

Vote 28

Energy

Adjusted budget summary

R thousand	2010/11			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	5 535 390	5 648 664	-	113 274
<i>of which:</i>				
Current payments	202 123	254 147	-	52 024
Transfers and subsidies	5 328 667	5 389 667	-	61 000
Payments for capital assets	4 600	4 850	-	250
Executive authority	Minister of Energy			
Accounting officer	Director-General of Energy			
Website address	www.dme.gov.za			

Aim

The aim of the Department of Energy is to formulate and exercise oversight regarding the implementation of overall energy policies to ensure access to affordable and reliable energy by all South Africans and to promote environmentally friendly energy carriers.

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2010/11 as published in the 2010 ENE	Achieved in the first six months of 2010/11 (April to September)	Changed estimate for 2010/11
As published in the 2010 ENE	Programme linked to the indicator	Outcome the indicator is linked to (if relevant)			
Number of petroleum retail site inspections per year	Hydrocarbons and Energy Planning	An efficient, competitive and responsive economic infrastructure network	1 200	1 157	-
Number of additional petroleum licence applications accepted per year	Hydrocarbons and Energy Planning	An efficient, competitive and responsive economic infrastructure network	15 000	542	-
Number of new operational integrated energy centres established per year	Hydrocarbons and Energy Planning	An efficient, competitive and responsive economic infrastructure network	2	0	-
Number of additional households electrified per year	Associated Services	An efficient, competitive and responsive economic infrastructure network	150 000	31 911	-
Number of additional schools electrified per year	Associated Services	An efficient, competitive and responsive economic infrastructure network	-	432	-
Number of new bulk substations built per year	Associated Services	An efficient, competitive and responsive economic infrastructure network	6	0	-
Number of additional substations upgraded per year	Associated Services	An efficient, competitive and responsive economic infrastructure network	10	0	-
Amount of new medium voltage power lines constructed per year (km)	Associated Services	An efficient, competitive and responsive economic infrastructure network	350	0	-
Amount of existing medium voltage power lines upgraded per year (km)	Associated Services	An efficient, competitive and responsive economic infrastructure network	200	0	-
Number of additional temporary jobs created per year	Associated Services	An efficient, competitive and responsive economic infrastructure network	4 500	550	-
Number of additional full time jobs created per year	Associated Services	An efficient, competitive and responsive economic infrastructure network	500	426	-

2010 Adjusted Estimates of National Expenditure

Indicator As published in the 2010 ENE	Programme Programme linked to the indicator	Outcome Outcome the indicator is linked to (if relevant)	Annual performance		
			Projected for 2010/11 as published in the 2010 ENE	Achieved in the first six months of 2010/11 (April to September)	Changed estimate for 2010/11
Number of new learners working on electrification projects per year	Associated Services	An efficient, competitive and responsive economic infrastructure network	800	3	-
Amount of expenditure on BEE and black women owned enterprises and SMMEs per year	Electricity, Nuclear and Clean Energy	An efficient, competitive and responsive economic infrastructure network	R933m	R226m	-
Number of renewable energy projects subsidised per year	Electricity, Nuclear and Clean Energy	An efficient, competitive and responsive economic infrastructure network	2	0	-
Number of new green certificates issued per year	Electricity, Nuclear and Clean Energy	Environmental assets and natural resources that are well protected and continually enhanced	2	140 000	-
Reduction in electricity demand per year (MW)	Electricity, Nuclear and Clean Energy	Environmental assets and natural resources that are well protected and continually enhanced	100	0	-

The number of additional petroleum licence applications processed in the first half of 2010/11 is reflected as significantly less than the estimate for the year as a whole, because that estimate refers to the cumulative number of applications that would have been accepted in the system since 2006. Performance is better measured and captured by processed licences and not accepted applications, of which there are 542 from April 2010. The indicator will be revised in the 2011 ENE.

The construction of the new integrated energy centres is underway. The target will be met by the end of 2010/11.

The number of additional households electrified per year is significantly less in the first half of 2010/11 than estimated for the year as a whole, because the connections can only be made after the construction work.

The estimate for additional schools electrified could not be set in the 2010 ENE because there was no accurate data available. It will be set in the 2011 ENE.

The building and upgrading of bulk substations are in progress. The targets will be met by the end of 2010/11.

The construction and upgrading of medium voltage power lines are in progress. The targets will be met by the end of 2010/11.

