistence	896	1 047	772	—	-100.0%	0.1%	—	—	2 818	—	0.1%
Operating payments	11	72	66	770	312.1%	—	805	842	2 228	42.5%	0.1%
Venues and facilities	—	1 428	43	13 476	—	0.5%	12 412	13 069	1 263	-54.6%	0.8%
Transfers and subsidies	328 900	398 800	1 020 668	1 330 622	59.3%	98.0%	1 773 305	888 305	940 915	-10.9%	97.1%
Provinces and municipalities	220 000	280 000	200 000	180 722	-6.3%	28.0%	136 905	188 305	203 815	4.1%	14.0%
Public corporations and private enterprises	108 900	118 800	820 629	1 149 900	119.4%	70.0%	1 636 400	700 000	737 100	-13.8%	83.2%
Households	—	—	39	—	—	—	—	—	—	—	—
Payments for capital assets	—	—	—	30	—	—	—	—	—	-100.0%	—
Machinery and equipment	—	—	—	30	—	—	—	—	—	-100.0%	—
Total	339 327	418 839	1 025 376	1 358 631	58.8%	100.0%	1 810 348	927 135	981 893	-10.3%	100.0%
Proportion of total subprogramme expenditure to programme expenditure	92.2%	84.5%	93.8%	90.2%			91.1%	90.0%	93.2%		

Personnel information

Table 29.18 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Salary level	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
Energy Efficiency			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	9	–	7	3.2	0.5	10	4.1	0.4	12	7.6	0.6	12	8.0	0.7	12	8.6	0.7	6.3%	100.0%
1 – 6	–	–	1	0.2	0.2	1	0.1	0.1	–	–	–	–	–	–	–	–	–	-100.0%	2.2%
7 – 10	4	–	3	1.0	0.3	4	1.0	0.3	4	1.3	0.3	4	1.3	0.3	4	1.4	0.4	–	34.8%
11 – 12	3	–	1	0.5	0.5	3	1.4	0.5	3	1.7	0.6	3	1.8	0.6	3	1.9	0.6	–	26.1%
13 – 16	2	–	2	1.5	0.8	2	1.6	0.8	5	4.7	0.9	5	4.9	1.0	5	5.2	1.0	35.7%	37.0%

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Expenditure trends

This subprogramme is tasked with contributing to the country's efforts to reduce energy demand and carbon emissions, and to address the impacts of climate change. Thus the spending focus over the medium term will be on strengthening the implementation of various energy efficiency implementation tools, such as the implementation of the solar water heaters programme and the promulgation of the national energy efficiency strategy, by the start of 2014/15. Over the medium term, expenditure is expected to decrease as allocations

earmarked for the national energy efficiency and demand side management programme, and transferred to Eskom for the installation of solar water heaters, are reduced because the programme was amended in 2013/14 to enforce the subsidisation of products with a high local content. The solar water heater programme will also stimulate the green economy by localising the associated value chains. The programme monitors the mandatory requirement of local content for those systems that benefit from government subsidies, requiring a minimum of 70 per cent. The programme helps to cushion the poor from high electricity prices. The department expects to install 383 637 solar units over the medium term and realise 7.5 terawatts per hour in energy savings.

One item of expenditure under goods and services that is expected to increase significantly over the medium term is advertising. This will be a result of the department facilitating a series of energy efficiency awareness campaigns in each of the country's regions.

The efficient use of energy in South Africa is a key element in mitigating the challenge of increased energy demand caused by our growing economy. Expenditure in the *Energy Efficiency* subprogramme thus increased between 2010/11 and 2013/14 as a result of the introduction of the energy efficiency and demand side management programme implemented by both Eskom and selected municipalities, and spending on the solar water heaters programme.

The subprogramme had a staff complement of 10 in 2013/14, which is expected to increase to 12 over the medium term, with the increases occurring amongst the higher 13 to 16 salary levels. This results in expenditure on compensation of employees growing by 37.1 per cent over the medium term.

Public entities and other agencies

Central Energy Fund

Mandate and goals

The Central Energy Fund is listed in schedule 2 of the Public Finance Management Act (1999), and is governed by the Central Energy Fund Act (1977) and the Companies Act (2008). Its mandate is to research, finance, develop and exploit appropriate energy solutions across the spectrum of energy sources to meet South Africa's future energy needs. In terms of its governing legislation, the company is also mandated to manage 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 give tariff protection to the synthetic fuel industry.

Through its 10 operating subsidiaries, the fund is also mandated to finance and promote the acquisition of coal; exploit coal deposits; manufacture liquid fuel, oil, and other products from coal; and market these products. The subsidiaries are: the Petroleum, Oil and Gas Corporation of South Africa; the South African Gas Development Company; the Petroleum Agency of South Africa; Oil Pollution Control South Africa; the Strategic Fuel Fund Association; African Exploration; ETA Energy; the South African Supplier Development Agency; the Central Energy Fund Carbon; and CCE Solutions.

The fund's strategic goals over the medium term are to:

- align operations and activities with the government's key outcomes and the minister's delivery agreement obligations
- ensure the long term profitability of the fund
- invest in alternative and cleaner energy technologies that will improve the quality of life for low income households through more affordable and safer energy sources
- manage investments in subsidiaries to ensure good governance and sustainability
- contribute towards South Africa's renewable energy targets
- improve energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure
- continue to develop projects in the clean and renewable energy sector.

Selected performance indicators

Table 29.19 Central Energy Fund

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of crude oil barrels maintained as per ministerial directive per year, measured in millions of barrels (mbbl)	To secure energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure	Outcome 10: Environmental assets and natural resources that are valued, protected and continually enhanced	10.3mbbl	10.3mbbl	10.3mbbl	10.3mbbl	10.3mbbl	10.3mbbl	10.3mbbl
Number of demonstrations of Basa Njengo Magogo method for cleaner coal use in townships per year	To secure energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure		50 000	30 000	40 000	40 000	40 000	40 000	40 000
Number of new solar water heating units installed per year	To secure energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure		— ¹	500	1 500	6 600	9 300	9 300	9 300
Number of tons (measured per thousands) of coal produced at Vlakfontein by the African Exploration Mining And Finance Corporation per year	To acquire, hold and develop exploration and mining rights		— ¹	750	1 200	1 700	1 500	1 600	1 600

1. The indicator was introduced in 2011/12.

Programmes/activities/objectives

Table 29.20 Central Energy Fund

	Audited outcome			Revised estimate	Average growth rate (%)		Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14		2014/15	2015/16	2016/17		
R thousand												
Administration	300 318	136 730	183 328	179 165	-15.8%	1.3%		198 927	210 465	222 251	7.4%	0.3%
To invest in relevant research and development activities	164 628	150 238	189 294	298 006	21.9%	1.2%		249 205	262 501	276 079	-2.5%	0.5%
To secure energy security of supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure	11 136 366	14 089 156	19 843 421	21 889 861	25.3%	96.0%		116 318 155	126 599 849	139 642 480	85.5%	98.4%
To acquire, hold and develop exploration and mining rights	24 074	153 914	263 041	268 108	123.3%	0.9%		340 001	395 255	425 921	16.7%	0.5%
To promote exploration and exploitation of natural oil and gas	84 507	60 640	75 511	121 550	12.9%	0.5%		144 108	163 921	183 001	14.6%	0.2%
To accelerate progress in the empowerment of historically disadvantaged SA suppliers in the petroleum industry	13 989	21 045	14 051	12 686	-3.2%	0.1%		13 397	14 174	14 968	5.7%	0.0%
Total expense	11 723 882	14 611 723	20 568 646	22 769 376	24.8%	100.0%		117 263 793	127 646 165	140 764 700	83.5%	100.0%

