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South African National Energy Development Institute

ANNUAL REPORT

2020 | 2021

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PART A
GENERAL INFORMATION

1. GENERAL INFORMATION

Registered Name:	South African National Energy Development Institute
Physical Address:	CEF House, Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton
Postal Address:	PO Box 9935, Sandton, 2146
Telephone Number(s):	011 038 4300
E-mail Address:	information@sanedi.org.za
Website Address:	www.sanedi.org.za
External Auditors:	The Auditor-General of South Africa
Bankers:	ABSA
Company / Board Secretary:	Mr Sihle Mhlangu

2. LIST OF ABBREVIATIONS/ACRONYMS

1MCRC	1 Million Cool Roofs Challenge
4IR	Fourth Industrial Revolution
AA	Accounting Authority
ADMS	Advanced Distribution Management System
AFBH	Air Force Base Hoedspruit
AFBM	Air Force Base Makado
AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AR	Annual Report
ARC	Audit & Risk Committee
ARMC	Audit and Risk Management Committee
ASB	Accounting Standards Board
BARC	Board Audit Risk Committee
BBI	Biofuels Business Incubator
BEC	Bid Evaluation Committee
B-BBEE	Broad- Based Black Economic Empowerment
BMS	Battery Management System
CC	Carbon Capture
CCS	Carbon Capture and Storage
CCUS	Carbon Capture, Utilisation and Storage
CEF	CEF Group of Companies formerly known as the Central Energy Fund
CEO	Chief Executive Officer
CFF	Cleaner Fossil Fuels
CFO	Chief Financial Officer
CGS	Council for Geosciences
CLASP	Collaborative Labelling and Appliance Standards
CLiC	Clean Lighting Coalition
CO2	Carbon Dioxide
CoT	City of Tshwane
CM	Cleaner Mobility
CPT	Cape Town
CSIR	Council for Scientific and Industrial Research
CVR	Conservation Voltage Reduction
DA	Distribution Automation
DG	Distribution Generation

DMRE	Department of Mineral Resources and Energy (previously DoE)
DMS	Distribution Management Systems
DoD	Department of Defence
DoE	Department of Energy (now DMRE)
DoT	Department of Transport
DPE	Department of Public enterprises
DSI	Department of Science and Innovation
DST	Department of Science and Technology
DTIC	Department of Trade, Industry and Competition
EA	Executive Authority
EC	Eastern Cape
ECDC	Early Childhood Development Centres
EE	Energy Efficiency
EETMS	Energy Efficiency Target Monitoring System
EPCs	Energy Performance Certificates
ESCo	Energy Service Company
ESI	Electricity Supply Industry
EU	European Union
EV	Electric Vehicles
EWSETA	Energy and Water Sector Education and Training Authority
EXCO	Executive Committee
GCIS	Government Communications & Information Systems
GDARD	Gauteng Department of Environment and Rural Development
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GRAP	Generally Recognised Accounting Practice
GRI	Global Reporting Initiatives
HR	Human Resources
HRI	Human Resources Information
IEE	Industrial Energy Efficiency
IEP	Integrated Energy Plan
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
IoT	Internet of Things
IRR	Internal Rate of Return
IRP	Integrated Resource Plan

1. LIST OF ABBREVIATIONS/ACRONYMS (CONTINUED)

ISPPIA	International Standards for the Professional Practice of Internal Auditing
IT	Information Technology
KZN	Kwa-Zulu Natal
LCT	Low Carbon Transport
LiB	Lithium-Ion Batteries
MDA	Mineworkers Development Agency
MoA	Memoranda of Agreement
MoU	Memoranda of Understanding
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEA	National Energy Act,2008 (Act No. 34 of 2008)
NEHAWU	National Education, Health and Allied Workers Union
NEEAP	National Energy Efficiency Action Plan
NEES	National Energy Efficiency Strategy
NEPBR	National Energy Performance Building Register
NRCS	National Regulator for Compulsory Specifications
NT	National Treasury
OHS	Occupational Health and Safety
OHSA	Occupational Health & Safety Act
PAA	Public Audit Act
PCSP	Pilot CO2 Storage Project
PFMA	Public Finance Management Act
PPC	Parliamentary Portfolio Committee
PwD	People with Disabilities
R&D	Research and Development
RDI	Research, Development and Innovation
RE	Renewable Energy
RECORD	Renewable Energy Centre for Research and Development
REEEP	Renewable Energy and Energy Efficiency Partnership
RET	Renewable Energy Technologies
R&D	Research and Development
RoI	Return on Investment
SAASTA	South African Agency for Science & Technology Advancement

SAGEN	South Africa – German Energy Programme
SAMHS	South African Military Health Service
SANDF	South African National Defence Force
SANEDI	South African National Energy Development Institute
SARS	South African Revenue Service
SCM	Supply Chain Management
SETAs	Sector Education and Training Authorities
SEP	Stakeholder Engagement Plan
SETAs	Sector Education and Training Authorities
SG	Smart Grids
SMME	Small, Medium and Micro Enterprises
SOLTRAIN	Southern African Solar Thermal Training and Demonstration Initiative
SONA	State of the Nation Address
SoE	State- Owned Entity
SP	Strategic Plan
SU	Stellenbosch University
SWH	Solar Water Heating
the dti	Department of Trade and Industry
ToR	Terms of Reference
UCT	University of Cape Town
UNIDO	United Nations Industrial Development Organisation
UJ	University of Johannesburg
UP	University of Pretoria
US	University of Stellenbosch
UV	University of Venda
WASA	Wind Atlas of South Africa
WB	World Bank
WC	Western Cape
WfE	Working for Energy Programme
WSP	Workplace Skills Plan
WTW	Water Treatment Works

3. INTERIM CHIEF EXECUTIVE OFFICER'S OVERVIEW

Ms Lethabo Manamela CA (SA)
Interim Chief Executive Office: SANEDI

The Board continued to provide strategic direction and leadership to the organisation during the year, to ensure that the organisation executed the approved strategy in an effective, efficient, and cost-effective manner. The Board exercised its fiduciary responsibilities until November 2020 when the Boards term ended.

At the beginning of the fiscal year, the organisation began with a leadership transition with the Board appointing Ms Lethabo Manamela, the entity's Chief Financial Officer (CFO), to assume the responsibility of Interim CEO, after the departure of the then Interim CEO, Dr Thembakazi Mali from the organisation. This option was preferred, to ensure that there is stability and continuity within the organisation, as both incumbents had worked closely with the Board over several years and had a good grasp on the Boards strategic vision. This has allowed the organisation to continue to operate with very little disruption, especially given developments within the operating environment, brought about by the COVID-19 pandemic and the end of the Board's term.

Much emphasis had been placed by the Board during its tenure on succession planning, especially at executive level, and it is this effort that has positioned The South African National Energy Development Institute (SANEDI) to smoothly transition its leadership, even amid such a turbulent operating environment.

THE STRATEGIC FOCUS OVER THE MEDIUM-TO-LONG-TERM

In the long term, SANEDI continue to focus on working together with Government, especially through our shareholders, Department Mineral Resources and Energy (DMRE) and the Department of Science and Innovation (DSI), towards achieving the energy objectives of the country, as outlined in the National Development Plan (NDP) 2030, and to support the key objectives contained in the Integrated Energy Plan (IEP) and Integrated Resource Plan (IRP) 2019. Energy security, uninterrupted and universal access are a must, if the country is to achieve its developmental objectives.

There are three Pillars upon which our strategy for the current MTSF period rests. These are:

- Climate Change and Decarbonisation,
- Service Delivery within the Municipal Environment, and
- Information, Knowledge and Technological Convergence.

Both Internationally and locally, these trends are affecting the way energy services as well as services in general are offered to customers. Focusing on these pillars, whilst leveraging and building on the strengths that SANEDI has built over the years in the areas of ***sustainable energy, including Energy Efficiency (EE) and Renewable Energy Technologies (RET), as well as integration through Smart Grids (SGs)***, SANEDI will continue to focus its activities on addressing these global and local energy challenges.

With the onset of the pandemic, it became increasingly crucial that we ensure that our strategic direction that the organisation has embarked upon, be reviewed to ensure that we are aligned to the emerging priorities of Government in a post-COVID-19 economic recovery. Unfortunately, the onset of the pandemic has not only put pressure on our health systems, but has had a devastating effect on economies across the world, with South Africa not having been spared the impacts of this virus. The issues of unemployment, poverty and inequality where once again highlighted, and even further exacerbated by the pandemic. It was therefore important that we work even harder, partnering with Government in working towards this post- COVID-19 economic recovery and the eradication of unemployment, poverty and inequality.

It is the general view that as Governments across the globe focus on this post pandemic recovery, that measures be put in place to ensure this transition moves in the direction of a green economic recovery, with sustainability at the centre of all the measures. Although some countries have already taken this approach and allocated significant budgets towards environmentally friendly measures as part of their recovery packages, there is still an opportunity for improvement and an increased focus on a 'green' economic recovery in our country. South Africa also has an opportunity to ensure that as we recover, we link our recovery measures in a manner that with urge us closer to our climate objectives.

The strategic review process undertaken by the Board by external and independent consultants, further confirmed that the strategic direction approved by the Board, and the Minister, remained relevant to address future energy challenges, including the pressing issue of a post COVID-19 recovery, especially looking further than just an economic recovery, but to a green, sustainable, equitable and inclusive economic recovery.

An important element in the strategic planning process of 2020/21-2025, was also that the organisation would need to significantly cut back on some of its activities, and narrow its focus, to ensure that its resources are not spread too thin. There was recognition from the Board that the mandate of the organisation is broad and unfortunately due to limited funding, the entity will not be in a position to fully fund its mandate. The Board also recognised that because of the limited funding, and how SANEDI had in the past been trying to cover its entire mandate with limited funds, this would, if left unchecked, dilute the impact that the organisation would make.

This resulted in the Board adopting the Organisational Review Report, and a proposed high-level organogram to support the organisational structure, and directing that Management implement the recommendations of the restructuring report with the support of a suitably qualified independent consultancy company. At the end of the year, the organisation was in the process of restructuring and has after the year-end, adopted a new and more strategically focused operational structure for the organisation.

The narrowing down decision also had the impact that the Working for Energy (WfE) programme would be phased out. This has been one of the flagship programmes that SANEDI has been implementing on behalf of the DMRE. However, due to a lack of funding, this sub-programme would also be wound-up by the end of the financial year.

The Board also oversaw the transfer of the Carbon Capture, Utilisation and Storage (CCUS) function from SANEDI to the Council for Geoscience (CGS), after almost a decade of SANEDI initiating and being involved in the CCUS programme. This was approved by the Minister of Mineral Resources and Energy before the start of the new financial year. This included the transfer of almost the entire staff complement as well as all assets and intellectual property gathered under this programme over the years.

Overview of the public entity's strategy and the performance of the public entity in its respective sector

The performance of the organisation was the highest in this reporting year, in comparison to the previous four financial years. It is pleasing to see that the strategic decisions that were made by the Board during the year have paid off. The organisation achieved all but 1 of its targets for the year, translating into a 97% performance achievement and 1 target partially achieved. The Management team and staff continued to persevere under unusual working conditions, to successfully execute the Annual Performance Plan (APP) as approved by the shareholders.

Challenges faced by Board

One of the key challenges that the Board faced during the year was the eminent termination of the terms of the Board. There remains a vacancy of which the DMRE is working expeditiously to resolve. Several Board meetings were held prior to the end of term, in order to ensure that appropriate guidance and direction were given to the interim CEO and her team in anticipation of the Board vacancy. Key matters that could potentially create a possible conflict of interest for the interim CEO, as she temporarily assumed the responsibility of Accounting Authority (AA) during the period where there was a vacant Board, such as incentives and remuneration adjustments for the interim CEO were adequately addressed by the outgoing Board. The Board also approved the adoption of a new operating structure for the organisation for implementation by Management.

Strategic partnerships and collaborations

Collaboration with reputable partners is at the heart of SANEDI's operating model. It is one of the specific activities in terms of the Energy Act that SANEDI is mandated to fulfill. We enjoy fruitful partnerships across the energy research value chain and we collaborate closely with academics from other Research institutions, local and International partners, such as the World Bank, GIZ, SOLTRAIN and many others in pursuit of our mandate. It is these collaborations that continually enable us to extend our reach beyond what we as an organisation alone could achieve, with the limited resources at our disposal.

Research, pilot and development collaborations are at the heart of our delivery methodology. We continue to partner, and to provide support to key strategic initiatives on behalf of the country and to partner with local researchers to peruse common research projects. During the year, we partnered with amongst others, Council for Scientific and Industrial Research (CSIR), Southern African Solar Thermal Training and Demonstration Initiative (SOLTRAIN), Wind Atlas for South Africa (WASA) and Stellenbosch University (SU). Although SANEDI, within its current resources allocated from the fiscus is not able to provide direct funding support, we continue to provide in-kind support to stakeholders across the energy sector.

Our partnership with the DSI and their continued support of the energy research mandate emanated in the establishment of the DSI Energy secretariat at SANEDI overseeing four flagship programmes as well as SANEDI as a partner to the LEAP-RE programme which will see support to researchers in South Africa partnering with researchers in the African continent and the European Union (EU). The entire collaboration agreement will see an amount of R 166 534 515 being paid over to research institutions for their research programmes under the different flagship programmes over a period of 3 years.

Our partnership with the Department of Defence (DoD) has allowed us a platform where technologies can be demonstrated and has facilitated skills transfer to the members of the Public Works Formation. Our partnership with the DoD is allowing SANEDI to pilot and demonstrate clean, sustainable and EE technologies. These collaborative projects have already resulted in significant energy and cost savings whilst developing skills and reducing carbon emissions. Bringing to life the living labs concept, at various defense force bases with Realtime data that can be used to analyse the performance of various technologies implemented for decision making and adoption across the sector. SANEDI is gathering data and monitoring all projects deployed in this partnership in situ, data is being used to predict carbon emissions, energy savings and cost savings across the guaranteed lifetimes of each technology. Skills development within the DoD members, and within the industry technologies have seen exceptional uptake

To date, the technologies deployed at the DoD have resulted in 552 MWh of energy savings, 482 ton of Greenhouse Gas Emission savings. Skills transfer and capacity building to over 600 members of the defence force at different levels of energy operation. Resulting from this partnership it is evident that there is increased investment in the technologies effectively developing economic and human capacity.

Other Oversight Matters

SANEDI continued to achieve unqualified audits for the year under review. Unfortunately, due to the delays that were experienced by the Auditor General (AG) in approving the Financial Statements, the SANEDI Annual Report (AR) could only be tabled in Parliament in the first quarter of 2021. The APP for the year 2021/22 was however presented and approved by the shareholders.

OPERATIONAL PERSPECTIVE

The operating environment during the year changed drastically, as the COVID-19 pandemic took hold of the country. As a Board, we are excited however, that the impact has not had a significant Impact on the ability of the organisation to meet its targets for the year, with the organisation reporting a 97% overall performance of its annual planned targets. The agility and dynamism of our organisation was put to the test, and we are pleased to see that the organisation managed to thrive, even amid these unprecedented challenges.

We are pleased that the organisation managed to live out its values of ***Batho Pele,*** by partnering with Government when the need arose to surrender a portion of its operating budget towards Government's efforts to respond to the COVID-19 pandemic, and has managed to also, from its own internal resources, put in place numerous COVID-19 response measures supporting 100 households with much needed energy for cooking in the Free State and Provinces across the country. We were also touched by the generosity of our employees who, of their own accord, pledged to make contributions to the Solidarity Fund in support of Government and the vulnerable who were hard hit by the pandemic.

Its actions such as these, that remind us that we truly are one as a people and as the saying goes, "Motho ke motho ka batho", loosely translated to mean**," I am because you are**".)

Great effort and planning has gone into the establishment of a robust IT system and disaster recovery plan, that has enabled us to continue to operate efficiently, even in the midst of a nation-wide lockdown.

Our Strategy

The approved SANEDI strategy has, as its main objective, to ensure that SANEDI makes a meaningful impact in delivering on its mandate, by capitalising on its strengths, strategically narrowing down and discontinuing some functions, and strengthening its internal capacity by undergoing a restructuring process that would ensure that the organisation remains relevant and fit-for-purpose. A crucial part of that was ensuring that we implement the recommendations of the organisational restructuring, and move SANEDI to its new operational structure as approved, with the introduction of more technical and specialist skills into the organisation.

An independent consultancy firm was appointed following an open procurement process, to provide support to the organisation with the implementation of the restructuring process. By the end of the financial year, consultation processes had commenced with employees, and as of 01 April 2021, SANEDI was operating in the newly revised organisational structure.

The WfE sub-programme was identified as one of the areas where SANEDI will need to wind-down by 31 March 2021, as per the instruction from the Board. However, due to some limitations brought about because of the pandemic, this has had to be extended by a further six months to allow for further consultations and engagement with affected stakeholders. Winding down this programme presented another significant challenge, one that will continue to impact the bioenergy project roll-out, particularly, at the micro-grid level. This refers to the number of suppliers that are available in the market and willing to service remote rural areas. It took two to three rounds of open tender procurement

before Service Providers could be appointed at several rural project sites, which caused major delays in the process. This also poses a challenge of maintenance after installation, as there is no local capacity in most instances to maintain the installed Biodigesters in these communities, which is one of the major challenges that needs to be resolved, if we are to make headway in the micro digester industry.

During the year under review, we transferred to the CGS, all the pioneering work that SANEDI has been carrying out under the Cleaner Fossil Fuels (CFF) portfolio. This included the financial resources and the Human Resources (HR) that worked under this programme. In total, about R90 million in assets was transferred to the CGS, as well as intellectual property associated with the programme. A further R8 million in funds is due to be transferred to the CGS, once the audit process has been concluded.

The transfer of the CCUS project signalled an end of an era for the organisation, after much success and milestones such as the development of a SA Coal Road map in 2013, the World Bank (WB) fund agreement for the Carbon Capture and Utilisation programme, a feasibility study for Shale Gas in South Africa during the year 2015, to name but just a few. The transfer aligns perfectly with the Board's lean and impactful strategic focus.

Delivery and performance

During the year, we focused on projects that would achieve maximum impact while continuing to advance the Clean Energy and EE agenda in the country. These technology demonstration projects include Cool Surface, Water Treatment Works, Biogas Technology, Solar Water Heating and Solar Thermal and Version 1 Spark Energy Kiosks. The projects spread in Limpopo, Western Cape (WC) and KwaZulu-Natal (KZN) Provinces. We continued to provide 11 datasets and research information that provides information to various stakeholders (researchers, decision makers, donor agencies etc) in an effort to support and strengthen energy decision making.

Most notable, are the milestones within the 12L tax incentives programme which continues to exceed expectations with a total of 1.6 Twh of energy savings. Business in South Africa is clearly rallying behind EE as an imperative for successful business. This trajectory is promising, given many other EE measures and decarbonation instruments that the country is embarking on, such as EE in public buildings and Carbon Tax.

We furthermore welcome the promulgation of Legislation on EE performance of buildings, which positions the country on a trajectory towards the achievement of further milestones in its journey towards a Resource Efficient Economy. This holds promise for the ESCO market in South Africa which, if embraced and supported, can be a meaningful vehicle for job creation.

We continued to support, the National Treasury (NT) Revenue enhancement programme. Under the leadership and guidance of the Presidency and the IMTT. The Municipal environment in South Africa is one that is concerning. Municipalities continue to site with record high levels of debt to ESKOM and high numbers of unmaintained assets. Department of Public Enterprises (DPE) stated in March 2021 that Municipalities owe Eskom over R40 billion.

Three studies were commissioned during the year to provide further data, and analysis to decision makers who are grappling with these challenges that are now facing our Municipalities.

- Internet of Things (IoT) Technologies for Effective Municipal Asset Management Research,
- National Municipal Asset Management Database Research, and
- Municipal Revenue Streams Research.

Supply Chain Management (SCM) and Audit outcomes

The AGSA's unqualified audit continues to confirm SANEDI's commitment to clean Governance. Much effort has been put into ensuring that we maintain good Governance, and an appropriate operating environment which serves as a foundation from which we execute the mandate of the organisation.

The company in the years prior, had a few transitions of Irregular Expenditure which are yet to be condoned by the NT. Management have taken appropriate steps to ensure that corrective action is implemented and will await the appointment of the SANEDI Board for further action in this regard.

Name	Remuneration 2020	Remuneration 2021
Mr Nkululeko Buthelezi	R165 000	R153 000
Ms Phuthanang Motsielwa	R166 000	R74 000
Mr Tshepiso Poho	R13 000	R23 000
Ms Mpuseng Tlhabane	R16 000	R18 000
Ms Z Koyana		R1 000
Total	**R360 000**	**R269 000**

International memberships and collaborations

As an organisation we operate within a global environment. It has been the trend over many years, that most of the trends within the RE and EE environments, are trends that emerge Internationally, ultimately then emerging within the local environment as well. To keep South Africa on the pulse with developments Internationally, and to share knowledge with our International counterparts, SANEDI participates in a number of International memberships on behalf of the DMRE and the DSI such as:

1. IEA Memberships
2. ISGAN
3. Horizon 2020.

The Transformation and Equity Agenda

The agenda of gender equality and the empowerment of youth remain at the heart of what we do. We would like to ensure that as we work towards this green economic recovery, that the women and youth as well as Persons with Disabilities (PwDs) take a centre stage in the work that we will be doing. During the year under review, we have empowered youth and women through several initiatives.