The number of additional temporary jobs created in the first half of 2010/11 reflects as significantly lower than the estimate for the year as a whole, because of the misalignment of the financial year between the department and the municipalities, which are the implementers of this programme.

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The amount of expenditure on BEE and black women owned enterprises and SMMEs in the first half of 2010/11 is significantly lower than the estimate for the year as a whole, because of the misalignment of the financial year between the department and the municipalities, which are the implementers of this programme.

The number of new green certificates issued in the first half of 2010/11 is significantly higher than the estimate for the year as a whole, because the need for green certificates was underestimated by this new programme. In addition, the increased demand for new green certificates resulted from an aggressive marketing campaign by the City of Cape Town for the certification of energy from the Darling Wind Farm.

Reduction in electricity demand is significantly lower than the estimate for the year as a whole, because there were delays in signing electricity demand side management business plans with municipalities and Eskom. The estimates will be revised in the 2011 ENE process.

Mid-year progress

Inspections of petroleum retail sites contribute to promoting the efficient use of petroleum products, which relates to an efficient, competitive and responsive economic infrastructure network (outcome 6).

The electrification of 432 schools contributes to the reduction of backlogs, and relates to an efficient, competitive and responsive economic infrastructure network (outcome 6).

Adjusted Estimates of National Expenditure 2010

Programme	2010/11						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
1. Administration	104 205	–	–	–	22 811	22 811	127 016
2. Hydrocarbons and Energy Planning	1 558 608	–	–	–	11 450	11 450	1 570 058
3. Electricity, Nuclear and Clean Energy	408 817	5 000	–	–	18 013	23 013	431 830
4. Associated Services	3 463 760	56 000	–	–	–	56 000	3 519 760
Total	5 535 390	61 000	–	–	52 274	113 274	5 648 664
Economic classification							
Current payments	202 123	–	–	–	52 024	52 024	254 147
Compensation of employees	132 994	–	–	–	14 934	14 934	147 928
Goods and services	69 129	–	–	–	37 090	37 090	106 219
Transfers and subsidies	5 328 667	61 000	–	–	–	61 000	5 389 667
Provinces and municipalities	1 240 104	–	–	–	–	–	1 240 104
Departmental agencies and accounts	81 536	–	–	–	–	–	81 536
Public corporations and private enterprises	4 006 698	61 000	–	–	–	61 000	4 067 698
Households	329	–	–	–	–	–	329
Payments for capital assets	4 600	–	–	–	250	250	4 850
Machinery and equipment	4 600	–	–	–	250	250	4 850
Total	5 535 390	61 000	–	–	52 274	113 274	5 648 664

Programme 1: Administration

Subprogramme	2010/11						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Minister	1 816	–	–	–	–	–	1 816
Management	15 663	–	–	–	1 111	1 111	16 774
Corporate Services	79 656	–	–	–	21 700	21 700	101 356
Office Accommodation	7 070	–	–	–	–	–	7 070
Total	104 205	–	–	–	22 811	22 811	127 016
Economic classification							
Current payments	99 276	–	–	–	22 588	22 588	121 864
Compensation of employees	46 790	–	–	–	6 337	6 337	53 127
Goods and services	52 486	–	–	–	16 251	16 251	68 737
Transfers and subsidies	329	–	–	–	–	–	329
Households	329	–	–	–	–	–	329
Payments for capital assets	4 600	–	–	–	223	223	4 823
Machinery and equipment	4 600	–	–	–	223	223	4 823
Total	104 205	–	–	–	22 811	22 811	127 016

Programme 2: Hydrocarbons and Energy Planning

Subprogramme	2010/11						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Hydrocarbons and Energy Planning Management	1 691	–	–	–	1 580	1 580	3 271
Energy Planning	20 754	–	–	–	(5 450)	(5 450)	15 304
Hydrocarbons	1 536 163	–	–	–	15 320	15 320	1 551 483
Total	1 558 608	–	–	–	11 450	11 450	1 570 058
Economic classification							
Current payments	58 608	–	–	–	11 450	11 450	70 058
Compensation of employees	50 754	–	–	–	300	300	51 054
Goods and services	7 854	–	–	–	11 150	11 150	19 004
Transfers and subsidies	1 500 000	–	–	–	–	–	1 500 000
Public corporations and private enterprises	1 500 000	–	–	–	–	–	1 500 000
Total	1 558 608	–	–	–	11 450	11 450	1 570 058