Expenditure estimates

Table 29.21 Central Energy Fund

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14		2014/15	2015/16	2016/17		
R thousand												
Revenue												
Non-tax revenue	12 672 270	16 450 329	22 212 469	22 598 644	21.3%	99.4%		118 403 278	127 933 835	143 077 957	85.0%	100.0%
Sale of goods and services other than capital assets	11 067 630	14 988 176	20 196 850	21 840 256	25.4%	91.0%		116 419 144	127 031 089	141 056 619	86.2%	98.2%
of which:												
Sales by market establishment	11 067 630	14 988 176	20 196 850	21 840 256	25.4%	91.0%		116 419 144	127 031 089	141 056 619	86.2%	98.2%
Other non-tax revenue	1 604 640	1 462 153	2 015 619	758 388	-22.1%	8.4%		1 984 134	902 746	2 021 338	38.6%	1.8%
Total revenue	12 947 250	16 460 214	22 249 798	22 598 644	20.4%	100.0%		118 403 278	127 933 835	143 077 957	85.0%	100.0%

Table 29.21 Central Energy Fund

Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Expenses											
Current expenses	11 723 882	14 934 635	20 868 646	23 000 574	25.2%	100.1%	117 272 125	127 453 417	140 036 389	82.6%	99.7%
Compensation of employees	1 008 308	1 311 609	1 595 401	2 397 288	33.5%	8.9%	1 629 227	1 507 768	1 619 709	-12.3%	3.5%
Goods and services	10 215 741	13 153 574	18 883 537	20 482 465	26.1%	88.7%	115 515 548	125 805 555	138 266 378	89.0%	95.9%
Depreciation	31 970	(4 024)	384 274	80 015	35.8%	0.6%	83 465	93 700	101 411	8.2%	0.1%
Interest, dividends and rent on land	467 863	473 476	5 434	40 806	-55.7%	1.8%	43 885	46 394	48 891	6.2%	0.1%
Total expenses	11 723 882	14 893 660	20 868 646	23 003 303	25.2%	100.0%	117 506 283	127 901 970	141 034 550	83.0%	100.0%
Surplus/(Deficit)	1 223 368	1 566 554	1 381 152	(404 659)	-169.2%		896 995	31 865	2 043 407	-271.6%	
Statement of financial position											
Carrying value of assets	7 478 260	6 948 860	17 265 675	21 876 605	43.0%	33.0%	30 864 834	29 664 759	26 662 849	6.8%	42.6%
of which:											
Acquisition of assets	238 995	727 724	11 320 469	5 139 474	178.1%	10.1%	5 588 330	196 042	212 608	-65.4%	5.1%
Investments	740 226	3 862 784	3 633 420	3 044 543	60.2%	7.1%	3 840 251	6 827 583	10 494 693	51.1%	8.9%
Inventory	3 637 462	2 591 028	6 178 458	5 290 282	13.3%	11.1%	17 503 609	18 016 043	18 553 883	51.9%	21.6%
Receivables and prepayments	2 185 333	2 881 315	3 676 192	3 575 601	17.8%	7.8%	12 036 356	13 469 518	14 315 937	58.8%	15.7%
Cash and cash equivalents	17 531 732	19 144 932	13 073 314	9 243 905	-19.2%	39.3%	4 713 920	4 210 087	7 108 876	-8.4%	10.8%
Non-current assets held for sale	1 168 838	—	—	31	-97.0%	0.9%	31	31	31	—	0.0%
Taxation	424 161	26 803	27 781	17	-96.6%	0.4%	478 017	478 017	478 017	2 940.9%	0.5%
Derivatives financial instruments	428 052	192 659	—	—	-100.0%	0.5%	—	—	—	—	—
Total assets	33 594 064	35 648 381	43 854 840	43 030 984	8.6%	100.0%	69 437 018	72 666 038	77 614 286	21.7%	100.0%
Accumulated surplus/(deficit)	24 532 857	26 347 164	27 379 009	27 442 875	3.8%	68.3%	33 397 371	33 922 032	36 479 194	10.0%	51.4%
Capital and reserves	(46 963)	56 107	146 419	71 681	-215.1%	0.1%	458 082	1 017 852	1 704 595	187.6%	1.1%
Capital reserve fund	—	12 963	12 653	—	—	0.0%	—	765 500	1 668 000	—	0.8%
Borrowings	263 274	—	—	2 710 627	117.5%	1.8%	9 872 497	9 909 550	8 961 931	49.0%	11.4%
Finance lease	—	1 164	920	—	—	0.0%	—	—	—	—	—
Deferred income	3 476	13 267	10 305	12 795	54.4%	0.0%	12 796	12 797	12 797	0.0%	0.0%
Trade and other payables	1 580 301	2 492 520	3 541 841	2 745 752	20.2%	6.5%	13 312 144	13 916 076	14 555 880	74.4%	15.9%
Taxation	28 268	14 123	1 766 453	1 774 702	297.4%	2.1%	2 618 148	2 838 232	3 387 364	24.0%	4.0%
Provisions	7 232 851	6 615 873	8 864 967	8 211 484	4.3%	19.8%	9 704 912	10 222 931	10 783 457	9.5%	15.3%
Derivatives financial instruments	—	95 200	2 132 273	61 067	—	1.3%	61 067	61 067	61 067	—	0.1%
Total equity and liabilities	33 594 064	35 648 381	43 854 840	43 030 983	8.6%	100.0%	69 437 017	72 666 037	77 614 285	21.7%	100.0%

Personnel information

Table 29.22 Central Energy Fund

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment														Number			
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13			2013/14			2014/15			2015/16					2016/17			2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
2 058	2 058	2 058	1 595.5	0.8	2 197	2 397.3	1.1	2 202	1 629.2	0.7	2 202	1 507.8	0.7	2 202	1 619.7	0.7	-12.3%	100.0%		
1 – 6	280	280	280	44.7	0.2	280	62.4	0.2	280	50.2	0.2	280	40.2	0.1	280	50.8	0.2	-6.6%	12.7%	
7 – 10	920	920	920	575.9	0.6	1 051	778.4	0.7	1 056	544.2	0.5	1 056	503.7	0.5	1 056	544.5	0.5	-11.2%	47.9%	
11 – 12	372	372	372	239.3	0.6	372	300.3	0.8	372	208.5	0.6	372	190.5	0.5	372	211.8	0.6	-11.0%	16.9%	
13 – 16	409	409	409	540.3	1.3	417	790.4	1.9	417	607.1	1.5	417	564.2	1.4	417	593.2	1.4	-9.1%	19.0%	
17 – 22	77	77	77	195.3	2.5	77	465.8	5.9	77	219.2	2.8	77	209.2	2.7	77	219.4	2.8	-22.2%	3.5%	

1. Rand million.

Expenditure trends

The Central Energy Fund derives its revenue from the sale of energy products, services rendered, royalty receipts and tank rentals. The revenue generated from the operating activities is used to secure energy supply through diversifying sources and by building and managing strategic energy stocks and energy infrastructure. The fund continues to partake in upstream activities to enable it to acquire, hold and develop exploration and mining rights in the areas of oil, gas, coal, and also renewable energy, as this in turn assists it in meeting its objective of developing projects in the clean and renewable energy sector as well as contributing towards South

Africa's renewable energy targets. Revenue is expected to increase significantly over the medium term by 85 per cent due to projected income from projects that will be implemented over the medium term. The improved turnover is mainly due to improved market conditions from 2011/12 and increases in oil prices, and the demand for storage. The Irene project will result in significant revenue growth for the entity through entering the petroleum retail sector, with a projected 25 per cent market share in South Africa.

