

# DEPARTMENT OF ENERGY

## *DoE SOE Oversight*

*9 June 2015*



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# MANDATE OF THE DEPARTMENT OF ENERGY

## Vision 2025

- Improving our energy mix by having 30% of clean energy by 2025.

## Mission

- To regulate and transform the sector for the provision of secure, sustainable and affordable energy.

## Legislative mandate

- The following acts regulate the energy sector and reflect the legislative measures that the DoE has instituted, with particular reference to the CEF Group of Companies:
  - The National Energy Act, 2008 (Act No. 34 of 2008);
  - The Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended;
  - The Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended;
  - The Gas Act, 2001 ( Act No. 48 of 2001); and
  - The Central Energy Fund Act, 1977 (Act No. 38 of 1977)



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# DOE LEGISLATIVE MANDATE CONTINUED

- The **National Energy Act, 2008** (Act No. 34 of 2008) is the enabling legislation that empowers the Minister of Energy to:-
  - *ensure that diverse energy resources are available in sustainable quantities and at affordable prices;*
  - provide for energy planning; increased generation & consumption of renewable energy; contingency energy supply; *the holding of strategic energy feedstock and carriers; adequate investment in appropriate upkeep and access to energy infrastructure;* measures for the furnishing of certain data & information regarding energy demand; supply & generation; and the establishment of an institution to be responsible for the promotion of efficient generation and consumption of energy and energy research.
- The **Petroleum Products Act, 1977** (Act No. 120 of 1977) as amended, provides for:
  - measures in the saving of petroleum products and economy and the cost of distribution thereof;
  - the maintenance and control of the price thereof;
  - the furnishing of certain information regarding petroleum products;
  - the rendering of service of a particular kind or standard in connection with petroleum products;
  - the licensing of persons involved in the manufacturing, wholesaling and retailing of prescribed petroleum products;
  - the promotion of the transformation of the South African petroleum & liquid fuels industry; and
  - the promulgation of regulations relating to such licences & matters incidental thereto.



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***THE  
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OF  
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***STATE-OWNED ENTITY OVERSIGHT UNIT***

