

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1893 [NW2203E]
DATE OF PUBLICATION: 16 SEPTEMBER 2016

1893. Mr D J Maynier (DA) to ask the Minister of Finance:

- (1) Whether the National Treasury has evaluated the (a) feasibility, (b) affordability and (c) procurement process of the nuclear build programme that the Government is proposing; if not, in each specified case, why not; if so, in each specified case, what are the relevant details;
- (2) whether the National Treasury has produced any reports in this regard; if not, in each case, why not; if so, in respect of each report produced, (a) what is the title of the report, (b) when was the report produced and (c) what are the (i) main findings and (ii) recommendations?

NW2203E

REPLY:

- 1)
 - a) National Treasury has undertaken preliminary assessment of various aspects of the feasibility of the nuclear new build programme, based on the Draft Feasibility Study (2013) submitted by the Department of Energy. The Department of Energy has not yet completed a full feasibility study with a cost-benefit analysis which includes a socio-economic assessment. As a result, a detailed assessment of the feasibility and the affordability of the nuclear new build programme cannot be undertaken at this stage.
 - b) During 2015, National Treasury engaged extensively with officials from the Department of Energy on the potential financial, fiscal and economic implications of the nuclear new build programme (which are all involved aspects of affordability). A presentation was produced to guide discussions and shared with officials of the DoE. National Treasury has not yet presented these preliminary findings to Cabinet and therefore cannot currently share the details.
 - c) The Office of the Chief Procurement Officer (OCPO) held a series of engagements with the DoE during 2015 on the nuclear new build programme's procurement strategy, after which the OCPO wrote to the department expressing National Treasury's opinion on that strategy. On 13 September 2016, the National Treasury received a set of documents, which included the reviews undertaken by the DoE Transaction Advisors. A preliminary assessment of the documents was undertaken and a letter sent to the DoE on 23 September 2016, outlining Treasury's assessment on the state of readiness of the procurement strategy. The Treasury intends to engage further with the DoE once documents have reached a more substantive stage of development.

2) (a) (b) The reports that Treasury has produced in this regard are the following:

- (1) An internal report containing an assessment of the DoE's draft feasibility study of November 2013 was prepared and finalised in 2014. The report was titled '*Assessment of the Nuclear Feasibility Study*'.
- (2) Internal research conducted by the Treasury on the high level costs and risks associated with a nuclear build programme was first conducted in 2013 and has been updated since, in line with updated global trends.
- (3) In September 2015, at Cabinet's request, the National Treasury prepared a preliminary report on high-level fiscal and financial implications of a new nuclear build programme.
- (4) The Chief Procurement Officer sent an assessment of the draft procurement documents to the Department of Energy in February 2016.

(c) Main findings and recommendations:

These reports only contain preliminary observations, which were reached from limited information. Extensive work is still required before substantive conclusions are reached. A full cost-benefit analysis must be conducted which must include a comprehensive social and economic impact assessment before the feasibility, affordability and procurement strategy can be properly assessed by the Treasury.

The Department of Energy is the lead department in government on this matter. They are best place to respond. Recent documents released by the Department of Energy should be of assistance in this regard.