The fund's spending focus over the medium term is on accelerating spending on infrastructure, as well as the development of renewable and alternative energy sources in order to contribute to energy security in the country and contribute to the long term profitability of the fund. Projects incorporated over the medium term include: Ikhwezi, with a total approved budget of R11.2 billion, for which first gas is expected in June 2014; Sabre Oil and Gas in the Jubilee Production Field, with a total budget of R4 billion, where the acquisition has been finalized and additional investments will have been made by the end of 2013/14 to fully optimize the resource acquired; and Irene and other downstream acquisitions with a total estimated cost of R14 billion, the finalization of which is dependent on successful negotiations with the parties concerned. It is anticipated that the transaction will reach closure in 2014/15. Other projects to be undertaken are Project Mthombo, and projects in Venezuela and Equatorial Guinea. Project Mthombo is a PetroSA initiative to build a world class crude refinery in the Coega industrial development zone in Eastern Cape by the end of March 2015. The initiative in Equatorial Guinea is a drilling project, while the project in Venezuela relates to the acquisition of a mature field opportunity. It is anticipated to be finalised by March 2020. This accounts for the strong growth in carrying value of assets, goods and services, and the energy security programme over the medium term.

Expenditure on goods and services increased by 26.1 per cent between 2010/11 and 2013/14 due to the escalation in spending as a result of the Vlakfontein Mine resuming full operating capacity in 2011/12. Over the medium term, total expenditure is expected to increase as well, to R141 billion in 2016/17, due to the incorporation of the operating results of Irene into the budgeted financials over the planning period, and growth associated with the increasing operational capacity at the Vlakfontein Mine and other projects. These projections are subject to the successful implementation of these projects.

Expenditure on compensation of employees increased between 2010/11 and 2013/14 as a result of the annual inflationary adjustment to employee salaries, as well as the creation of additional contractual employment opportunities within the group. Over the medium term, spending on compensation of employees is expected to decrease mainly due to fewer contractual employment opportunities that will be required following the completion of projects. The fund had an establishment of 2 058 posts, all of which are funded. Over the medium term, filled posts are expected to remain at 2 022. As projects develop further, more accurate determinations of staffing requirements will be made.

South African Nuclear Energy Corporation

Mandate and goals

The South African Nuclear Energy Corporation is a schedule 2 entity, and derives its mandate from the Nuclear Energy Act (1999), the Nuclear Energy Policy of 2008, and directives conferred on it by the Minister of Energy. The corporation is responsible for nuclear energy research, development and innovation in South Africa, and the execution of nuclear fuel cycle activities.

Responsibilities also include: operating the SAFARI-1 research nuclear reactor for research and development purposes, and to provide irradiation services for the production of radioisotopes; the decommissioning and decontamination of nuclear facilities; and contributing to South Africa's obligations in terms of international nuclear treaties and agreements. The latter includes: the comprehensive safeguards agreement with the International Atomic Energy Agency; the Africa Regional Cooperative Agreement for research, development and training related to nuclear science and technology; the Comprehensive Nuclear Test Ban Treaty; and the Pelindaba Treaty.

The corporation's strategic goals over the medium term are to:

- maintain and develop the capability to house nuclear programmes
- develop a strategy for the industrialisation of nuclear and associated technology
- provide research and development support to the nuclear power cluster, specifically relating to uranium process chemistry

- develop the production and commercial utilisation of radiation products and services.

Selected performance indicators

Table 29.23 South African Nuclear Energy Corporation

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Annual sales for the Nuclear Energy Corporation of South Africa as a per cent of total group annual sales per year	Radiation products and services programme	Outcome 6: An efficient, competitive and responsive economic infrastructure network	5.5% (R1 107 135)	5.7% (R1 113 118)	9.11% (R1 184 969)	13.88% (R1 528 443)	14.47% (R1 542 914)	13.59% (R1 734 826)	23.43% (R1 994 307)
Number of published scientific articles per year	Nuclear energy programme		17	39	36	40	45	50	55
Number of products and process innovations per year	Nuclear energy programme		31	11	12	14	17	21	24
Number of reactor days that are operationally available out of the days scheduled for operation	Nuclear energy programme		306/304	308/303	303/303	303/303	303/303	303/303	303/303
Maximum allowable annual radiation dose in terms of licence conditions (microSv)	Nuclear energy programme		9	6.3	6.3	6	6	6	6
Performance percentage in terms of the annual safeguards activity plan objective	Nuclear energy programme		100%	100%	100%	100%	100%	100%	100%

Programmes/activities/objectives

Table 29.24 South African Nuclear Energy Corporation

	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17		
R thousand											
Administration	237 328	276 852	459 451	318 477	10.3%	18.6%	291 617	305 761	329 093	1.1%	14.1%
Nuclear energy programme	347 077	441 729	344 200	327 350	-1.9%	21.1%	348 198	364 385	451 581	11.3%	16.8%
Radiation products and services programme	705 202	604 267	522 396	1 126 690	16.9%	41.1%	1 014 404	1 172 079	1 295 196	4.8%	51.9%
Necsa as a host of nuclear programmes	331 262	343 431	304 368	365 086	3.3%	19.2%	359 917	385 392	412 565	4.2%	17.2%
Total expense	1 620 870	1 666 278	1 630 415	2 137 604	9.7%	100.0%	2 014 137	2 227 617	2 488 436	5.2%	100.0%

Expenditure estimates

Table 29.25 South African Nuclear Energy Corporation

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17		
R thousand											
Revenue											
Non-tax revenue	1 245 409	1 208 840	1 311 212	1 657 662	10.0%	71.1%	1 662 199	1 839 721	2 119 632	8.5%	70.8%
Sale of goods and services other than capital assets	1 107 135	1 113 118	1 184 969	1 528 443	11.3%	64.7%	1 567 688	1 729 938	1 984 356	9.1%	66.2%
of which:											
Sales by market establishment	1 107 135	1 113 118	1 184 969	1 528 443	11.3%	64.7%	1 567 688	1 729 938	1 984 356	9.1%	66.2%
Other non-tax revenue	138 274	95 722	126 243	129 219	-2.2%	6.5%	94 511	109 783	135 276	1.5%	4.6%
Transfers received	504 900	530 252	496 293	664 381	9.6%	28.9%	992 295	651 713	691 255	1.3%	29.2%
Total revenue	1 750 309	1 739 092	1 807 505	2 322 043	9.9%	100.0%	2 654 494	2 491 434	2 810 887	6.6%	100.0%
Expenses											
Current expenses	1 507 398	1 666 097	1 572 620	2 081 770	11.4%	96.7%	1 947 151	2 161 523	2 400 928	4.9%	96.9%
Compensation of employees	561 588	623 664	649 650	773 965	11.3%	37.0%	795 088	835 315	885 003	4.6%	37.2%
Goods and services	854 697	960 922	809 130	1 217 671	12.5%	54.2%	1 044 941	1 218 322	1 404 956	4.9%	55.0%
Depreciation	75 409	80 467	93 800	86 077	4.5%	4.8%	101 840	99 633	101 758	5.7%	4.4%
Interest, dividends and rent on land	15 704	1 044	20 040	4 057	-36.3%	0.6%	5 282	8 253	9 211	31.4%	0.3%
Total expenses	1 620 870	1 666 278	1 630 415	2 137 604	9.7%	100.0%	2 014 137	2 227 617	2 488 436	5.2%	100.0%
Surplus/(Deficit)	129 439	72 814	177 090	184 439	12.5%		640 358	263 817	322 452	20.5%	