Acknowledgements/Appreciation

I would like to take this opportunity to convey appreciation to:

- The Former SANEDI Board Members for their guidance and support over this past year, and the former Chairperson, Mr Nkululeko Buthelezi for his leadership in his term of office.
- The hardworking people of SANEDI, who despite all the challenges with the COVID-19 pandemic, where able to quickly adapt to the new normal to make sure that we execute our APPs.
- Our partners who continue to collaborate and partner with us, allowing us to extend our reach to all corners of South Africa.

Ms Lethabo Manamela (CA)(SA)
Interim Chief Executive Officer (CEO)
SANEDI
Date: 31 July 2021

4. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the Annual Report (AR) are consistent with the Annual Financial Statements (AFS). The Auditor-General (AG) will subsequently audit the AFS.
- The AR is complete, accurate and is free from any omissions.
- The AR has been prepared in accordance with the guidelines on the AR as issued by the National Treasury (NT).
- The AFS (Part E) have been prepared in accordance with the standards applicable to the public entity.
- The Accounting Authority (AA) is responsible for the preparation of the AFS and the judgements made in this information.
- The AA is responsible for establishing and implementing a system of internal control, that has been designed to provide reasonable assurance as to the integrity and reliability of the Performance Information, the Human Resources Information (HRI) and the AFS.
- The External Auditors are engaged to express an independent opinion on the AFS.

In my opinion, the AR fairly reflects the operations, performance information, HRI, and the financial affairs of the public entity for the financial year ended 31 March 2021.

Yours faithfully

Ms Lethabo Manamela (CA)(SA)
Interim Chief Executive Officer (CEO)
SANEDI
Date: 31 July 2021

5. STRATEGIC OVERVIEW

SANEDI's energy development agenda is a key part of our country's energy journey. SANEDI's portfolios of initiatives are closely attuned to technology advancements, declining technology costs and continued innovation in the energy sector. As a whole, these can enable South Africa to take full advantage of our energy resources and the associated infrastructure development as a vehicle for economic growth, industrialisation, employment creation and sustainable development.

5.1 Vision

Sustainable energy for growth and prosperity in Africa.

5.2 Mission

Using applied and energy research and resource efficiency to develop innovative, integrated solutions that will catalyse growth and prosperity for all in South Africa.

5.3 Values

Values	Operating Principles
Innovative	Creative / proactive / taking charge / initiative / adaptive / entrepreneurial
Integrity	Honest / ethical / accountable / transparent / responsible / trustworthy / respectful
Scientific evidence driven	Analytical / rational / objective / factual / attentive
Development oriented	Educative / continuous learning / transformative
Consultative	Consultative collaborative / participative / teamwork / engaging
Productive	Punctual / cost conscious / disciplined / compliant
Responsive	Courteous / friendly / client need driven / client focused
Caring	Compassionate / empathy / emotionally intelligent

6. LEGISLATIVE AND OTHER MANDATES

Constitutional Mandate

SANEDI, as an entity of the State, derives its mandate from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and relevant Legislative and Policy Frameworks. SANEDI has a functional responsibility towards the technological development and EE in the field of energy (other than nuclear energy), thereby improving the overall energy landscape within the country. The strategy developed by SANEDI seeks to ensure alignment with two critical components of the Constitution, namely:

1. Chapter 2, The Bill of Rights, where: a. Everyone has the right:
    - i) to prevent pollution and ecological degradation,
    - ii) to promote conservation, and
    - iii) to secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.
2. Schedule 4, The Functional Areas of Concurrent National and Provincial Legislative, specifically with respect to Municipalities and the issue of Local Government matters related to:

Electricity (and gas reticulation)

SANEDI has a clear role to play, contributing towards an environment that is sustainably utilised for the socio-economic development of the country, as well as Municipal development for the distribution of electricity (and potentially other energy sources) to the residents of the country.

Legislative and Policy mandates

As a Schedule 3A State-owned Entity (SoE), SANEDI's authority is derived from Section 7(2) of the National Energy Act, 2008 (Act No. 34 of 2008) (NEA). Section 7(2) of the NEA gives effect to SANEDI's powers and functions and provides for its responsibilities as stated below:

<table>
<tr><td rowspan="4">SANEDI'S LEGISLATIVE MANDATE</td><td colspan="2">ENERGY RESEARCH AND DEVELOPMENT</td></tr>
<tr><td>

Direct, monitor, conduct and implement energy research and technology development in all fields of energy, other than nuclear energy,
Promote energy research and technology innovation,
Provide for:
– training and development in the field of energy research and technology development,
– establishment and expansion of industries in the field of energy, and
– the commercialisation of energy technologies resulting from energy Research and Development (R&D) programmes.
Register patents and intellectual property in its name resulting from its activities,
Issue licences to other persons for the use of its patents and intellectual property,
Publish information concerning its objects and functions,
Establish facilities for the collection and dissemination of information in connection with Research, Development and Innovation (RDI),

</td><td>

Undertake any other energy technology development related activity as directed by the Minister, with the concurrence of the Minister of Science and Technology,
Promote relevant energy research through cooperation with any entity, institution or person equipped with the appropriate skills and expertise within and outside the Republic,
Make grants to educational and scientific institutions in aid of research by their staff, or for the establishment of facilities for such research,
Promote the training of research workers by granting bursaries or grants-in-aid for research,
Undertake the investigations or research that the Minister, after consultation with the Minister of Science and Technology, may assign to it, and
Advise the Minister and the Minister of Science and Technology on research in the field of energy technology.

</td></tr>
<tr><td colspan="2">ENERGY EFFICIENCY</td></tr>
<tr><td>

Undertake Energy Efficiency (EE) measures as directed by the Minister,
Increase EE throughout the economy,

</td><td>

Increase the Gross Domestic Product(GDP) per unit of energy consumed, and
Optimise the utilisation of finite energy resources.

</td></tr>
</table>

SANEDI's operational mandate is also influenced by the following Legislation and policies:-

<table>
<tr><th>Legislation</th><th>Policies</th></tr>
<tr><td>

Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended,
White Paper on Energy Policy, 1998,
Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended,
Central Energy Fund Act, 1977 (Act No. 38 of 1977), as amended,
Petroleum Pipelines Act, 2003 (Act No. 60 of 2003),
Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004),
Gas Regulator Levies Act, 2002 (Act No. 75 of 2002),
Gas Act, 2001 (Act No. 48 of 2001),
National Energy Regulator Act, 2004 (Act No. 40 of 2004),
Abolition of the National Energy Council Act, 1991 (Act 95 of 1991),
The National Environmental Management Act, 1999 (Act No. 107 of 1999),
The Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), and
South African Revenue Service Act, 1997 (Act 34 of 1997).

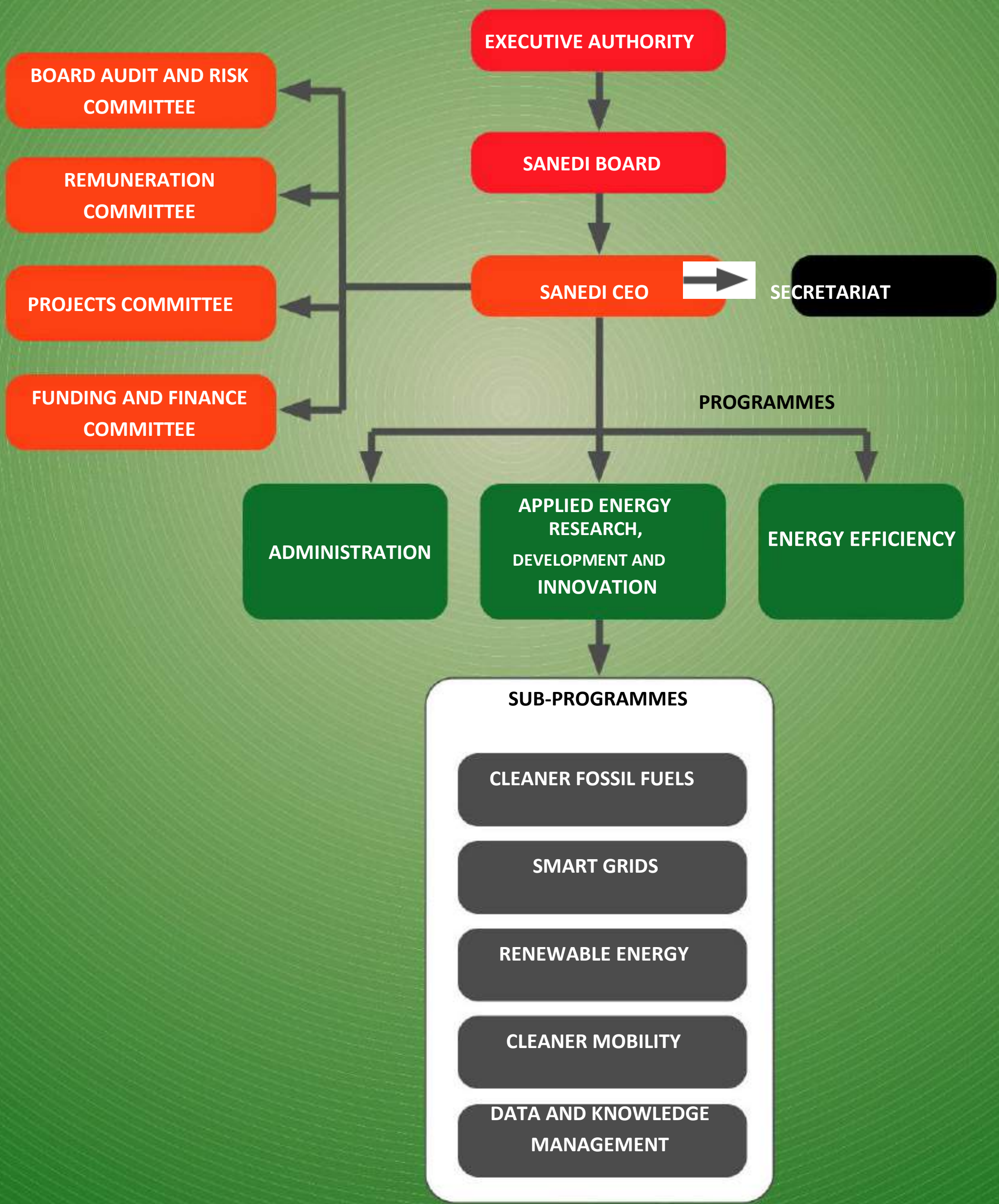
</td><td>

National Development Plan (NDP) Vision 2030,
Medium-Term Strategic Framework (MTSF),
National Energy Efficiency Strategy (NEES) of the RSA, 2008,
Energy Security Master Plan for Liquid Fuels, 2007,
Energy Security Master Plan, 2007,
Integrated Resource Plan(IRP) for Energy, 2010,
Department of Science and Technology (DST) 10 Year Innovation Plan,
Measurement and Verification Guideline for Energy Efficiency Certificates (DRAFT),
Industrial Policy Action Plan (IPAP) 2010/11 – 2012/13, published Feb 2010,
Carbon Capture (CC) and Storage Road Map,
Climate Change Response White Paper, and
Draft White Paper on Science, Technology and Innovation.

</td></tr>
</table>

7. ORGANISATIONAL STRUCTURE

The organogram includes the SANEDI Board directly overseeing the Board Committees: Board Audit and Risk Committee (BARC), Remuneration, Projects, Funding and Finance, and Social Justice and Ethics. The SANEDI CEO reports to the Board and oversees three programmes: Administration; Applied Energy Research, Development and Innovation; and Energy Efficiency. Within those programmes are several sub-programmes as shown in the figure below.



8. EXCO STRUCTURE

Ms. Lethabo Manamela
(Interim Chief Executive Officer)

Mr. Barry Bredenkamp
(GM: Energy Efficiency)

Dr. Minnesh Bipath
(GM: Applied Energy; Energy Secretariat DSI)
"IN LOVING MEMORY"
29/08/1966-04/08/2021

Ms. Lorraine Ramaotsoa
(Acting Chief Financial Officer)

Mr. Mthetheleli Baqwa
(Corporate Planner)

Ms. Mapula Mahlangu
(Human Resources Manager)

Mr. Sihle Mhlangu
(Company Secretariat and Legal Advisor)

Mr. Jay Nankoo
(ICT Manager)

PART B
PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PRE-DETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the Performance Information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to Management, with material findings being reported under the *Pre-determined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

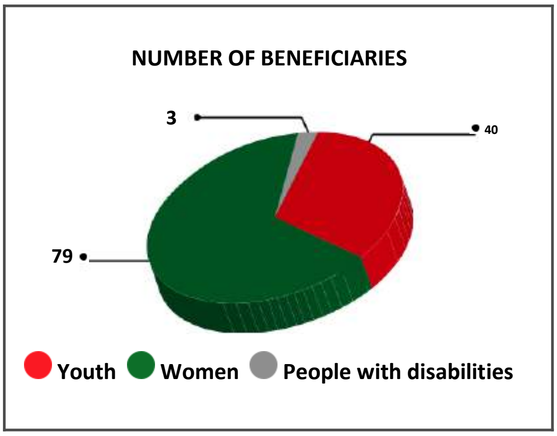
Refer to page 66 of the Report for the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

Like any other organisations, the service delivery environment surrounding SANEDI has been influenced by some external and internal environmental matters during 2020/21. The changing environment due to the COVID-19 pandemic obligated SANEDI to pay attention to possible support tailored for businesses and communities affected by the pandemic. We have provided the following support as part of COVID-19 pandemic in our efforts to strengthen service delivery:

- For the business community, we have played a role in assisting companies to obtain tax certificates and receive tax relief from SARS. Through our assistance, 39 companies were issued with 12L tax Certificates between April 2020 and the end of March 2021. The combined benefit is 581 950 947 kWh energy savings equivalent to 1.6 Twh, 1 338 525 tons of avoided CO_2 in GHG emissions with a total of R 1.5 billion in tax incentives value.
- Reliable and sufficient energy is required to make clean water in water and waste treatment systems. Hoedspruit (Maruleng Municipality) is situated in a severely water stressed climatic zone in South Africa, and the Municipality faces many electricity and water supply challenges. This is due to aging, often defunct and highly energy inefficient/intensive infrastructure of the sewage and water treatment works for the Hoedspruit town and surrounding areas situated on the South African National Defense Force (SANDF) Air Force Base Hoedspruit (AFBH).
- SANEDI has in house expertise in execution of water treatment projects with respect to technical experts on the Renewable Energy (RE) team, as well as experience in municipal water treatment works through Renewable Energy and Energy Efficiency Partnership (REEEP) projects successfully completed to date in K!heis and Nelson Mandela Bay Municipality.
- Clean water is paramount to good hygiene and this is especially essential under the dire threat of the COVID-19 pandemic, where one of the most effective measures of prevention of infection is hand and face washing.
- Through the Working for Energy (WfE) programme, SANEDI as part of COVID-19 relief, supplied about 100 households in the Free State (Virginia) with LPG GAS stoves.
- We have also supported the Government campaign to vaccinate South Africans against COVID-19, by creating awareness through our social media platforms, on the need to keep the vaccines at the right temperature, using EE technologies and methodologies.



SANEDI has a range of projects that accommodates the participation of a broader society including woman, youth and People with Disabilities (PwDs). For 2020/21, the recorded breakdown is as follows:

2.2 Organisational environment

During 2020, the SANEDI Board approved the new organisational structure and its implementation is underway. Consultation process with staff members was undertaken as a pre-requisite to any restructuring.

By November 2020, the Board's term expired, and the organization ended the 2020/2021 financial year without a Board. During a period when there was no Board, the Interim Chief Executive Officer, as required by the National Energy Act (NEA), assumed the duties of the Board in order to ensure that the institution was properly governed.

COVID-19 pandemic resulted in the "working from home" environment, whereby during the first nationwide lock down, all SANEDI employees were required to work remotely from home. Appropriate measures were put in place to enable this , steaming from the robust ICT infrastructure that SANEDI had built over the years. As the country moved from lockdown level 5 with easing of some restrictions, employees returned to work under strict regulations working in the office on a rotational basis, and in smaller groups. A COVID-19 Committee was established to oversee the return to work process and other COVID-19 compliance regulations.

There are a number of organisational risks and uncertainties because of the COVID-19 pandemic. The risk of employees getting infected by the spreading virus is of major concern, and the field work is guided by COVID-19 regulations. Because of Covid-19, SANEDI has not lost any employees. During the COVID-19, Corona virus outbreak, investor confidence is also a global concern. SANEDI also pursued International donor funding to venture into some additional projects that are not funded through fiscus. It has been a challenge to lobby the International donors in this regard due to investor uncertainties brought about by the pandemic, as some were also facing COVID-19 related amendments to existing programmes. Nevertheless, we were successful in obtaining funding from GIZ to support a few initiatives, such as the development of the EE Lighting APP and World Bank (WB) funding to research sustainable EE financing mechanisms in different sectors of the South African market.

2.3 Key Policy developments and Legislative changes

SANEDI's partnership with Collaborative Labelling and Appliance Standards (CLASP), has yielded in the development and processing of new performance and safety lighting regulations for general service lamps through the National Regulator for Compulsory Specifications (NRCS). These were gazetted in March 2021 by the Minster of Trade, Industry and Competition.

SANEDI participated in the feasibility study (Cost Benefit Analysis of technology-neutral regulations to introduce minimum energy performance standards for general lighting), and published calls for public comments through various media channels. The regulations, aim to improve the safety, performance and EE of light bulbs approved for use in South Africa by phasing out inefficient and environmentally harmful lighting products. The proposed regulations stand to enable the embracing of technological advancements by industry, and will empower consumers to make energy efficient purchasing choices as part of Government's objective to move towards a more economic and environmentally sustainable country.

The Minister of Mineral Resources and Energy gazetted the Energy Performance Certificate (EPC) Regulations for classes of buildings in both the public and private sector on 8 December 2020, with SANEDI mandated to develop, host and maintain the National Energy Performance Building Register (NEPBR).

This development will go a long way in assisting the building sector in South Africa to achieve the EE targets in the post-2015 National Energy Efficiency Strategy, which targets a 50% energy saving in public buildings and a 35% saving in private sector buildings by 2030, in relation to a 2015 baseline year.

2.4 Progress towards achievement of Institutional Impacts and Outcomes

One of the outcomes that SANEDI had set for itself during the strategic planning process, involves creating awareness of technologies that can be utilised as the country transitions to a cleaner, greener economy. This being achieved through undertaking several activities including Pilots and demonstration of new innovative technologies, compilations of studies and Research Reports and dissemination of such to stakeholders using various platforms. Stemming from these activities is also another outcome of demonstrating the Green House emission reduction potential of various interventions as piloted and demonstrated by the organisation.

Several Renewable Energy projects such as Cool Surfaces projects and EE Lighting tool with the DoD were undertaken to demonstrate electricity cost savings and GhG reductions that are possible using new innovative technologies. The EE lighting technologies have all together an estimated potential energy saving of 5,500,000 kWh of electricity by 2030.

New Markets and the industries stand to be developed: Through the adoption of these technologies, much needed job opportunities can be created in South Africa**.**

Another ***strategic outcome*** we have set for ourselves is in the area of "Evidence-based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics". Through Data and Knowledge Management sub-programme (as well as other sub-programmes), several Research Reports such as analysis of the residential energy sector in South Africa, which is one of the largest studies of this nature to be conducted, with specific attention to appliance usage across all income groups. This report will provide decision makers with a better understanding of the energy usage patterns of several income groups, and will be instrumental in the development of interventions that will ensure that society transitions from less resource efficient patters of energy use, to much more efficient energy usage. Other Research Reports produced during the year included:

- Impacts of Cool Roof Technologies in a warmer KwaZulu-Natal Climate,
- 2013-2019 Impact Analysis of the Section 12L Energy Efficiency Tax Incentives,
- First Draft of a National Residential Energy Research Study,
- Industry Status Report of the Anaerobic Micro Digester Industry in South Africa, and
- A complete study report looking at barriers and drivers in the implementation and rolling out of Anaerobic Micro Digesters in South Africa.