Programme 3: Electricity, Nuclear and Clean Energy

Subprogramme	2010/11						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Electricity and Nuclear Management	1 514	–	–	–	1 600	1 600	3 114
Electricity	25 103	–	–	–	10 063	10 063	35 166
Nuclear	7 481	–	–	–	2 280	2 280	9 761
Clean Energy	374 719	5 000	–	–	4 070	9 070	383 789
Total	408 817	5 000	–	–	18 013	23 013	431 830
Economic classification							
Current payments	44 239	–	–	–	17 986	17 986	62 225
Compensation of employees	35 450	–	–	–	8 297	8 297	43 747
Goods and services	8 789	–	–	–	9 689	9 689	18 478
Transfers and subsidies	364 578	5 000	–	–	–	5 000	369 578
Provinces and municipalities	220 000	–	–	–	–	–	220 000
Public corporations and private enterprises	144 578	5 000	–	–	–	5 000	149 578
Payments for capital assets	–	–	–	–	27	27	27
Machinery and equipment	–	–	–	–	27	27	27
Total	408 817	5 000	–	–	18 013	23 013	431 830

Programme 4: Associated Services

Subprogramme	2010/11						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
South African Nuclear Energy Corporation	574 110	–	–	–	–	–	574 110
National Nuclear Regulator	19 954	–	–	–	–	–	19 954
Electricity Distribution Industry Holdings Company	61 582	–	–	–	–	–	61 582
National Electrification Programme	2 808 114	56 000	–	–	–	56 000	2 864 114
Total	3 463 760	56 000	–	–	–	56 000	3 519 760
Economic classification							
Transfers and subsidies	3 463 760	56 000	–	–	–	56 000	3 519 760
Provinces and municipalities	1 020 104	–	–	–	–	–	1 020 104
Departmental agencies and accounts	81 536	–	–	–	–	–	81 536
Public corporations and private enterprises	2 362 120	56 000	–	–	–	56 000	2 418 120
Total	3 463 760	56 000	–	–	–	56 000	3 519 760

Details of adjustments to Estimates of National Expenditure 2010

Roll-overs – R61 million

Programme 3: Electricity, Nuclear and Clean Energy

R5 million has been rolled over for the Working for Energy programme.

Programme 4: Associated Services

R56 million has been rolled over for the integrated national electrification programme.

Other adjustments – R52.274 million

Adjustments due to significant and unforeseeable economic and financial events

An additional R3.8 million has been allocated for higher personnel remuneration increases than the main budget provided for, including the increased housing allowance, as follows

Programme 1: Administration

R1.337 million

Programme 2: Hydrocarbons and Energy Planning

R1.45 million

Programme 3: Electricity, Nuclear and Clean Energy

R1.013 million

Function shifts

R48.474 million has been received from the Department of Mineral Resources following the shift of the energy function, as follows:

Programme 1: Administration

R21.474 million

Programme 2: Hydrocarbons and Energy Planning

R10 million

Programme 3: Electricity, Nuclear and Clean Energy

R17 million

Expenditure for 2009/10 and preliminary expenditure for 2010/11

Programme	2009/10					2010/11		
	Expenditure outcome					Preliminary expenditure		
		Apr 09 - Sep 09		Apr 09 - Mar 10			Apr 10 - Sep 10	
R thousand	Adjusted appropriation	Apr 09 - Sep 09	% of adjusted appropriation	Apr 09 - Mar 10	% of adjusted appropriation	Adjusted appropriation	Apr 10 - Sep 10	% of adjusted appropriation
1. Administration	68 206	42 689	62.6	81 411	119.4	127 016	45 101	35.5
2. Hydrocarbons and Energy Planning	55 285	22 670	41.0	56 925	103.0	1 570 058	403 776	25.7
3. Electricity, Nuclear and Clean Energy	339 963	38 923	11.4	329 177	96.8	431 830	26 600	6.2
4. Associated Services	3 293 423	2 009 819	61.0	3 177 309	96.5	3 519 760	1 613 788	45.8
Total	3 756 877	2 114 101	56.3	3 644 822	97.0	5 648 664	2 089 265	37.0