Table 29.25 South African Nuclear Energy Corporation

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Carrying value of assets	812 874	907 503	1 009 957	1 100 828	10.6%	45.1%	1 245 762	1 323 582	1 359 870	7.3%	43.9%
of which:											
Acquisition of assets	102 128	171 097	209 649	167 593	18.0%	7.6%	247 645	178 328	138 918	-6.1%	6.5%
Investments	69 059	105 552	146 522	211 092	45.1%	6.1%	265 858	330 276	375 054	21.1%	10.2%
Inventory	161 286	215 535	266 281	300 757	23.1%	11.0%	298 716	260 966	280 510	-2.3%	10.1%
Loans	998	1 026	–	–	-100.0%	0.0%	–	–	–	–	–
Receivables and prepayments	265 761	316 297	352 838	293 541	3.4%	14.5%	316 231	339 954	396 440	10.5%	11.7%
Cash and cash equivalents	482 732	462 541	475 974	421 836	-4.4%	22.0%	621 475	755 647	841 080	25.9%	22.6%
Non-current assets held for sale	2 130	–	–	–	-100.0%	0.0%	–	–	–	–	–
Taxation	16 926	19 706	21 039	42 785	36.2%	1.2%	42 785	42 785	42 785	–	1.5%
Total assets	1 811 766	2 028 159	2 272 611	2 370 839	9.4%	100.0%	2 790 827	3 053 209	3 295 739	11.6%	100.0%
Accumulated surplus/(deficit)	355 550	399 325	538 318	617 981	20.2%	22.3%	734 674	827 089	966 834	16.1%	27.2%
Capital and reserves	351 627	346 518	347 090	316 877	-3.4%	16.3%	316 877	316 877	316 877	–	11.2%
Capital reserve fund	340 941	355 301	405 037	333 093	-0.8%	17.1%	514 975	540 453	576 738	20.1%	16.9%
Borrowings	17 688	15 759	16 275	43 664	35.1%	1.1%	72 812	101 662	83 462	24.1%	2.6%
Finance lease	10 637	7 218	7 587	7 587	-10.7%	0.4%	6 830	6 086	5 490	-10.2%	0.2%
Trade and other payables	169 075	235 698	277 980	306 497	21.9%	11.5%	331 447	372 565	406 465	9.9%	12.3%
Taxation	1 537	12 431	29 489	1 416	-2.7%	0.5%	1 416	1 416	1 416	–	0.0%
Provisions	564 711	642 733	617 990	710 617	8.0%	30.0%	779 692	856 045	908 603	8.5%	28.4%
Managed funds (e.g. poverty alleviation fund)	–	–	21 015	21 277	–	0.5%	21 277	21 277	21 277	–	0.8%
Derivatives financial instruments	–	13 176	11 830	11 830	–	0.4%	10 827	9 739	8 577	-10.2%	0.4%
Total equity and liabilities	1 811 766	2 028 159	2 272 611	2 370 839	9.4%	100.0%	2 790 828	3 053 209	3 295 739	11.6%	100.0%
Contingent liabilities	–	2 656.0	17 311.0	–			(0.3)	(0.1)	(0.4)		

Personnel information

Table 29.26 South African Nuclear Energy Corporation

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13			2013/14			2014/15			2015/16					2016/17			2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
			2 397	649.7	0.3	2 247	774.0	0.3	2 416	795.1	0.3	2 417	835.3	0.3	2 432	885.0	0.4	4.6%	100.0%	
1 – 6	701	701	890	82.1	0.1	701	65.7	0.1	877	93.2	0.1	878	98.2	0.1	889	103.9	0.1	16.5%	35.1%	
7 – 10	760	760	771	271.6	0.4	760	197.5	0.3	995	347.3	0.3	995	361.2	0.4	995	382.7	0.4	24.7%	39.3%	
11 – 12	564	564	536	160.2	0.3	564	285.4	0.5	336	191.3	0.6	336	202.7	0.6	340	214.9	0.6	-9.0%	16.7%	
13 – 16	212	212	189	128.3	0.7	212	207.0	1.0	204	154.9	0.8	204	164.2	0.8	204	174.0	0.9	-5.6%	8.7%	
17 – 22	10	10	11	7.5	0.7	10	18.4	1.8	4	8.5	2.1	4	9.0	2.2	4	9.5	2.4	-19.7%	0.2%	

1. Rand million.

Expenditure trends

The South African Nuclear Energy Corporation derives its revenue from the sale of nuclear technology products, chemical products, and nuclear engineering services, and from transfer payments received from government to fund the operation of specific activities, namely the decommissioning of strategic plants, the production and conversion of low enriched uranium fuel, and nuclear security. Between 2010/11 and 2013/14, the increase in revenue was mainly due to an increase in sales by the subsidiary NTP Radioisotopes.

The corporation's spending focus over the medium term continues to be on six areas: radioisotope production, radiation applications, research and development, specialised nuclear manufacturing, the nuclear fuel cycle, and nuclear power generation support. The first three are the current priority focus areas and are aimed at expanding research and development programmes in support of the corporation's core activities; contributing to the national system of innovation; and strengthening the global market position in medical radioisotopes for NTP Radioisotopes, which is wholly owned by the corporation. The latter three are aligned with the integrated resource plan for electricity 2010-2030, and the requirements for the building of new nuclear power reactors. These activities are expected to increase the corporation's proportion of total annual group sales to around

23.4 per cent in 2016/17. These reactor building requirements include the manufacturing of specialised components so as to increase localisation opportunities that will arise out of South Africa's nuclear power expansion programme, and the commercial exploitation of the corporation's strategic fluorine technology platform. These activities account for most of the spending on goods and services over the medium term, as well as the expenditure on the acquisition of assets, and will also assist the entity in increasing its sales as a proportion of group sales over the medium term.

The increase in expenditure between 2010/11 and 2013/14 was mostly as a result of inflation adjustments, annual salary increases, severance packages, and above inflation increases in electricity costs and licensing fees, which accounts for the large increases in spending on compensation of employees and the administration programme. In addition, in 2010/11 the corporation was required to respond to the downscaling of the Pebble Bed Modular Reactor programme by employing people with valuable and highly scarce nuclear skills who were being retrenched from this programme, in recognition of the impending nuclear power expansion programme. During this time, the corporation also entered into a medical aid buyout agreement accepting post-retirement liability with all employees under the age of 45. Expenditure on compensation of employees increased to R774 million in 2013/14 due to the inclusion of severance packages offered and accepted by the corporation's staff during the organizational downsizing process and the appointment of additional staff. The number of posts decreased from 2 397 in 2012/13 to 2 247 in 2013/14 due to the reduction of headcounts through these voluntary severance packages. Over the medium term, this expenditure is expected to increase to R885 million in 2016/17 due to annual salary increases and the appointment of staff in vacant positions; the number of positions is expected to increase to 2 432 in 2016/17.

Over the medium term, a significant portion of the corporation's goods and services funding will be utilised for critical repairs and maintenance while also providing for above inflation increases in costs and licensing fees. The additional once-off allocation of R190 million in 2014/15 is earmarked for the upgrading and replacement of Pelindaba site infrastructure, the replacement and refurbishment of underground piping systems, strengthening Pelindaba site security infrastructure, replacing and upgrading SAFARI-1 facilities for processing enriched and depleted uranium as part of the reactor's overall ageing management programme, upgrading liquid effluent management services to comply with licencing and regulatory requirements, and sustaining critical investment in the corporation's analytical and calibration capabilities. Reserves are mainly non-cash reserves, consisting of fair value adjustments to the land and buildings of the corporation.

Spending on consultants is mainly used for functions which the entity does not have the requisite expertise and skills to perform. These functions include the review of compliance with certain environmental permit applications; conducting ISO 9000 compliance audits; determining a capital funding model for NTP Radioisotopes; upgrading and customising the enterprise resource planning system; conducting reactor analysis work; conducting specialised engineering on projects; and conducting environmental impact assessments to obtain approvals for expansions and new plants.

National Energy Regulator of South Africa

Mandate and goals

The National Energy Regulator of South Africa was established in October 2005 in terms of the National Energy Regulator Act (2004). Its mandate is to regulate the electricity, piped gas, and petroleum pipeline industries in terms of the Electricity Regulation Act (2006), the Gas Act (2001), and the Petroleum Pipelines Act (2003). The regulator must perform such other functions as may be assigned to it by the Minister of Energy or under these acts.

In regulating the electricity, piped gas and petroleum pipeline industries, the regulator adheres to the principles of transparency, neutrality, consistency and predictability, independence, accountability, integrity, and efficiency.

To support sustainable economic development, the regulator has formulated the five strategic outcome oriented goals which will guide its programmes between 2012/13 and 2016/17. These are to:

- facilitate the secure supply of energy
- facilitate investment in infrastructure in the energy industry
- promote competitive and efficient functioning of the energy industry

- facilitate affordability and accessibility in the energy industry to balance the economic interests of all stakeholders
- position and establish the regulator as credible and reliable, in support of regulatory certainty.