What is crucial is not just the production of these reports, but rather the impact that the findings of such reports have for stakeholders if taken to heart. In an effort to create awareness of these reports, SANEDI also embarked on several stakeholder engagement initiatives to create greater awareness of the transition technologies, as well as datasets and information available to stakeholders for decision making purposes. Stakeholders across Provinces in South Africa, were reached throughout the year, through various stakeholder engagement interventions. Some of the intervention and platforms that SANEDI used to engage with its stakeholders and raise awareness included the following:

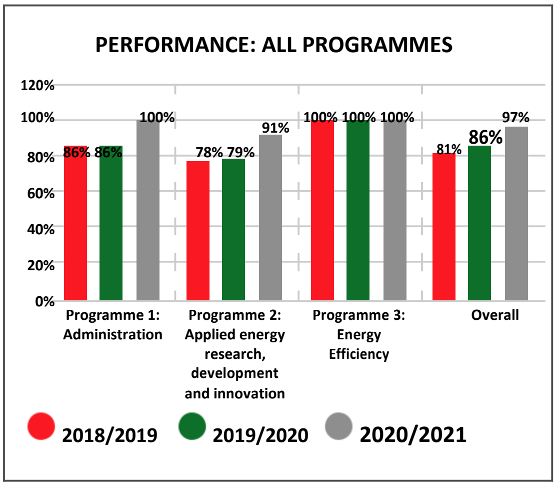
- **Public Relations:** To reach out to more and diverse stakeholders, such as the general public in South Africa, SANEDI embarked on Public Relations campaigns with SA FM, Cape Talk, E-News, SABC and RSG. The use of social media is undoubtedly becoming more and more influential, and SANEDI is not to be left behind in embracing it. In the year under review, SANEDI engaged Facebook, LinkedIn and Twitter to engage with its stakeholders on numerous and various topics.
- **Partnerships and collaborations:** Through the Working for Energy (WfE) programme, SANEDI used partnership such as the Mineworkers Development Agency (MDA) to reach out and engage with the mining communities of Virginia in the Free State, and Orkney in the North West Province by providing mining communities with safer and EE cooking solutions. SANEDI also partnered with the South African National Defence Force (SANDF) to improve the quality of living for the elderly in Limpopo by successfully completing the installation of a Cool Roofs project at the Sekutupu Old Age Home, situated in the Lepelle Nkumpi Municipality in Limpopo.

A partnership with the University of Venda (UV) Green Tech Promo Drive project culminated in the greening of the Mhingaville Early Childhood Development Centre (ECDC), a project which saw the uptake of Biogas Digesters built by the Vatsekeme, a Community Based Organisation run by a woman. The organisation was also trained as part of the SANEDI partnership. This also led to the development of new knowledge on how communities interact with technologies. Partnerships were also entered into with University of Johannesburg (UJ), UKZN, Stellenbosch University (SU), City of Cape Town, embassies such as Swedish, US, German, British High Commission etc, all aimed at engaging with SANEDI stakeholders.

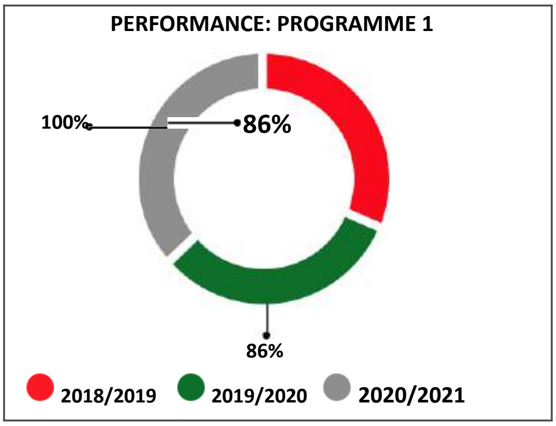
- **Communications Forums:** SANEDI used forums to engage with its stakeholders. In the year under review, SANEDI participated in the DMRE-SOE communication forum where various issues were discussed.
- **Workshops:** SANEDI participated in various workshops such as the City of Tshwane Zeekoegat project parameters, risk and climate action plan workshops, IEA-SEAD regional workshop on appliance efficiency.
- **Webinars:** Webinars such as the IEA webinar on COVID-19 stimulus intervention were also used to engage with stakeholders during the year under review.

With regards to the ***strategic outcome*** of "Smart Grid systems piloted for smart cities", several studies were also commissioned as building blocks towards the achievement of a Smart Grid (SG) system in South Africa.

3. PROGRAMME PERFORMANCE INFORMATION



3.1 Programme 1: Administration



The ***purpose*** of Administration is to create an effectual delivery environment for SANEDI that is fully compliant with all statutory requirements. This programme comprises of eight Sub-programmes as listed below

The outcome of Administration is *universal to all* the sub-programmes, *it is:-*

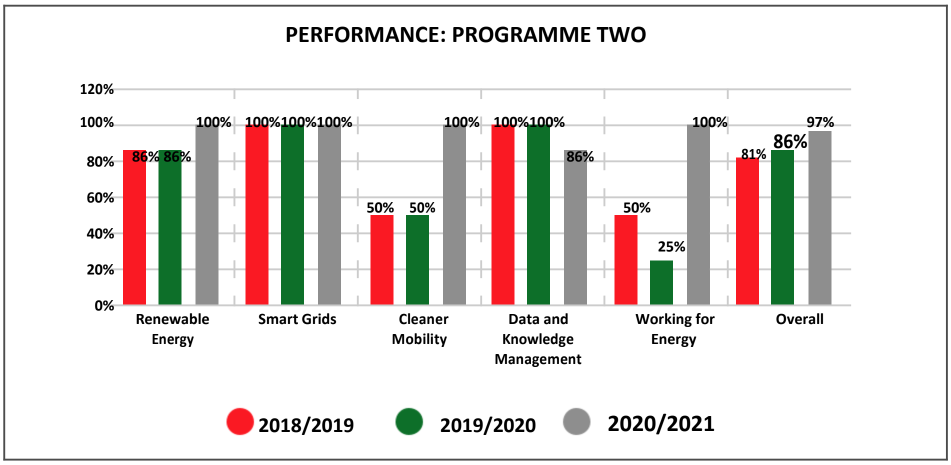
"A capacitated, effective and efficient operational environment (within which SANEDI will discharge its mandate)- internal compliance".

Human Resources	**Information and Communications Technology**
Ensuring available, competent and happy staff.	Support efficient operations and ensuring data processing, integrity and availability.
Corporate Services	**Financial Management**
Incorporating all lines of business and support activities relating to the Board and Board Committees.	Including all lines of business and support activities relating to the effectual financial management and auditing practices.
Supply Chain Management (SCM)	**Corporate Communications**
Including all lines of business and support activities relating to effectual Supply Chain Management (SCM) and compliant procurement processes.	Including all lines of business and support activities relating to effectual communications including stakeholder engagement, client satisfaction surveys, public awareness campaigns in collaboration with the Department of Mineral Resources and Energy (DMRE) and media intelligence.
Shared Logistics	**Project Management Office**
Including shared facilities/resources shared by all Managers to ensure a conducive and productive working environment. Ensure adequate project selection resource allocation, Project Management and performance monitoring.	Encourage communication within and between projects. Provide strategic and operational support, reports and recommendations to Project Managers and Sponsors. Facilitate transparency and compliance from a Legislative and Governance perspective.

3.1.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Administration 100 % performance during 2020/21									
	Outcome	**Output**	**Output Indicator**	**Audited Actual Achievement 2018/19**	**Audited Actual Achievement 2019/20**	**Planned Annual Target 2020/2021**	**Actual Achievement 2020/2021**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
1.1	**A capacitated, effective and efficient operational environment (within which SANEDI will discharge its mandate)- internal compliance.**	Unqualified audits report.	Unqualified audits.	Achieved	Achieved	Unqualified audit	Unqualified Audit		
1.2		Filled funded positions.	Vacancy rate of funded positions.	Maximum 5 % Not achieved	5 % Not achieved	>5%	>5%		
1.3		Personnel trained as per Workplace Skills Plan (WSP).	Percentage of personnel trained as per Workplace Skills Plan (WSP).	80 % Achieved	80 % Achieved	80 %	100%	20%	More training opportunities emerged.
1.4		Employment equity targets adhered to.	Percentage deviation from employment equity targets maintained within acceptable range.	>5% Achieved	>5% Achieved	>5%	>5%		
			Percentage deviation from employment equity target. NB: The phrasing changed during 2020/21.						
1.5		Critical business risk factors identified, managed as per Risk Management Plan.	Percentage critical strategic and operational risks factors are identified and mitigated	100 % Achieved	100 % Achieved	>90%	>90%		
			Percentage critical business risk factors managed as per Risk Management Plan. NB, the phrasing changed during 2020/21.						
1.6		Implemented Corporate Stakeholder Engagement Plan (CESP).	Percentage implementation of Stakeholder Engagement Plan (SEP).	75% Achieved	75 % Achieved	85 %	85 %		
			Percentage implementation of Corporate Stakeholder Engagement Plan (CESP). NB, the phrasing changed during 2020/21.						
1.7		Implementation of Corporate ICT Plan.	Percentage implementation of Corporate ICT Plan.	80 % Achieved	94 % Achieved	80 %	80 %		

3.2 Programme 2: Applied energy research, development and innovation.



The ***purpose*** of Programme 2 is to facilitate knowledge creation that can support energy-related planning and decision-making, and accelerating the transformation of the energy market and landscape in the country. This Programme is comprised of 6 sub-programmes with different focus areas but ultimately all contributing to the same strategic outcomes.

Sub-programme	Purpose	Outcomes
Renewable Energy (RE).	Support the accelerated and informed development of South Africa's clean energy portfolio and RE sector.	• An awareness of the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions).
Smart Grids (SG).	Demonstrate and assess intelligent energy system infrastructure as an enabler for municipal sustainability.	• Smart City. • Evidence-based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics.
Data and knowledge management.	Collation, development and utilisation of credible, objective and high-quality data and information relating to the areas of SANEDI's responsibility.	
Cleaner Mobility (CM).	Developing cleaner mobility solutions for urban transportation.	• Clean Municipal Fleet, Public and Private Transport System.
Working for Energy (WfE).	Demonstrating innovative, sustainable energy solutions for rural and low-income urban areas.	• Demonstrated Green House Gas (GHG) emissions mitigation potential in support of National commitments.
Cleaner Fossil Fuel.	Alternative low carbon energy and mitigation options, to limit serious negative environmental impacts from conventional energy sources.	• Evidence-based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics.

3.2.1 Renewable Energy

South Africa is demonstrating its commitment to a more sustainable future growth path by supporting renewable energy and energy efficiency measures, together with skills development and job creation through fostering a green economy. SANEDI undertook Renewable Energy technology projects that demonstrated electricity and cost savings, GHG emissions mitigation potential and skills development in support of national commitments. Market and the industry was promoted and/or further developed; and technology fit for purpose was tested.

Highlights

Water Treatment Works (WTW) Covid-19 response provided reliable hot water to buildings & military houses in Limpopo Province.

SANEDI is implementing several Clean Energy interventions in partnership with the Department of Defense (DoD) focusing on energy security, Energy Efficiency (EE), use of RE through biogas and solar, as well as EE in water purification, at various military installations in Limpopo Province (LP). These projects can be implemented expeditiously through the collaborative partnership between SANEDI and the DoD. To date, there are two pumped Solar Water Heating (SWH) systems already implemented at AFBH, and currently, under implementation are two projects focusing on clean cooking, using biogas, and passive building cooling, through cool roof technology. A further three projects are on the brink of commencement and focusses on domestic SWH, further cool roof technology paired with RE interventions and WTW project that supports the abutting communities of a selected municipality in LP. The long-term outcome of this effort will demonstrate the success of transitional technologies and be adopted by society as a whole.

Biogas Development Programme contributed to biogas technology skills development in Limpopo Province.

A Biogas Training Programme was designed to capacitate Airforce Base Makhado (AFBM) and 523 Electronic Warfare Squadron in LP. The training supported with the required technology and skills to operate and utilize biogas systems to facilitate cooking from kitchen waste biogas. These trainings included up skilling of kitchen staff as well as facility staff from both bases to enable technology acceptance and uptake. The project contributes to the National Strategic Outcome to demonstrate GHG emission and waste mitigation potential in support of National commitments.

Biogas system training in Airforce Base Makhado.

Cool Surface Projects in Limpopo have demonstrated thermal comfort that is vital to manage temperature in military buildings, approximately 15 000m2 of cool paint covered.

The Cool Surfaces Collaboration, between DoD and SANEDI, includes a cluster of individual projects and is a non-electric response to South Africa's need for a cost-effective, low maintenance and passive-energy cooling technology for buildings.

On AFBM, the Early Childhood Development Centre (ECDC) and the primary school that serves the military base as well as some of the surrounding community saw, SANEDI successfully implement painting of the roof of this school and crèche in the domestic area of AFBM. A total of approximately 5000m_2 was painted to improve thermal comfort within the buildings for the children who are attending school in a very hot area of South Africa. This equates to a CO_2 saving of approximately 540 tons over the 20-year lifetime of the product. The project realized the Strategic Outcome to demonstrate GHG emissions mitigation potential in support of National commitments.

In Lephalale, approximately 15 000m_2 of cool paint, covering the entire building envelope of the instructors and students quarters, as well as classrooms and ablution blocks of South African Military Health Service (SAMHS) training centre, has been implemented. This equates to a CO_2 saving of approximately 1620 tons over the 20-year lifetime of the product.

Cool surface application training at Air Force Base Makhado

Cool Roof Surface Project supported Early Childhood Development Centre and primary school at Air Force base Makhado

Through our long-term plan to roll out domestic solar water heating and solar thermal in the residential areas, SANEDI trained 43 artisans from the military in Limpopo for this purpose.

The Southern African Solar Thermal Training and Demonstration Initiative (SOLTRAIN) has driven the RE market development in the country through demonstrating technology, developing skills and creating awareness and understanding around solar thermal implementation. SANEDI and SOLTRAIN continue to deliver training seminars that range from expert level technology implementation, through artisan development to non-technical understating that showcases the investment potential for Solar Thermal Technologies.

SOLTRAIN Decision Makers Seminar and site visit

SOLTRAIN Train-the-Trainer Part 2

In January 2021 a Decision Makers Seminar was delivered exclusively for the Commanding Officers of the military units operating in LP. A full day seminar entailed highlighting how Solar Thermal Technologies work and then training together how to calculate the performance, Return on Investment (RoI) and Internal Rate of Return (IRR) predicted for certain technologies. In particular, SANEDI training used the data set that it has been maintaining for the DoD's own SWH system at SAAF GYM in Hoedspruit to showcase actual system performance, ROI and IRR on their own site. The training culminated in a site visit to the system in action.

SANEDI hosted SOLTRAIN, train-the-trainer Part 2 in a two-part series of the SOLTRAIN large scale pumped solar thermal systems training in Gauteng from the 3 to 4 November 2020. This training was well attended by 18 people (two facilitators), in compliance with Covid 19 gathering requirements, presented virtually by experts live streaming from Austria to the venue in SA. The course feedback received from participants indicated value was derived in the solar thermal skills capacity of the sector. The resultant skills development will ensure that there is continued support to this emerging sector of solar thermal systems in South Africa.

SOLTRAIN Thermosiphon training for the DOD

SANEDI and University of Stellenbosch (US), hosted a newly revised ***Thermosiphon Training*** course for 25 artisans at the South African National Defense Force (SANDF) on the 1st and 2nd December 2020. These artisans were participating in the long-term plan to roll out domestic solar water heating in the residential areas of the SANDF. SOLTRAIN trainings have, and continue to contribute towards the National ***Strategic Outcome*** of skills development for the technologies to be used in the transition process.

High school in the Western Cape was assisted with Wi-Fi connection whereas 19 entrepreneurs from four marginalised communities were empowered through Kiosks Commercialization.

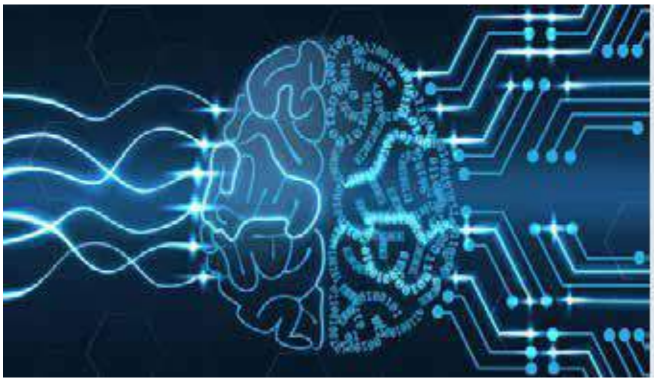
Through the Kiosks Commercialization initiative, Wi-Fi services have been provided to Khusile High School. Solar Turtle have reached an agreement with Khusile High School to provide Wi-Fi hotspots, ICT device charging and printing services to learners using three Spark Kiosks. The initiative contributes to the ***Strategic Outcome*** of skills development for the technologies to be used in the transition process.

The entrepreneurship support, aimed to contribute to the Strategic Outcome of skills development for the technologies to be used in the transition process. Version 1 Spark Energy Kiosks were launched to support entrepreneurs in the Eastern Cape (EC). The Spark kiosks are now being advertised on www.sustainable.co.za, which is an online store, similar to Takealot or Amazon. Through Spark Kiosks, about 19 young entrepreneurs from four marginalised communities in the EC were empowered with financial skills to be able to operate the energy kiosks. Solar Turtle project and Baby Turtle were launched to support entrepreneurs. About 1000 Entrepreneurs participated in the Solar Turtle Entrepreneur Challenge, which enabled these entrepreneurs access to funding, training, and networking.

3.2.1.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Renewable Energy 100 % performance of targets during 2020/21									
	Outcome	**Output**	**Output Indicator**	**Audited Actual Achievement 2018/19**	**Audited Actual Achievement 2019/20**	**Planned Annual Target 2020/2021**	**Actual Achievement 2020/2021**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
2.1	Demonstrated GHG emissions mitigation potential in support of National commitments.	Smart public facilities Pilots and studies (RE SANEDI driven initiative contributing towards GHG reduction).	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	3/3	1/1	4	4		
2.2	An awareness of the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions).	Reports and analysis from stakeholder engagements.	Number of energy-related knowledge sharing events / platforms engaged in (own hosted, attended, knowledge presented, supported.	1/1	3/3	6	6		
2.3		Clean energy technologies training in the sector (including municipalities).	Number of recipients of energy related training facilitated.	86/86	85/85	120	120		
2.4		Research publications reflecting clean energy Insights.	Number of annual Energy industry status report (insights, trends, International and National collaboration decisions, interfacing and forums).	1/1	1/1	1	1		
2.5		Accessible and high-quality data: maintain three energy-related datasets.	Minimum number of energy-related datasets maintained per annum.	2/3	1/1	3	3		
2.6	Energy transition expertise and competence building enabled.	Training modules and programmes relevant to the current environment.	Number of policy support instruments (industry roadmaps, sector development plans and industry support tools, etc).	4/4	1/1	1	1		
2.7		Energy Research students and researchers supported.	Number of energy-related research students / contracted researchers supported (e.g. bursaries, non-bursaries, contract opportunities, infrastructure support, etc).	1/1	0/1	1	1		

3.2.2 Data & Knowledge Management



The Data and Knowledge Management programme was initiated to provide a mechanism for energy modelling and planning in support of the alignment of national and local government energy data objectives. The Data and Knowledge Management programme completed projects that supported residential energy assumption; pulp & paper and automotive sectors.

Highlights

Through National Energy Efficiency Strategy (NEES), an analysis of the residential energy sector in South Africa was realised in partnership with University of Cape Town (UCT).

SANEDI has a Collaboration Agreement with the University of Cape Town in place. For the year under review, we conducted a detailed analysis of South Africa's residential energy sector, paying special attention to appliance usage across all income groups. The data from this study will inform further updates to the National Energy Efficiency Strategy (NEES), as well as provide much-needed baseline data for the Energy Efficient Appliance Standards and Labelling programme, which is currently being transitioned from the DMRE to SANEDI. This research also supports the monitoring of the country's energy intensity in the residential sector. The Energy Efficiency Target Monitoring System (EETMS), is hosted by the DMRE to collect and analyse energy consumption data across multiple sectors of the South African market. Furthermore, this project explored people's reactions to, and understanding about EE in general, their choice of household appliances, an understanding of energy consumption patterns, purchasing choices and potential fuel switching.

As part of this critical research, a knowledge sharing event was held for the Residential Energy Consumption Research project, where key stakeholders were given an opportunity to review and comment on components of the study. A range of academic articles and journals will be published in the 2021/2022 financial year, highlighting the research findings and to ensure the dissemination of the valuable information generated from this ground-breaking study.

We have supported automotive and pulp and paper industries through capacity building and research.

The University of Pretoria (UP) facilitated an Industrial Energy Management System short course, as part of the Data and Knowledge Management Research programme. The intention of the course was to present the fundamentals of energy management systems within the automotive and pulp and paper industries, and the target audience included upcoming industry professionals, technical individuals working in the energy management space, and engineering students. Aspects of Renewable Energy (RE) were also discussed, with specific reference to Industrial Energy Management Systems. Eighty individuals were invited for the training of which 48 were female. Thirty-two participants connected remotely during the half-day session, and all 80 received training materials and recordings afterwards.