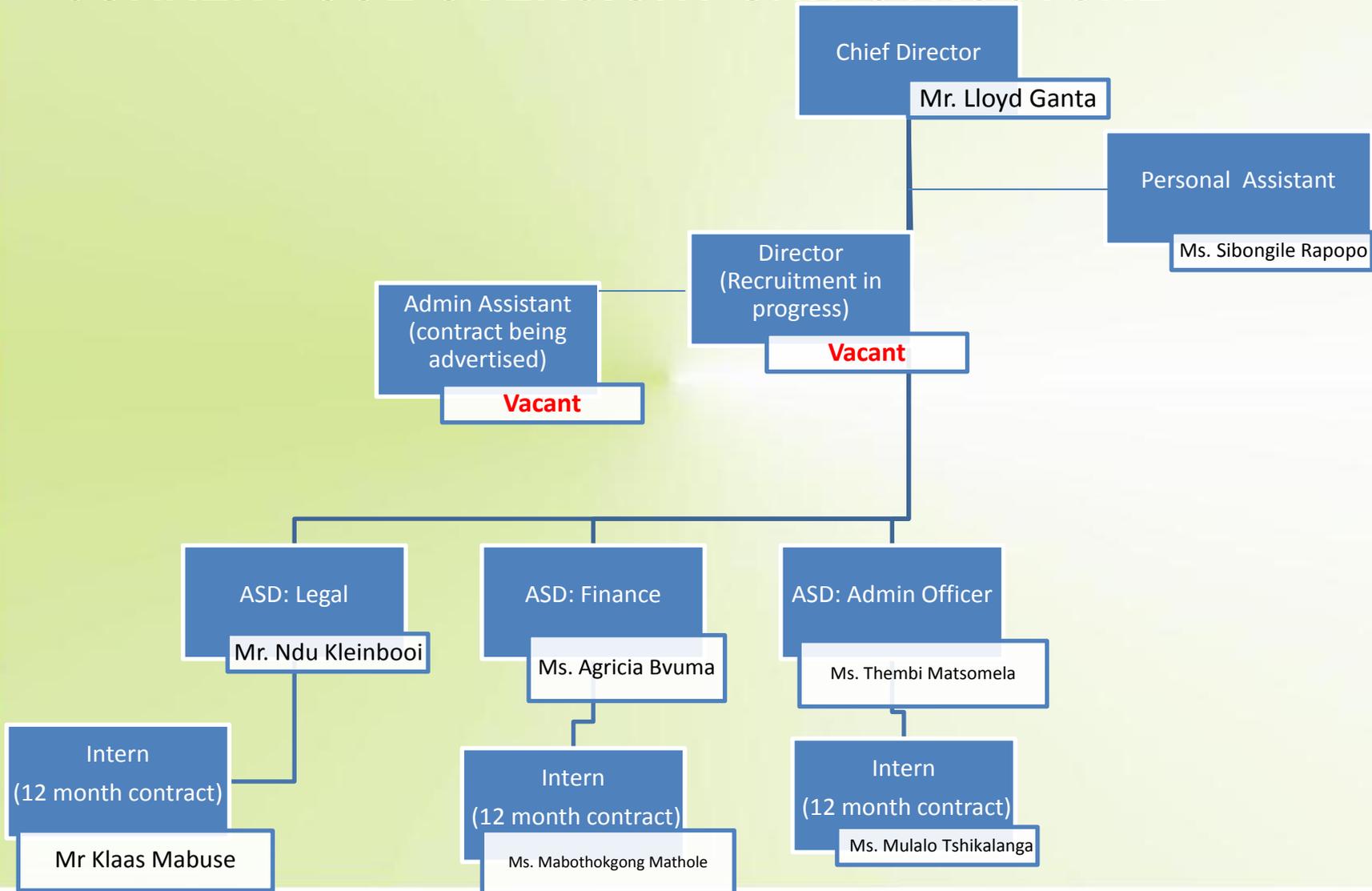


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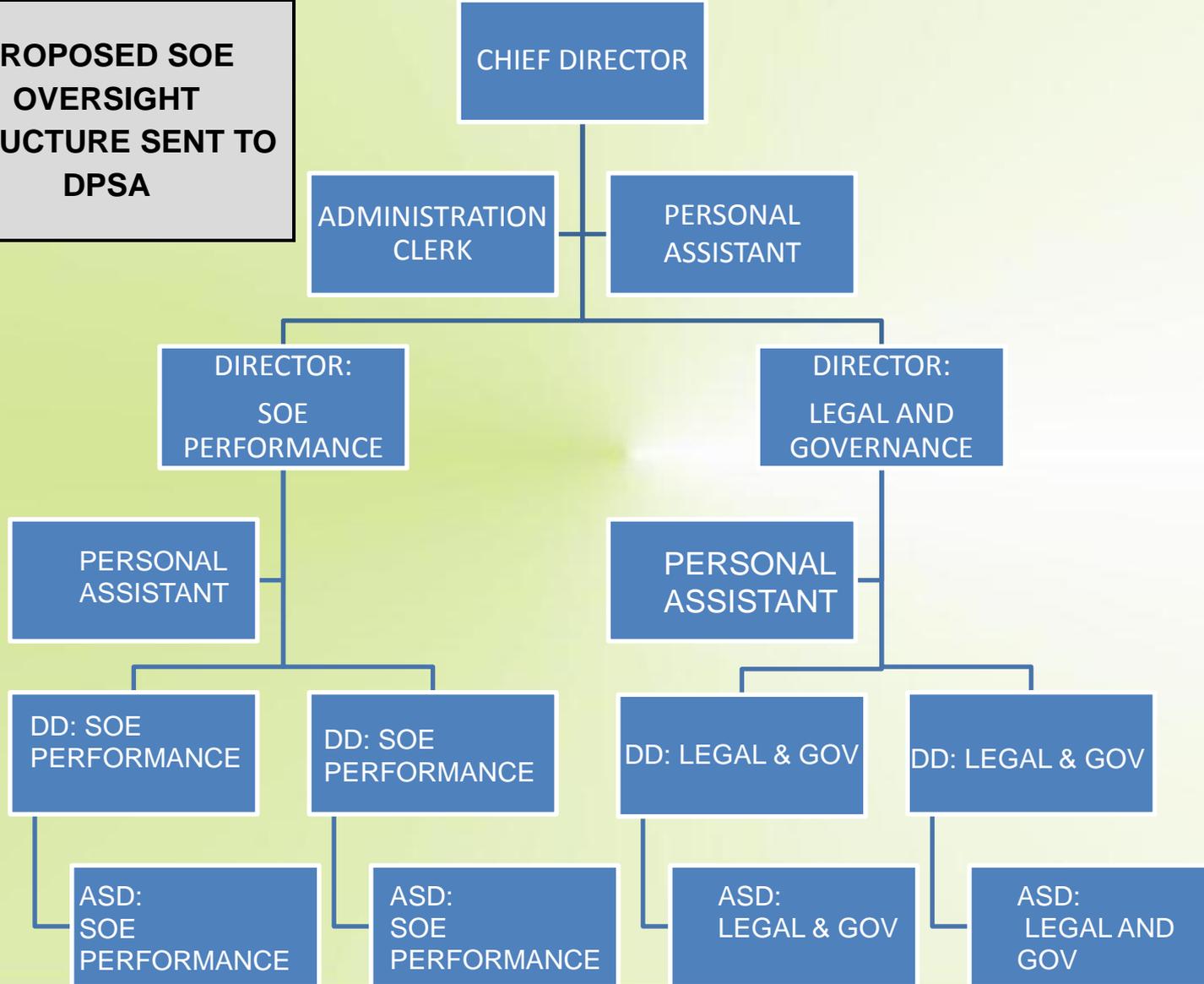
# CURRENT SOE OVERSIGHT UNIT STRUCTURE