Selected performance indicators

Table 29.27 National Energy Regulator of South Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Number of new technical distribution and transmission audits completed per year	Electricity	Outcome 6: An efficient, competitive and responsive economic infrastructure network	5	5	5	— ²	— ²	— ²	— ²
Number of new compliance audits completed per year	Electricity		20	20	20	15	20	21	21
Number of new generation audits completed on power stations per year	Electricity		2	2	2	6	6	6	6
Number of maximum price applications for gas approved within 150 days ¹	Piped gas	Outcome 4: Decent employment through inclusive economic growth	— ¹	— ¹	— ¹	3	4	4	5
Number of days from date of receipt of license application to consider and complete maximum price application ¹	Piped gas		— ¹	— ¹	— ¹	150	150	150	150
Percentage of licences approved within statutory deadline of 60 days ¹	Petroleum pipelines	Outcome 6: An efficient, competitive and responsive economic infrastructure network	— ¹	— ¹	— ¹	100	100	100	100

1. No historical data, as the indicators were only introduced in the 2013/14 financial year.

2. Indicator discontinued from 2013/14 financial year.

Programmes/activities/objectives

Table 29.28 National Energy Regulator of South Africa

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand				2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	101 880	113 726	122 447	157 436	15.6%	62.4%	166 136	179 763	190 815	6.6%	61.9%
Electricity	33 485	35 575	41 020	51 652	15.5%	20.3%	57 194	58 995	62 622	6.6%	20.6%
Piped Gas	13 192	14 018	17 488	20 352	15.5%	8.2%	27 235	23 275	24 706	6.7%	8.5%
Petroleum Pipelines	15 160	16 106	17 414	23 386	15.5%	9.1%	21 788	26 685	28 326	6.6%	8.9%
Total expense	163 717	179 425	198 369	252 826	15.6%	100.0%	272 354	288 717	306 468	6.6%	100.0%

Expenditure estimates

Table 29.29 National Energy Regulator of South Africa

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand				2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	161 357	146 569	209 046	275 908	19.6%	100.0%	324 076	314 314	321 357	5.2%	100.0%
Sale of goods and services other than capital assets of which:	155 197	141 636	204 224	271 767	20.5%	97.3%	320 293	311 573	318 635	5.4%	98.9%
Administrative fees	—	—	—	34 981	—	3.2%	16 615	3 994	2 906	-56.4%	5.0%
Sales by market establishment	155 197	141 636	204 224	236 786	15.1%	94.1%	303 679	307 579	315 729	10.1%	93.9%
Other non-tax revenue	6 160	4 933	4 822	4 141	-12.4%	2.7%	3 783	2 741	2 722	-13.0%	1.1%
Total revenue	161 357	146 569	209 046	275 908	19.6%	100.0%	324 076	314 314	321 357	5.2%	100.0%
Expenses											
Current expenses	163 717	179 425	198 369	252 826	15.6%	100.0%	272 354	288 717	306 468	6.6%	100.0%
Compensation of employees	103 758	110 866	121 838	139 306	10.3%	60.4%	150 400	160 026	170 267	6.9%	55.3%
Goods and services	59 959	68 559	70 742	113 520	23.7%	38.8%	121 953	128 692	136 201	6.3%	44.7%
Depreciation	—	—	5 789	—	—	0.7%	—	—	—	—	—
Total expenses	163 717	179 425	198 369	252 826	15.6%	100.0%	272 354	288 717	306 468	6.6%	100.0%
Surplus/(Deficit)	(2 360)	(32 856)	10 677	23 082	-313.9%		51 723	25 597	14 889	-13.6%	

Personnel information

Table 29.30 National Energy Regulator of South Africa

Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
		2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
		180	180	159	121.8	0.8	155	139.3	0.9	180	150.4	0.8	180	160.0	0.9	180	170.3	0.9	6.9%
Salary level 1 – 6	2	2	2	0.3	0.2	2	0.4	0.2	2	0.4	0.2	2	0.5	0.2	2	0.5	0.2	5.3%	1.2%
7 – 10	31	31	28	7.3	0.3	29	9.6	0.3	31	10.5	0.3	31	11.1	0.4	31	11.8	0.4	7.1%	17.6%
11 – 12	50	50	53	27.5	0.5	42	31.0	0.7	50	33.8	0.7	50	36.0	0.7	50	38.2	0.8	7.2%	27.6%
13 – 16	93	93	72	74.7	1.0	79	87.3	1.1	93	92.3	1.0	93	98.3	1.1	93	104.6	1.1	6.2%	51.5%
17 – 22	4	4	4	11.9	3.0	3	11.0	3.7	4	13.3	3.3	4	14.2	3.5	4	15.2	3.8	11.3%	2.2%

1. Rand million.

Expenditure trends

The National Energy Regulator of South Africa derives its revenue mainly from imposing prescribed levies on regulated industries; recovering the costs involved in administering its regulatory function over the electricity, gas and petroleum pipelines; and interest on investments. Levies are annually based on a cost allocation methodology, which allocates direct and indirect costs involved in regulating each industry.

Over the medium term, the regulator will continue to focus on ensuring effective economic regulation, particularly in the electricity sector, by developing appropriate regulatory frameworks. In this regard, the number of new compliance audits and technical distribution and transmission audits are expected to increase over the medium term.

The regulator will prioritise the training and development of staff, particularly for internal capacity building regarding energy regulation. A certified qualification in energy regulation has been developed, and the entity will continue to enroll learners into this programme over the medium term. In addition, the regulator will also broaden society's understanding of energy regulation by hosting training and development courses that can be attended by external parties. Over the medium term, this activity will increase expenditure in training and staff development. The regulator is undertaking an extensive office refurbishment project, which is anticipated to continue throughout the MTEF period. Total expenditure increased to R252.8 million in 2013/14 due to the office refurbishments and associated replacement of furniture and equipment. This accounts for the large increase in the administration programme over this period.

The regulator has prioritised the attraction and retention of professional staff in order to reduce its reliance on temporary staff and consultants. The use of consultants is still necessary, and is due to the technical and complex nature of the regulatory work that is carried out, as in most instances the projects undertaken are ground breaking initiatives where similar work has not yet been performed. The increase in expenditure on goods and services between 2010/11 and 2013/14 is also due to an increase in the budget allocation for temporary staff, international conferences, and software licences. The staff complement as at 30 November 2013 was 177, plus 3 full time regulators. Of the 180 posts, 155 were filled, and the vacancy rate was 13.5 per cent due to natural attrition. These posts are expected to be filled over the medium term.

National Nuclear Regulator

Mandate and goals

The National Nuclear Regulator derives its mandate from the National Nuclear Regulator Act (1999).

In terms of the act, the regulator is mandated to:

- provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices
- exercise regulatory control related to safety over the siting, design, construction, operation, and manufacture of component parts, and the decontamination, decommissioning and closure of nuclear installations

- exercise regulatory control through the granting of nuclear authorisations
- provide assurance of compliance with the conditions of nuclear authorisations by implementing a system of compliance inspections
- fulfil national obligations in relation to international legal instruments governing nuclear safety
- ensure that provisions for nuclear emergency planning are in place.

The regulator's strategic goals over the medium term are to:

- provide an effective regulatory oversight framework to ensure nuclear safety and security
- strengthen stakeholder relations and enhance the corporate image
- create a high performance culture
- ensure the financial viability and sustainability of the organisation
- develop and maintain a sound organisational infrastructure
- ensure good corporate governance
- institute the effective management of human capital.