We have also conducted study notes on pulp & paper and in the automotive sectors. The study notes would improve electricity demand in these sectors. Two Study Notes for the South African Pulp & Paper and Automotive industries were completed during the 2020/2021 financial year. The main objective of these informative Study Notes was to outline the industrial processes and methods for implementing projects of this nature, within a South African context. A further understanding of what drives and enables successful Industrial Energy Efficiency strategies in the sector was explored in these Study Notes. Industry insights were also documented, focussing on the key deliverables associated with this United Nations Industrial Development Organisation (UNIDO) funded Industrial Energy Efficiency (IEE) project.

The envisaged modelled impact of the Standards and Labelling Programme is a potential energy savings of 5,500,000 kWh of electricity by 2030.

The Sustainable Energy Datasets Maintained internationally accepted LEAP (Energy) model was calibrated and updated. The aim was to accommodate different future scenarios and improve on previous assumptions made, relating to the analysis of sustainable energy data in South Africa. Multiple sources of data were used to validate the model (GAMS Model, etc). Furthermore, secondary data was used to enrich the study, generating a better understanding of appliance ownership, end use energy consumption, energy balances and proved useful as a tool to estimate the Standards and Labelling (S&L) impacts of specific appliances in South Africa. The data will be used for developing measures to promote energy savings, reduce the negative impact of energy use on the environment and inform sustainable development goals.

Engineering bursaries

The Research programme supported the postgraduate studies of two Electrical Engineering students, who are registered in BEng and PhD programmes. In the initial projection, one student would receive a bursary, and the amount was split into two and funded for both students.

3.2.2.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Data and Knowledge Management
86 % performance of targets during 2020/21

	Outcome	Output	Output Indicator	Audited Actual Achievement 2018/19	Audited Actual Achievement 2019/20	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
2.1	Demonstrated GHG emissions mitigation potential in support of National commitments.	Smart public facilities pilots and studies (RE SANEDI driven initiative contributing towards GHG reduction).	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	N/A	N/A	3	3		
2.2	An awareness of the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions).	Reports of engagements with relevant stakeholders on RE technologies [events and training].	Number of energy-related knowledge sharing events / platforms engaged in (own hosted, attended, knowledge presented, supported).	1/1	1/1	1	1		
2.3		Research publications reflecting clean energy insights.	Number of annual Energy industry status report (insights, trends, International and National collaboration decisions, interfacing and forums).	N/A	N/A	1	1		
2.4	Evidence based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics.	Accessible and high-quality data: maintain energy-related datasets.	Minimum number of energy-related datasets maintained per annum.	3/3	3/3	1	1		

Data and Knowledge Management 86 % performance of targets during 2020/21									
	Outcome	**Output**	**Output Indicator**	**Audited Actual Achievement 2018/19**	**Audited Actual Achievement 2019/20**	**Planned Annual Target 2020/2021**	**Actual Achievement 2020/2021**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
2.5	Energy transition expertise and competence building enabled.	Training modules and programmes relevant to the current environment.	Number of policy support instruments (industry roadmaps, sector development plans and industry support tools, etc).	1/1	1/1	1	1		
2.6		Training programmes as well as trained, skilled participants.	Number of recipients of energy related training facilitated.	3/3	N/A	50	32	18	Eighty individuals were invited to the online training, with 72 accepting to attend the event. Thirty-two logged into the training session and were active, and others kept logging in and out throughout the session. It then became difficult to account for the 50 for the purpose of evidence and we obtained a record of 32. attendees.
2.7		Energy Research students and researchers supported.	Number of energy-related research students / contracted researchers supported (e.g. bursaries, non bursaries, contract opportunities, infrastructure support, etc).	N/A	N/A	1	1		

3.2.3 Smart Grids

SANEDI in collaboration with the DMRE developed and piloted the concept of Smart Grids in South Africa. The main focus of the programme is on "Technology as an Enabler for Change" in the municipal environment. Smart Grid programme would realise Smart Cities in South Africa and assist in solving the municipality energy debt crisis through relevant technology and data that solve both energy measurement concerns and shortfalls in financial management capacity

Highlights

Internet of Things (IOT) Technologies for Effective Municipal Asset Management research project concluded that IoT technologies can improve the coordination of the electricity and freshwater supply by municipalities for the communities.

President Cyril Ramaphosa provided a directive on the way forward in his 2019 State of the Nation Address (SONA) on the Fourth Industrial Revolution (4IR). The 4IR holds excellent potential for improving Management and Governance and delivering system change to create clean, resource-secure and inclusive economies. The energy sector is undergoing a significant transformation, which promises to reconfigure most of its operational areas. Municipalities are key to the sustainability of a vibrant South African economy.

The integration of RE and optimisation of energy use, are key enablers towards sustainable energy transitions and mitigating the over-reliance on Eskom for the bulk electricity provision to municipalities. Modern technologies such as the Internet of Things (IoT) offer a vast number of applications in the digitalisation of the electricity sector. Within individual electricity distribution across South Africa, some systems and processes must be understood and factored into gathering data with regard to IoT, 4IR and other technologies.

SANEDI in partnership with the UP, conducted research on IOT Technologies for Effective Municipal Asset Management. The research entails a Literature study, ata collection and analysis. The research explores future technological trends, their implications and opportunities for municipal electricity distribution entities. The *research project concluded that* the novel IoT introduces connectivity beneficial to municipalities to guarantee performance and a peer-to-peer operational service for the city. This can maximise a green profit for the city and create a golden opportunity of improving sustainable development goals. The application of the IoT allows everyone to participate in the improvement of the municipality. IoT applications have been shown
to create a green space in a smart city which in turn will have a positive impact on health because IoT technology will enhance the coordination between electricity and freshwater supply in municipalities.

National Municipal Asset Management database research was undertaken to investigate the key requirements of a National Asset Management Database.

This National Municipal Asset Management Database is a standardised technology asset database that will enable municipalities to prepare realistic budgets for maintenance and operations. This includes International trends and best practices. Under this project, a literature study, data collection, and a report on the following aspects were concluded: -

- EPRI Asset Management Self-Assessment Guide for Power Delivery,
- International Infrastructure Management manual, and
- BC Hydro AMBC - Asset Management Building Blocks: Roadmap.

We have partnered with the University of Pretoria to conduct research on how Renewable Energy Systems impacts Municipal Revenue Streams.

Municipal Revenue Streams research aimed to understand the impact of small-scale RE on the municipal revenue streams. The research would also assist municipalities to adapt business models in order to maintain long term sustainability.

Municipalities are very important to the South African economy. There is a deep concern about most municipalities financial status as a going concern. The President gave clear direction on the way forward in his SONA on the 4IR. Effective asset management is key to the long term sustainability of municipalities. It is important to understand the current state of assets be stored in a central repository as part of the asset strategy. This will assist in improving municipalities financial status through reduced operational expenditure. This research investigated the key requirements of a National Asset Management Database. This includes International trends and best practices. Significant findings from the report is that the introduction of Distribution Generation(DG) into a distribution network can significantly alter load parameters of the composite load, as seen by the external network, at high penetration levels. Load parameters were found to be altered from the introduction of DG and varied as a function of DG penetration. The load parameters which decreased with an increase in DG penetration were coincident demand, demand factor, utilisation factor and coincidence factor, for both the central DG scenario and de-central DG scenario. Load parameters which were noted to increase with the increase in DG penetration were diversity factor and load diversity. Load and loss factor (loss factor being a function of load factor) was not monotonic, as was noted for the other load parameters.

We have concluded the Distributed Generation (DG) Penetration Report that aimed to assist municipalities to improve operational efficiencies.

We have concluded the Distributed Generation (DG) Penetration Report that aimed to assist municipalities to improve operational efficiencies. The Distributed Generation Penetration Report guides municipal utilities to plan, implement, and commission Distribution Management System (DMS) and Distribution Automation (DA) facilities. According to the key findings, optimal utilisation of existing equipment can be achieved through reduction of energy losses, peak shaving, and performing Conservation Voltage Reduction (CVR) techniques. An Advanced Distribution Management System (ADMS) solution gives network operators a way to cope with increasing complexity, and to pave the way for future business success amid ongoing industry disruption.

3.2.4.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Smart Grids **100 % performance of targets during 2020/21**									
	Outcome	**Output**	**Output Indicator**	**Audited Actual Achievement 2018/19**	**Audited Actual Achievement 2019/20**	**Planned Annual Target 2020/2021**	**Actual Achievement 2020/2021**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
2.1	Number of Smart Grid systems Pilots for smart cities.	Smart Metering Infrastructure assessment reports.	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	4/4	5/5	3	3		
2.2	An awareness of the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions).	Research publications reflecting clean energy insights.	Number of annual Energy Industry status report (insights, trends, International and National collaboration decisions, interfacing and forums).	1/1	1/1	1	1		
2.3	Evidence based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics.	Municipal Asset Management Database.	Minimum number of energy-related datasets maintained per annum.	N/A	N/A	1	1		

3.2.4 Cleaner Mobility

The role of the Cleaner Mobility Programme is to investigate and demonstrate alternative ways of mobility that will lead to the improvement of the environmental, social and economic conditions

Highlights

In realising UNIDO Low Carbon Transport (LCT), we have embarked on a study to assess opportunities for the development of Lithium-Ion batteries (LIB) in South Africa for the Electric Vehicle (EV) market.

The CM in partnership with UNIDO LCT-SA, commissioned a study to assess opportunities for the development of LIB in South Africa for the EV market, with a focus on leveraging on the existing automotive value chain, the country's ability to develop new capability relevant in the battery value chain and specific segments of the value chain, or work to build a complete value chain domestically.

The study in the LIB value chain showed a vibrant value chain. Not all stages are, however, at the same level of development. The key findings of the study are summarized as follows: -

- The study highlighted the need to identify where, in the entire LIB value chain, South African industries are (or could be) competitive,
- In terms of readiness, only two pathways, developing battery manufacturing and mineral refining, are ready for scale-up. Cell manufacturing and recycling could be explored in the medium to long term, provided they prove to be economically sustainable,
- Mineral beneficiation for battery production, while limited, is also present in the country, with existing pockets of excellence in manganese and aluminium and interesting developments in lithium nickel and titanium,
- Importantly, battery manufacturing (off imported cells) and battery refurbishing (second-life batteries) is a booming opportunity with many firms operating in this space, leveraging unique expertise and IP, notably in the development of a Battery Management System (BMS), and
- Mining of multiple LIB-relevant minerals, such as manganese, iron ore, nickel, and titanium, is already underway in the country and the region.

Installations of EV charging stations

The LCT-SA project in partnership with Cleaner Mobility demonstrated EV charging technologies to City employees and residents at two Metropolitan municipal buildings as follows:

- 2 x EV charging stations in City of Cape Town, and
- 1 x EV charging station in City of Tshwane (CoT).

The EV charging stations will also be used to study charging patterns, demand profile, charging tariff options and potential impact on the Municipal electricity grid.

LCT-SA E-book publication

The LCT-SA project has been primarily funded by UNIDO since its inception. The project has positively contributed to the development of a Clean Transport sector in South Africa in the past five to six years. This project, however, will come to an end at the end of May 2021 as it has reached its initial objectives and targets. The project team has compiled an LCT-SA project e-book to ensure the project life cycle is preserved, as well as to showcase the impact the project has made. In addition, it showcases the achievements, gaps identified, and lessons learned in the implementation of various project initiatives. The publication is planned to take on the form of a Sustainability Impact Report and will be available to the public at no cost.

3.2.4.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Cleaner Mobility 100 % performance of targets during 2020/21									
	Outcome	**Output**	**Output Indicator**	**Audited Actual Achievement 2018/19**	**Audited Actual Achievement 2019/20**	**Planned Annual Target 2020/2021**	**Actual Achievement 2020/2021**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
2.1	Number of Smart Grid systems pilots for smart cities.	Cleaner mobility: Greening municipal fleet, a cleaner transport massification.	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	4/5	3/3	1	1		
2.2			Number of annual Energy Industry status report (insights, trends, International and National collaboration decisions, interfacing and forums).	1/1	0/1	1	1		

3.2.5 Working for Energy

Programme (the Programme) is to provide sustainable clean energy solutions to rural and low income urban communities with special emphasis on job creation, skills development and community enterprise development. The Programme targets the youth, women and People with Disabilities (PwD's) in rural areas and low income urban communities. The Programme seeks to use available technologies and develop local skills, to harness available RE resources to produce useable energy for the benefit of low income communities. WfE programme has been discharged and will not continue under SANEDI during the 2021/22 financial year, as there are however accomplished activities during 2020/21 under the programme.

Highlights

As part of Covid-19 relief, about 100 households in the Free State (Virginia) were supplied with LPG GAS stoves. This underscored the opportunities in South Africa of using alternative fuels for thermal applications.

There were 66 beneficiaries that benefitted from digesters, training and employment or a combination thereof in Kwazulu-Natal(KZN), whereas 136 participants were introduced to biodiesel production in Gauteng(GP), the Free State and Mpumalanga.

Refurbished Domestic Biogas Digesters of Ndwedwe studied the challenges with the original offering of SANEDI being the 28 biogas systems in KZN. In addition, the project revived, retrained and renewed the appliance offering. It also created research opportunities for many students of the UKZN. In Limpopo, Biogas trainees in the Gawula Biogas Operationalisation Programme was earmarked. Through this programme, 15 jobs were created for a period of about a year with skills provided by the programme. In addition, food-energy-water and environment principles were practiced for posterity.

In Gauteng, Northwest, Free State and Mpumalanga Provinces, selected beneficiaries (136) from waste buy back centre's were introduced to the potential of waste food oils as a source for biodiesel production. This project drew the attention of Provincial Government towards the job creation, environmental benefit and skills potential for the RE and Waste to Energy programmes. Subsequently, the Gauteng Department of Agriculture and Rural Development (GDARD) partnered with SANEDI and the Bio Based Industries(BBI) for advanced training or selected beneficiaries in the biodiesel production space.

UKZN Lotto, Defy ECDC Partnership Project Expansion-Ndwedwe

This project brought together academia, applied research, private sector and public funding to deliver a model for energy technologies to solve both the waste management, energy access, energy poverty, food security and sanitation challenges.

BBI Solar Heating Programme

BBI Solar Heating Programme project proved the contribution and impact of using clean energy for thermal applications in Tompi Seleka College of Agriculture in Mpumalanga. The net savings of this project was logged and reported. According to the Preliminary Baseline report, approximately R601,974.63 in savings is envisaged to be experienced annually.

3.2.5.1 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Working for Energy 100 % performance of targets during 2020/21									
	Outcome	**Output**	**Output Indicator**	**Audited Actual Achievement 2018/19**	**Audited Actual Achievement 2019/20**	**Planned Annual Target 2020/2021**	**Actual Achievement 2020/2021**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
2.1	Demonstrated GHG emissions mitigation potential in support of National commitments.	Smart public facilities pilots and studies (RE SANEDI driven initiative contributing towards GHG reduction).	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	2/2	2/2	6	6		
2.2	An awareness of the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions).	Engaging with relevant stakeholders on RE technologies [events and training].	Number of energy-related knowledge sharing events / platforms engaged in (own hosted, attended, knowledge presented, supported).	0/4	4/4	5	5		
2.3		Clean energy technologies training in the sector (including municipalities).	Number of recipients of energy related training facilitated.	0/15	15/15	2	2		
2.4	An awareness of the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions).	Research publications reflecting clean energy insights.	Number of annual energy industry status report (insights, trends, International and National collaboration decisions, interfacing and forums).	1/1	0/1	1	1		

Working for Energy 100 % performance of targets during 2020/21									
	Outcome	**Output**	**Output Indicator**	**Audited Actual Achievement 2018/19**	**Audited Actual Achievement 2019/20**	**Planned Annual Target 2020/2021**	**Actual Achievement 2020/2021**	**Deviation from planned target to Actual Achievement 2021/2022**	**Reasons for deviations**
2.5	Energy transition expertise and competence building enabled.	Training modules and programmes relevant to the current environment.	Number of policy support instruments (industry roadmaps, sector development plans and industry support tools, etc).	1/1	N/A	1	1		
2.6		Energy Research students and researchers supported.	Number of energy-related research students / contracted researchers supported (e.g. bursaries, non-bursaries, contract opportunities, infrastructure support, etc).	0/6	N/A	1	1		

3.2.6 Cleaner Fossil Fuel

During 2012, the South African Carbon Capture Storage (CCS) Roadmap was endorsed by Cabinet. Recently, delays and the incorporation of capture, utilisation and mineralisation saw the phylogeny of a refreshed Roadmap. The Pilot CO_2 Storage Project and the Pilot CO_2 Capture project conflate in the integrated CCS Demonstration Project circa 2026. The consummation of the overall Carbon Capture, Utilisation and Storage (CCUS) programme is anticipated during 2030.

There are changes in Cleaner Fossil Fuel (CFF), and as from 1 September 2020 the sub-programmes under CFF were transferred to the Council for Geoscience (SGS) as per the Minister's approval. To this end, the Pilot Carbon Dioxide Storage Pilot Project (PCSP), the CCUS project, and the team have been transferred to the Council for Geosciences (CGS) for further implementation and custodianship. The transfer of CCUS to CGS is a logical step as SANEDI had been working with the SGS throughout the CCS programme. The move has resulted in extra staff being available to work on the programme. Moreover, it has resulted in two major revisions to the CCUS Programme:-

- Since the launch of the original Atlas, the CGS has undertaken further geological analyses indicating further possible geological storage sites. Consequently, the PCSP has been moved from the KZN Province to the Mpumalanga Province, closer to the source of point CO_2 emissions, and
- The following technologies, enhanced coal-bed methane, underground coal gasification and enhanced geothermal energy extraction, have been added to the scope of utilisation under investigation.

We believe that exploration of solutions in the area of CFF is important, and that there is scope outside of CCUS that should be explored. Therefore, SANEDI retains the CFF sub-programme and is exploring other applied energy research including clean coal pilots and bio-fuels. Through demonstrated clean energy initiatives, SANEDI will support the Sector Education and Training Authorities (SETAs) and Incubators, to enable the development of skilled Small, Medium Micro Enterprises (SMMEs) in the clean energy sector.

3.2.6.1 OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

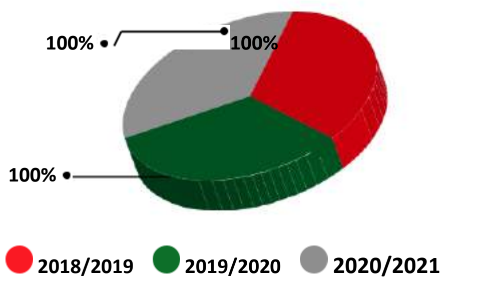
Cleaner Fossil Fuels
The rolling out of the annual targets was discontinued as the programme was transferred to Council for Geoscience by the Minister of DMRE

	Outcome	Output	Output Indicator	Audited Actual Achievement 2018/19	Audited Actual Achievement 2019/20	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
1	Demonstrated GHG emissions mitigation potential in support of National commitments.	Proof of concept of CCUS in South Africa.	Number of energy solutions assessed. (Advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	3 /3	3/3	7	There are changes in the CFF , as from 1 September 2020 the sub-programmes under CFF were transferred to the SGS as per the Minister's approval. To this end, PCSP, the CCUS project, and the team have been transferred to the CGS for further implementation and custodianship. A directive from the Minister is available. The rolling out of the annual targets was therefore discontinued.		
2	An awareness of the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions).	Reports and analysis from stakeholder engagements.	Number of energy-related knowledge sharing events / platforms engaged in (Own hosted, attended, knowledge presented, supported).	N/A	1/1	15			
3		Research publications reflecting clean coal insights.	Number of annual energy industry status reports (Insights, trends, International and National collaboration decisions, interfacing and forums).	1 /1	1/1	2			
4	Evidence based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics.	Information and data made available for policy development.	Number of energy solutions assessed. (Advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	3 /3	Duplicate of 2.1 above.	Duplicate of 2.1 above.			
5		Accessible and high-quality data: energy-related datasets.	Minimum number of energy-related datasets maintained per annum.	1/1	1/1	8			
6	Energy transition expertise and competence building enabled.	Training programmes as well as trained, skilled participants.	Number of recipients of energy-related training facilitated.	150/150	150/150	300			
7		Energy Research students and researchers supported.	Number of energy-related research students / contracted researchers supported (e.g., Bursaries, non-bursaries, contract opportunities, infrastructure support, etc).	0/2	2/2	2			

3.3 Programme 3: Energy Efficiency

Energy Efficiency means using less energy to provide the same service. EE is essential to life and all living organisms. The sun, directly or indirectly, is the source of all the energy available on earth. Our energy choices and decisions impact earth's natural systems in ways we may not be aware of, so it is essential that we choose our energy sources carefully. EE aims to accelerate a shift towards a resource and particularly, an energy (including gas, liquid fuels, electricity and water) efficient society.