2010 Adjusted Estimates of National Expenditure

Programme	2009/10					2010/11		
	Expenditure outcome					Preliminary expenditure		
	Adjusted appropriation	Apr 09 - Sep 09		Apr 09 - Mar 10		Adjusted appropriation	Apr 10 - Sep 10	
Apr 09 - Sep 09		% of adjusted appropriation	Apr 09 - Mar 10	% of adjusted appropriation	Apr 10 - Sep 10		% of adjusted appropriation	
R thousand								
Economic classification								
Current payments	195 427	96 285	49.3	204 709	104.7	254 147	98 237	38.7
Compensation of employees	113 053	52 304	46.3	110 009	97.3	147 928	64 355	43.5
Goods and services	82 374	43 981	53.4	94 700	115.0	106 219	33 882	31.9
Transfers and subsidies	3 558 881	2 015 132	56.6	3 432 474	96.4	5 389 667	1 990 118	36.9
Provinces and municipalities	1 107 957	402 830	36.4	974 028	87.9	1 240 104	262 410	21.2
Departmental agencies and accounts	96 007	48 238	50.2	96 007	100.0	81 536	40 798	50.0
Public corporations and private enterprises	2 354 612	1 563 996	66.4	2 362 305	100.3	4 067 698	1 686 909	41.5
Households	305	68	22.3	134	43.9	329	1	0.3
Payments for capital assets	2 569	2 640	102.8	7 385	287.5	4 850	910	18.8
Machinery and equipment	2 212	2 267	102.5	5 971	269.9	4 850	910	18.8
Software and other intangible assets	357	373	104.5	1 414	396.1	-	-	0.0
Payments for financial assets	-	44	-	254	-	-	-	-
Total	3 756 877	2 114 101	56.3	3 644 822	97.0	5 648 664	2 089 265	37.0

Main expenditure trends for the first half of 2010/11

Total expenditure for 2009/10 was 97 per cent of the 2009/10 adjusted appropriation. Expenditure in the first six months of 2010/11 was R2.1 billion, or 37 per cent of the adjusted appropriation of R5.6 billion for the year as a whole. In comparison, mid-year expenditure in 2009/10 was R2.1 billion, or 56.3 per cent of the 2009/10 adjusted appropriation. Expenditure in the first six months of 2010/11 decreased by R24.8 million or 1.2 per cent, compared to expenditure in the first six months of 2009/10.

The main expenditure decrease compared to 2009/10 is due to the split in the administration function and budget between the Department of Mineral Resources and the Department of Energy.

Departmental receipts

	2009/10					2010/11					
	Adjusted estimate	Audited outcome			Actual receipts						
		Apr 09 - Sep 09	Apr 09 - Sep 09	% of adjusted estimate	Apr 09 - Mar 09	Apr 09 - Mar 10	% of adjusted estimate	Budget estimate	Adjusted estimate	Apr 10 - Sep 10	Apr 10 - Sep 10
R thousand											
Departmental receipts	3 510	1 652	47.1	4 429	126.2	3 684	3 684	1 262	34.3		
Sales of goods and services produced by department	3 510	1 652	47.1	4 429	126.2	3 684	3 684	1 180	32.0		
Interest, dividends and rent on land	-	-	-	-	-	-	-	1	-		
Transactions in financial assets and liabilities	-	-	-	-	-	-	-	81	-		
Total	3 510	1 652	47.1	4 429	126.2	3 684	3 684	1 262	34.3		

Main departmental revenue trends for the first half of 2010/11

Departmental revenue collection in the first six months of 2010/11 was R1.3 million, or 34.3 per cent of the adjusted revenue estimate of R3.7 million for the year as a whole. In comparison, mid-year revenue collection in 2009/10 was R1.7 million, or 47.1 per cent of the 2009/10 adjusted estimate. Departmental revenue collection in the first six months of 2010/11 decreased by R390 000 or 23.6 per cent, compared to revenue in the first six months of 2009/10.

The main revenue decrease compared to 2009/10 is due to the split of the former Department of Minerals and Energy with the Mineral royalties now in the budget of the Department of Mineral Resources.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

		2010/11					
		Adjustments appropriation				Total	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments	adjustments appropriation	
3. Electricity, Nuclear and Clean Energy							
Public corporations and private enterprises							
Private enterprises							
Other transfers							
	Current	15 000	5 000	-	-	-	20 000
	Renewable Energy:	15 000	5 000	-	-	-	20 000
	Working for Energy						
4. Associated Services							
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
	Capital	68 200	56 000	-	-	-	124 200
	Integrated National Electrification Programme: Non-grid Electrification Service Providers	68 200	56 000	-	-	-	124 200