Selected performance indicators

Table 29.31 National Nuclear Regulator

Indicator	Programme/Activity/ Objective	Outcome	Past			Current	Projected		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of days taken to issue certificates of registration per year	Standards, authorisations, reviews and assessments	Entity mandate	90 days	90 days	90 days	90 days	90 days	90 days	90 days
Number of compliance assurance inspections conducted at the Koeberg nuclear power station per year	Compliance assurance and enforcement		45	43	58	58	55	55	55
Number of compliance assurance inspections conducted related to nuclear technology and waste products per year	Compliance assurance and enforcement		202	80	72	80	80	80	80
Number of compliance assurance inspections conducted related to naturally occurring radioactive materials per year	Compliance assurance and enforcement		260	200	252	200	200	200	200
Number of days taken to issue certificates of exemption per year	Compliance assurance and enforcement		180 days	180 days	180 days	180 days	180 days	180 days	180 days
Number of days taken to issue nuclear vehicle licence per year	Compliance assurance and enforcement		180 days	180 days	180 days	180 days	180 days	180 days	180 days

Programmes/activities/objectives

Table 29.32 National Nuclear Regulator

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Administration	48 313	55 097	51 817	84 565	20.5%	44.8%	79 228	85 620	93 482	3.4%	47.1%
Standards Authorisations and Reviews	43 496	48 222	46 991	56 439	9.1%	37.3%	60 393	66 706	73 056	9.0%	35.2%
Assessments											
Compliance Assurance and Enforcement	20 455	22 691	21 426	29 775	13.3%	17.9%	31 225	31 816	36 076	6.6%	17.7%
Total expense	112 264	126 010	120 234	170 779	15.0%	100.0%	170 846	184 142	202 614	5.9%	100.0%

Expenditure estimates

Table 29.33 National Nuclear Regulator

Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	94 647	92 170	103 977	122 419	9.0%	75.9%	137 149	149 255	165 878	10.7%	78.7%
Sale of goods and services other than capital assets	89 854	88 479	99 068	120 844	10.4%	73.0%	136 581	148 873	162 271	10.3%	77.9%
<i>of which:</i>											
Administrative fees	89 503	88 479	99 068	120 844	10.5%	72.9%	136 581	148 873	162 271	10.3%	77.9%
Sales by market establishment	351	—	—	—	-100.0%	0.1%	—	—	—	—	—
Other non-tax revenue	4 793	3 691	4 909	1 575	-31.0%	2.9%	568	382	3 607	31.8%	0.8%
Transfers received	19 954	35 430	30 912	48 360	34.3%	24.1%	33 697	34 887	36 736	-8.8%	21.3%
Total revenue	114 601	127 600	134 889	170 779	14.2%	100.0%	170 846	184 142	202 614	5.9%	100.0%
Expenses											
Current expenses	112 264	126 010	120 234	170 779	15.0%	100.0%	170 846	184 142	202 614	5.9%	100.0%
Compensation of employees	74 083	82 310	75 106	96 951	9.4%	62.6%	106 952	114 885	124 128	8.6%	60.8%
Goods and services	35 207	38 654	31 321	54 940	16.0%	30.1%	49 689	54 128	62 450	4.4%	30.4%
Depreciation	2 678	5 046	9 154	12 537	67.3%	5.3%	8 373	8 413	9 563	-8.6%	5.4%
Interest, dividends and rent on land	296	—	4 653	6 351	177.9%	2.0%	5 832	6 716	6 473	0.6%	3.5%
Total expenses	112 264	126 010	120 234	170 779	15.0%	100.0%	170 846	184 142	202 614	5.9%	100.0%
Surplus/(Deficit)	2 337	1 590	14 655	—	-100.0%		—	—	—	—	
Statement of financial position											
Carrying value of assets	22 964	23 130	121 983	132 446	79.3%	43.1%	138 591	144 471	153 106	5.0%	59.2%
<i>of which:</i>											
Acquisition of assets	21 224	5 379	108 051	18 400	-4.6%	22.8%	8 373	8 413	9 563	-19.6%	4.8%
Receivables and prepayments	12 229	30 704	9 552	9 946	-6.7%	13.9%	10 039	10 131	10 360	1.4%	4.2%
Cash and cash equivalents	63 819	36 615	63 244	74 113	5.1%	42.8%	81 962	91 002	105 815	12.6%	36.5%
Non-current assets held for sale	743	—	—	—	-100.0%	0.2%	—	—	—	—	—
Total assets	99 755	90 449	194 779	216 505	29.5%	100.0%	230 592	245 604	269 281	7.5%	100.0%
Accumulated surplus/(deficit)	47 166	48 755	63 411	121 171	37.0%	47.4%	148 691	176 759	213 070	20.7%	67.9%
Capital reserve fund	—	18 000	29 557	—	—	8.8%	—	—	—	—	—
Borrowings	16 844	—	72 411	67 148	58.6%	21.3%	55 255	43 362	31 469	-22.3%	21.1%
Trade and other payables	22 233	2 884	2 665	4 890	-39.6%	7.3%	5 130	5 366	5 166	1.8%	2.1%
Provisions	13 511	20 810	20 104	17 689	9.4%	13.8%	16 902	16 496	16 948	-1.4%	7.1%
Derivatives financial instruments	—	—	6 631	5 607	—	1.5%	4 614	3 621	2 628	-22.3%	1.8%
Total equity and liabilities	99 755	90 449	194 779	216 505	29.5%	100.0%	230 592	245 604	269 281	7.5%	100.0%

Personnel information

Table 29.34 National Nuclear Regulator

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
113	113	113	95	75.1	0.8	97	97.0	1.0	122	107.0	0.9	147	114.9	0.8	151	124.1	0.8	8.6%	100.0%	
7 – 10	9	9	14	3.9	0.3	9	2.0	0.2	7	1.5	0.2	7	1.6	0.2	5	1.0	0.2	-20.7%	5.8%	
11 – 12	40	40	24	11.9	0.5	29	15.5	0.5	30	14.2	0.5	39	23.8	0.6	31	15.1	0.5	-1.0%	25.4%	
13 – 16	63	63	54	51.3	1.0	58	58.3	1.0	84	78.7	0.9	100	87.1	0.9	110	92.4	0.8	16.6%	67.4%	
17 – 22	1	1	3	8.0	2.7	1	21.2	21.2	1	12.6	12.6	1	2.4	2.4	5	15.7	3.1	-9.5%	1.5%	

1. Rand million.

Expenditure trends

Revenue for the National Nuclear Regulator is generated mainly from authorisation fees and state grants. Authorisation fees are projected to grow from R120.8 million in 2013/14 to R162.3 million in 2016/17 due to special projects which are expected to run throughout the MTEF period, such as Eskom's Koeberg nuclear power station steam generator replacement project. During the same period, the government grant decreases from R48.4 million to R36.7 million due to the discontinuation of a special capital grant allocated during

2012/13 and 2013/14 for the regulatory emergency control centre upgrade and the provision of adequate accommodation offices, which are expected to be commissioned by 2014/15.

The regulator's strategic focus over the medium term will be on the commissioning of the emergency control centre, environmental samples testing facilities, and the Koeberg nuclear power station steam generator replacement project. The regulator will also undertake research to ensure that the regulatory regime is strengthened, establish capacity to independently analyse environmental samples, and ensure compliance by authorisation holders. The organisation is further preparing itself for the imminent new nuclear build rollout, and will measure itself against the safety guarantees in the use of nuclear sites and improve regulatory controls that are required for emergency plans. This will allow the entity to maintain standards by issuing registration certificates within 90 days, and issuing nuclear vehicle licences within 180 days, both of which are personnel intensive activities.

Thus, expenditure on compensation of employees is expected to grow at an average annual rate of 8.6 per cent over the medium term. This is attributable to the implementation of the comprehensive organisational resource plan that caters for, amongst others; current capacity enhancement, the Koeberg nuclear power station steam generator replacement project, and preparation for the new nuclear build expansion programme. The regulator will further embark on a multi-faceted skills development programme which encompasses internships and rigorous training and development of current staff to gear up its capacity towards the imminent growth of the industry. Training and development costs will increase to R4.5 million over the MTEF period in line with the growth of the personnel structure and the capacity enhancements drive. Over the medium term, positions are expected to increase to 151 due to the capacity building programme by the regulator. In addition, the number of posts increased from 95 in 2012/13 to 97 in 2013/14 due to additional capacity needed, in particular, for the Koeberg nuclear power station steam generator replacement project.