PERFORMANCE: PROGRAMME THREE



Highlights

Through 12L Tax Incentive, 39 companies issued with Tax Certificates and saved 1.6 Twh with a rebate value of R 1.5 billion and avoided GHG of 1 338 525 tonnes of CO_2.

The 12L Tax incentive, according to the Income Tax Act, 1962 (Act No. 58 of 1962), provides an allowance for businesses to implement EE savings. The savings allow for a tax deduction of 95c/kWh saved on energy consumption. The 12L tax incentive offers tax reductions for EE in order to combat climate change and address South Africa's energy supply security. Profitable organizations can claim a reduction on their year-end taxable income from the South African Revenue Service (SARS), based on verified energy saved savings during a specific tax year.

The 2020/21 financial year reporting period had a number of projects submissions at various stages of the project life cycle. Thirty-nine companies were issued with 12L tax Certificates between April 2020 and the end of March 2021. The combined impacts archived are 1 581 950 947 kWh energy savings equivalent to 1.6 Twh, 1 338 525 tons of avoided CO_2 in GHG emissions with a total of R 1.5 billion in tax incentives value.

SANEDI signed an agreement with the City of Cape Town in November 2020, allowing for the roll-out of a large-scale Cool Roof project in various pre-identified low-income sites within the Cape Town Metropolitan area.

SANEDI signed an agreement with the City of Cape Town in November 2020, allowing for the roll-out of a large-scale Cool Roof project in various pre-identified low-income sites within the Cape Town Metropolitan area.

The Cool Surfaces programme, which refers to projects involving materials and technologies used in the construction of the building envelope that passively improve thermal comfort and reduce energy consumption.

Engagement with the International organizers of the 1 million Cool Roofs Challenge (1MCRC) project took place during April and June 2020, and an extension for delivery of this project was sought, as a result of the global COVID-19 impact. Furthermore, SANEDI, as one of 10 global beneficiaries of the International 1 million Cool Roofs competition was invited to provide material for an International blog on the South African project and this was extremely well received by all local and International stakeholders. Mandatory quarterly reports to the International organizers were submitted, and SANEDI were able to get permits to travel to multiple military facilities in the Limpopo Province to do rooftop assessments for cool coatings, with phenomenal results. Details of these visits and the rooftop potential for cool coatings is covered in more detail in the Renewable Energy Centre for Research and Development (RECORD) section of this report.

A Memorandum of Understanding (MoA) was signed between the City of Cape Town and SANEDI in November 2020, allowing for the roll-out of a large-scale Cool Roof project in various pre-identified low-income sites within the City's jurisdiction. This initiative was followed-up with a SCM-process to identify suitable Service Providers to supply product and coat the roofs, as well as a site visit to the respective sites. Furthermore, a SANEDI commissioned and GIZ-funded 'Analysis and Documentation of Experiments on Cool Roofs and Walls in KwaZulu-Natal' was finalized and published in November 2020.

Energy Efficient Appliance Standards & Labelling (S & L) implemented by SANEDI, is a priority initiative of the Department of Mineral Resources and Energy (DMRE), to achieve energy consumption and cost savings, as well as the reduction of Greenhouse Gas Emissions from appliances and lighting products in South Africa. The Programme exists to support key Government entities invested in regulating the safety and performance of appliances and lighting, in accordance with developments in International, Regional and National Energy Efficiency (EE) standards.

SANEDI has partnered with Collaborative Labelling and Appliance Standards (CLASP) to implement some of the S & L Programme's key activities such as the research and the development of improved EE standards for selected products. CLASP is an International non-profit organisation, whose primary objective is to improve the energy and environmental performance of the appliances and equipment we use every day, accelerating our transition to a more sustainable world, and is based in Washington DC, USA, with Regional offices in London, the UK, Nairobi and Kenya.

CLASP has provided technical assistance to Governments on all aspects of the development and implementation of appliance standards, and labelling programs in countries around the world since its inception in 1999, including DMRE. SANEDI and CLASP have agreed to cooperate under a Memorandum of Understanding (MOU), which was signed by both parties on the 22nd April 2020 and was endorsed by the DMRE. The purpose of the MOU is to provide a framework of cooperation and understanding, and to facilitate collaboration between both organisations, to further shared goals and objectives regarding the supporting of appliance, and equipment EE policies in the Republic of South Africa.

The overall objective of this collaboration is to protect South Africa's market from poor quality, inefficient products and to reduce CO_2 emissions associated with energy-related products in a cost-effective manner. As part of the MoU, CLASP has undertaken to seek International donor funding to achieve the key objectives outlined above, initially focusing on sourcing funding to employ an EE Standards and Labelling Project Manager based at SANEDI. This initiative will transition from the DMRE to SANEDI in a phased manner. The Terms of Reference (ToR) for this position was approved by all stakeholders in May 2020, and the advert was placed on the SANEDI website and in The Star National newspaper on the 5th March 2020, with a closing date of 19th June 2020.

SANEDI has taken over the responsibility of administering this key EE programme on behalf of the DMRE, and received International donor funding as well as from the DMRE for this purpose. This programme was transferred from the DMRE to SANEDI in late 2020, and began in earnest in January 2021. During the past financial year, SANEDI realised huge progress in this area, and facilitated the formal follow up on the progress of approval for the proposed compulsory specifications for VC 9109 and VC 9110. The response to the enquiry included the publishing of the proposed regulations for public comment for the period 1st March to 30th April 2021 by the Department of Trade, Industry and Competition (DTIC). SANEDI has also extensively promoted the opportunity for the public, with a vested interest in the process to comment in support of the specifications through media publications and a radio interview with Cape Talk Radio.

SANEDI also contributed to the development of a significantly improved National Regulator for Compulsory Specifications (NRCS) inspection register, hosting two working meetings, and consolidating comments to assist the NRCS to improve their register template and data collection method for compliance against regulations.

The S&L Programme was approached by the Clean Lighting Coalition (CLiC) to film, and narrate a video that is part of awareness creation content on the impacts of mercury in traditional lighting sources, ahead of the Minamata Convention to promote clean and advanced lighting technologies as the alternative. The Programme has also continued to maintain and update The Official South African Energy Efficiency Website (savingenergy.org.za), publishing monthly editions of the S&L newsletter to a growing list of subscribers to increase SANEDI's public reach.

Energy Performance Certificates (EPCs) for buildings.

SANEDI was mandated to develop, host and maintain the National Energy Performance Building Register (NEPBR) as building owners are required to display a Certificate of Energy Performance at the entrance to their buildings which is valid for a period of 5 years.

Energy Performance Certificate" means a certificate issued by an accredited body in respect of a building in accordance with the South African National Standard SANS 1544: 2014. Energy performance certificates for buildings, published by the South African Bureau of Standards in terms of the Standards Act, 2008 (Act No. 8 of 2008) that indicates the energy performance of that building.

The Minister of Mineral Resources and Energy gazetted the long-awaited EPC Regulations for classes of buildings in both the public and private sector on the 8th December 2020, with SANEDI mandated to develop, host and maintain the National Energy Performance Building Register (NEPBR). EPC related activities gained recognition, as well as contributing to a UK-PACT funded project to operationalise EPCs in South Africa and to ultimately develop a world class ToR for the NEPBR in South Africa. Stellenbosch University (SU) succeeded in becoming the first recipient in South Africa to be awarded an EPC for their main administrative building during this reporting period.

SANEDI supported the SMART-lighting demonstration site at The Innovation Hub in Tshwane.

SANEDI was tasked to provide an expert engineering service to a multi-party project, funded by the South African – German Energy Partnership at The Innovation Hub in Tshwane, which culminated in an International online webinar, titled: "International experience on EE lighting research and demonstration: Sharing know-how and lessons learned". In addition, SANEDI contributed engineering expertise in this regard, SANEDI was part of the very impressive line-up of local and international speakers in the webinar on 30 March 2021.

An Energy Service Company (ESCo), is a business that provides a broad range of energy solutions, including the design and implementation of energy savings projects, retrofitting, energy conservation, energy infrastructure outsourcing, power generation, energy supply and Risk Management. SANEDI acknowledges the importance of these companies in aiding the transformation of

South Africa's energy landscape. Most notably, these companies are instrumental in executing building EE upgrades, which are required for buildings to improve their Energy Performance Certificate (EPC).

With this in mind, the ESCo Register, initiated by the DMRE, SANEDI and the Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) in 2017, was recently updated. The number of participating companies increased from 58 to 89. The number of classified Tier 1 ESCos increased from 14 to 29 and Tier 2 ESCos increased from 24 to 25. Many companies managed an improvement into Tier 1 status, and SANEDI firmly believes these results will ultimately result in a more sound, accountable, and professional register of companies who can be hired with confidence.

In total, the actual ESCo Register comprises of 54 qualified ESCos offering various services in the field of EE and RE. Those qualified ESCos ensure Nationwide coverage in all nine Provinces, covering the residential, commercial, lighting industry, heavy industry/mining and public infrastructure/municipalities sectors. The registered companies are ready to provide services covering energy auditing, measuring and verification of EE savings, engineering design, project implementation, energy management, issuing of EPCs, energy performance contracts, financing of energy projects and the full ESCo offering including the provision of energy services and financing.

The ESCo register is an important tool to facilitate market development and growth of ESCos in South Africa, and are utilised by both the public and private sector organisations to identify, plan, develop, finance and implement EE projects. Furthermore, a successful online ESCo Market Development Workshop was arranged and hosted by SANEDI, in conjunction with the DMRE on the 1st October 2020, with various high-level guest presentations conducted, including the World Bank (WB) on ESCo Market Development work they are doing in India and other parts of the world. This workshop was very well received, and has led to the WB expressing an interest to potentially fund additional work in this area in South Africa, similar to the work they are doing in India, Saudi Arabia, Bangladesh and other parts of the world.

3.3.2 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Energy Efficiency 100 % performance of targets during 2020/21									
	Outcome	Output	Output Indicator	Audited Actual Achievement 2018/19	Audited Actual Achievement 2019/20	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
3.1	Demonstrated GHG emissions mitigation potential in support of National commitments.	Smart public facilities (and any other SANEDI driven initiative contributing towards GHG reduction).	Number of EE solutions Assessed.	1/1	1/1	1	1		
3.2		Processed 12L tax applications.	Number of EE solutions implemented.	59/59	56/56	2	2		
3.3	Evidence based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics.	Register of energy performance certificates for commercial buildings.	Number of EE energy related datasets maintained per annum.	6/6	6/6	6	6		

PART C
GOVERNANCE

1. INTRODUCTION

SANEDI is a juristic person established by section 7(a) of the National Energy Act (NEA), Act 38 of 2008, and is managed and controlled by a Board. The Board, in terms of section 8(a) of the NEA, is assigned the responsibility of determining policies and procedures and overseeing the performance of SANEDI. The Board adopted the King IV Report on Corporate Governance as a guiding document in executing its responsibility assigned by section 8(a) of the NEA.

2. PORTFOLIO COMMITTEES

The Parliamentary Portfolio Committee (PPC) on Energy has oversight of SANEDI. During the 2020/21 financial year, SANEDI presented its Strategic Plan (SP) and Annual Performance Plan (APP) for 2021\21 to the PPC for review, which was subsequently adopted by the PPC.

3. EXECUTIVE AUTHORITY

The Executive Authority (EA) of SANEDI is the Minister of Mineral Resources and Energy (previously DoE). As per the compliance requirements, SANEDI submitted the following reports to the EA on the indicated dates:

Report
First-quarter performance report for the period 1 April 2020 to 30 June 2020
Annual Report (AR) for 2019/20
First draft Strategic Plan (SP) for 2021/22
First draft Annual Performance Plan (APP) for 2021/22
Second-quarter Performance Report for the period 1 July to 30 September 2020
Second draft SP and APP for 2021/21
Third-quarter Performance Report for the period 1 October to 31 December 2020
Final draft SP and APP for 2021/22
Fourth-quarter Performance Report for the period 1 January to 31 March 2021

4. THE ACCOUNTING AUTHORITY / BOARD

The role of the Board

- Formulating, approving and monitoring the strategy, goals, business plans and annual budgets, and approving any subsequent material changes in strategic direction or material deviations in business plans.
- Approving the Annual Financial Statements, ensuring these fairly present the financial and non-financial position, contain proper disclosures and conform to the law.
- Ensuring that an adequate and effective process of Corporate Governance is established and maintained, and that King IV principles are applied or, alternatively, where the requirements of King IV are not applied, indicating the reason and explaining other processes implemented by the Institute to address aspects of the requirement.

Board Charter

The Board operates in terms of an adopted Charter. The Charter was reviewed against the backdrop of the recommended practices on Board Charters issued and published by the Institute of Directors Southern Africa. The Charter confirms, as recommended by the King IV Report on Corporate Governance, and stipulated in the Energy Act inter alia, that the Board's duty is:

a) to steer and set strategic direction in regard to both the organization strategy and the way in which specific areas are to be approached, addressed, and conducted,
b) to approve policies and planning that give to the strategy,
c) to oversee and monitor the implementation and execution of policies by Management, and
d) to ensure accountability by means of reporting and disclosures.

Composition of the Board

The Board is appointed by the Minister of Mineral Resources and Energy (previously DoE) in consultation with the Minister of Science and Innovation (previously DST). Section 8(2) of the NEA requires the following Board composition:

- Chairperson,
- Deputy Chairperson,
- Representatives from the following Government Departments:

  – Mineral Resources and Energy (previously DoE),
  – Trade and Industry,
  – Science and Technology,
  – Environmental Affairs, and
  – Transport.

- And two other suitably qualified persons.

The Board consisted of the following members:

Capacity	Name and Surname
Deputy Chairperson and Interim Chairperson	Mr Nkululeko Buthelezi
Representative of the Department of Mineral Resources and Energy	Ms Nomawethu Qase with Mr Thabang Audant (being an alternate director)
Representative of the Department of Trade and Industry	Mr Gerhard Fourie
Representative of the Department of Science and Technology	Mr Mmboneni Muofhe with Dr Rebecca Maserumule being an alternate
Representative of the Department of Transport	No representative appointed
Independence member person	Ms Phuthanang Motsielwa

The Board has the following vacancies:

- Chairperson,
- Representative of the Department of Environment Affairs,
- Representative of the Department of Transport, and
- Independence member.

The majority of the Board members were appointed on a fix-term period of five years from 1 December 2016, except for Ms Phuthanang Motsielwa whose term of office ends the 31st August 2021. As of the 1st December 2020, SANEDI did not have a Board which necessitated that the Chief Executive Officer (CEO) usurp the Board's as prescribed by the NEA. Various Governance measures were introduced to ensure fairness and transparency in the decision-making process to mitigate a perception that the CEO will have unrestrained powers due to her performing the CEO, and the Board's roles simultaneously. The Executive Committee (EXCO) became a recommending body to the CEO. The Internal Auditors provide assurance to the CEO through the execution of their audits as per the Internal audit plans as approved by the previous Board to assure the authenticity of the information provided to the CEO.

Committees

The permits the Board to establish sub-committees and may appoint any of its members to join one or more of such sub-committees, which must perform those functions of the Board as the Board may determine. The following Board Committees assisted the Board in discharging its mandate over the period under review:

- Board Audit and Risk Committee (BARC), and
- Human Resources, Remuneration, Social and Ethics Committee.

Board Audit and Risk Committee

The Audit and Risk Management Committee (ARMC) comprised of three members. Two of the members are externally appointed to ensure sufficient skill to perform their responsibility and independence. The ARMC assisted the Board in overseeing:

- The quality and integrity of the Financial Statements and the disclosure thereof,
- The scope and effectiveness of the internal audit function, and
- The effectiveness of the organisation's system of internal control.

The members of the Committee as follows:

- Ms Phuthanang Motsielwa,
- Mr Tshepiso Poho, externally co-opted member, and
- Mr Koyana Zanoxolo, externally co-opted member.

Names	15 May 2020 Special Meeting	17 July 2020 Quarterly Meeting	16 October 2020 Quarterly Meeting	28 October 2020 Special Meeting
Ms Phuthanang Motsielwa	✓	✓	✓	✓
Mr Tshepiso Poho	✓	✓	✓	✓
Mr Koyana Zanoxolo	✓	✓	✓	✓

Human Resources, Remuneration, Social and Ethics Committee

The Human Resources, Remuneration, Social and Ethics Committee comprised of four members. The members of the Committee as follows:

- Mr Nkululeko Buthelezi,
- Ms Noma Qase,
- Mr Gerhard Fourie, and
- Ms Mpuseng Tlhabane, externally co-opted member.

Names	9 July 2020 Quarterly Meeting	9 October 2020 Quarterly Meeting
Mr Nkululeko Buthelezi	✓	✓
Ms Noma Qase	✓	✓
Mr Gerhard Fourie	✓	✓
Ms Mpuseng Tlhabane (co-opted)	✓	✓

Remuneration of Board Members

The remuneration of Board and Committee Members is determined by the Minister of Mineral Resources, with the concurrence of the Minister of Finance and is reviewed annually. Members of the Board who are representatives of a Government Department do not receive remuneration for attending meetings or activities of the Board.

Name	Remuneration 2020	Remuneration 2021	Total
Mr Nkululeko Buthelezi	R165 000	R50 000	R215 000
Ms Phuthanang Motsielwa	R166 000	R28 000	R194 000
Mr Tshepiso Poho	R13 000	R23 000	R36 000
Ms Mpuseng Tlhabane	R16 000	R18 000	R34 000
Ms Z Koyana		R28 000	R28 000
		Total	**R507 000**

5. RISK MANAGEMENT

Risk Management is a strategic imperative rather than an option for high performing organisations. SANEDI, is a Schedule 3A public entity under the Public Finance Management Act (PFMA), Act 1 of 1999, and should have sound Governance structures that adhere to the requirements of the PFMA. SANEDI is committed to a process of Enterprise Wide Risk Management that is aligned to the principles of good Corporate Governance as outlined in the King III report, as supported by the PFMA. The Risk Management Policy was reviewed and approved in 2020 by the previous Board and such policy informs the 2021/21 Risk Register.

A Risk Management structure, the Board Audit Risk Committee (BARC), is in place. The Board assigned BARC the oversight responsibility of the Risk Management function to the Risk Committee. Risk Management is also imposed through Annual Operational Plans. Project Risk Registers form part of AOP whereby the risk on project activities are identified and assessed. We are satisfied that significant risks have been managed to an acceptable level.

6. INTERNAL CONTROL UNIT

THE EFFECTIVENESS OF INTERNAL CONTROL

During the period under review, various reports of the Internal Auditor, as well as the External Auditor's Report on the AFS and Management Letter of the Auditor-General (AG), indicated that the entity's system of internal control has shortcomings. The Committee has noted these, and based on the outcome of such reviews and the information provided by Management, the Committee is of the opinion that the internal controls of the entity were effective throughout the year under review, in spite of the highlighted control weaknesses. The Committee reviewed the activities of the internal audit function and has concluded the following:

- The internal audit function is effective, with no unjustified restrictions or limitations, and
- The Internal Audit reports were reviewed at quarterly meetings, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to issues raised therein.

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity. The following Internal Audit work was completed during the year under review:

- Performance Information,
- Financial Control Review,
- Business Continuity and Disaster Recovery Review,
- Project Management Review,
- Procurement, Tender and Payment Process (SCM),
- Human Resources Management, and
- IT Infrastructure & IT Strategy.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

7.1 Internal Audit

Internal audit is an independent provider of assurance and advisory service. Rakoma and Associates Inc, an outsourced firm, is responsible for SANEDI's internal audit function, and provides an independent appraisal function that is designed to examine and evaluate SANEDI's internal controls. Nexia SAB&T took over as the internal auditors from Rakoma and Associates Inc in December 2020. The main objective of the entity's Internal Audit is to assist the Board and Executive Committee with the effective discharge of their responsibilities by evaluating the adequacy and effectiveness of Risk Management, the control environment and Governance processes. In executing its Board-assigned mandate, the Internal Audit follows a risk-based audit methodology in compliance with the Institute of Internal Auditors (IIA) and the International Standards for the Professional Practice of Internal Auditing (ISPPIA).

Any major weaknesses detected are brought to the attention of the Audit and Risk Committee (ARC), the External Auditors and Members of Management for their consideration and remedial action.

7.2 Audit Committee

The Audit Committee is constituted as a Board sub-committee with responsibilities as delegated by the Board in terms of Section 51 (1) (ii) of the PFMA and Treasury Regulations 27.1.1. The Audit Committee has an independent role with accountability to both the Board and shareholders. The role of the Audit Committee is to provide independent assurance and assistance to the Board on control, Governance and Risk Management. The Audit Committee does not replace established management responsibilities and delegations. The key activities of the BARC, in correspondence with National Treasury (NT) Regulations, are:

- to review the adequacy of policies, procedures and the internal control systems, including Information Technology(IT) security and control, and financial controls,
- to review performance management systems and information for compliance and alignment to company purpose, objectives and commitments,
- to review and approve the scope of activities of the internal audit function, ensuring that it covers the key risks and that there is alignment with the external auditor (Auditor-General of South Africa(AGSA)), assess the effectiveness of the internal audit function,
- to review the AGs audit scope, approach and performance, and review findings and implementation of recommendations by Management,
- to review legal and regulatory compliance and effectiveness of systems for monitoring such,
- to report to relevant stakeholders, including the Board regarding the Committee activities, issues and related recommendations, and
- to report concerns to the EA where relevant.