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**PROPOSED SOE  
OVERSIGHT  
STRUCTURE SENT TO  
DPSA**



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# FUNCTIONS/RESPONSIBILITIES

- Compliance: Ensure that SOEs –
  - Have appropriate and effective planning and budgeting processes in place
  - Have appropriate financial management systems and controls – for effective management of the financial affairs of the entity
  - Have programmes and objectives that are aligned to the government programmes
  - Comply with all relevant legislation (incl. PFMA, founding Acts, legislation governing the energy sector and other relevant legislation within which the energy sector operates)
- Governance:
  - Board appointments: skills mix, compliance to legislation
  - Board performance: board reviews, planning and reporting
  - Engagement with the shareholder and the Department



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# GOVERNANCE STRUCTURES AND FORA

- Minister's quarterly meetings with the Chairpersons of the boards addresses:
  - mandate and Strategic direction of the SOEs
  - Matters affecting the performance of the Boards and the CEOs
  - Cabinet and other Government decisions affecting the activities of the SOEs
- Director General's meeting with the CEOs– Forum for Energy Executives (FEE)
  - General operational and financial performance of the entities
- Sub-committees to the FEE (chaired by department officials)
  - Communications
  - Human Resource Development
- SOEs Strategic Planning and Performance Review - Quarterly engagements between SOE/oversight/line function to discuss SOEs Strategic/Corporate plans, quarterly reports



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# SOE OVERSIGHT CHALLENGES

## CAPACITY AND SKILLS

- Need for increased industry specific (technical) skills in the unit
- Need to enhance Project management skills
- The Chief Directorate's structure needs to be reviewed in order to meet was its mandate



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# OVERSIGHT FOCUS FOR THE MTSF PERIOD

## The future of the SOE Oversight in the Department.

- Option 1 – keep the status core and strengthen the capacity of the unit
- Option 2 – move the whole function to affected branches (*Petroleum*: CEF group and Sanedi; *Nuclear*, Necsa, NNR and NRWDI; *Policy*: Nersa)
- Option 3 – keep the governance and compliance function where it is, and create 'project management structures within affected branches.

## Addressing the current resources / capacity shortage within the Unit

*Legal* – with strong Corporate Governance and contracts management ;

*Project Management* - emphasis on project risk and finance management; and

*Industry specific technical skills* – experience in and exposure to energy industry projects



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# WAY FORWARD

- The Department of Energy will continue to work with the CEF Group Board and Management to ensure the future sustainability of the Group and PetroSA in particular
- The Department is in process of investigating the optimal structure for an SOE Oversight unit and the process is expected to be completed by the end of the financial year
- DoE is continuously working with all SOEs reporting to the Minister to improve their governance and internal control processes.

THANK YOU



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