The focus on human resources capacity development will result in goods and services increasing at a below-inflation rate of 4.4 per cent over the medium term due to a reprioritisation of funds. However, expenditure on consultants will increase by 17 per cent over the MTEF period, mainly for specialised skills associated with oversight of the replacement of the steam generator at Koeberg, and the use of contractors will increase by 17 per cent to R4.9 million for the same reason. Savings will be made on items such as travel and subsistence allowances, which are targeted to decrease by 9 per cent over the medium term due to cost containment measures and a reprioritisation. However, the reprioritisation is not expected to affect service delivery, as the regulator will still maintain its targets of compliance assurance inspections over the medium term.

South African National Energy Development Institute

Mandate and goals

The National Energy Act (2008) makes provision for the establishment of the South African National Energy Development Institute as a successor to the South African National Energy Research Institute and the National Energy Efficiency Agency. The institute was listed as a new schedule 3A public entity on 31 December 2010, and came into operation on 1 April 2011.

In terms of the act, the mandate of the institute is to stimulate innovation in energy research and development, transform the gender and race profile of researchers in the sector, and improve South Africa's competitiveness in energy research internationally.

The institute's strategic goals over the medium term are to:

- promote the green economy and job creation in the country
- develop solutions for sustainable development in the future
- conduct research to inform government policy and its strategic energy plan
- address the country's rising energy demands in areas such as energy efficiency, green transport and advanced fossil fuels
- develop smarter grids to provide better services to South Africans
- help South Africa move towards a low carbon economy, as it is among the world's highest carbon gas emitters
- enable well informed and high confidence energy planning, decision making and policy development

- support accelerated transformation to an economy that is less energy and carbon intensive
- foster a culture of greater efficiency and more rational use of energy.

Selected performance indicators

Table 29.35 South African National Energy Development Institute

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Number of new bursaries provided per year	Develop human capacity and investment in relevant energy research and development	Outcome 5: A skilled and capable workforce to support an inclusive growth path	— ^{1,2}	6	4	4	4	4	4
Number of new bursaries provided to historically disadvantaged individuals per year	Develop human capacity and investment in relevant energy research and development		— ^{1,2}	— ^{1,2}	4	4	4	4	4
Number of new research projects funded per year	Applied energy research	Outcome 6: An efficient, competitive and responsive economic infrastructure network	— ¹	5	5	5	5	5	5
Number of new research projects completed per year	Applied energy research	Outcome 5: A skilled and capable workforce to support an inclusive growth path	— ²	— ²	— ²	2	3	3	3
Number of additional research papers published per year	Applied energy research	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship	15 ²	5	5	5	5	5	5
Number of energy clusters developed per year	Applied energy research	Outcome 2: A long and healthy life for all South Africans	— ¹	6	7	7	7	7	7
Number of hybrid renewable energy projects per year	Applied energy research	Outcome 6: An efficient, competitive and responsive economic infrastructure network	— ¹	6	7	8	9	9	9
Number of energy efficiency tax applications processed per year	Energy efficiency programme	Outcome 10: Environmental assets and natural resources that are valued, protected and continually enhanced	3 ²	35	40	50	100	100	100
Percentage of energy efficiency databases completed per year	Energy efficiency programme		— ¹	20%	70%	100%	100%	100%	100%

1. No past data, as the institution only came into operation on 1 April 2011.

2. This indicator was previously measured by the Central Energy Fund. It will now be measured by the South African National Energy Development Institute.

Programmes/activities/objectives

Table 29.36 South African National Energy Development Institute

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand					2010/11 - 2013/14					2013/14 - 2016/17	
Administration	2 091	2 855	14 210	15 216	93.8%	13.2%	17 110	18 469	19 913	9.4%	11.5%
Develop human capacity and investment in relevant energy research and development	36 997	51 997	—	—	-100.0%	47.4%	—	—	—	—	—
Applied Energy Research	—	—	34 336	44 120	—	28.0%	182 762	162 555	183 937	60.9%	75.7%
Energy Efficiency Programme	—	—	16 329	15 171	—	11.4%	24 083	20 441	22 288	13.7%	12.8%
Total expense	39 088	54 852	64 875	74 507	24.0%	100.0%	223 955	201 465	226 138	44.8%	100.0%

Expenditure estimates

Table 29.37 South African National Energy Development Institute

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand					2010/11 - 2013/14					2013/14 - 2016/17	
Revenue											
Non-tax revenue	1 313	1 725	3 822	6 615	71.4%	3.9%	7 277	7 704	8 243	7.6%	6.6%
Other non-tax revenue	1 313	1 725	3 822	6 615	71.4%	3.9%	7 277	7 704	8 243	7.6%	6.6%
Transfers received	25 654	53 570	77 609	232 044	108.4%	96.1%	226 685	89 063	56 928	-37.4%	93.4%
Total revenue	26 967	55 295	81 431	238 659	106.8%	100.0%	233 962	96 767	65 171	-35.1%	100.0%

Table 29.37 South African National Energy Development Institute

Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/ total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Expenses											
Current expenses	39 088	54 631	64 875	74 507	24.0%	99.9%	223 955	201 465	226 137	44.8%	100.0%
Compensation of employees	14 793	25 729	35 096	36 382	35.0%	46.9%	43 800	46 866	50 147	11.3%	28.5%
Goods and services	20 824	27 269	26 243	37 397	21.6%	48.4%	179 225	153 604	175 102	67.3%	71.0%
Depreciation	–	–	713	728	–	0.5%	930	995	888	6.8%	0.6%
Interest, dividends and rent on land	3 471	1 633	2 823	–	-100.0%	4.1%	–	–	–	–	–
Transfers and subsidies	–	221	–	–	–	0.1%	–	–	–	–	–
Total expenses	39 088	54 852	64 875	74 507	24.0%	100.0%	223 955	201 465	226 137	44.8%	100.0%
Surplus/(Deficit)	(12 121)	443	16 556	164 152	-338.4%		10 007	(104 698)	(160 966)	-199.3%	

Personnel information

Table 29.38 South African National Energy Development Institute

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts		Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Unit			Unit			Unit			Unit			Unit					
			Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost	Number	Cost	Cost			
Salary level	47	52	46	35.1	0.8	46	36.4	0.8	51	43.8	0.9	51	46.9	0.9	51	50.1	1.0	11.3%	100.0%	
1 – 6	6	7	6	0.3	0.1	6	0.3	0.1	6	0.4	0.1	6	0.4	0.1	6	0.4	0.1	7.6%	12.1%	
7 – 10	9	9	9	3.1	0.3	9	3.3	0.4	9	3.6	0.4	9	3.8	0.4	9	4.1	0.5	7.9%	18.1%	
11 – 12	10	9	9	3.7	0.4	9	3.9	0.4	9	4.2	0.5	9	4.5	0.5	9	4.8	0.5	7.3%	18.1%	
13 – 16	21	26	21	25.5	1.2	21	26.2	1.2	26	32.8	1.3	26	35.1	1.4	26	37.6	1.4	12.8%	49.6%	
17 – 22	1	1	1	2.5	2.5	1	2.7	2.7	1	2.9	2.9	1	3.0	3.0	1	3.2	3.2	6.0%	2.0%	

1. Rand million.

Expenditure trends

The South African National Energy Development Institute derives most of its revenue from transfers from the department. Revenue increased at an average annual rate of 106.8 per cent between 2010/11 and 2013/14, mostly due to donor funding for the smart metering implementation programme and the Danish renewable energy programme. The entity was also allocated a once-off amount of R13 million in 2013/14 to fund its operations, to launch the organisation as an independent entity following its separation from the Central Energy Fund, and to cover the costs associated with this independence, such as the lease of a new office building and additional expenditure related to increased research and development.