The table below discloses relevant information on the Audit Committee Members.

Names	15 May 2020 Special Meeting	17 July 2020 Quarterly Meeting	16 October 2020 Quarterly Meeting	28 October 2020 Special Meeting
Ms Phuthanang Motsielwa	✓	✓	✓	✓
Mr Tshepiso Poho	✓	✓	✓	✓
Mr Koyana Zanoxolo	✓	✓	✓	✓

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms Phuthanang Motsielwa	Chartered Accountant (SA)	External	N/a	20 August 13	N/a	4/4
Mr Tshepiso Poho	Chartered Accountant (SA), B Compt Hons (Certificate in Theory Of Accountancy) UNISA, B Com Accounting - WITS	External	N/a	11 October 2019	N/a	4/4
Mr Koyana Zanoxolo	MBA, BCom (Accounting) Professional Accountant (SA) of South African Institute of Professional Accountants (SAIPA).	External	N/a	11 October 2019	N/a	4/4

8. COMPLIANCE WITH LAWS AND REGULATIONS

SANEDI reports on compliance with the PFMA and Treasury Regulations in its quarterly reports submitted to the DMRE and NT. Through the Chief Financial Officer (CFO) forum, NT provides a support structure to CFOs of public entities. This interface allows regular engagement with NT that facilitates information sharing, provides training workshops for finance personnel and CFOs, and provides updates on recent developments within NT, the Accounting Standards Board (ASB) and financial legislation and regulations.

All policies and procedures approved by the SANEDI Board are maintained in a register of policies and procedures, and are complied with. The Secretariat assists with compliance matters and ensures that the company's affairs, as well as the Board proceedings, are properly carried out in accordance with the relevant laws and standards. The DMRE furthermore issues an annual compliance calendar to which SANEDI adheres.

9. FRAUD AND CORRUPTION

SANEDI is committed to the eradication of fraud, corruption, misconduct and any irregularities, and takes a zero-tolerance position towards fraud. A Board approved fraud prevention plan was adopted, with measures to address Fraud Risk Management from both a proactive and reactive perspective.

SANEDI has contracted the services of an independent hotline Service Provider, for the confidential reporting of fraud, corruption, misuse of public resources and other inappropriate behaviour. No calls were received by the Fraud Hotline during the 2019/20 financial year.

10. MINIMISING CONFLICT OF INTEREST

In accordance with the provisions of the Companies Act and the PFMA, all Board Members and Members of the Executive team, declare financial interests annually and the declarations of financial interests are submitted to the DMRE. Further interests are declared at each meeting of the Board or its Committees, and declaration of interest is implemented in line with the PFMA requirements.

An annual declaration of interest is signed by all staff members, including those working in Supply Chain Management (SCM). A record of these declarations is maintained by the Human Resources (HR) Department. Every staff member employed in SCM has furthermore signed the NT code of conduct for SCM practitioners. All individuals who are involved in the bidding process (including all supply chain related, evaluation and adjudication meetings) declare their interest prior to proceeding with the process, as required by the PFMA. Any individual who is a member of the Bid Evaluation Committee (BEC), is not allowed to adjudicate on the same bid if they happen to be a member of the BAC.

11. CODE OF CONDUCT

SANEDI adopted a Code of Conduct in July 2015 which was revised and approved by the Board in April 2018. The Code is universally applicable to all employees and contractors of the organisation, and requires a commitment by each and every employee to adhere to the Code. The Code serves as a guide to assist the Board, Executive Management, Staff and Contractors of the organisation, in making ethical decisions, and engaging in appropriate and lawful conduct. Should there be a breach of the Code of Conduct, a disciplinary process will be followed. No such breach was reported during the year.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

SANEDI endeavours to put the health and safety of its employees and their work environment, including all other persons conducting business on its premises, first as far as is reasonably possible. To this end, SANEDI is committed to the fulfillment of the requirements stipulated in the Occupational Health and Safety Act (OHSA), 1993 (Act No. 85 of 1993). SANEDI has developed a Health and Safety Policy, and subsequently established a Health and Safety Committee, to ensure that all who are in SANEDI's work facilities are in an environment that has eliminated, or reduced potential health and safety threats.

13. COMPANY / BOARD SECRETARY

The Board is assisted by a Company Secretary responsible for the secretariat function, and Governance advisory services. The Company Secretary attended all Board and Committee meetings. The Board and members of the Executive Committee have access to the Company Secretary for guidance on how to perform their duties and responsibilities. The Company Secretary is responsible for the ongoing training of Board Members and the scheduling, preparation and administration of Board and Committee meetings.

14. SOCIAL RESPONSIBILITY

The Human Resources, Remuneration, Social and Ethics Committee oversees the responsibility and ethics, ensuring that preferential procurement is relative to the targets stipulated in the B-BBEE Codes of Good Practice, Employment equity targets are achieved, Skills development is ongoing, and policies that regulate ethical behaviour of Board members and employees are in place. As reported prior in this report under performance information, SANEDI as part of **the Covid-19 relief initiative**, supplied about 100 households in Free State (Virginia) with LPG GAS stoves.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021. It must be noted that the Audit Committee Report was in operation until 31 November 2020, wherein the Board terminated through the effluxion of time.

CHARTER

The BARC (the Committee) is guided by a detailed Charter that is reviewed and approved on an annual basis. The Committee has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

AUDIT COMMITTEE RESPONSIBILITY

The Board handles matters related to the responsibility of the Audit Committee within the Board agenda and in so doing, has complied with all responsibilities of the Committee arising from Section 51 (1) (ii) of the PFMA and Treasury Regulation 3.1.13. The Board has adopted the formal Terms of Reference (ToR) for all Committees, including that of the BARC Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

Lethabo Manamela
Interim Chief Executive Officer (SANEDI)
Date: 31 July 2021

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion (*Include a discussion on your response and indicate what measures have been taken to comply*)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	SANEDI does not issue any licenses to the companies. However, SANEDI played a role in assisting companies to obtain tax certificates and receive tax relief from SARS.
Developing and implementing a preferential procurement policy?	Yes	There is a procurement policy in place that takes into consideration B-BBEE compliance.
Determining qualification criteria for the sale of State-owned Enterprises(SoEs)?	No	SANEDI is also State-owned Entity that is not in position to sell a entity.
Developing criteria for entering into partnerships with the private sector?	Yes	Through procurement contracts and collaboration agreements. Treasury Regulations are complied with when goods or services are procured through Public Private Partnerships or as part of Public Private Partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment (B-BBEE)?	No	SANEDI does not give incentives, grants and investments schemes in support of B-BBEE.

17. STAKEHOLDER ENGAGEMENTS

17.1 Introduction and perspective

The Stakeholder Engagement focus is placed on building strong, constructive, interpersonal relationships with key stakeholders, particularly the Department of Mineral Resources and Energy (DMRE). SANEDI recognises the strategic importance of its stakeholders and partners in fulfilling its mandate. These include matters of policy, funding, programme development and implementation, and collaboration.

The emphasis of the stakeholder engagement strategy is on improving the quality and frequency of interactions with stakeholders, in order to create a supportive, collaborative environment within which SANEDI can fulfill its mandate and achieve its strategic priorities. There is an engagement plan for each stakeholder, and in addition, a scorecard, a risk management process and a supporting budget to support the strategy.

The approach taken is based on the International AA1000 Stakeholder Engagement Standard. The outputs are fully congruent with the Global Reporting Initiative (GRI) G4 Guidelines and International Integrated Reporting Council (IIRC) reporting requirements, even though this is not a requirement for a SoE.

Needless to say, the GRI guidelines assist in providing a holistic framework that addresses broad performance such as social, environmental and economic reporting to stakeholders. It is against this backdrop that SANEDI adheres to sustainability reporting to mitigate negative environmental, social and Governance impacts, thereby improving SANEDI's reputation as well as to enable external stakeholders to understand SANEDI's vision, mission and values.

The boundaries of stakeholder engagement are defined by the scope and context of the SANEDI SP and its mandate, as defined by Legislation and the remit provided by the DMRE. No engagement outside these parameters will be entertained, unless there are extenuating circumstances to justify such.

As a norm, the SoEs are required to submit their entities' plans/activities to the Government Communications Information Systems (GCIS) Dashboard via the DMRE's Chief Directorate on a monthly basis. SANEDI has been submitting consistently during the period under review in accordance with the directive of the Director-General (DG).

Scanning the environment regularly, such as the political landscape and the new emerging best practices, will continue to play a significant role in the implementation of the Plan. To this end, the portfolios have reached out to SANEDI's collaborative partners/ key stakeholders on a regular basis in an endeavour to cement the synergistic relations. Due to the outbreak of the COVID-19 pandemic in 2020 that culminated in the Government to announce the disaster management that included lock down restrictions, SANEDI and its collaborative partners, were unable to participate in events that showcased its programmes as well as information-dissemination on career opportunities in the Energy Sector, in particular to the rural communities.

Monthly reports are a pre-requisite, and the Internal Auditors have conducted quarterly Stakeholder Engagement audits during the period under review, to confirm that an adequate control framework is in place in certain key control activities. These were found to be adequate and effective. In accordance with the best business practices, the Monthly Reports focused on progress made/lack thereof. In a case of lack of progress, remedial steps were stipulated.

17.2 Consolidated Issues

- **Funding**: Securing and managing funds for operations and projects. *Accountability.*
- **National Repository:** Repository for energy information, research and data. IP.
- **Governance**: Formalised relationships, risk and reporting.
- **DMRE / SANEDI**: Working relationship with DMRE, reputation and perceptions, (Undertake more work together, (partnerships).
- **Projects:** Development, funding, reporting, cooperation, integration, consolidation and delivery of projects (Individual projects), (opportunities for Job Creation).
- **International Cooperation:** International profile, relationships, funding and cooperation with Governments and bodies.
- **Other Government Departments:** Formal, structured relationships, projects.
- **Human Resources:** Equitable allocation of human resources, (skills) for projects.
- **Communications:** Information sharing, branding as energy leaders, and innovators, (NERSA, PPC, Media).

- **Strategic Leadership:** In the energy field.
- **Development Issues:** Expanding the SANEDI footprint in Southern Africa.
- **Synergy with other resources**: Water, waste and air.

17.3 Implementation

Implementation takes place according to the individual goals and actions for each stakeholder. Progress is reported at the monthly EXCO meetings, as well as the SANEDI Board meetings. The EXCO will make any course corrections required. Due to budgetary constraints, SANEDI in partnership with its strategic allies, embarked on a number of activities in its quest to contribute towards the achievement of some of the objectives of the National Development Plan (NDP).

Energy Efficiency

The SANEDI, along with stakeholders, hosted an energy sector meeting between Czechia and South Africa to discuss industry collaboration and opportunities in the energy sector. The well-attended virtual meeting was opened by the Ambassador of the Czech Republic to South Africa, His excellency Dr. Pavel Řezáč, and SANEDI Interim CEO, Ms Lethabo Manamela. It provided the opportunity for participants to gain insight into the energy sector in both the Czech Republic and the Republic of South Africa, as well as to network with prospective partners.

With the growing emphasis on EE in South Africa, the South African German Energy Programme (SAGEN), implemented by the German Development Agency (GIZ) and the SANEDI announced a new App set to improve investment decisions around energy use in lighting of buildings across the country. The first of its kind in SA, the App has been tailored especially for the local market.

17.4 Communications

The Communications Department of SANEDI, through the implementation of the Communication Strategy and Stakeholder Engagement strategy, as well as various legal frameworks, focuses on creating awareness and a positive perception of SANEDI as a brand and its services. It ensures that appropriate messages are targeted to the correct stakeholders, and building and strengthening relationships with said stakeholders, thus creating awareness about SANEDI and its activities. The communications strategy is the basis for SANEDI's communications activities. SANEDI's Communications team is tasked with:

- Profiling SANEDI as a dynamic and successful organisation with a practical and energetic approach,
- Creating a culture of effective communications,
- Building a team of skilled communicators within SANEDI,
- Empower project and support team members to communicate more effectively,
- Develop communications tools and materials which support and enable effective communications, and
- Provide a programme of practical high-impact communications activities which is achievable with SANEDI's current limited resources.

In line with the key focus areas of SANEDI, and considering the reduced budget allocation, the key objectives of the Communications Department were to share knowledge (using all appropriate platforms to ensure a constant flow of relevant and useful content), tell the story (generate news and stories around projects and case studies and ensure events are supported by a good flow of stories), build the brand and the Brand Ambassadors and collaborate by partnering with similar organisations to extend the reach of SANEDI and align messaging. Considering the reduced budget allocation and the key focus areas of SANEDI, key objectives of the Communications Department were to share knowledge (using all appropriate platforms to ensure a constant flow of relevant and useful content), tell stories (generate news and stories around projects and case studies and ensure events are supported by a good flow of stories), build the brand, and Brand Ambassadors, and partner with similar organizations to expand reach and align messaging.

The GCIS raised a concern about the pro-activeness versus reactiveness of how the SoEs communicate in general. The GCIS is aware of budgetary constraints or funding limitations, however, SoEs have to be creative in terms of the use of coverage of these engagements and media. To this end, SANEDI embarked on a cost effective media campaign.

SANEDI's programmes not only focus on energy generated by Fossil Fuels, but cover all energy carriers (excluding nuclear). This enables SANEDI to look at an integrated energy mix, that will assist in the optimisation of the country's energy-related mining activities as well as other key industries. The approach applies to both large-scale and emerging mining operations, where clean, sustainable energy solutions are of paramount importance.

17.5 Events

SANEDI recognises events including industry conferences, seminars and workshops, are an opportunity to communicate directly with key audiences, to present information, and to build relationships. The success of events as a communication tool is determined by prioritisation and identification of the most appropriate events, good preparation and training, and the availability of dynamic communication materials. This however, was not possible during the current reporting year due to the lock down and restrictions by Government to avoid the spread of COVID-19 pandemic. Efforts and focus were made and changed to participate SANEDI on virtual events during the said reporting period. Various other events and conferences such as African Utility Week, the Manufacturing Indaba and Cool Surfaces conference are seen as opportunities for SANEDI's experts to present SANEDI's projects such as the 12L tax incentives programme, Carbon Capture and Storage and Cool Surfaces. SANEDI also welcome an opportunity to exhibit at partner's stands, such as the IEE Programme stand at the Energy Indaba and the United Nations Industrial Development Organisation (UNIDO) stand for the Clean Mobility (CM) Programme.

17.6 Newsletter

The content led approach of SANEDI communication depends on the availability of up-to-date content, and compelling communication materials. All SANEDI's communication material is managed by a member of the SANEDI Communications team responsible for ensuring regular updates and version control, and is sourced from various activities that the various programmes undertake. The Quarterly Newsletter is an amalgamation, of the most newsworthy stories of SANEDI's programmes published during the year. Opinion pieces about the energy industry, such as "Energy Efficiency translates into future thinking" are topics published. A annual publication called Insights is also published by the SANEDI Communications Department, which gives deeper insights on research currently being undertaken in the various energy related fields, possible future opportunities for the industry and also trend forecasting.

17.7 Public awareness and marketing opportunities

The media is a conduit for SANEDI's communication with its primary audiences. Media includes print publications (through editorial content), broadcast outlets (through interviews with various SANEDI experts) and social media (through dedicated SANEDI Facebook and LinkedIn pages). SANEDI communications has enlisted the assistance of a Media Monitoring Programme to measure, and evaluate how the SANEDI brand is performing locally and Internationally in the media. It shows that there was a marked increase in the potential reach of SANEDI material. The reports also show that the tonality was overall positive, and that SANEDI is shown in a good light.

The SANEDI website is a central tool of SANEDI communications. It hosts information and is used to increase the reach and impact of SANEDI. Development and maintenance of the SANEDI website is the role of the IT team, with content being created by various portfolios through the Communications Department. During the 2020/21 financial year, decisions were made to pay more attention and focus on the website in order to improve and upgrade the overall look and fill. This resulted in the Communication Department together with IT to conduct weekly meetings to update content as well as graphics. The process however continues. Through the SANEDI Facebook, LinkedIn, Twitter pages, Communications posts weekly content that is a balanced mix of original text, interesting quotes by SANEDI and its stakeholders, links to interesting and relevant content, photos and, where appropriate, videos.

PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources (HR) team offers strategic support to the core business of SANEDI, by assisting line-management to implement operational excellence and develop human capital capabilities and potential. The main purpose of the HR division is to partner with the organisation in order to foster a conducive environment for high performance. This is done through organisational design/re-design, recruitment and selection, compensation and benefits, talent management and performance management. All these dimensions were enhanced during this financial year, with the restructuring process as the central theme. The purpose of the organisational review is to increase the required capabilities to deliver on the SANEDI mandate and strategy, enable strategy execution through an appropriate and effective structure.

During the year under review, information sessions were held to provide and guide staff on the processes which will enable them to make informed decisions regarding their rights as employees, their benefit options as well as on the HR policies and procedures.

The Workplace Skills Plan (WSP) for the 2020/21 financial year was submitted to the Energy and Water Sector Education and Training Authority (EWSETA). SANEDI actively identified new areas for organisational learning such as Supply Chain Management (SCM), Contract Management, Project Management and Finance Management training. In the financial year under review, a total of 86% of staff underwent training to date, and this percentage includes further studies, local and International training. The National Education, Health and Allied Workers Union (NEHAWU) is the only union recognised by SANEDI, with 23% of the bargaining unit members comprised of employees.

1.1 HR Priorities for 2020/21

During the 2020/21 financial year, SANEDI embarked on an organisational review process to ensure that the organisation is optimally structured to deliver on its mandate. This process is still underway, and will be finalised in the first quarter of the new financial year. Critical activities such as job specification review, job evaluation, and alignment of all positions, were undertaken to ensure that a consistent and rational process of determining the salary structure for various job levels is in place. The process is in its second phase, whereby fixed term contracts will be converted to permanent contracts to ensure that the support function within SANEDI is stable, and able to sustain the skill acquisition, development and retention with the objective of supporting the projects mandated to SANEDI. The grading system will be converted from Peromnes to TASK.

The HR strategy of the organisation will, going forward, be focusing more on developing and retaining the most capable individuals within the organisation, reviewing policies and integrating systems that reflect the organisation's strategic focus. To also impact the organisation by articulating and surfacing the Return of Investment (ROI) of the HR function and measure the improvement and progress. The identified need for performance management and labour law training for all employees was also fulfilled, and more targeted training will be embarked on to support in building a high performing organisation. Other priorities for the year include a strong skill pipeline, succession planning and leadership development. The "brown bag" information sessions will continue to be used as a form of informing employees of any policy changes and progress made in the HR space.

In total, 13 HR policies were reviewed and six were approved by the SANEDI Board. The balance was approved by the HR Committee and Exco and still awaits the ICEO approval. These policies were prioritised as these addressed pertinent issues on the current and future employee rewards structure, as well as what constitutes acceptable behaviour by employees. Employees were also educated on how utilising policies and procedures during decision-making ensures that SANEDI is consistent in its decisions.

1.2 Workforce Planning Framework

For the past 5 - years, five learners and nine interns were appointed to embark on SANEDI's learnership and internship programme. The objective of the programme is to upskill young graduates from institutions of further education and training, and universities by providing them with skills development within the energy sector. This is done by providing theoretical and on-the-job training in order to create a pool of potential candidates for employment by the energy sector.

1.3 Employee Wellness Programme

Strengthening the employer-employee relationship is an important goal for the HR Department. In March 2020, when COVID-19 braced South Africa's shores, there was a National lockdown where employees were forced to work remotely from home and continue with "business as usual'. Careways as an employee wellness Service Provider was there for all employees who needed consultation should the need arise. Based on the reports, there was no employee that consulted the Service Provider albeit the availability of the services. During these difficult times, employees were assured through the HR Department that the employer is prioritising the employee wellbeing. The implementation of the "return to work" schedule and protocol information also assisted in keeping the infection rate as low as possible. Less than 10% of the workforce was reported to have tested positive for COVID-19 and a 100% recovery rate was reported.

During the Organisational Review, employees were informed of the services of an "Employee Assistance Programme" and that should a need arise where employees and/or their family members are negatively affected by the process, that Careways, the appointed Service Provider was available to assist. Due to the COVID-19 pandemic, there were no face-to-face or interactive programmes to enhance the employee well-being.

1.4 Challenges faced by SANEDI

The challenge emanated as a result of the COVID-19 pandemic that resulted in destabilisation of the organisation. Employees had to adjust to a new way of working, and Occupational Health and Safety (OHS) had to take priority in order to ensure employee safety.

1.5 Future HR Plans and Goals

The following high-level HR priorities will be embarked on to create a platform for SANEDI to achieve its strategic objectives:

- HR strategy that will support the implementation of the new organisational strategy for the new Medium Term Strategic Framework(MTSF) period,
- Implementation of career ladders and improvement in the succession plans,
- Developing and rolling out Talent Management programmes for identification of the key gaps between the talent in place, and the talent required to drive organisation success,
- Developing and implementing programmes to ensure a performance management culture is fully embedded within the organisation, and
- Developing highly skilled people.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel related expenditure

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average Personnel cost per employee (R'000)
Programme 1: Administration	46 403	14 193	30,59%	21	675
Programme 2: Applied Energy Research, Development and Innovation	110 855	16 789	15,15%	22	763
Programme 3: Energy Efficiency (EE)	7 768	5 810	74,79%	11	528
TOTAL	**165 026**	**36 792**	**22,29%**	**54**	**681**

2.2 Personnel cost by Salary band

Level	Personnel Expenditure (R'000)	% of Personnel exp. to total personnel cost (R'000)	No. of employees	Average Personnel cost per employee (R'000)
Top Management	3 550	9,65%	2	1 775
Senior Management	7 609	20,68%	4	1 902
Professional qualified	16 733	45,48%	21	796
Skilled and Unskilled	8 900	24,19%	27	329
TOTAL	**36 792**	**100%**	**54**	**681**

2.3 Performance Rewards

Programme	Performance rewards	Personnel Expenditure (R'000)	% of Performance rewards to total Personnel cost (R'000)
Top Management	1 076	3 550	30,30%
Senior Management	2 088	7 609	27,44%
Professional qualified	3 371	16 733	20,14%
Skilled and Unskilled	2 118	8 900	23,80%
TOTAL	**8 653**	**36 792**	**23,52%**

2.4 Training Costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
Programme 1: Administration	13 555	357.78	2.6%	30	7.15
Programme 2: Applied Energy Research, Development and Innovation	16 503	-	0	21	0
Programme 3: Energy Efficiency (EE)	5 749	35.77	.6%	23	1.55
TOTAL	**23 607**	**393.55**	**3.22%**	**74**	**8.70**

2.5 Employment and vacancies

Programme	2020/2021 No. of Employees	2020/2021 Approved Posts	2020/2021 Vacancies	% of vacancies
Programme 1: Administration	21	1	1	4.76%
Programme 2: Applied Energy Research, Development and Innovation	22	2	2	9%
Programme 3: Energy Efficiency (EE)	11	0	0	0%
TOTAL	**54**	**3**	**3**	**5.76%**

The following positions are approved, but not yet advertised at the end of the financial year. Chief Executive Officer (CEO) (Board approval), GM: Cleaner Mobility and GM Renewables. The organizational vacancy % is 5.3%, but the CEO's appointment is a Board appointment currently occupied by an Interim appointee, making the organizational vacancy rate 4.54%.

2.6 Employment changes

Turnover rates provide an indication of trends in the employment profile of the public entity. Appointments: One independent contract was re-appointed after resignation, Company Secretary and Senior Advisor for M&V.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	2
Senior Management	4	-	1	3
Professional qualified	18	5	5	17
Skilled and semi-skilled	21	6	4	23
TOTAL	**54**	**10**	**10**	**45**

- **The Finance Manager is currently acting in the CFO position, thus counted under "Top Management "and minus from "Professional qualified"**

2.7 Reasons for Staff leaving

Reason	Number	% of total no. of staff leaving
Death	N/A	
Resignation	2	3.7%
Dismissal	N/A	
Retirement	N/A	
Ill health	N/A	
Expiry of contract	0	0
Other (Transferred to CGS)	8	14.81%
TOTAL	**10**	**18.51%**

2.8 Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	None
Written Warning	None
Final Written warning	None
Dismissal	None

2.9 Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	1	-	-	-	1	-	2	-
Professional qualified	9	-	2	-	2	-	2	-
Skilled	4	-	-	-	1	-	-	-
Semi-skilled	1	-	-	-	-	-	-	-
TOTAL	**15**	**-**	**2**	**-**	**4**	**-**	**4**	**-**

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-
Professional qualified	5	-	-	-	-	-	1	-
Skilled	15	-	1	-	1	-		-
Semi-skilled	4	-	-	-	-	-		-
TOTAL	**26**	**-**	**1**		**1**	**-**	**1**	**-**

PART E
FINANCIAL INFORMATION

1. REPORT OF THE EXTERNAL AUDITOR

Report of the auditor-general to Parliament on South African National Energy Development Institute

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African National Energy Development Institute set out on pages 71 to 106 which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African National Energy Development Institute as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Events after the reporting date

7. I draw attention to note 26 the entity entered into the process of renewing its operating lease, the lease is subsequent to year end still being finalised, and is of a material nature as it relates to the renewal of the lease office block from CEF (SOC) Limited for an estimated amount of R5 000 000 over four years, this a non-adjusting event refer to note 21.

Transfer of function

8. As disclosed in note 20, the Minister of Mineral Resources, Honourable G Mantashe, approved the transfer of the Carbon Capture Utilisation and Storage (CCUS) project from the South African National Energy Institute (SANEDI) to the Council for Geoscience (CGS) in a letter dated 24 March 2020. Subsequent to that approval, the SANEDI Board then gave a mandate to management to transfer the entire CCUS Programme, including all staff employed under the project, to the CGS. The transfer was finalised on 1 September 2020.

Responsibilities of the accounting authority for the financial statements

9. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 – Energy Efficiency	43–47

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

Programme 3 – Energy Efficiency

Other matters

18. I draw attention to the matters below.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 3 – energy efficiency. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. The material finding on compliance with specific matters in key legislation is as follows:

Procurement and contract management

22. Bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2).

Other information

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance reports that have been specifically reported in the auditor's report.

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. The other information I obtained prior to the date of this auditor's report is the various sections of the annual report, and the chief executive officer's overview is expected to be made available to us after 31 July 2021.

27. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

28. When I do receive and read the chief executive officer's overview, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matter reported below are limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.

30. The accounting authority did not exercise adequate oversight responsibility regarding compliance with laws and regulations and related internal controls which resulted in instances of non-compliance with the PFMA and treasury regulations.

Auditor-General

Johannesburg

31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

    - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

    - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.

    - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.

    - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the South African National Energy Development Institute to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.

    - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

2. ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Board of Directors is required by the Public Finance Management Act (PFMA) (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Financial Statements and related financial information included in this report. It is the responsibility of the member to ensure that the Financial Statements fairly present the state of affairs of the entity as at the end of the financial year, and the results of its operations and cash flows for the period then ended. The External Auditors are engaged to express an independent opinion on the Financial Statements and was given unrestricted access to all financial records and related data.

The Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

The Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board of Directors acknowledge that it is ultimately responsible for the system of internal financial control established by the entity, and place considerable importance on maintaining a strong control environment. To enable the Board of Directors to meet these responsibilities, the Accounting Authority (AA) sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity, and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of Risk Management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The Board of Directors is of the opinion, based on the information and explanations given by Management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Board of Directors has reviewed the entity's cash flow forecast for the year to 31 March 2022, and in the light of this review and the current financial position, is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The Financial Statements are prepared on the basis that the entity is a going concern, and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the AA is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's Financial Statements. The Financial Statements have been examined by the entity's external auditors and their report is presented on page 3.

The Financial Statements set out on page 3, which have been prepared on the going concern basis, were approved by the AA on 31 August 2021 and were signed on its behalf by:

Ms Lethabo Manamela CA (SA)
Interim CEO: SANEDI Board

Statement of Financial Position

as at 31 March 2021

	Note(s)	2021 '000	2020 '000
Assets			
Non- current Assets			
Property, plant and equipment	3	6 764	8 903
Intangible assets	4	–	51
		6 764	**8 954**
Current Assets			
Receivables from exchange transactions	5	4 744	4 481
Cash and cash equivalents	6	260 613	249 029
		265 357	**253 510**
Total Assets		**272 121**	**262 464**
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	7	103 411	15 513
Bonus and restructuring provisions	8	5 593	10 122
Payables from exchange transactions	9	7 227	4 956
		116 231	30 591
Total Liabilities		**116 231**	**30 591**
Net Assets		**155 890**	**231 873**
Accumulated surplus		155 890	231 873
Total Net Assets		**155 890**	**231 873**

Statement of Financial Performance

	Note(s)	2021 '000	2020 '000
Revenue			
Revenue from exchange transactions			
Services Rendered: Sponsorship & Consultancy		631	1 714
Interest received		7 789	15 642
Other income		151	35
Total Revenue from exchange transactions		**8 571**	**17 391**
Revenue from non- exchange transactions			
Transfer revenue			
Government grants & subsidies	11	80 471	78 942
Total revenue	10	**89 042**	**96 333**
Expenditure			
Direct personnel costs	13	(36 792)	(38 203)
Director's remuneration		(269)	(360)
Restructuring		(281)	-
Depreciation and amortisation		(2 348)	(3 810)
Reversal of impairments	14	(77)	(9)
Provision for Doubtful debt	15	-	428
Repairs and maintenance		(649)	(944)
Project development costs	17	(21 009)	(17 224)
Loss on Foreign Exchange		(19)	(11)
Operating expenses	16	(12 608)	(14 507)
Total expenditure		**(74 052)**	**(74 640)**
Surplus for the year from continuing operations		**14 990**	**21 693**
Discontinued operations	20	(90 974)	-
(Deficit) surplus for the year		**(75 984)**	**21 693**

Statement of Changes in Net Assets

as at 31 March 2021

	Accumulated surplus '000	Total net assets '000
Balance at 01 April 2019	**210 180**	**210 180**
Surplus for the year	21 693	21 693
	21 693	21 693
Balance at 01 April 2020	**231 874**	**231 874**
Surplus for the year	(75 984)	(75 984)
	(75 984)	(75 984)
Balance at 31 March 2021	**155 890**	**155 890**

Cash Flow Statement

	Note(s)	2021 '000	2020 '000
Cash flows from operating activities			
Receipts			
Grants		242 952	77 763
Interest income		10 838	16 448
Services rendered- consultancy & sponsorship		767	4 210
		254 557	**98 421**
Payments			
Employee costs		(39 744)	(37 649)
Suppliers		(35 238)	(36 734)
Transfer of RDP funds		–	(29)
Transfer of Grants		(76 782)	(240)
		(151 764)	**(74 652)**
Net cash flows from operating activities	18	102 791	23 760
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1 209)	(4 250)
Transfer of functions between entities under common control	20	(90 000)	–
Net cash flows from investing activities		(91 209)	(4 250)
Net increase/(decrease) in cash and cash equivalents		**11 582**	**19 510**
Cash and cash equivalents at the beginning of the year		249 029	229 519
Cash and cash equivalents at the end of the year	6	**260 611**	**249 029**

Statement of Comparison of Budget and Actual Amounts

as at 31 March 2021

	Approved budget '000	Adjustments '000	Final budget '000	Actual amounts on comparable basis '000	Difference between final budget and actual '000	Reference
Statement of Financial Performance						
Grants & other receipts	234 241	(4 600)	**229 641**	89 041	**(140 600)**	(a)
Expenditure						
Employee costs	(54 103)	2 478	**(51 625)**	(37 342)	**14 283**	(b)
Depreciation and amortisation	(2 805)	-	**(2 805)**	(2 348)	**457**	
Impairment loss/ Reversal of impairments	-	-	**-**	(77)	**(77)**	
Project costs	(139 838)	-	**(139 838)**	(21 009)	**118 829**	(d)
Operational expenditure	(37 495)	2 122	**(35 373)**	(13 274)	**22 099**	(e)
Total expenditure	**(234 241)**	**4 600**	**(229 641)**	**(74 050)**	**155 591**	
Surplus/(Deficit) for the year	**-**	**-**	**-**	**14 991**	**14 991**	
Surplus for the year	**-**	**-**	**-**	**14 991**	**14 991**	
Discontinued operations	-	-	**-**	(90 974)	**(90 974)**	(f)
Deficit for the year	**-**	**-**	**-**	**(75 983)**	**(75 983)**	

(a) The entity contributed R4,1m into the fiscus towards the COVID-19 relief. Revenue is less than budgeted due to lower than anticipated donor funds being received, also large portion of the budgeted revenue were attributable to CCUS.

(b) Included in employee costs are bonuses that were paid out in relation to the 2019/20 and 2020/21 year. Salary costs are less than budgeted due to no increases being implemented for a section of the staff and transfer of CCUS employees. There were also salary costs reprioritised for the COVID-19 relief.

(c) The entity started with the implementation of the organisational review, and has made provision for restructuring costs. Project Expenditure is less than budgeted expenditure due to the transfer of the CCUS programme. The implementation of some programmes is due to the availability of funds.

(d) The entity started with the implementation of the organisational review and has made provision for restructuring costs.

(e) Operational Expenditure is less than budgeted expenditure due to the reprioritisation of some of funds that would be allocated to for example, conferences and travel to the COVID-19 relief. The entity continues to apply cost containment measures.

(f) During the financial year, the entity transferred the Carbon Capture Unit and Storage and transferred all the assets, liabilities, personnel and the ring fenced funds as part of the transfer agreement.

Accounting Policies

1. PRESENTATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Financial Statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These Financial Statements have been prepared, based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the Financial Statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the preparation and presentation of Financial Statements states that users are assumed to have a reasonable knowledge of Government, its activities, accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.3 Transfer of functions between entities under common control

Definitions

An acquirer is the entity that obtains control of the acquiree or transferor.

Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the Statement of Financial Position.

Control is the power to govern the financial and operating policies of another entity so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other, and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re- allocation of functions between entities by transferring functions between entities or into another entity.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the Financial Statements, Management is required to make estimates and assumptions that affect the amounts represented in the Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Financial Statements. Significant judgements include:

Provisions

Provisions were raised and Management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 8.

Accounting Policies (continued)

Provisions are in relation to bonus, leave and restructuring. Significant estimates also involve the transfer functions.

Contingent provisions

Contingencies recognised and disclosed in the current year required estimates and judgments, refer to note 22.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount, and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Going concern

Management considers key financial metrics in its approved medium term budgets, together with its existing term facilities, to conclude that the going concern assumption used in the compiling of its Annual Financial Statements (AFS) is relevant. The entity is dependent on grant funding.

For other provisions, estimates are made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted.

1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Trade discounts and rebates are deducted in arriving at the cost.

When assets are acquired through a non- exchange transaction, its cost is its fair value as at date of acquisition.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment loss.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	2-15 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	over the lease period
Communication equipment	Straight line	2-15 years

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the Notes to the Financial Statements (see note 3).

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so, or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Accounting Policies (continued)

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity, and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits, or service potential using reasonable, and supportable assumptions that represent Management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale,
- there is an intention to complete and use or sell it,
- there is an ability to use or sell it,
- it will generate probable future economic benefits or service potential,
- there are available technical, financial and other resources to complete the development and to use or sell the asset, or
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate Net Cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually, and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite, is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	2 years

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such a difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity, and a financial liability, or a residual interest of another entity.

The amortised cost of a financial asset, or financial liability, is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount, and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit Risk, is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Accounting Policies (continued)

Currency Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in Foreign Exchange rates.

Fair Value, is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash,
- a residual interest of another entity, or
- a contractual right to:
  - receive cash or another financial asset from another entity, or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity, or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity Risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market Risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market Risk comprises three types of risk: Currency Risk, Interest Rate Risk and Other Price Risk.

Other Price Risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital,
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution, or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non- derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition. or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Accounting Policies (continued)

Class	Category
Investments	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Loans receivable	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Trade and other Payables	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset, and financial liability, initially at its fair value plus transaction costs that are directly attributable to the acquisition, or issue of the financial asset or financial liability.

The entity measures a financial asset, and financial liability, initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the preparation and presentation of Financial Statements, where it is the issuer of the loan, or
- non- exchange revenue, in accordance with the Standard of GRAP on Revenue from non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived,
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and
  - without needing to impose additional restrictions on the transfer. In this case, the
  - entity :

Accounting Policies (continued)

- derecognise the asset, and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained, and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised, is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised, and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower, and lender of debt instruments with substantially different terms, is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non- cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non- exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non- exchange transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument, or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Accounting Policies (continued)

Losses and gains relating to a financial instrument, or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset, and the net amount presented in the Statement of Financial Position when the entity currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.8 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy, is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations, or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date, or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post- employment benefits and termination benefits), that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by Legislation, and operate as multi- employer plans to provide post- employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies, or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits, are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions,
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting

Accounting Policies (continued)

period in which the employees render the related employee service,

- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service, and

- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund, and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non- accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal, or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post- employment benefits

Post- employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post- employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi- employer plans are defined contribution plans (other than State plans and composite social security programmes) or defined benefit plans (other than State plans) that pool the assets contributed by various entities that are not under common control, and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.10 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event,

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and

- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow

Accounting Policies (continued)

of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus .

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.11 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a Note to the Financial Statements, if both the following criteria are met:

- contracts should be non- cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services), and
- contracts should relate to something other than the routine, steady, State business of the entity, therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably,
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the stage of completion of the transaction at the reporting date can be measured reliably, and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably,

Accounting Policies (continued)

revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- the amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from non- exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits, or service potential embodied in the asset is required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use, or otherwise benefit from the asset in pursuit of its objectives and can exclude, or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non- exchange transactions are transactions that are not exchange transactions. In a non- exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non- exchange transactions, other than taxes.

Recognition

An inflow of resources from a non- exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non- exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non- exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non- exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable

Accounting Policies (continued)

event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Services in-kind

The entity recognise services in–kind that are significant to its operations and/or service delivery objectives as assets, and recognise the related revenue when it is probable that the future economic benefits, or service potential will flow to the entity and the fair value of the assets can be measured reliably.

The entity discloses the nature and type of services in–kind received during the reporting period. Services rendered in kind are not recognised.

1.14 Translation of Foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the Foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate,
- non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and
- non- monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at rates different from those at which they were translated on initial recognition during the period, or in previous Financial Statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non- monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets.

When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a Foreign currency are recorded in Rands by applying to the Foreign currency amount the exchange rate between the Rand and the Foreign currency at the date of the cash flow.

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act, or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act, or

(c) any Provincial Legislation providing for procurement procedures in that Provincial Government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008).

Irregular expenditure is recognised when the amount can be reliably determined, and to extent that the amount of the irregular expenditure has not been recognised as a receivable. The amount recognised is equal to the fair value of the transaction unless it is impractical to determine.

Accounting Policies (continued)

The Irregular expenditure receivables are measured at the amount that is expected to be recovered.

Irregular expenditure that was incurred and identified during the current financial year, and for which condonement is being awaited at year end, will be disclosed in the Notes to the Financial Statements as well as any irregular expenditure was incurred in the previous financial year, and is only condoned in the following financial year, and Irregular expenditure that was incurred and identified during the current financial year, and which was not condoned by the National Treasury or the relevant authority.

1.17 Budget information

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The Financial Statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

The Statement of Comparative and Actual Information has been included in the Financial Statements as the recommended disclosure when the Financial Statements and the budget are on the same basis of accounting, as determined by National Treasury.

The Financial Statements and the budget are not on the same basis of accounting, therefore a reconciliation between the Statement of Financial Performance and the budget have been included in the Financial Statements.

1.18 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but has no control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the Governance of the entity in accordance with Legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that Management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions, if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more, or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity, or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's Financial Statements to understand the effect of related party transactions on its Financial Statements.

Accounting Policies (continued)

1.19 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date), and
- those that are indicative of conditions that arose after the reporting date (non- adjusting events after the reporting date).

The entity will adjust the amount recognised in the Financial Statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event, and an estimate of its financial effect, or a statement that such estimate cannot be made in respect of all material non- adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the Financial Statements.

Notes to the Financial Statements

	2020 R '000	2019 R '000

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2021	The adoption of this has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the Financial Statements.

3. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	893	(578)	315	1 654	(1 126)	528
Motor vehicles	211	(211)	-	211	(182)	29
Office equipment	291	(225)	66	475	(357)	118
IT equipment	8 363	(2 040)	6 323	14 454	(6 323)	8 131
Leasehold improvements	86	(54)	32	153	(104)	49
Communication equipment	97	(69)	28	337	(289)	48
Total	**9 941**	**(3 177)**	**6 764**	**17 284**	**(8 381)**	**8 903**

Reconciliation of Property, plant and equipment - 2021

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Furniture and fixtures	528	-	-	(167)	(46)	315
Motor vehicles	29	-	-	(29)	-	-
Office equipment	118	-	-	(52)	-	66
IT equipment	8 131	1 209	(974)	(2 012)	(31)	6 323
Leasehold improvements	49	-	-	(17)	-	32
Communication equipment	48	-	-	(20)	-	28
	8 903	**1 209**	**(974)**	**(2 297)**	**(77)**	**6 764**

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

Reconciliation of Property, plant and equipment - March 2020

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	698	-	(170)	-	528
Motor vehicles	71	-	(42)	-	29
Office equipment	182	2	(62)	(4)	118
IT equipment	5 437	4 233	(1 534)	(5)	8 131
Leasehold improvements	67	-	(18)	-	49
Communication equipment	51	15	(18)	-	48
	6 506	**4 250**	**(1 844)**	**(9)**	**8 903**

Pledged as security

There are no assets that are pledged as security.

During the financial year, assets with a R1 book value were considered for impairment and are in the process of being disposed. The acquisition cost amount to R3,2million. In addition, assets amounting to R77 000 were also impaired, and this includes assets that were damaged. Included building repairs and maintenance is an amount is of R2,500.

4. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	50	(50)	-	12 089	(12 038)	51

Reconciliation of intangible assets - March 2021

	Opening balance	Amortisation	Total
Computer software	51	(51)	-

Reconciliation of intangible assets - March 2020

	Opening balance	Amortisation	Total
Computer software, internally generated	2 017	(1 966)	51

Pledged as security

No intangible assets are pledged as security.

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000
5. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Impairment of financial asset: Lease Deposit	(268)	(268)
Other receivables	393	294
Interest Receivable	399	1 263
Employees study loans	96	96
Pre-payments	1 712	434
Project pre-payments	2 412	2 662
	4 744	**4 481**

Prepayments

The pre-payments includes payment for insurance cover, licences and project related expenditure membership fees. All receivables disclosed are from exchange transactions only.

Trade and other receivables past due but not impaired

Trade and other Receivables are not pledged as security. The entity does not hold any collateral as security. Trade and other receivables which are less than 6 months past due are not considered to be impaired. At 31 March 2021, R0 million (2020:R0 million) were past due but not impaired.

Trade and other receivables impaired

The amount of the financial asset to be impaired (268,000) as of 31 March 2021 (2020: 268 000)

Reconciliation of provision for impairment of trade and other receivables:

Opening Balance	268	833
Amounts written off as uncollectable	-	(136)
Amounts recovered	-	-
Amounts reversed	-	(429)
	268	**268**

SANEDI previously leased a unit on Upper Grayston Office Park. The lease commenced in May 2012 and terminated in April 2017. Subsequently there was a dispute with the landlord over the deposit. During various engagements with the landlord, they subsequently committed to refunding the deposit in the next financial year. The creation and release of provision for impaired receivables have been included in operating expenses in surplus. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	-	8
Bank balances	260 613	249 021
	260 613	**249 029**

Cash and cash equivalent consists of cash on hand and balances with financial institutions and investments in money market instruments. There are no restrictions placed on the realisation or usability of cash balances. The entity does not have access to any additional undrawn facilities.

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

7. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent conditional grants can be attributed to ring fenced projects from various donors that are in progress at the end of the financial year. These amounts are invested in money market accounts and interest accrues to the invested money.

Unspent conditional grants and receipts comprises of:

	2020 R '000	2019 R '000
Unspent conditional grants and receipts		
Unspent grants	103 411	15 513
Movement during the year		
Balance at the beginning of the year	15 513	15 872
Additions during the year	169 352	3 345
Interest and Income recognition during the year	(4 670)	(3 435)
Transfer of RDP	-	(29)
Grant repayments/transfers/other	(76 782)	(240)
	(103 413)	**(15 513)**
European Union(EU) Project(COCATE)	284	274
FP7	33	32
SA Coal Roadmap	745	717
SDC Monitoring & Implementation Project	198	190
Danish Renewable Energy Programme	1 374	1 326
EEDSM Hub	233	224
WASA Support	938	903
SolarTech Roadmap	4 959	7 510
SOLTRAIN	1 841	1 256
Austin Offshore	327	311
Solar Payback	602	578
WASA 3	19	18
Department of Defense	2 789	85
1M Cool Roofs Challenge	1 629	773
EE Industrial comp 1	1 369	1 316
Energy Secretariat	67 044	-
EU Public Buildings	8 792	-
EU WWWTPS	8 085	-
S&L Project	2 152	-
	103 413	**15 513**

These balances relate to donor funds earmarked for specific projects within the organisation. These amounts are invested in money market accounts and interest accrues to the invested money.

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

Deferred Income Reconciliation March 2021

	Opening Balance	Additional Receipts	Deferred Income Recognised	Grant Repayments/ Transfers/ Other	Interest Earned	Closing Balance
European Union Project (COCATE)	273	–	–	–	11	284
FP7	32	–	–	–	1	33
SA Coal Roadmap	717	-	-	-	28	745
SDC EE Monitoring & Implementation	190	-	–	-	8	198
Danish Renewable Energy Programme	1 327	-	1	-	48	1 374
EEDSM Hub	224	–	–	–	9	233
WASA Support	903	–	1	–	36	938
SolarTech	7 510	–	2 887	–	336	4 959
1M Cool Roofs Challenge	773	987	181	–	50	1 629
Industrial EE Comp	1 316	–	–	–	53	1 369
SOLTRAIN	1 256	550	39	–	74	1 841
Austin Offshore	311	–	–	–	16	327
Solar Payback	578	–	–	–	24	602
WASA 3	18	–	–	–	1	19
DOD-Solar Water Heating	85	3 030	393	–	67	2 789
Energy Secretariat	–	145 940	3 329	76 782	1 215	67 044
EU Public Buildings	–	8 700	–	–	92	8 792
EU WWWTPS	–	8 000	–	–	85	8 085
S&L Project	–	2 145	24	–	31	2 152
Total	**15 513**	**169 352**	**6 855**	**76 782**	**2 185**	**103 413**

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

Deferred Income Reconciliation March 2020

	Opening Balance	Additional Receipts	Deferred Income Recognised	Grant Repayments	Interest Earned	Closing Balance
European Union Project (COCATE)	253	–	1	–	21	273
FP7	32	–	–	–	–	32
SA Coal Roadmap	670	–	–	–	47	717
SDC EE Monitoring & Implementation	190	–	–	–	–	190
Danish Renewable Energy Programme	1 749	–	706	–	284	1 327
EEDSM Hub	210	–	–	–	14	224
WASA Support	877	–	1	29	56	903
SolarTech	10 294	–	3 286	240	742	7 510
1M Cool Roofs Challenge	–	923	186	–	36	773
Industrial EE Comp	–	1 304	–	–	12	1 316
SOLTRAIN	685	594	136	–	113	1 256
Austin Offshore	293	–	2	–	20	311
Solar Payback	578	–	–	–	–	578
WASA 3	41	–	25	–	2	18
DOD-Solar Water Heating	–	524	448	–	9	85
Total	**15 872**	**3 345**	**4 791**	**269**	**1 356**	**15 513**

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

8. BONUS AND RESTRUCTURING PROVISIONS

Reconciliation of provisions- 2021

	Opening Balance	Additions	Reversed during the year	Total
Restructuring	-	281	-	281
Provisions	10 122	5 312	(10 122)	5 312
	10 122	**5 593**	**(10 122)**	**5 593**

Reconciliation of provisions - 2020

	Opening Balance	Additions	Reversed during the year	Total
Provisions	8 485	5 344	(3 707)	10 122

Bonus Provision

The Bonus provision is calculated based on the company performance, division's performance and individual's performance and is at the discretion and consideration of the Board, once company performance has been audited. The reversal relates to the provision for the March 2019/20 and an additional provision raised for the March 2020/21 Year.

Restructuring provision

The entity as part of its restructuring process winded down the Working for Energy Programme. The entity has communicated the details of the restructuring process to staff, and has at year-end started the consultation process with the relevant staff affected.

9. PAYABLES FROM EXCHANGE TRANSACTIONS

	2020 R '000	2019 R '000
Trade & other payables/creditors	258	314
Leave accrual	1 852	1 227
Accrued expense	3 386	3 296
SDL control account	40	-
WCA control	158	114
Union fees	5	5
UIF control account	12	-
PAYE control account	1 516	-
	7 227	**4 956**

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000
10. REVENUE		
Rendering of services	631	1 714
Interest income	7 789	15 642
Other income	151	35
Government grants & subsidies	80 471	78 942
	89 042	**s96 333**

The amount included in revenue arising from exchanges of goods or services are as follows:

Rendering of services	631	1 714
Interest received	7 789	15 642
Other income	151	35
	8 571	**17 391**

The amount included in revenue arising from non- exchange transactions is as follows:

Transfer revenue		
Government grants & subsidies	80 471	78 942

11. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants		
Grants- realisation of deferred transfers	6 856	4 791
DMRE-MTEF realisation	73 615	74 151
	80 471	**78 942**

12. SERVICES RENDERED IN KIND

Services rendered in kind include, capacity building, lectures on Section 12L Energy Efficiency Tax Incentives for the Masters Programme in Energy at one of the local Universities. Office accommodation in the form of office space, desks,& use of infrastructure, such as printers and telephones were provided, as well as providing expertise and participation in the World Bank Panel of International Experts to review the World Bank's approach to funding Energy Efficiency interventions Globally.

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000
13. EMPLOYEE RELATED COSTS		
Basic	30 259	33 931
Recruitment and relocation costs	–	–
Bonus	3 844	1 637
Medical Aid - Company contributions	761	1 055
UIF	85	87
WCA	44	52
SDL	234	330
Leave accrual	419	(333)
Provident and Pension contributions	1 146	1 444
	36 792	**38 203**
Board remuneration		
Annual remuneration	269	360
	269	**360**

14. IMPAIRMENT OF ASSETS

Impairments		
Property, plant and equipment	77	9

The main classes of assets affected by impairment losses are:

- Furniture and fixtures
- I.T Equipment

15. PROVISION FOR DOUBTFUL DEBT

Debt impairment	–	(428)

Included in the provision is a reversal of provision raised in the prior year for R428 000.

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000
16. GENERAL EXPENSES		
Administration	198	134
Advertising	451	724
Auditor's remuneration	1 282	1 581
Bank charges	40	46
Computer expenses	3 120	2 982
Consulting and professional fees	3 646	3 226
Lease rentals	1 498	1 707
Insurance	276	412
Conferences and seminars	10	39
Printing and stationery	255	46
Marketing and promotional expenditure	3	736
Catering and entertainment	14	195
Subscriptions and Membership fees	19	23
Telephone and fax	1 138	1 345
Travel - local	181	813
Employee welfare and training	466	484
Other office running expenses	11	14
	12 608	**14 507**

17. PROJECT DEVELOPMENT COSTS

	2020 R '000	2019 R '000
Project implementation costs	15 043	12 553
Travel	216	1 587
Overheads	5 750	3 084
	21 009	**17 224**

Project costs relate to costs directly associated with the entity's mandate (Programme 2 and programme 3) which range from applied Research expenditure, demonstration project expenditure as well as capacity building projects.

Notes to the Financial Statements (continued)

18. CASH GENERATED FROM OPERATIONS

	2020	2019 R '000
(Deficit) surplus	(75 984)	21 693
Adjustments for:		
Depreciation and amortisation	2 348	3 810
Loss on transfer of functions between entities under common control	90 974	-
Impairment loss/ Reversal of impairments	77	9
Provision for doubtful debts	-	(428)
Movements on bonus and restructuring provisions	(4 529)	1 637
Changes in working capital:		
Receivables from exchange transactions	(263)	4 542
Provision for doubtful debts	-	428
Payables from exchange transactions	2 270	(7 572)
Unspent conditional grants and receipts	87 898	(359)
	102 791	**23 760**

19. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2021

Liquidity Risk

The entity's risk to liquidity is as a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

As at 31 March 2021	Less than 1 year	Between 1 and 5 years	Over 5 years	Non-interest	Total
Cash and cash equivalents	260 613	-	-	-	260 613
Trade and other receivables	620	-	-	-	620
	261 233	**-**	**-**	**-**	**261 233**

Notes to the Financial Statements (continued)

	202 0	2019 R '000

Credit risk

Credit risk consist mainly of cash deposits, cash equivalents and debtors. The entity only deposits cash with major banks with high quality credit ratings and limits exposure to any counter party. Receivable comprises interest earned in the money market.

As at 31 March 2021	Less than 1	Between 1 and 5 years	Over 5	Non-	Total
Trade and other payables	6 825	-	-	-	6 825

Market Risk

Interest Risk

The entity has interest- bearing -assets that are affected by interest rates fluctuations, these include bank and cash equivalents. Interest bearing investments are held with reputable banks to minimise exposure. No significant risks has been identified with regards to interest rates.

2020

Financial assets

As at 31 March 2020	Less than 1 year	5 years	Over 5 years	Non- interest	Total
Cash and cash equivalents	249 029	-	-	-	249 029
Trade and other receivables	4 481	-	-	-	4 481
	253 510	**-**	**-**	**-**	**253 510**

Financial liabilities

At 31 March 2020	Less than 5 years	Between 1 and 5 years	Over 5 years	Non- interest	Total
Trade and other payables	4 956	-	-	-	4 956

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

20. TRANSFER OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

Transfer of functions between entities under common control occurring during the current reporting period

Entities involved in the transfer of functions were:

South African National Energy Development Institute (SANEDI) and Council for Geoscience (CGS).

The function for the Carbon Capture Utilisation and Storage (CCUS) project was transferred.

The Minister of Energy, Honourable G Mantashe, approved the transfer of the CCUS Project from SANEDI to the CGS in a letter dated 24 March 2020. Subsequent to that approval, the SANEDI Board then gave a mandate to Management to transfer the entire CCUS Programme, including all staff employed under the project, to the CGS.

The transfer took place during the 2021 financial year and was finalised on Tuesday, 01 September 2020.

Value of assets

	2020 R '000	2019 R '000
Assets transferred		
Property, plant and equipment	(974)	-
Cash and cash equivalents	(90 000)	-
	(90 974)	**-**
Difference between the carrying amounts of the assets transferred, the liabilities relinquished and adjustments required to the basis of accounting	**90 974**	**-**
Difference between net assets and the consideration paid	**90 974**	**-**
Net cash (outflow) inflow on transfer of function		
Cash transferred	(90 000)	-

21. COMMITMENTS

Authorised Capital expenditure

	2020 R '000	2019 R '000
Approved and contracted for		
• Capital	-	4 080
Authorised, but not yet contracted for		
• Capital	-	148 100
Total Capital commitments		
Approved and contracted for	-	4 080
Authorised, but not yet contracted for	-	148 100
	-	**152 180**

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000
Contractual commitments		
Total commitments due		
• Projects	23 173	33 121
• Administration	5 226	7 079
	28 399	40 200
Minimum payments due		
• Within one year	27 092	37 381
• Second to fifth year	1 307	2 819
	28 399	**40 200**

Operating leases - as lessee (expense)

Minimum lease payments due		
• Within one year	95	1 149
• In second to fifth year inclusive	-	95
	95	**1 244**

SANEDI also leased unit 1 on the first floor of Block C, Upper Grayston Office Park, located at Erf 20 Simba Township, Sandton, from CEF (SOC) Ltd. The lease commenced on 1 May 2017 and the rent shall be payable monthly, on the anniversary date. The lease terminates on 30 April 2021. The Lease is for a period of 4 years, SANEDI has the option to renew the lease for another four years. The entity has opted to renew the lease for a further 4 years, and as at the reporting date is in the process of finalising the renewal of the lease agreement.

Rental expenses relating to operating leases		
Minimum lease payments	-	167

SANEDI had entered into a lease agreement for photocopiers, the lease being for a 24 month period commencing from the 15th October 2018 to the 15th October 2020 for six printers, and the lease has since expired. This lease had no escalation clause and was payable monthly in advance.

22. CONTINGENCIES

Surplus Funds

SANEDI has reported surpluses from continued operations for the year ended 31 March 2021 for R14,9 million (Surplus 2020: R21,7 million).The surplus is fully committed and SANEDI will be submitting a request for retention of surpluses to the National Treasury.

Contingent liabilities

The entity is involved in a litigation matter at the Labour Court relating to an appeal of a CCMA arbitration outcome. The matter is currently being opposed. At the date of this report, no damages where sought. Neither amount nor probability of payment have been disclosed, and the matter is pending.

As part of the transfer to the CCUS, the entity preliminary estimated that a remainder of a balance of R8 million will still need to be transferred to the CGS pending an internal audit of the programme, which will provide a more accurate measurement of the balance to be transferred .

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

23. RELATED PARTIES

Members of Key Management	Refer to Member's report note 24
CEF (SOC) Limited	Entities under common control
Department of Science and Innovation	Entities not under common control
Council for Geoscience	Entities under common control

SANEDI has been established by the Department of Mineral Resources and Energy (DMRE) and in terms of National Legislation. SANEDI is ultimately controlled by the DMRE. All transactions with related parties are at arm's length.

Related party balances

	2020 R '000	2019 R '000
Property, plant and equipment		
Council for Geoscience	974	-
Amounts included in trade and other payables		
CEF(SOC) Limited	1 040	1 591
Cash and Cash Equivalents		
Council for Geoscience	90 000	-
Deferred Revenue		
Department of Science and Innovation	13 123	-

Related party transactions

	2020 R '000	2019 R '000
Revenue received from related parties		
Department of Minerals Resources and Energy(DMRE)	73 615	74 151
Rent paid to related parties		
CEF (SOC) Limited	1 148	1 148
Management fees paid to related parties		
CEF (SOC) Limited	1 337	418
Recoveries		
CEF (SOC)Limited	748	839

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

Remuneration of Management

Board Members

2021	Director's remuneration	Total
Miss P Motsiewla	74	74
Mr Z Koyana	1	1
Mr Buthelezi (Interim Chairperson)	153	153
Mr T Poho	23	23
Ms M Thlabani	18	18
	269	**269**

2020	Director's remuneration	Total
Miss P Motsiewla	165	165
Mr Buthelezi (Interim Chairperson)	166	166
Mr T Poho	13	13
Ms M Thlabani	16	16
	360	**360**

No emoluments were paid to the member or any individuals holding a prescribed office during the year.

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

24. MEMBER'S EMOLUMENTS

Executive

2021

Name	Emoluments	Allowances	Leave	Bonus	Total
Ms L Manamela- Interim Chief Executive Officer	1 856	24	–	432	2 312
Ms L Ramaotsoa– Acting Chief Financial Officer	898	–	–	193	1 091
Dr AD Surridge	605	45	43	383	1 076
Dr T Mali	–	–	–	451	451
Dr M Bipath	1 409	84	–	487	1 980
Mr D Mahuma	1 543	24	–	221	1 788
Mr B Bredenkamp	1 469	24	–	487	1 980
	7 780	**201**	**43**	**2 654**	**10 678**

SANEDI operates on a cost to company system, employees contributions to the provident and other benefit funds are allocated from the overall cost to company. This includes bonuses paid to the former interim CEO.

2020

Name	Emoluments	Allowances	Substinence and travel (Re-imbursed)	Leave	Total
Ms L Manamela- Chief Financial Officer	1 296	24	–	–	1 320
Dr AD Surridge	1 464	108	1	–	1 573
Dr T Mali Interim Chief Executive Officer	1 961	66	42	134	2 203
Dr M Bipath	1 409	84	12	–	1 505
Mr D Mahuma	1 543	24	7	–	1 574
Mr B Bredenkamp	1 469	24	–	–	1 493
	9 142	**330**	**62**	**134**	**9 668**

During the 2019/2020 Financial Year, the interim CEO resigned effective 25th March 2020.

Notes to the Financial Statements (continued)

	2020 R '000	2019 R '000

25. GOING CONCERN

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R155 890 and that the entity's total assets exceed its liabilities by R155 890.

The Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

26. EVENTS AFTER THE REPORTING DATE

During the financial year, the entity entered into the process of renewing its operating lease, The lease is subsequent to year end still being finalised, and is of a material nature as it relates to the renewal of the lease office block from CEF (SOC) Limited for an estimated amount of R5million over four years, this a non adjusting event refer to note 21.

27. FRUITLESS AND WASTEFUL EXPENDITURE

	2020 R '000	2019 R '000
Opening balance	6	10
Fruitless and Wasteful Expenditure relating to current year	6	2
Less: Amount recovered	(5)	(6)
	7	**6**

The Fruitless and Wasteful Expenditure in the current year relates to travel costs.

28. IRREGULAR EXPENDITURE

	2020 R '000	2019 R '000
Opening balance	1 793	1 793

The Irregular Expenditure incurred in the prior year was due to three quotes not obtained prior to award, being chosen, costs incurred outside of an expired contract, and lowest bidder not being appointed.

Details of Irregular Expenditure condoned

	Condoned by (condoning authority)	2020 R '000	2019 R '000
As per above	The Irregular Expenditure from prior periods was condoned by the Accounting Authority in the prior periods. During the financial year an application made to National Treasury for condonation was not approved.	1 793	

29. B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

Notes

Notes

sanedi

South African National Energy Development Institute

A State owned entity established under Section of the National Energy Act 2008|Act No. 34 of 2008

Physical Address: CEF House, Block C,
Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton.
Postal Address: PO Box 9935, Sandton, 2146
Telephone: 011 038 4300
Email: information@sanedi.org.za
Website: www.sanedi.org.za

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