The strategic and spending focus for the institute over the medium term will be on energy innovation, including pilot projects, demonstration projects, and the semi-commercialisation of select solutions; undertaking ongoing research activities; conducting research and development related to the carbon capture and storage project; and piloting the hydraulic fracturing project. Therefore, research and development expenditure shows a significant increase over the MTEF period as a result of these research activities, and will allow for 15 new research projects to be funded, 9 research projects to be completed, and 15 research papers to be published over the medium term. The projects will result in an increase in South Africa's energy sector knowledge.

R111 million has been allocated in 2014/15 for undertaking research and development related to the carbon capture and storage and the hydraulic fracturing projects that the institute is involved with. Carbon capture and storage is a technology that stores carbon dioxide in deep geological formations to avoid emitting it into the atmosphere, thereby reducing carbon emissions. A pilot carbon dioxide storage project is currently under way. A hydraulic fracturing pilot is also underway to conduct a feasibility study into the potential for exploiting shale gas in the Karoo. These projects, as well as the Working for Energy project, account for the high expenditure on goods and services over the medium term, especially on consultants.

Consultants are also employed to advise on highly technical and complex matters relating to energy research and development; assist with the drafting of the strategic plan and annual performance plan; and assist with data

collection relating to energy efficiency and the analysis and research conducted by the Centre for Energy Systems. R3.1 million will be spent on consultants in 2013/14, which amounts to 8.6 per cent of the compensation of employees' budget for that year. Over the medium term, spending on compensation of employees is expected to increase to R50.1 million, as the institute will by then have developed sufficient internal capacity to reduce its present reliance on external consultants and on the Central Energy Fund, which manages oil and gas assets on behalf of the South African government. Filled posts are expected to increase to 51 due to the appointment of additional staff to assist with financial administration and research activities during this period. The number of posts filled increased from 41 in 2011/12 to 46 in 2013/14, due to the expansion of the entity.

Additional tables

Table 29.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Adjustments	Adjusted	
R thousand	2012/13		2012/13	2013/14			2013/14
Administration	181 745	236 583	219 486	220 958	(1 330)	219 628	212 801
Energy Policy and Planning	1 548 627	1 561 333	1 544 229	51 156	(3 955)	47 201	44 989
Petroleum and Petroleum Products Regulation	15 663	29 213	28 128	68 404	402	68 806	69 287
Electrification and Energy Programme and Project Management	3 158 083	3 166 648	3 131 983	3 924 088	28 449	3 952 537	3 946 159
Nuclear Energy	598 358	648 953	643 417	709 992	(1 194)	708 798	730 800
Clean Energy	1 303 427	1 091 748	1 091 741	1 623 574	(117 300)	1 506 274	1 483 135
Total	6 805 903	6 734 478	6 658 984	6 598 172	(94 928)	6 503 244	6 487 171
Economic classification							
Current payments	307 274	417 718	371 693	468 829	(8 522)	460 307	421 032
Compensation of employees	196 260	207 371	201 485	247 562	(5 000)	242 562	226 489
Goods and services	111 014	210 347	170 208	221 267	(3 522)	217 745	194 543
Transfers and subsidies	6 493 557	6 304 811	6 276 700	6 124 192	(89 928)	6 034 264	6 057 466
Provinces and municipalities	1 351 443	1 351 443	1 351 443	1 815 494	–	1 815 494	1 815 494
Departmental agencies and accounts	81 022	99 022	99 022	202 504	–	202 504	202 504
Foreign governments and international organisations	–	–	–	13 577	–	13 577	36 779
Public corporations and private enterprises	5 060 722	4 853 976	4 825 904	4 092 261	(89 928)	4 002 333	4 002 333
Households	370	370	331	356	–	356	356
Payments for capital assets	5 072	11 949	10 555	5 151	3 522	8 673	8 673
Machinery and equipment	5 072	11 278	9 940	5 151	3 522	8 673	8 673
Software and other intangible assets	–	671	615	–	–	–	–
Payments for financial assets	–	–	36	–	–	–	–
Total	6 805 903	6 734 478	6 658 984	6 598 172	(94 928)	6 503 244	6 487 171

Table 29.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Compensation of employees (R thousand)	142 826	184 837	201 485	242 562	291 947	307 433	328 271
Training expenditure (R thousand)	2 103	2 522	2 095	1 192	5 239	5 518	5 807
Training spend as percentage of compensation	1.5%	1.4%	1.0%	0.5%	1.8%	1.8%	1.8%
Total number trained (headcount)	–	262	77	234			
<i>of which:</i>							
Employees receiving bursaries (headcount)	24	42	68	49			
Learnerships (headcount)	–	–	–	43			
Internships (headcount)	55	65	65	25			
Households receiving bursaries (R thousand)	183	194	219	107	118	–	–
Households receiving bursaries (headcount)	4	3	3	1			

Table 29.C Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Conditional grants to municipalities							
Electrification and Energy Programme and Project Management							
Integrated national electrification programme grant	1 033 382	1 096 611	1 151 443	1 314 772	1 104 658	2 056 090	2 165 063
Integrated national electrification programme - Approach to distribution asset management	–	–	–	320 000	–	–	–
Clean Energy							
Energy efficiency and demand side management grant	220 000	280 000	200 000	180 722	136 905	188 305	203 815
Total	1 253 382	1 376 611	1 351 443	1 815 494	1 241 563	2 244 395	2 368 878

1. Detail provided in the Division of Revenue Act (2014).

Table 29.D Summary of donor funding

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2013/14	Medium-term expenditure estimate		
							2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R thousand													
Foreign													
In cash													
Norway	Petroleum sector policy capacity building	Energy Policy and Planning	1 April 2008 to 31 March 2011	25 397	Public corporations and private enterprises	Develop petroleum sector policies, conduct further research and build capacity	2 142	–	–	–	–	–	–
Switzerland	Support for energy efficiency monitoring and implementation project	Petroleum and Petroleum Products Regulation	1 August 2010 to 31 December 2013	13 950	Goods and services	Support energy efficiency monitoring and implementation project	3 400	3 400	2 400	1 685	3 065	–	–
Local													
In cash													
European Union	Smart metering implementation programme (general budget support)	Petroleum and Petroleum Products Regulation	1 April 2012 to 31 March 2015	179 500	Goods and services	Support to the renewable energy independent power producers programme	–	–	71 800	71 800	35 900	–	–
In kind													
Energy and Water Sector Education and Training Authority	Appointment of 33 interns as part of 18 months in-service training programme within various municipalities under the integrated national electrification programme	Electrification and Energy Programme and Project Management	1 April 2012-31 October 2013	2 777	Goods and services	Offer training on electrification programmes	–	–	1 984	793	–	–	–
Total				221 624			5 542	3 400	76 184	74 278	38 965	–	–

Table 29.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2013/14	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Integrated national electrification programme: Eskom	Provision of capital subsidies to Eskom to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure and rehabilitate electrification infrastructure	Various	–	1 719 810	1 737 812	1 879 368	2 141 027	2 948 037	3 680 043	3 875 085
Integrated national electrification programme: Municipalities	Provision of capital subsidies to municipalities to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure and rehabilitate electrification infrastructure	Various	–	1 033 382	1 096 612	1 151 443	1 314 772	1 104 658	2 056 090	2 165 063
Petronet: Transnet pipelines	Construction of petroleum pipeline, branch lines and storage facilities	Various	–	1 500 000	1 500 000	1 500 000	–	–	–	–
Integrated national electrification programme: Non-grid	Provision of capital subsidies to non-grid electrification service providers to address electrification backlogs	Various	–	9 902	127 860	58 328	119 224	96 621	101 067	106 424
Total			–	4 263 094	4 462 284	4 589 139	3 575 023	4 149 316	5 837 200	6 146 572



BUDGET 2014

ESTIMATES OF NATIONAL EXPENDITURE

Private Bag X115, Pretoria, 0001, **Tel:** +27 12 395 6697, **Fax:** +27 12 315 5126



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA