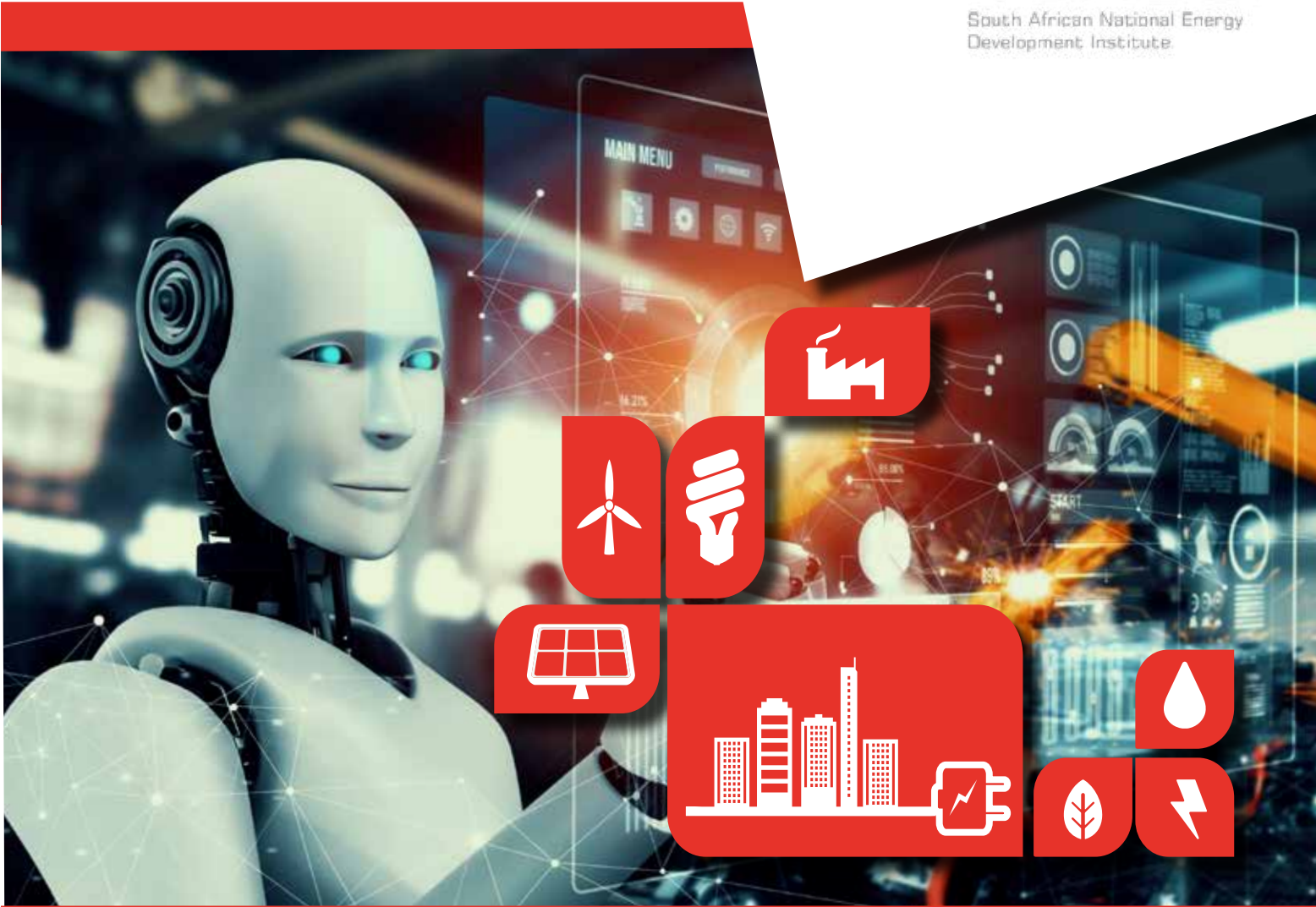




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South African National Energy
Development Institute



ANNUAL REPORT 2023|24

SANEDI ANNUAL REPORT 2023/24



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South African National Energy
Development Institute

PART A GENERAL INFORMATION

1. SANEDI GENERAL INFORMATION



REGISTERED NAME South African National Energy Development Institute

REGISTRATION NUMBER Not applicable

PHYSICAL ADDRESS CEF House, Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton

POSTAL ADDRESS PO Box 9935, Sandton, 2146

TELEPHONE NUMBER 011- 038 4300

E-MAIL ADDRESS information@sanedi.org.za

WEBSITE www.sanedi.org.za

EXTERNAL AUDITORS The Auditor-General of South Africa

BANKERS ABSA, 1st floor, North Building, Sandton Campus, 15 Alice Lane, Sandton, 2196

COMPANY / BOARD SECRETARY Mr Solomon Mngomezulu

2. LIST OF ABBREVIATIONS/ACRONYMS

AA	Accounting Authority
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AOP	Annual Operation Plan
AR	Annual Report
ARC	Audit and Risk Committee
CEF	Central Energy Fund Act, 1977 (Act No. 38 of 1977)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFFs	Cleaner Fossil Fuels
CFG	Council for Geoscience
CM	Cleaner Mobility
COGTA	Department of Cooperative Governance and Traditional Affairs
C02	Carbon Dioxide
Coal C02-X	Converting C02 from hard-coal-fired power plants using green ammonia in South Africa
CSEP	Corporate Stakeholder Engagement Plan
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of Southern Africa
DKM	Data & Knowledge Management
DoE	Department of Energy
DMRE	Department of Mineral Resources and Energy
DFFE	Department of Forestry, Fisheries and the Environment
DoT	Department of Transport
DSI	Department of Science and Innovation
DTIC	The Department of Trade, Industry and Competition
EA	Executive Authority
EE	Energy Efficiency
EEDSM	Energy Efficiency and Demand Side Management
EEPBP	Energy Efficiency in Public Buildings and Infrastructure Programme
EM	Electric Mobility
EPC	Energy Performance Certificate
EMS	Energy Management Systems
EMS	Energy Research and Development
ESCo	Energy Services Company
Eskom	Electricity Supply Commission



ETPSG	European Technology Platform Smart Grid
EV	Electric Vehicle
ExCo	Executive Committee
FFC	Funding and Finance Committee
FGD	Flue Gas Desulphurisation
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HRI	Human Resources Information
HySA	Hydrogen South Africa
IEA	International Energy Agency
ICT	Information Communication Technology
IPAP	Industrial Policy Action Plan
IT	Information Technology
JET	Just Energy Transition
MEPS	Minimum Energy Performance Standards
Mt	Megatonne
MTSF	Medium-Term Strategic Framework
NEA	National Energy Act, 2008 (Act No. 34 of 2008)
NT	National Treasury
PPC	Parliamentary Portfolio Committee
RC	Remuneration Committee
R&D	Research and Development
R&I	Research and Innovation
TDI	Research and Development Initiatives
RE	Renewable Energy
RETS	Renewable Energy Technologies
RST	Renewable Sustainable Energy
S&L	Standards & Labelling
SARS	South African Revenue Service
SANEDI	South African National Energy Development Institute
SEP	Stakeholder Engagement Plan
SG	Smart Grids
SP	Strategic Plan
TPFC	Technical Projects Finance Committee

4. FOREWORD BY THE **CHAIRPERSON OF THE BOARD**

The 2023/2024 financial year unfolded at the centre of probably the most sensitive time in the energy sector. The continued electricity crisis added to the urgency of acquiring solutions to lighten the load on our ageing infrastructure and to the pursuit towards providing an uninterrupted supply of electricity for all South Africans.

SANEDI was never more compelled to deliver on our mission; through applied energy research and resource efficiency initiatives to develop innovative, integrated solutions that catalyse growth and prosperity for all in South Africa.

The year under review continued to show our commitment to having an impact on the energy landscape within the country. Our focus is to continue to ensure a thriving energy sector that can meet the energy demands of the country, in a sustainable and resource-efficient manner.

SANEDI continues to enjoy the unanimous support of our Shareholder, the Department of Mineral Resources and Energy (DMRE). The Department of Science and Innovation (DSI), the Department of Trade, Industry and Competition (DTIC) and the Department of Forestry, Fisheries and the Environment (DFFE) continue serving on our Board and partnering with us on various strategic interventions. The partnership with the DSI, through the Energy Secretariat, has ensured continued support for flagship research programmes such as the HySA programme and the Coal CO2X programme. These programmes will propel the country's innovation efforts forward. Strategic international partnerships, made possible through support of the DMRE, have been instrumental in securing international backing for the implementation of various programmes. These partnerships are vital in ensuring that we keep abreast of the latest sector developments and secure funding for key initiatives.

The current Board, appointed in January 2022, played a pivotal role in guiding SANEDI, particularly during the critical 2023/24 financial year. In October 2022, we appointed Dr. Titus Mathe as the new Chief Executive Officer (CEO). Dr. Mathe immediately made a significant impact by spearheading the finalisation of the 2023/24 Annual Performance Plan (APP). This plan, crucial for the upcoming year, was swiftly approved by the Board and the Minister before being tabled in Parliament. As we move forward, we have directed the CEO to prioritise addressing the national challenges in the energy sector. Throughout this period, the CEO has exhibited exceptional 'Thought Leadership' in navigating these challenges. The CEO in his section of this report, provides an overview of how SANEDI has responded to the national challenges that are pointed out below:-



Figure 1: National Challenges

"The year under review continued to show our commitment to having an impact on the energy landscape within the country. Our focus is to continue to ensure a thriving energy sector that can meet the energy demands of the country, in a sustainable and resource-efficient manner."

Since the Board's appointment, our focus has been to be relevant and responsive to the challenges faced by the energy sector, and to contribute to ensuring that the sector is a bedrock that supports economic growth and development.

Our immediate and longer-term focus falls on the main energy challenges that the country is facing, and ensuring that we are at the forefront of developing solutions to address these challenges.

The Just Energy Transition (JET) also remains at the top of our agenda as we continue to focus on the climate emergency that the world faces. A long road remains ahead to see South Africa's energy transition, at least cost in a manner that allows for the equitable distribution of the country's wealth and resources.

SANEDI also focuses on the improvement of energy related service delivery at municipal level. This improvement is paramount to ensure that we attract and retain investment in our cities for continued growth and development. This will ensure that we maintain and improve the quality of life for our people. We will continue to work with our municipalities and other decision-making structures, to tackle the challenges that are facing the service delivery environment at municipal level.

The Board would like to extend its appreciation to the staff and management of SANEDI, under the capable leadership of the CEO, Dr Titus Mathe. We trust that through your hard work, SANEDI will continue to excel and achieve its pre-determined objectives.

The Board wishes to express appreciation to the DMRE for its continued support. We thank all SANEDI stakeholders and partners who continue to support us in the implementation of our strategic objectives.



Mr Sicelo Xulu

Chairperson of the SANEDI Board

Date: 30 August 2024

5. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

INTRODUCTION

We stand at the end of yet another challenging year in the energy sector, a year that as an organisation we have managed to manoeuvre with agility and dedication. I am pleased that we have been able to achieve our targets, bringing us closer to achieving our medium-term strategic framework (MTSF) strategic outcomes. For the 2023/24 financial year, our performance is 98 % pending audit outcomes. We are not only reflecting on how much we achieved on our targets, but we are reflecting on how SANEDI addressed National Challenges and made an impact as committed in the APP.

PERFORMANCE AND PROJECT HIGHLIGHTS

Table 1: Performance and Project Highlights

HOW SANEDI ADDRESSED NATIONAL CHALLENGES	
ENERGY SECURITY	<ul style="list-style-type: none">• Energy security is the main challenge that does not only affect the government but also affects businesses and livelihoods in general. SANEDI has supported 30 companies with 834 437 MWh energy savings through the 12L Tax certificates that were issued to the companies.• SANEDI reviewed the IRP23 to ensure its alignment and response to South Africa's short-, medium- and long-term energy security measures.
CLIMATE CHANGE	<ul style="list-style-type: none">• SANEDI has contributed to the mitigation of climate change through the 12L Tax incentives project. To this end, a reduction of 0.59 Mt GHG emissions was realised through this project.• Through Electric Vehicle (EV) initiatives, significant progress has been achieved towards the delivery of the set milestones for the initial phase of the multi-year EV infrastructure charging infrastructure and Assessment of the 2018 Green Transport Strategy. We continue with our partnership with the DBSA on EV.
BALANCED JUST ENERGY TRANSITION (JET)	<p>In addressing the Balanced Just Energy Transition challenge, we have undertaken a research study on a Cleaner Fossil Fuels Roadmap. SANEDI has collaborated with six universities on the JET Research Programme. Through this programme, 37 projects have been concluded thus far and we will contribute towards finding solutions to eradicate the ongoing energy crises in South Africa.</p>
SERVICE DELIVERY	<p>The Hoedspruit water treatment works project is a notable project that demonstrates service delivery. SANEDI installed flowmeters and valve replacements to support the local municipality of Maruleng within the Mopani District Municipality in Limpopo.</p>
GENDER MAINSTREAMING & YOUTH UNEMPLOYMENT	<p>SANEDI successfully hosted the Women in Energy Conference on 29 August 2023. The conference aimed at encouraging women and youth to take up careers in the Science Technology Engineering Mathematics (STEM) fields and other related career fields.</p>

"The pinnacle of our outreach efforts was the first Annual Energy Conference 2023, which drew over 300 delegates, including prominent government officials and industry leaders."

IMPACT REALISED	
CAPACITY BUILDING	About 4000 individuals have been capacitated through projects that have been implemented under SANEDI's initiatives such as the 12L Tax incentive, and Energy Performance Certificates.
SMMES SUPPORTED	93 SMMEs have been supported through ESCo Market development, the Energy Secretariate and Renewable Energy initiatives.
JOBS	119 jobs were created through the 12L Tax incentive, Energy Efficiency, Smart Grids, Cleaner Mobility, Cleaner Fuels as well as the Energy Secretariat initiatives.
RESEARCH	29 research reports produced from Renewables, Data and Knowledge Management, Standards and Labelling, Data and Knowledge Management, Smart Grids, Cleaner Mobility, Cleaner Fuels as well as Energy Secretariate sub-programmes.
THOUGHT LEADERSHIP	<ul style="list-style-type: none"> • SANEDI hosted its first Annual Conference in November 2023. • 148 broadcasting engagements. • 21 media engagements. • More than ten opinion pieces and presentations were delivered on various platforms.

With SANEDI having been appointed by the DSI to host the Energy Secretariat, the organisation continues to provide the necessary support to the DSI in the implementation of its programmes. As the Hydrogen economy continues to grip the world and also take root in South Africa, SANEDI expects to play a significant role in supporting both the DSI and the DMRE with the implementation of the DSI Hydrogen Society Roadmap. The Development Bank of Southern Africa (DBSA) has identified SANEDI as the executing agency for the Development of the Electric Mobility Project in South Africa. The project's objective is the electrification of vehicles and the expansion of clean public transportation in South Africa.

Although SANEDI operates with a highly constrained staff complement, this has not deterred us from executing our mandate. We do however recognise that this is not suitable in the mid to long-term. To ensure that we continue to retain

a highly motivated and committed staff complement, it is imperative that we add additional capacity. Especially in the light of increasing demands placed on the organisation as new fully funded projects continue to come our way.

No key activities were discontinued this year; SANEDI retained the Cleaner Fossil Fuels (CFF) sub-programme but renamed to Cleaner Fuels & Related Technologies sub-programme. We are also exploring other applied energy research including Clean Coal pilots and biofuels. Through demonstrated cleaner energy initiatives, SANEDI will support the Sector Education and Training Authorities (SETAs) and Incubators, to enable the development of skilled small, medium, and micro enterprises (SMMEs) in the clean energy sector. We are also pleased to report on Programme 4: Energy Secretariat which was introduced in the 2023/2024 APP. Energy Secretariat is a programme that is aimed at delivering the DSI's expectations as our Shareholder.

The pinnacle of SANEDI's outreach efforts was the first Annual Energy Conference 2023, which drew over 300 delegates, including prominent government officials and industry leaders. The conference served as a platform to elevate SANEDI's profile, foster collaborations, and strengthen networking within the energy sector; ultimately contributing to increased awareness of SANEDI's pivotal role in driving energy innovation and sustainability in South Africa.

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

Funding for research remains a challenge, especially within the current fiscal constraints and competing priorities of the National Government. It is important that as we endeavour to implement the strategy of the organisation, we consider other sources of funding that are external to the National Government. Special focus is on leveraging climate funds that have been made available to support countries to combat the effects of climate change through mitigation and adaptation actions. The support of donor agencies with whom the National Government has entered into bi-lateral and multilateral agreements remains crucial to SANEDI. The donor agencies have the capabilities to provide collaborative technical and financial support to supplement our resources. During the period under review, SANEDI developed a funding model that aims to close the gaps in our fiscal. It is, however, a long way to action the measures contained in the model.

SANEDI will continue to exist as a going concern in the foreseeable future. The National Government has allocated funding for the entire MTSF period, enabling the implementation of several strategic and flagship programmes of National Government.

We continue to spend within our allocated budgets and did not exceed the allocation for the 2023/24 financial year. The payroll budget for the year was under spend and this is mainly due to some positions which were earmarked for projects that experienced delays in external approvals and subsequently did not materialise during the year. The organisation also had key vacancies that were difficult to fill in due to salary expectations from potential employees being above our current salary scales. The Board is currently reviewing the competitiveness of our remuneration packages relative to the market, to ensure that we can attract and retain the right skills into the organisation.

SANEDI has reported an accounting deficit of R58,9 million for the 2023/24 as opposed to a surplus of R18,2 million reported in the 2022/23 Financial year. This is a result of the implementation of projects that were approved by the National Treasury, to be funded from surpluses amounting to R174,7 million having been retained in previous financial years. A total of R103 million was to be spent in 2023/24, R49,9 million will be spent in 2024/25. A total of R19,8 million and R3,2 million will be spent in 2025/26 and 2026/27 respectively. It is expected

that as SANEDI continues to implement these projects, the deficit incurred will be funded by these surpluses. Management is, however, comfortable that these expenditures will not put SANEDI in a negative financial position as the deficits will be fully funded.

In 2023 SANEDI was tasked with representing the Department of Mineral Resources and Energy (DMRE) on the BRICS Energy Research Cooperation Platform (BRICS ERCP), together with leading two energy studies during South Africa's BRICS Presidency. The organisation led the development of the two BRICS energy studies, coordinating experts from member countries on energy security and energy transition skills. These studies have laid the groundwork for impactful discussions and initiatives aimed at driving positive change within the energy sector across member countries.

SPECIAL RECOGNITION

A special recognition to staff members who went beyond the call of duty and made a significant contribution to SANEDI's success this financial year. Included on this list are Bongani Xakaza, Funanani Netshitomboni, Nazia Cassim, Mandisa Nkosi, Mapula Mahlangu and Edwin Malambe.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my appreciation to the Board for their stewardship of the organisation and all SANEDI Employees, under the guidance of the Executive team, who have made it possible for us to succeed yet again. Your passion, hard work and commitment to excellence serve South Africa well!

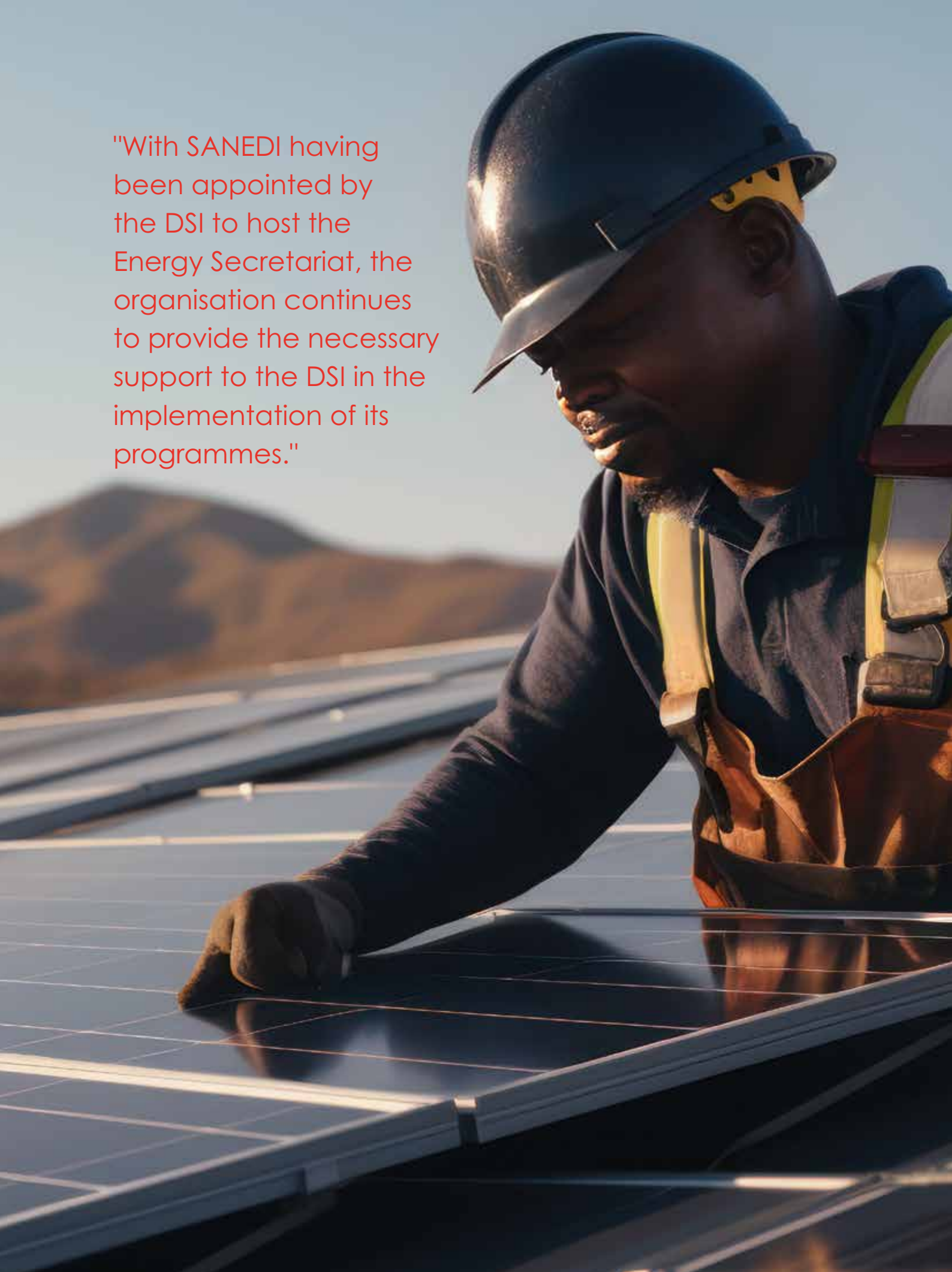


Dr Titus Mathe

SANEDI Chief Executive Officer

Date: 30 August 2024

"With SANEDI having been appointed by the DSI to host the Energy Secretariat, the organisation continues to provide the necessary support to the DSI in the implementation of its programmes."



6. OVERVIEW BY THE CHIEF FINANCIAL OFFICER

GRANT FUNDING FOR THE ORGANISATION

During the financial year under review, SANEDI received an allocation of R81 383 000 (2023: R81 072 000) from the Fiscus. Overall, the allocation increased by 0,38% relative to the previous financial year and was recognised in full as revenue of the organisation in the current financial year. Although there is an increase in the amount of funding received from National Government, this amount still represents an allocation for mainly administrative expenditure, leaving a significant part of the mandate of the organisation significantly underfunded.

To fund the mandate of the organisation, SANEDI has entered into a number of contractual arrangements with a number of funders for grants towards implementation of specific projects. These funds are ring-fenced when received and revenue accounted for in line with GRAP 23, which prescribes the accounting for revenue generated from non-exchange transactions. At the end of the financial year, the balance relating to these ring-fenced grants amounted to R164 897 000 (2023: R175 372 000) and revenue recognised during the current year amounted R119 012 000 (2023: R120 499 000).

Over and above the allocation from the Fiscus and the ring-fenced funds, SANEDI received approval from the National Treasury with respect to accumulated surpluses. National Treasury approved an amount of R174 700 000 (2023: R163 800 000) to be retained and utilised by SANEDI to fund projects as approved by the National Treasury.

Overall, SANEDI had funding amounting to R431 455 000 at its disposal for the financial year ended 2023/24 that was available to be utilised towards the implementation of its mandate and the mandate of the DSI energy secretariat.

Revenue recognised in line with the statements of GRAP amounted to R119 012 000 (2023: R120 499 000), in line with the recognition criteria prescribed by the GRAP standards.

REVENUE GENERATED AND INVESTMENT INCOME

SANEDI also generated income in the form of management fees from the various project agreements that it implements in partnership with and on behalf of our partners. This includes the principal Agent relationship with the DSI energy secretariat. For the year under review, SANEDI earned management fees amounting to R13 425 000 (2023: R9 575 000). Several new agreements were concluded and implemented during the year. The two significant ones being with the DBSA, for the implementation of the electric buses at selected municipalities and another agreement concluded with NCEDA to support the Northern Cape Economic Development Agency on the feasibility study for the Boegoebaai Special Economic Zone Green Hydrogen production project.

SANEDI also continues to host the Energy secretariat on behalf of the DSI and receives a management fee in exchange for its services.

Investment income in the form of interest was generated during the year on cash balances invested in money market accounts through CEF SOC LTD. For the year under review interest earned amounted to R17 730 000 (2023: R10 173 000).

EXPENDITURE INCURRED

For the period under review SANEDI incurred expenditure amounting to R177 970 000 (2023: R102 293 000). of this balance of total expenditure 30,95% related to Employee Costs, 38,88% Research Costs, 12,36% Settlement costs, 14,49% General Expenses, 3,67% for Depreciation and Amortisation and 0,02% VAT penalty.

EMPLOYEE COSTS

Employee costs for the year amounted to R55 085 000 with a total head count of 74 (2023: R35 784 000, head count 51), representing an increase of 53,93% relative to the previous financial year. This significant increase in the employee cost was a factor of:

- Increasing Technical capacity within the organisation to align with the revised strategic plan. The Board also approved a new organisational structure pursuant to this objective and management prioritised the filling of certain key positions during the financial year. Overall, a total of 36 employees were recruited including 15 interns that were appointed during the year as well under an agreement with the EWSETA. As a result of these recruitments, SANEDI added an additional R11 331 0000 (R3 936 000 being externally funded).

NUMBER OF EMPLOYEES	
Executive Management	1
Middle Management	6
Technical staff	8
Administrative support	6
Interns	15

- The Board also approved a strategy and plan to align the remuneration of the organisation with the market and this plan was implemented for the first time in the 2023/24 financial year. An independent benchmarking exercise has been undertaken to assess SANEDI's remuneration relative to the market prompted by the increase in the number of personnel leaving the organisation as a result of uncompetitive salary scales and as a result of failure to employ candidates following open recruitment processes due to unattractive salary scales. It was noted that the remuneration scales of the organisation needed to be amended for SANEDI attract and retain the required technical skills. This contributed R2 842 000 towards SANEDI's salary costs.
- SANEDI has a number of projects that are funded from external grants, some of these projects require the appointment of additional resources for project implementation. These project resources are paid for from the project funding and have no impact on the MTEF allocation. Overall, R7 443 000 of SANEDI's employee costs was funded from project funds in line with the project agreements.
- The increase in staff number also had an impact on the incentive bonuses as well as the leave costs.

RESEARCH COSTS

Research costs for the year amounted to R65 628 000 (2023: R40 038 000). This represented an increase of 63,91% from the previous financial year. The increase in project costs was as a result of:

APPROVED BUDGET FOR SURPLUS

- National Treasury granted SANEDI approval to retain surplus amounting to R174 700 000. These surpluses were approved to be spent over multiple years in line with submitted list of projects. A total of R102 922 794 was to be spent in 2023/24, R49 987 866,98 in 2024/25, R19 889 000 in 2025/26 and R3 200 000 in 2026/27. Total expenditure related to these projects amounted to R 59 665 817,68 against the approved R102 922 794,02 for the 2023/24 financial. This included an amount of R22 000 000 transferred to the Council for Geosciences in settlement of dispute over the transfer of the Carbon Capture and Storage project.

In total surpluses contributed R45 708 000 to research costs

- Ring fenced funds contributed a total of R4 684 000 towards research costs for the year. Spending on ring fenced funds is usually supported by project plans and expenditure generally takes place in line with these plans.
- The balance of R15 236 000 the costs was spent from MTEF allocation, as well as income generated by SANEDI during the financial year.

GENERAL EXPENSES

General expenses for the current financial year amounted to R25 782 000 (2023: R21 325 000). These costs increased by 20,9% relative to the previous financial year. Most notable in the increases to the general expenses are:

- Auditors Remuneration R2 017 000, (2023: R1 717 000) 17,47% increase**
SANEDI incurred additional audit costs associated with verification of data after data recovery efforts following the loss of data in March 2023 due to IT equipment failure.
- Computer Expenses R6 647 000, (2023: R4 307 000) 54,33% increase**
SANEDI has made significant investments in its IT systems, including the implementation of a new ERP system and a new payroll system. These investments were prompted by the increasing threat of cyber-attacks and equipment failures linked to power supply interruptions. During the previous financial year, SANEDI experienced a data loss incident due to equipment failure caused by power supply interruptions associated with load-shedding.

As a result, an assessment of IT systems was conducted to identify the root cause and implement measures to address deficiencies that led to the data loss. To follow the recommendations from the service provider, additional equipment and software licenses were acquired, contributing significantly to the increase in IT costs.

Moreover, with the increase in staff members and the implementation of the new system, SANEDI had to purchase new licenses for the additional staff members.

- **Lease rentals R2 473 000, (2023: R1 643 000) 51,52% increase**

SANEDI entered into a new lease during the financial year to accommodate increasing staff numbers. The new facilities also make provision for training centres that SANEDI can use to host training and conferences, thus reducing the need to hire external venues for conferences, seminars and trainings.

- **Conferences and Seminars R2 734 000 (2023: R417 000) 555,63% increase**

SANEDI hosted its first inaugural conference during the financial year. This was to present the results of research activities and to engage the Boarder energy sector on pivotal matters affecting the energy sector for collective solutions. The success of the conference has resulted in this being planned as an annual event.

- **Marketing and promotional expenses R677 000 (2023: R157 000) 331,21% increase**

The Board made a conscious decision during the financial year to increase the visibility of the organisation and to position SANEDI as a partner of choice to stakeholders within the energy sector. This required additional investment in the marketing and promotional costs.

- **Travel expenses R1 034 000 (2023: R544 000) 90,07% increase**

Travel expense also increased due to the implementation of the stakeholder engagement plan of the organisation to increase the visibility and impact of the organisation. SANEDI increased its participation at key conferences and also participated in key committees that are at the centre of tackling the energy crisis.

- **Employee welfare and training R1 077 000 (2023: R520 000) 107,11% increase**

Training was undertaken as per the Workplace Skills plan. Due to an increase in employee numbers, this resulted in an increase in both training costs and also affected the spent on the wellness interventions.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation amounted to R6 543 000 (2023: R3 802 000) increasing by 72% as a result of investment that

was made in new assets mainly IT related assets. After the data loss, SANEDI invested in new servers to address some of the deficiencies identified as part of the review including additional backup power supply to avoid interruptions during prolonged periods of load shedding.

An investment was made into a new accounting system to replace the old outdated system to improve reporting efficiencies. The system was brought into use in November 2023. Software is depreciated over two years because of the high levels of technical obsolescence attached to IT software.

VAT PENALTY

SANEDI incurred R46 000 (2023: R0) late payment penalty on VAT charged on the importation of international membership fees. SANEDI is not a registered VAT vendor, hence there were not systems in place to identify and pay VAT within 30 days as prescribed by SARS. This matter was identified during last financial year-end processes. All payments that were due to SARS during the current financial year were identified and paid over after SANEDI implemented processes to identify, account and pay all VAT on imported services within 30 days.

This transaction has been disclosed as fruitless and wasteful expenditure in the financial statements.

SETTLEMENT COSTS

During the financial year SANEDI finalised the transfer of Carbon Capture Utilisation and Storage (CCUS) project to Council for Geoscience (CGS). The originally confirmed amount of R90 000 000 was revised to R112 000 000 during the current year. The effect of this revision is an increase in the settlement costs for the current year by R22 000 000. No impact for future reporting periods.

This was the transfer of a function between two entities under common control. The transfer was approved by the Minister of Energy, Honourable G Mantashe during 2019/20 financial year.

OPERATING RESULTS FOR THE YEAR

SANEDI achieved a deficit of R58 858 000 (2023: Surplus R18 207 000) as a result of costs incurred during the financial year exceeding the revenue generated within the year by 72,4%. The reason for this deficit is the increased spending on approved surpluses which have been accounted for in the Statement of Changes in Net Assets as opposed to revenue generated within the current year.

At the start of the financial year SANEDI had accumulated surpluses amounting to R174 700 000, these surpluses were achieved in previous periods and reported as surpluses in those periods. With the approval to retain surpluses received from National Treasury, spending against these surpluses continues in line with the approval received from treasury.

Due to the accrual basis of accounting prescribed by the GRAP standards, expenditure incurred from surpluses cannot be directly accounted for in the statement of changes in net assets but can only be accounted for in the Statement of Changes in Financial Performance for the year. Because if this accounting treatments, the organisation will continue to achieve a deficit when spending continues from previously recognised surpluses. This mismatch in the timing source of income to funds and the project and the expenditure, can only be rectified through the deficit accounted for in the Statements Changes in Net Assets.

At the end of the financial year accumulated surpluses amounted to R130 701 000 (2023: R189 659 000).

The expenditure incurred was duly funded and duly approved as per the approved MTEF budgets, project funding agreements and National Treasury Surpluses.

FINANCIAL POSITION OF THE ENTITY

At the end of the financial year ended 31 March 2024, assets of the organisation exceeded its liabilities by R130 701 000 (2023: R189 659 000). SANEDI had sufficient cash reserves to cover its liabilities. There has been a decline in the financial position relative to the previous financial year and this is as a result of spending against approved surpluses. It is expected that as spending continues on surplus funded projects that SANEDI's net assets will continue to decline.

SANEDI will, in future, need to look to other sources of funds to support the implementation of its mandate.

TOTAL ASSETS

Total Assets amounted to R316 295 000 (2023: R382 596 000). There was an decrease of 16,9% in total assets mainly due to:

- Depreciation and amortisation of Property, plant and Equipment and Intangibles assets amounting to R6 543 000 (2023: R3 802 000).
- Increased spending of accumulated surpluses, spending of the current's allocation as well as transfers of grants to DSI energy secretariat to approved implementing agencies.
- Prepayments increased by 262% at the end of March 2023 relative to the previous financial year. This is due to Licences that were acquired at the end of the financial year for the new financial year. Included in these, are licences associated with the development of an Energy Datacentre to be hosted at SANEDI funded from surpluses.

TOTAL LIABILITIES

Total liabilities amounted to R185 594 000 (2023: R192 934 000) made up of the following balances :

- **Trade and other payables R9 233 000 (2023: R10 859 000)**
Trade and other payables relate to unpaid invoices for services rendered. Included also in the payables was an amount of R 1 300 000 that was not approved to be retained by National Treasury still to be repaid to the National Treasury.
- **Provisions R11 464 000 (2023: R6 703 000)**
Provisions relate to employee related provisions for leave and incentive Bonuses. Leave is provided for based on the balance of the leave days that each employee has accumulated at the end of the financial year. While incentive Bonuses are provided for based on each employee's individual performance and the overall company performance. Incentives are paid at the discretion of the Board and are payable subject to availability of funds.

The increase in the amount of the provision for leave and incentives is as a result of increase in staff numbers during the financial year as well as the increase in salaries due to the implementation of the salary party adjustments during the year to align SANEDI salary scales with the Market.

- **Ring fenced funds R 164 897 000 (2023: R175 372 000)**
Ring fenced funds are spent in line with approved project plans. SANEDI does have funds where spending has ceased and no direction as yet from funders as to repayment of these funds. These balances are still ring fenced as they technically are not SANEDI funds until directed as such by the funder.

GOING CONCERN

The Board, as the accounting authority has, at the time of preparation of the financial statements, a reasonable expectation that the entity will have adequate resources to continue operating and settle its debts as and when they become due for the foreseeable future, at least, but not limited to, 12 months from the end of the reporting date. Based on the Estimates of National Expenditure published for 2024/2025 over the MTEF period, the SANEDI will be a going concern.



Lethabo Manamela

SANEDI Chief Financial Officer

Date: 30 August 2024

7. STATEMENT OF RESPONSIBILITY



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

To the best of our knowledge and belief, we confirm the following:

- All information and amounts disclosed in the Annual Report (AR) is consistent with the Annual Financial Statements (AFS) audited by the Auditor-General of South Africa.
- The AR is complete, accurate and free from any omissions.
- The AR has been prepared in accordance with the guidelines issued by the National Treasury (NT).
- The AFS (Part E of this document) 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 and the AFS.
- The external auditors are engaged to express an independent opinion on the AFS.

In our opinion, the AR fairly reflects the operations, performance information, Human Resources information and financial affairs of the Public Entity for the financial year ended 31 March 2023.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Titus Mathe'.

Dr Titus Mathe

SANEDI Chief Executive Officer

Date: 30 August 2024

A handwritten signature in black ink, appearing to read 'Sicelo Xulu'.

Mr Sicelo Xulu

Chairperson of the SANEDI Board

Date: 30 August 2024

8. STRATEGIC OVERVIEW



The energy development agenda entrusted to SANEDI is an inseparable part of the energy journey of South Africa. Our portfolio of initiatives can be encapsulated as follows:

- a) Contributing to technology advancements in energy.
- b) Contributing to declining technology costs.
- c) Ensuring continued innovation in the energy sector.

The initiatives are aimed at enabling South Africa to take full advantage of our energy resources and associated infrastructure development.

For the strategic term 2020 to 2025, SANEDI has adopted the Revised Framework for Strategic Plans as prescribed by the National Treasury. The focus of this framework falls on planning for measurable impact and more explicit monitoring and evaluation linkages. The vision, mission and values of SANEDI are outlined below:

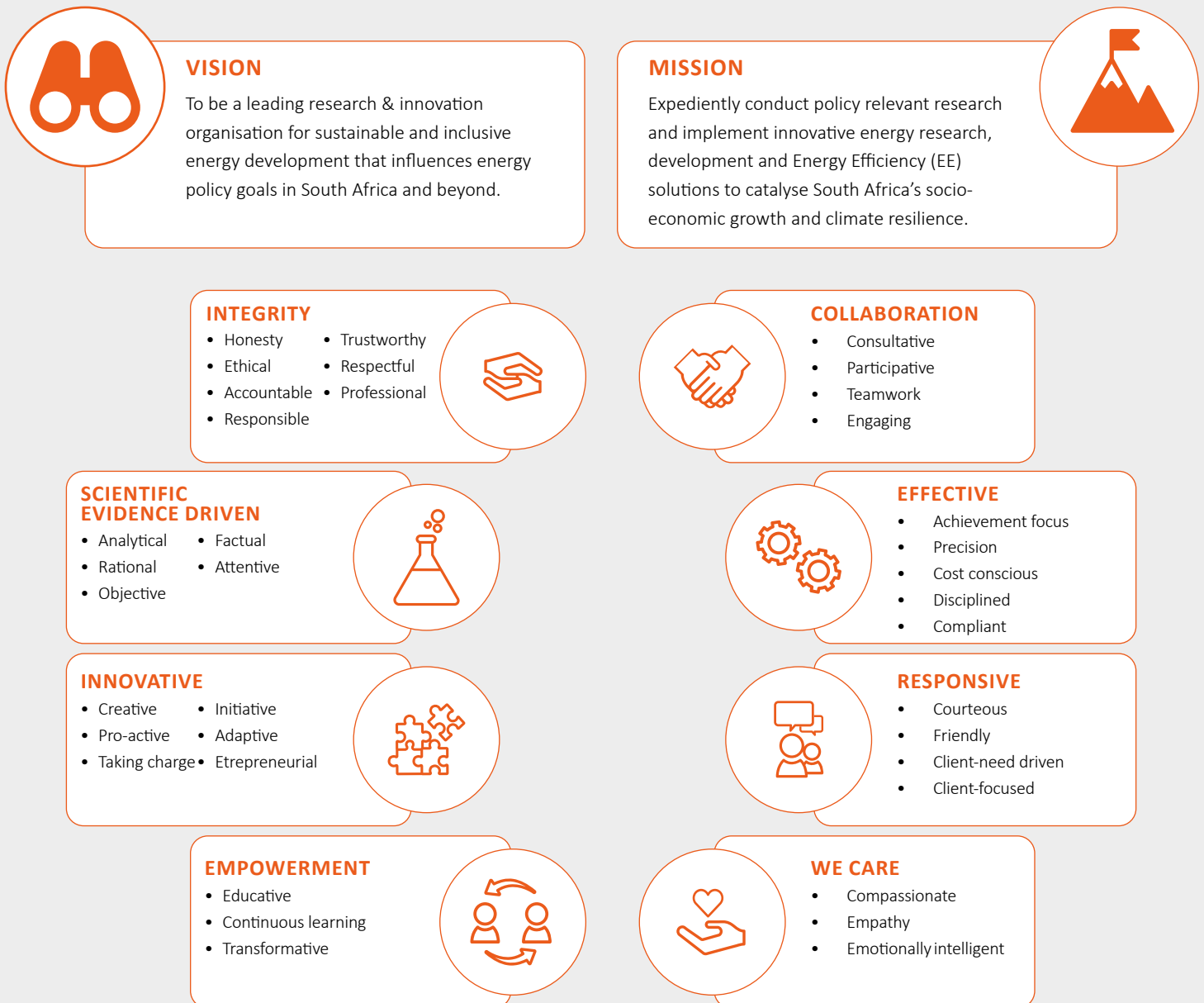


Figure 3 Vision, Mission and Values

9. LEGISLATIVE AND OTHER MANDATES

9.1 CONSTITUTIONAL MANDATE

As an Entity of the State, SANEDI derives its Mandate from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The SANEDI Strategic Plan, as discussed above, seeks to ensure alignment with the following two critical components of the Constitution:

- a) Chapter 2, The Bill of Rights, where: 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.
- b) Schedule 4, The Functional Areas of Concurrent National and Provincial Legislative, specifically with respect to municipalities and the issue of Local Government matters relating to electricity and gas reticulation.

9.2 LEGISLATIVE AND POLICY MANDATES

SANEDI is a schedule 3A State-owned Entity (SOE). The authority entrusted to SANEDI is derived from Section 7(2) of the National Energy Act (NEA), 2008 (Act No. 34 of 2008). The powers, functions and responsibilities of SANEDI outlined in this Act, is stated below:

- a) Energy Research and Development
 - i. Direct, monitor, conduct and implement Energy Research and Technology Development in all fields of energy, other than nuclear energy.
 - ii. Promote energy research and technology innovation.
 - iii. 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 programmes.
 - iv. Register patents and intellectual property in its name resulting from its activities.
 - v. Issue licences to other persons for the use of its patents and intellectual property.
 - vi. Publish information concerning its objects and functions.

- vii. Establish facilities for the collection and dissemination of information in connection with research, development and innovation.
 - viii. Undertake any other energy technology development related activity as directed by the Minister, with the concurrence of the Minister of Science and Technology.
 - ix. Promote relevant energy research through co-operation with any entity, institution or person equipped with the appropriate skills and expertise within and outside the Republic.
 - x. Make grants to educational and scientific institutions in aid of research by their staff, or for the establishment of facilities for such research.
 - xi. Promote the training of research workers by granting bursaries or grants-in-aid of research.
 - xii. Undertake the investigations or research that the Minister, after consultation with the Minister of Science and Technology, may assign to it.
 - xiii. Advise the Minister and the Minister of Science and Technology on research in the field of energy technology.
- b) Energy Efficiency
 - i. Undertake EE measures as directed by the Minister.
 - ii. Increase EE throughout the economy.
 - iii. Increase the Gross Domestic Product (GDP) per unit of energy consumed.
 - iv. Optimise the utilisation of finite energy resources.



SANEDI further adheres to the following Legislation and Policies:

Legislation	Policies
Abolition of the National Energy Council Act, 1991 (Act 95 of 1991)	Carbon Capture and Storage Roadmap
Central Energy Fund (CEF) Act, 1977 (Act No. 38 of 1977), as amended	Climate Change Response to White Paper
Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended	Department of Science and Technology 10 Year Innovation Plan
Gas Act, 2001 (Act No. 48 of 2001)	Draft White Paper on Science, Technology and Innovation
Gas Regulator Levies Act, 2002 (Act No. 75 of 2002)	Energy Security Master Plan for Liquid Fuels, 2007
National Energy Regulator Act, 2004 (Act No. 40 of 2004)	Energy Security Master Plan, 2007
Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)	Industrial Policy Action Plan (IPAP) 2010/11 – 2012/13, published Feb 2010
Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004)	Integrated Resource Plan for Energy, 2010
Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended	Measurement and Verification Guideline for Energy Efficiency Certificates (DRAFT)
South African Revenue Service Act, 1997 (Act 34 of 1997)	Medium-Term Strategic Framework
The Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)	National Development Plan Vision 2030
The National Environmental Management Act, 1999 (Act No. 107 of 1999)	National Energy Efficiency Strategy of the RSA, 2008
White Paper on Energy Policy, 1998	



10. ORGANISATIONAL STRUCTURE

The high-level SANEDI Organisational structure has not changed during this financial year. The organisation continues to operate around the three main focus areas as outlined in the Strategic Overview section above.

10.1 BOARD STRUCTURE

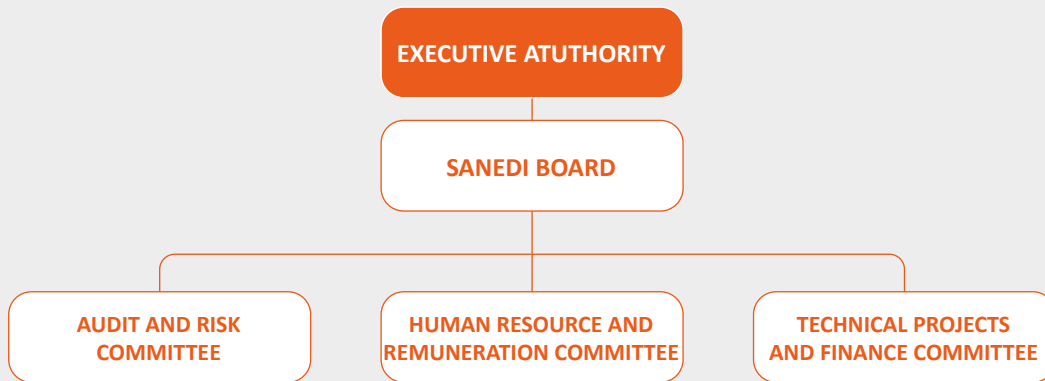


Figure 4: Board Structure Organogram

10.2 MANAGEMENT ORGANOGRAM

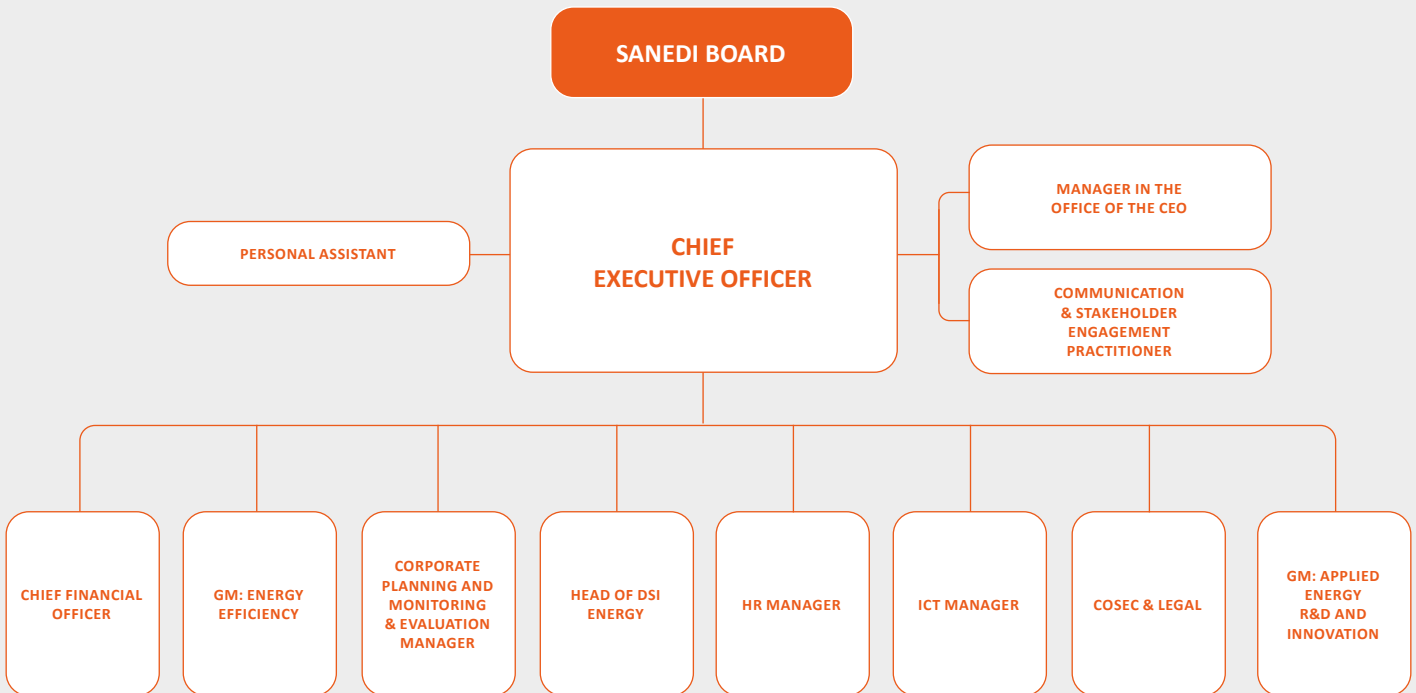


Figure 5: Management Organogram



10.3 PROGRAMMES STRUCTURE

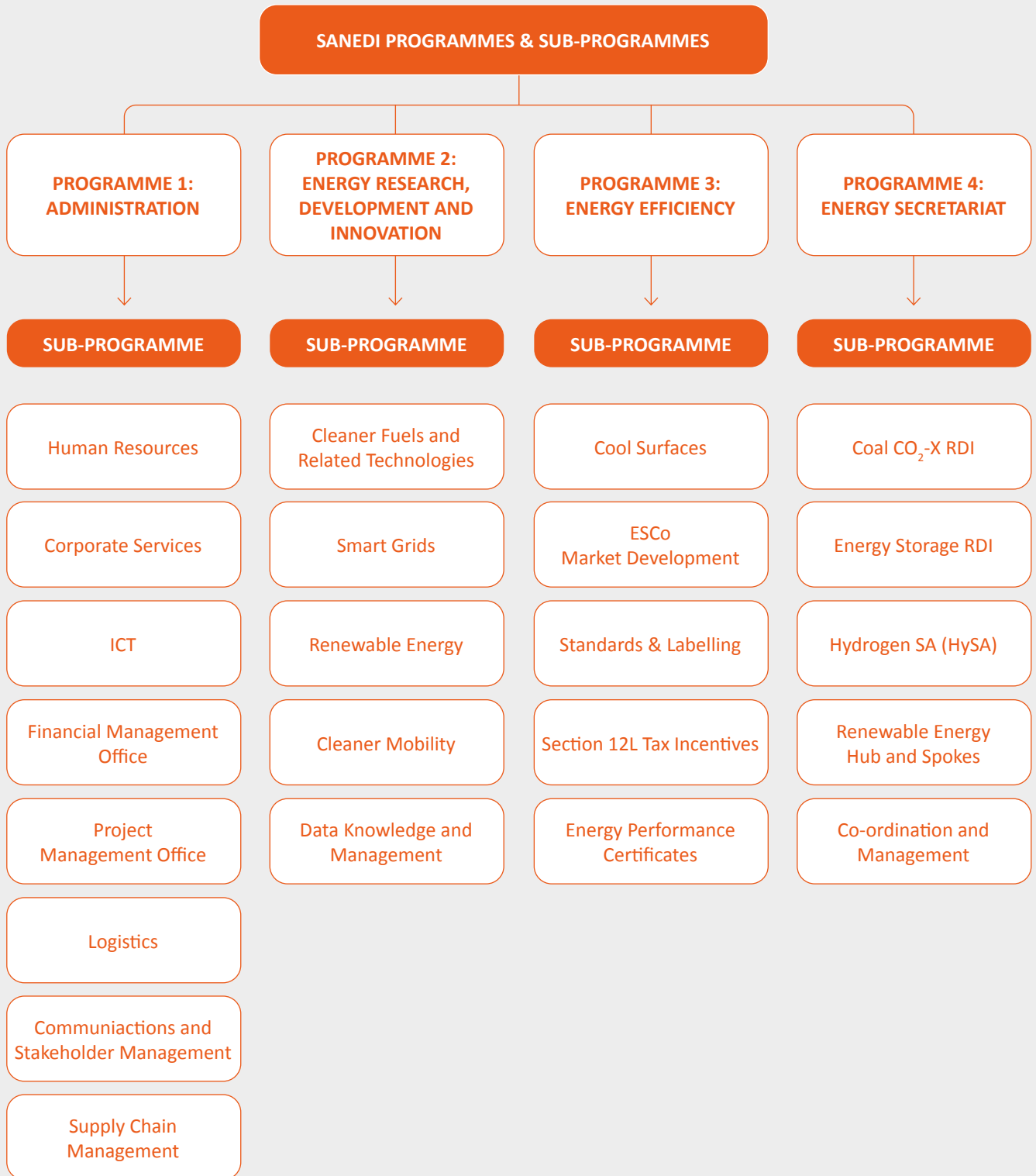


Figure 6: Programmes Structure



sonedi

South African National Energy
Development Institute

PART B PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PRE-DETERMINED OBJECTIVES



The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on 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.



2. OVERVIEW OF PERFORMANCE



2.1 SERVICE DELIVERY ENVIRONMENT

SANEDI places the ultimate emphasis of all its undertakings on enhancing lives and means of livelihood, through contributing to achieving sustainable energy for growth and prosperity in Africa.

SANEDI aims to use Applied Energy Research and resource efficiency to develop innovative, integrated solutions. We aim to give South Africans the tools they need to take advantage of opportunities and navigate the disruptions anticipated with the switch to clean energy technologies; to avoid the worst effects of climate change.

Our attention remains on addressing energy security and climate change challenges and to ensure access to modern energy resources for all South Africans. The following highlights of services rendered to the public in relation to the above are listed below:-

- The SANEDI Cleaner Mobility (CM) programme played an important role in investigating and demonstrating alternative ways of public transport that will lead to the improvement of social, and economic conditions in densely populated urban areas and have a much lower environmental impact.
- One of the highlights for the financial year, is the collaboration with the DBSA on the implementation of a Global Environment Facility (GEF) funded project on

accelerating the shift towards Electric Mobility (EM) in South Africa.

- On behalf of the National Treasury and the South African Revenue Service (SARS), SANEDI supported 30 companies with the Section 12L Energy Efficiency Tax incentive, by issuing Tax certificates for successfully reviewed and approved projects. Through the 12L projects, 834 437 MWh energy savings and a reduction of 0.59 Mt GHG emissions were realised. The total tax claim of R793 million unlocked significant investment in efficiency interventions. Also, 480 jobs were created by companies through the 12L projects.
- The Energy Performance Certificates (EPCs) sub-programme conducted various training sessions and workshops to promote the adoption and compliance of EPCs across municipalities. Collaborative efforts with SALGA and other stakeholders resulted in informative sessions attended by councillors, government officials, and industry experts. These engagements facilitated the sharing of best practices and technical insights, contributing to improved understanding and implementation of regulatory requirements. The successful launch of the Online National Building Energy Performance Register (NBEPR) further streamlined the registration process, enhancing compliance and transparency. During the 2023/2024 financial year, 3650 buildings were registered and 2448 EPCs were issued across nine provinces.

- Like many other organisations in the energy sector, SANEDI must be mindful of the possible disruptions that accompany the planned sector transformation. According to the International Energy Agency (IEA), these disruptions may include new jobs that are not necessarily created in the same location where jobs were lost, skill sets that are not automatically transferable, and the need for new skill sets. SANEDI must support the energy sector in addressing these challenges in a coordinated manner, seeking transition pathways that maximise opportunities for decent, high-quality work, assisting workers to make use of existing skills in the new environment, and mobilising long-term support for workers and communities where jobs are lost.

2.2 ORGANISATIONAL ENVIRONMENT

SANEDI's organisational environment is influenced by conditions and forces that exist within the organisation. An extensive review of SANEDI's vision, mission, values, operational programmes, processes, internal capacity and capabilities (the width and depth of resources) was conducted. A subsequent detailed analysis resulted in a synopsis of SANEDI's strengths and weaknesses.

The SANEDI operating model consists of three converging components: People, Process, and Technology. This determines the organisation's capacity to action its business processes and consequently achieve its strategy, aligned to SANEDI's strategic themes 4, 5 and 6. Robust and well-defined business processes create a well-functioning organisation.

SANEDI has played a role in Policy developments and Legislative changes by the DMRE. In January 2024, the Minister published the Integrated Resource Plan 2023 (Draft IRP2023) for public comments. SANEDI reviewed the Draft IRP2023 to ensure its alignment and response to South Africa's short-, medium- and long-term energy and climate change requirements. In our submission to the Minister, we have concluded that the draft IRP 2023 is adequate for consultation purposes as it addresses the short-term, medium-term and long-term energy aspects for the country. More specifically, Horizon One addresses the security of supply and grid stability, while continuing with the introduction of renewable energy to address climate change. Ideally, no coal-fired power plant should be shut down between 2024 and 2030 in order to provide baseload electricity and ensure the security of electricity supply.



3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES



3.1 OVERVIEW OF PERFORMANCE AGAINST 2020 TO 2025 STRATEGIC PLAN

SANEDI is well underway towards achieving the medium-term strategic goals as outlined in the 2020 to 2025 Strategic Plan. The focus remains on the three themes:

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

In terms of this year's performance towards achieving the five-year goals, SANEDI managed to achieve and exceed all annual targets, pending the outcome of the audit report. During this financial year, the SANEDI reported on its mid-term review for the 2020/25 Five-Year Strategic Term.

THE 12L TAX INCENTIVE AND CONTRIBUTION TO GHG EMISSIONS FROM THE 2020/2021 FINANCIAL YEAR TO 31 MARCH 2024

The 12L Tax incentive, according to the Income Tax Act, 1962 (Act No. 58 of 1962), provides an allowance for businesses to implement Energy Efficiency (EE) savings. The savings allow for a tax rebate of 95c/kWh saved on energy consumption. Above is the presentation of the performance of the 12L Tax Incentive at the end of the fourth year of the five-year strategy cycle. During the period under review, for several project submissions at various stages of the project life cycle, SANEDI rolled out the 12L Tax Incentive. Through the incentive, 146 companies have been issued with Tax Certificates. The combined impacts archived saved 4.11 TWh with a rebate value of R3.89 billion and GHG of 3.31 megatonnes of carbon avoided. The 12L tax incentive offers tax reductions for EE to combat climate change and address South Africa's energy supply security. Profitable organisations can claim a reduction on their year-end taxable income from SARS, based on verified energy savings during a specific tax year. The estimated number of jobs created through this initiative is 2 341, from 2020 to 31 March 2024, these jobs were created at different levels of the 12L project implementation.

ENERGY PERFORMANCE CERTIFICATES

SANEDI played a role in supporting the policies and regulations of our shareholder department. The Minister of Mineral Resources and Energy has, under section 19(1)(b) of the National Energy Act, published Regulations for the Mandatory

Display and Submission of EPCs for buildings on 8 December 2020. By 31 March 2024, SANEDI has registered 3 620 buildings and issued 2 442 EPCs in all nine provinces since the inception of EPCs. The registration of the buildings allows measuring of energy consumption by certified buildings to analyse energy efficiency.

ENERGY EFFICIENCY LIGHTING REGULATIONS

SANEDI also supported the development of the new Energy Efficiency Lighting Regulations and General Service Lamps for South Africa that were gazetted in March 2021 by the Minister of Trade, Industry and Competition (DTIC) and played a significant role in encouraging the public via multiple media platforms, to comment on the regulations.

ELECTRIC VEHICLES INITIATIVE

The SANEDI CM Programme played an important role in investigating and demonstrating alternative ways of public transport that will lead to the improvement of social, and economic conditions in densely populated urban areas and have a much lower environmental impact. One of the highlights of the initiative is that GEF-DBSA has nominated SANEDI as the Implementing Agent for the proposed GEF-DBSA-funded Electric Bus Demonstration Project in the two Metros in South Africa.

STANDARDS AND LABELLING (S&L) INITIATIVE

The South African Energy Efficiency (EE) Appliances Standards and Labelling Programme is an initiative championed by the DMRE. The DMRE's Standards and Labelling (S&L) Programme is a key policy objective of the 2005 National Energy Efficiency Strategy (NEES) and the post-2015 NEES. In South Africa, regulated products must meet the requisite MEPS as set out in the relevant regulation, and prominently display the required EE labelling without which they cannot be bought or sold. SANEDI with its implementation partners: the DTIC; the National Regulator for Compulsory Specifications (NRCS) and the South African Bureau of Standards (SABS), aims to facilitate the phasing out of inefficient electric and electronic appliances and equipment from the South African market. Two pillars enable the effectiveness of the Programme, (1) the development and enforcement of Minimum Energy Performance Standards (MEPS) and (2) the use of the Energy Efficiency Label to influence EE purchasing decisions.

SMART GRIDS

SANEDI, in collaboration with the DMRE, produced a Smart Grid vision document to guide South Africa's journey towards a smarter grid. SANEDI has been called upon to assist the National Treasury and Department of Cooperative Governance and Traditional Affairs (COGTA) in using Advanced Metering Infrastructure technology to solve the revenue collection problem in the municipalities. SANEDI also assisted the National Treasury and COGTA with developing the necessary plans to motivate for funding to undertake further studies, so that a decision on the National Rollout of AMI could be undertaken. SANEDI produced a business case report for category B2-B4 municipalities, a Municipality Smart Grids Roadmap and a Smart and financially sustainable municipality pilot and demonstration Operational plan. This report was used by the National Treasury to secure R1.2 billion over the next three years, to undertake four pilot studies that will serve as the base reference case for a national rollout of AMI decisions to be taken.

RENEWABLE ENERGY

SANEDI contributed and implemented, a Cool Surfaces paint application training and demonstration in partnership with the Defence in Limpopo province. This project entailed training selected military personnel in the benefit of Cool Surface technology and the application thereof. There was a focus on SOLAR thermal and other Renewable Energy technologies (RET) demonstrations in collaboration with other partners.

3.2 AMENDMENTS MADE TO THE STRATEGIC PLAN DURING THIS FINANCIAL YEAR

There were some amendments made to the Strategic Plan during 2022/23 and the Strategic Plan for 2020/25 was tabled in Parliament.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION



4.1 FOCUS AREAS, PURPOSES AND INSTITUTIONAL OUTCOMES.

The three sub-sections below provide narrative information on the institutional outcomes for the three programmes of SANEDI. It outlines the achievements of the different projects. Each section commences with a table of the programme focus areas and includes the purpose of each focus area and a summary of outcomes. Details of sub-projects are discussed after.

4.1.1 PROGRAMME 1: ADMINISTRATION

The Administration Programme aims to create an effectual delivery environment for SANEDI that is fully compliant

FOCUS AREAS	PURPOSE	INSTITUTIONAL OUTCOMES
1. PURPOSE: CREATING A CAPACITATED, EFFECTIVE, EFFICIENT AND SUSTAINABLE OPERATIONAL ENVIRONMENT (WITHIN WHICH SANEDI DISCHARGES ITS MANDATE).		
1.1 Human Resources	Managing employee related processes and affairs, as well as administration of employee benefits in an efficient manner to ensure that SANEDI has an adequately capacitated motivated staff complement.	Employment Equity target has been achieved at 1.35 % against <5% planned. With an overall of 97% of training interventions executed against the annual target of 80%.
1.2 Corporate Services	Facilitated transparency and compliance from the Legislative and Governance perspective. Incorporating all lines of business and support activities relating to the Board and Board Committees.	Audit and Risk Committee (ARC) made a pivotal decision to transfer the risk portfolio to the newly formed Legal, Governance Risk and Compliance department, leading to enhanced oversight and management.
1.3 Supply Chain Management	To ensure efficient and effective Supply Chain Management (SCM) processes, that are compliant with procurement regulations.	82% of procurement as per the procurement plan against the annual target of 60%.
1.4 Information and Communication Technology (ICT)	Support efficient operations and ensure data processing, integrity and availability.	Implementation of Microsoft Dynamics 365 and the SAGE HR payroll system, ensuring the organisation's technological readiness.
1.5 Financial Management	Delivery of business and support activities relating to the effectual financial management, financial reporting and auditing practices.	A Surplus of R8.5 million primarily driven by the timely recognition of the DMRE Grant, increased interest income from investments, and management fees earned from DSI, TIA, and GIZ.
1.6 Communications and Stakeholder Engagement	To ensure effective communications with all stakeholders through robust stakeholder engagement, client satisfaction surveys, and public awareness campaigns in collaboration with the Department of Mineral Resources and Energy (DMRE) and media intelligence support services.	<ul style="list-style-type: none"> • 148 broadcasting engagements. • 20 knowledge sharing events. • 21 media engagements.

Programme performance for this programme is depicted below:

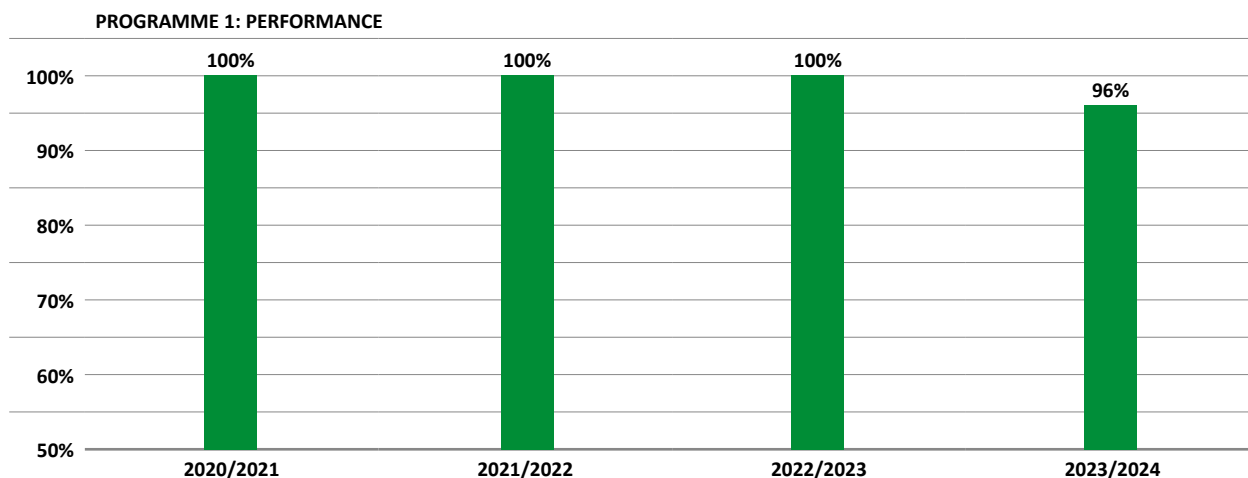


Figure 7: Programme 1 Performance

Below is an outline of the Communication and Stakeholder Management, Financial Management, Information and communications technology (ICT), Human Resource and Legal, Governance, Risk and Compliance activities, for 2023/24. Please refer to section C: Governance, section D: Human Resource Management and section E: Financial Information for a detailed description of the accomplishments of these Departments.

I. STAKEHOLDER MANAGEMENT, COMMUNICATION AND EVENTS MANAGEMENT

Stakeholder Management, Communication and Events Management are part of our core business. This section provides feedback on progress made during this year contributing to achieving the Strategic Plan 2020 to 2025 goals.

The focus of the Stakeholder Engagement Strategy is placed on building strong, constructive, interpersonal relationships with key Stakeholders, particularly the DMRE as Shareholder. SANEDI recognises the strategic importance of its Stakeholders in fulfilling the goals set out in the five-year Strategic Plan. Better Stakeholder relationships lead to better outcomes and enhance the credibility of SANEDI. Active engagement and communicating directly with Stakeholders allow for a better understanding of their perspective and provides new insights and opportunities to make informed decisions. Communication is also key in identifying potential risks beforehand and to improve accountability.

Throughout the 2023/24 financial year, SANEDI garnered significant attention and recognition across various media platforms and engagements, showcasing its leadership and influence in the energy sector. Notable headlines included quotes from key figures such as the CEO and the Head of Energy Secretariat, addressing critical issues ranging from the state of

the electricity network to advancements in Waste-to-Energy (WtE) technology. Coverage extended to insights shared by internal experts, advocating for renewable energy and cleaner fossil fuels (CCFs), and providing commentary on projects such as the Koeberg Nuclear repair and the Energy Transition Pilot Project at Komati. SANEDI's presence extended to international forums such as the International Energy Agency (IAE) Global Conference on Energy Efficiency, highlighting its commitment to global collaboration and innovation. Domestically, engagements like the DMRE learners focus week and participation in industry events like Windaba and the Hydrogen Summit underscored SANEDI's dedication to education and stakeholder engagement.

The pinnacle of SANEDI's outreach efforts was the First Annual Energy Conference, which drew over 300 delegates, including prominent government officials and industry leaders. The conference served as a platform to elevate SANEDI's profile, foster collaboration, and strengthen networking within the energy sector, ultimately contributing to increased awareness of SANEDI's pivotal role in driving energy innovation and sustainability in South Africa.

SANEDI actively participated in numerous stakeholder engagements spanning a wide range of events and initiatives. These included workshops, seminars, and conferences focusing on various aspects of energy efficiency, renewable energy, and sustainable development. SANEDI's involvement ranged from facilitating technical sessions on topics such as Carbon Capture Utilisation & Storage (CCUS) in the coal industry to collaborating with government officials and industry experts on initiatives like the DMRE learners focus week and the Presidential Imbizo. Additionally, SANEDI contributed to capacity-building workshops, knowledge-sharing events, and industry conferences aimed at promoting innovation, enhancing skills, and fostering partnerships within the energy sector. Notable engagements

included participation in international conferences like the BRICS Summit and the EU Hydrogen Week, highlighting SANEDI's commitment to global collaboration and advancing sustainable energy solutions. Through these diverse engagements, SANEDI demonstrated its leadership and dedication to driving positive change and innovation in the energy landscape, while also fostering dialogue and collaboration with stakeholders across various sectors.

II. INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) DEPARTMENT

SANEDI's ICT department achieved significant milestones, completing various projects to enhance the organisation's technological infrastructure and operations. Notably, a new data centre was procured and installed, establishing a more stable operating environment. The implementation of Microsoft Dynamics 365 and the SAGE HR payroll system was completed within the expected timelines, ensuring the organisation's technological readiness. Additionally, budgetary provisions were secured to implement ICT Mitigation plans for the data centre, bolstering SANEDI's resilience against cyber threats. In the third quarter, key achievements included the successful launch of Dynamics 365, the separation of production and backup environments, and the installation of a new Dell data domain to enhance cybersecurity measures. The ICT department's efforts culminated in the successful implementation of the new systems, complemented by comprehensive user training and configuration of workflows and notifications, thereby optimising operational efficiency and employee experience at SANEDI.

III. HUMAN RESOURCES

During the financial year of 2023/24, SANEDI accomplished several significant milestones reflective of its commitment to operational efficiency and personnel development. The submission of the EMP501, facilitating the reconciliation of PAYE, SDL, UIF, and ETI, was diligently carried out, ensuring compliance and accuracy in financial reporting. Similarly, the dissemination of IRP5s to employees underscored the organisation's dedication to transparency and employee welfare. The appointment of a Finance Manager filled a crucial leadership position, fortifying SANEDI's administrative framework. Furthermore, the implementation of annual increases in August 2023 adhered to SANEDI's remuneration policy, approved by the Board and reinforcing financial stability. Notably, SANEDI's recruitment policy facilitated the prompt filling of vacant positions within three months, aligning with strategic objectives to mitigate skills gaps. The appointment of interns, along with support for external interns, exemplified SANEDI's commitment to national skills development.

Recruitment processes for key managerial roles were successfully concluded, ensuring organisational continuity and effectiveness. Challenges such as salary disparities were addressed, reflecting SANEDI's responsiveness to market dynamics. Importantly, ongoing training initiatives underscored SANEDI's dedication to fostering a high-performance culture and meeting skills development targets. While SANEDI demonstrated commendable progress in meeting Employment Equity targets, efforts to enhance diversity at professional levels and accommodate employees with disabilities remained imperative. With a current staff complement of 74 employees and a 1.35% vacancy rate against a target of 85%, SANEDI's focus on structural alignment and strategic recruitment endeavours positioned it for continued success in the forthcoming financial year. Moreover, surpassing training intervention targets underscored SANEDI's proactive approach to capacity building, ensuring a skilled workforce capable of driving organisational excellence.

IV. LEGAL, GOVERNANCE, RISK AND COMPLIANCE

SANEDI underwent significant developments in its Legal, Governance, Risk Management, Ethics and Compliance (LGRC) practices following the appointment of the Company Secretary/Legal Advisor. The appointment of a Legal Advisor strengthened SANEDI's capacity in legal matters, in relation to the drafting and vetting of contracts and provision of legal opinions, thus minimising legal risk and reducing legal costs. There were no litigation or contingent liabilities recorded during the reporting period. Governance frameworks within SANEDI have perpetuated efficiency in the organisation's ability to achieve its goals and good governance practices.

SANEDI Management made a pivotal decision to transfer the risk, ethics and compliance portfolio to the newly formed LGRC department. The transfer of the risk function has led to enhanced protection from any potential loss or threat to SANEDI's operations because a risk-based approach was embedded within SANEDI's strategic direction and operations. The adoption of a risk-based approach across departments, facilitated by improved reporting templates and workshops, fostered a culture of accountability and proactive risk management. As part of the risk-based approach, the Ethics and Compliance function resulted in higher compliance rates and a shift towards substantive compliance and ethical culture within the organisation. SANEDI's commitment to combined assurance underscores its dedication to adequate and effective internal controls, which are monitored by the Audit and Risk Committee (ARC).

4.1.2 PROGRAMME 2: APPLIED ENERGY RESEARCH, DEVELOPMENT AND INNOVATION

The purpose of Programme 2 is the facilitating of knowledge creation that can support energy-related planning and decision-making, and accelerate the transformation of the energy market and landscape in South Africa. The programme consists of five sub-programmes.

Table 2: Applied Energy Research, Development and Innovation

FOCUS AREAS	PURPOSE	INSTITUTIONAL OUTCOMES
2 PURPOSE: FACILITATING KNOWLEDGE CREATION THAT CAN SUPPORT ENERGY-RELATED PLANNING AND DECISION-MAKING, AND ACCELERATE THE TRANSFORMATION OF THE ENERGY MARKET AND LANDSCAPE IN SOUTH AFRICA.		
2.1 Cleaner Fuels and Related Technologies.	Alternative low carbon energy and mitigation options to limit serious, negative, and environmental impacts from conventional energy sources.	<ul style="list-style-type: none"> Produced a report on Cleaner Coal Technologies Collaborations. Roadmap Towards Cleaner Fossil Fuels for South Africa Phase 3 released.
2.2 Renewable Energy.	Support the accelerated and informed development of South Africa’s clean energy portfolio and Renewable Energy sector.	<ul style="list-style-type: none"> Four (4) annual energy industry status reports produced. Four (4) number of energy solutions assessed. Hydrogen research commissioned by GIZ. Energy related training offered to 152 Energy industry professionals. Energy industry professionals (77) trained on Just Energy Transition interventions. The Green Hydrogen Framework Project was concluded.
2.3 Smart Grids.	Demonstrate and assess the intelligent energy system infrastructure, as an enabler of municipal sustainability.	<ul style="list-style-type: none"> Two (2) sectorial reports produced.
2.4 Data and Knowledge Management.	Collation, development and utilisation of credible, objective and high-quality data and information relating to the area of SANEDI’s responsibility.	<ul style="list-style-type: none"> Two (2) sectorial reports produced. Five (5) energy-related research students offered bursaries. 38 stakeholders from Eskom; City Power; Municipalities and (ESCO’s) received training on Distribution Demand Management Programme through the National Energy Crisis Committee (NECOM). 133 beneficiaries capacitated with Smart Metering Applications Training. Hosted the NECOM – Stream 5 Demand Side Management and Energy Efficiency Workshop in Sandton.
2.5 Cleaner Mobility.	Developing Cleaner Mobility solutions for public transportation.	<ul style="list-style-type: none"> Annual Energy Insights report released “. Electric Vehicle (EV) Charging Infrastructure, Location, and Cost published. Report on Different e-technologies, challenges, and Adaptation opportunities for RSA released.

Programme performance for this programme is depicted below:

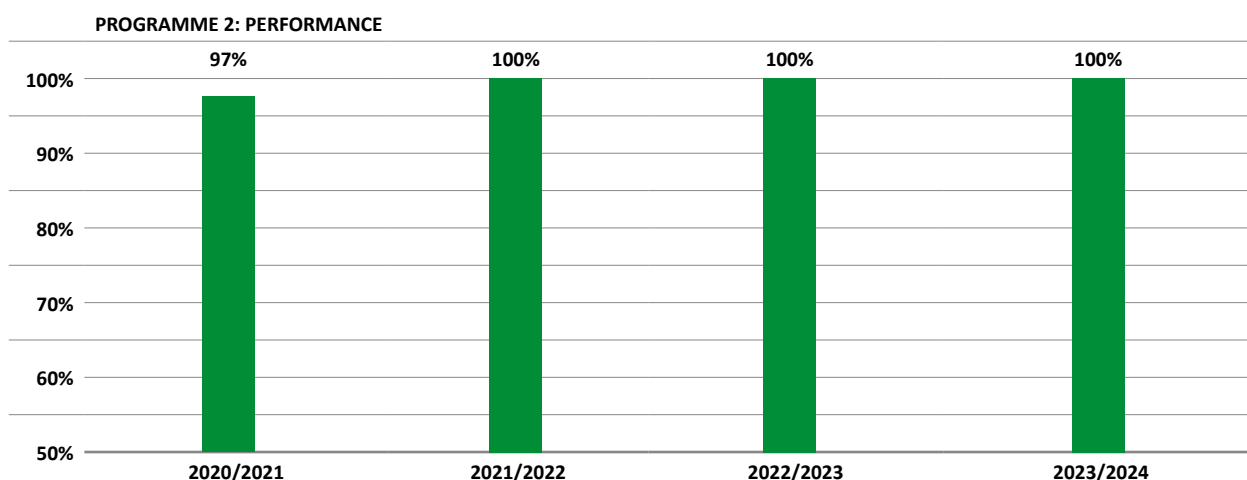


Figure 8: Programme 2 Performance

The following sub-sections provide details on each of the six sub-programmes.

I. RENEWABLE ENERGY

The Renewable Energy sub-programme aims to support the accelerated and informed development of the country's clean energy portfolio and RE sector. Accomplishments are discussed below for six initiatives:

- a) International Energy Agency (IEA): SANEDI participated in the International Energy Agency (IEA) 2nd International Centre for Sustainable Carbon (ICSC) workshop hosted by Eskom in Cape Town. The focus of the workshop was on energy transition and the future of coal in a transitioning energy landscape - identifying the realities for power generation and the wider economy.
- b) South African Renewable Energy Masterplan: On behalf of the DMRE and in collaboration with the DSI and the DTIC, SANEDI participates in the development of the South African Renewable Energy Masterplan (SAREM) that forms part of the implementation of the Trade and Industrial Policy Strategies (TIPs). SANEDI was tasked with delivering inputs into the plan and support with its revision. SANEDI has fulfilled a similar role in the past iterations of the plan.
- c) Water treatment works project: The Hoedspruit water treatment works project is progressing well, in July 2024 the initiation of the project component for installation of flowmeters and valve replacement commenced. SANEDI is supporting the local and district municipalities of Maruleng and district Mopani as well as the Defence Force in the upgrade and operationalisation of the water and wastewater treatment works located owned and operated on the military base in Hoedspruit but serving the entire local community. Installation of valves and flow meters will

assist SANEDI in a data collection exercise that will allow for specification development for energy efficient and renewable energy pumping systems to be installed, that will meet the water and wastewater treatment needs in line with the Department of Water Affairs planning for 2050.

SANEDI's involvement in Water Treatment Works and the Energy Research Group's (ERG's) work on Development Zones exemplifies its dedication to addressing pressing energy challenges and fostering sustainable development. SANEDI collaborated with various stakeholders, including the Department of Defence (DOD), the Minerals Council, and international entities like the Korean Energy Agency, to advance energy efficiency and renewable energy initiatives. These collaborations underscore SANEDI's commitment to driving sustainable energy solutions and fostering partnerships for a greener future in South Africa.

- d) Energy scoping at the biotechnology platform: On 11 July 2023, SANEDI partnered with the Agricultural Research Council (ARC) to give an energy awareness training to ARC. The ARC has embarked upon an energy security project at its biotechnology platform and is currently in the process of assessing requirements to procure desired EE and RE technology. On 22 September 2023, SANEDI conducted an energy scoping at the biotechnology platform to determine specific energy needs for the building containing specialised laboratory equipment. The Memorandum of Agreement with ARC was concluded in 2022.
- e) Collaborations with the University of Foreign Studies from South Korea and the Korean Energy Agency: On 7 August 2023 SANEDI had collaborations with the University of Foreign Studies from South Korea and the Korean Energy Agency. The University of Foreign Studies South Korea (SSA) focuses on energy sector investment, investment in reliability, level policies and measures, Africa's potential

for renewable energy generation in SSA and investigating obstacles to achieving energy conversion. Areas of congruency and potential collaboration were identified and summarised in follow-up communications including information and document provision. This has led to the Korean Energy Agency initiating further discussions into the month of September 2023.

- f) **Green Hydrogen:** The Green Hydrogen Framework Project has been successfully concluded. The project received favourable responses from members of the steering committee, consisting of officials from the Central Energy Fund (CEF), the Industrial Development Corporation (IDC), the Presidency, the Department of Forestry, Fisheries and the Environment (DFFE) and the Department of Mineral Resources and Energy (DMRE). An information session on the study was held on the 29th of May 2023. In this session, findings were probed and amended where necessary by the steering committee.

Furthermore, the green hydrogen research project commissioned by GIZ has been approved and extended until the end of July 2024. This project extension allows for a focus on communications and dissemination of green hydrogen research and knowledge. There will also be the establishment of international collaborations in green hydrogen research, including study tours and conference attendance. The Minerals Council in collaboration with SANEDI, will explore a green hydrogen study with the Hydrogen Leadership Forum (HLF) of South Africa.

II. SMART GRIDS

The sub-programme's objective is to demonstrate and assess the intelligent energy system infrastructure, as an enabler of municipal sustainability. Accomplishments are discussed below:

- a) **Demand Response Aggregator Model** SANEDI has collaborated with the Council for Scientific and Industrial Research (CSIR) on Demand Side Management initiatives for the load reduction aggregator Model. The main objective of the project is to quantify the technical and commercial feasibility of the Demand Response Aggregator Model (DRAM) to provide three services or interventions: load shifting, load reduction, and the potential for load control in the presence of renewable energy. The project is still in progress, and the following are the expected outputs from the project:
- Develop a Demand Response Aggregator Model that will create a generic algorithm to determine optimal energy management.
 - Provide Technical report.
 - Develop a pilot project business case.

- b) **Just Energy Transition:** SANEDI has collaborated with six Universities on the JET Research Programme. The universities are as follows: Cape Peninsula University of Technology, Enterprises University of Pretoria, University of Cape Town, Stellenbosch University, University of Johannesburg, and North-West University. The purpose of this programme is to propose solutions to support the transition to sustainable and cleaner technologies that ensure South Africa's energy transition aspirations as contained in the Department of Mineral Resources and Energy's Just Energy Transitions (JET) framework. Through this programme, 37 projects have been concluded thus far and will contribute towards solutions to eradicate ongoing energy crises in South Africa.

The projects focus on the following five areas:

- Energy Planning & Policy Input Development
- Energy Efficiency & Demand Side Management
- Grid Planning & Sustainability
- Systems Operations Management
- Power Grid Digitalisation

III. DATA AND 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 aim of the project is the collation, development and utilisation of credible, objective and high-quality data and information. The following achievements are highlighted:

- a) **National Energy Crisis Committee (NECOM):** SANEDI in collaboration with the National Energy Crisis Committee (NECOM) organised workshops for the awareness of the Distribution Demand Management Programme (DDMP) and Demand Response Programme (DRP) in November 2023. The workshop targeted stakeholders from Eskom, City Power, eThekweni Municipality, Buffalo City and Energy Service Companies (ESCO's).
- b) **Collaboration with the University of Pretoria and the University of Johannesburg:** SANEDI in collaboration with the University of Pretoria implemented an Energy Masters and PhD Tracers Study. The objective of the tracer investigation was to obtain an overview of the employment status of graduates with Masters and PhDs in the energy sector over the past ten years in order to determine if master's and doctoral graduates continue applying their skills within the same sector. The sector report highlights findings on Energy Masters and PhD graduates from 2010 – 2019. Recommendations are also provided to industry experts regarding investment opportunities for graduates in the field.

Additionally, SANEDI forged a collaboration with the University of Johannesburg to sponsor postgraduate students “the Barry Bredekamp Bursary” through the JET programme, furthering research, and education in the energy sector.

- c) Annual Energy Insights: The Data and Knowledge Management sub-programme developed annual energy insights based on projects and activities implemented in the 2023/24 financial year. The annual insights have incorporated the Digitalisation Laboratory; Geyser Roadmap Study (In collaboration with the University of Cape Town); National Energy Crisis Committee (NECOM); Bursaries; Training (Smart Metering Training) and Masters and PhD Energy Tracers Project.

IV. CLEANER MOBILITY

The objective of the Cleaner Mobility Programme is to investigate and demonstrate, alternative cleaner mobility technology options that will lead to the improvement of the environmental, social and economic conditions. The following achievements are highlighted:

- a) DBSA-Funded e-Bus Project: The DBSA-funded e-Bus Project has reached a significant milestone with the closure of all the Conditions Precedents (CPs) of the contract between the DBSA and SANEDI. As a result, the first tranche of project funding, equivalent to R 15,2 million was transferred to SANEDI on 26 March 2024. This funding will enable SANEDI to proceed with the delivery of the first component of the



Project. In addition, a detailed Project execution plan with schedule, procurement plan, resource quantification and acquisition strategy, budget and risk management has been finalised.

- b) Collaboration with the Department of Transport: SANEDI in collaboration with the Department of Transport (DOT) are pursuing projects aimed at contributing to the objectives of SANEDI and the DOT. The successful establishment of these research projects is critical to assisting the Department in formulating and prioritising policy and support instruments for the deployment of EV infrastructure, local manufacturing and rollout of large-scale EV projects in South Africa. Significant progress has been achieved towards the delivery of milestones for the initial phase of the multiyear EV infrastructure charging infrastructure and Assessment of the 2018 Green Transport Strategy.

Below is a summary of progress on the three projects undertaken by the Cleaner Mobility and the DOT:

- Mapping of the EV charging infrastructure in South Africa: A final report is finalised and endorsed. The recommendations of the report will contribute to the refinement and finalisation of the scope for the second phase of the project which is expected to commence in the 2024/2024 financial year.
 - Evaluation of effective policies and instruments to support the transition to NEV: A final report on different EV technologies, challenges, and Adaptation opportunities for RSA report is finalised and endorsed. The recommendations of the report will contribute to the refinement and finalisation of the Project scope for the development of an evaluation tool for the Green Transport Strategy (GTS) 2018, which is expected to commence in the 2024/25 financial year.
- c) UNIDO Electric Vehicle Battery Proposal: UNIDO with the support of the DTIC has conceptualised a funding proposal for a project titled "Supporting the Just Energy Transition in South Africa through strengthened local value chains and

enhanced quality assurance for EV batteries". This project will support scaling-up of the electric mobility market in South Africa through enhancing quality infrastructure to enable local manufacturing of electric vehicle (EV) components such as batteries, the deployment of charging infrastructure and improving end-of-life management of the batteries. Besides GHG emissions reduction, the project will develop green skills and create new jobs in line with the just energy transition policy of South Africa. SANEDI has been requested by UNIDO to host the Project as the Project Executing Entity (PEE), should the Project funding be approved. Similarly to the GEF/DBSA funded e-bus Project, this project has the potential to significantly contribute towards the development of EV industry in South Africa.

V. CLEANER FOSSIL FUELS

The purpose of the initiative is to enable the research into alternative low carbon energy and mitigation options, to limit serious negative environmental impacts from conventional energy sources. Accomplishments are discussed below:

- a) Approved Clean Coal Collaboration Report: The report has been signed and submitted. The report contained the project plan on Cleaner Fossil Fuels Skills Assessment. We have initiated partnership with the Council for Geoscience (CGS) and Mintek on this initiative.
- b) Information session on Coal research symposium: SANEDI participated in the Coal research symposium organised by the University of Johannesburg, Wits University and DSI-NRF Centre of Excellence for Integrated Mineral and Energy Resource Analysis.
- c) Intelligence briefs coal blending: We are strengthening cleaner coal conversations and to this end, we have conducted intelligence briefs. One of the four required briefs commenced is on coal blending. The focus on coal blending was on different types of coal, methods of blending and the outcomes of blending.

4.1.3 PROGRAMME 3: ENERGY EFFICIENCY

The purpose the Energy Efficiency programme is to accelerate a shift towards a resource, and particularly an EE society. The programme consists of six focus areas.

Table 3: Programme 3: Energy Efficiency

FOCUS AREAS	PURPOSE	INSTITUTIONAL OUTCOMES
2 PURPOSE: FACILITATING KNOWLEDGE CREATION THAT CAN SUPPORT ENERGY-RELATED PLANNING AND DECISION-MAKING, AND ACCELERATE THE TRANSFORMATION OF THE ENERGY MARKET AND LANDSCAPE IN SOUTH AFRICA.		
3.1	Section 12L EE Tax Incentives.	<p>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.</p> <ul style="list-style-type: none"> • 12L Tax certificates issued to 30 companies. • 480 jobs created and retained by companies through 12L projects. • 834 437 MWh energy savings and a reduction of 0.59 Mt GHG emissions realised. • The total tax claim of R 793 million has unlocked significant investment in efficiency interventions.
3.2	Standards and Labelling.	<p>Standards and Labelling (S&L) Programme is a key policy objective of the 2005 National Energy Efficiency Strategy (NEES) and the post-2015 NEES</p> <ul style="list-style-type: none"> • Conducted Preliminary Scoping Assessment for unregulated appliances in South Africa. • Submitted Television and computer monitor CBA final report Aug 2023. • submitted the Review of the South Africa's Standards and Labelling Regulatory Framework. • Energy Efficiency Standards & Labelling for Appliances Communications Strategy. • Nation-wide retail campaign of activations for public education and capacity building inception (data for personnel engaged during activations was captured to determine the impact of awareness creation efforts).
3.3	ESCO Market	<p>To improve the quality of ESCo's operating in the market to improve the quantity and quality of projects implemented. Furthermore, to build a resilient energy services sector, capable of supporting transition and capacity building for smaller companies in the market.</p> <ul style="list-style-type: none"> • Capacity building/training • Solar PV GreenCard training (30 participants) delivered. • Certified Energy Auditor (CEA) training (18 participants) • Design of the ESCo Booklet (profiling of ESCos in the SANEDI database) • Review and update of ESCo Register Website • Re-opening of the ESCo register for new registrations • Conducted ESCo Market Development Information Sharing Workshop on IDC funding opportunities.
3.4	Balancing Energy Supply and Demand (Large Scale Rollouts)-New sub-programme.	<p>The sub-programme oversees large-scale rollout projects directed by the DMRE/ Minister of Electricity, beginning with the Smart Geyser Control Project for residential sectors. It supports demand side management/ Energy efficiency initiatives to balance energy supply and demand across various sectors i.e., residential, commercial and industry. The sub-programme helps to develop evidence-based solutions for grid stability and to minimise or eliminate load shedding by utilising energy supply and demand side research findings. Additionally, it actively engages in NECOM WS 5 to contribute to energy efficiency and demand side management action plans.</p> <ul style="list-style-type: none"> • Actively engaged in NECOM WS 5 to contribute to energy efficiency and demand side management action plans.

Programme performance for this programme is depicted below:

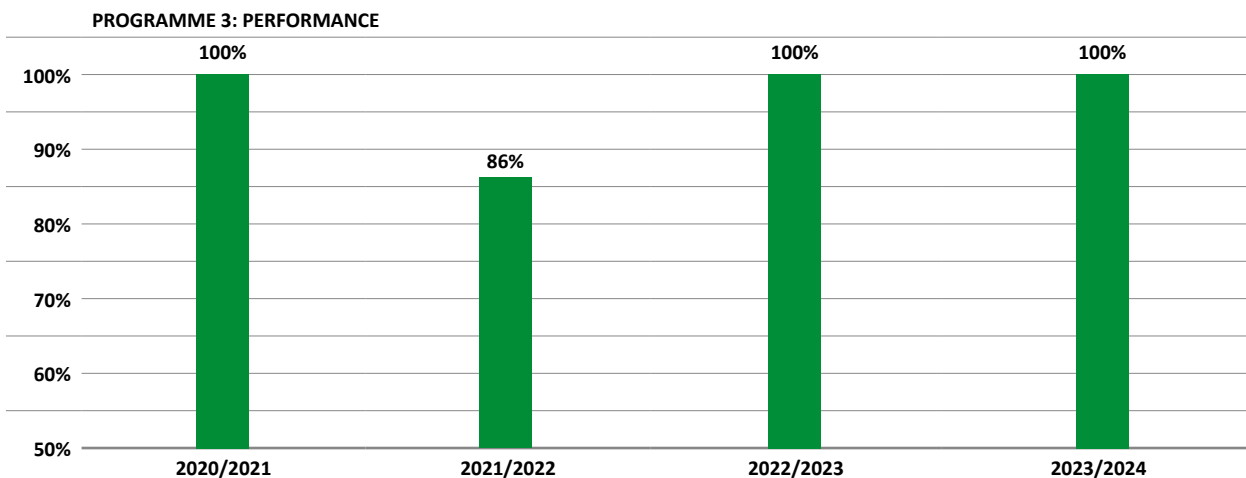


Figure 9: Programme 3 Performance

Detail on the focus areas is discussed below.

I. 12L TAX INCENTIVES

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 Programme has proven to be a significant contributor to South African businesses, with notable achievements during the first quarter of this financial year. SANEDI diligently processed all received applications and assessed various aspects of energy efficiency projects, cleaner technologies, and innovation, resulting in a substantial reduction in energy demand CO2 emissions. Achieving all quarterly targets, SANEDI facilitated remarkable outcomes, including 834 437 MWh energy savings and a reduction of 0.59 Mt GHG emissions. The total tax claim of R793 million has unlocked significant investment in efficiency interventions. Additionally, the issuing of thirty 12L Tax certificates and the successful completion of performance assessments underscored the programme’s efficiency. Efforts to enhance the programme’s efficiency included holding two briefing sessions to appoint new 12L panellists and stakeholders and providing online training to SANEDI staff on the 12L Tax Incentives.

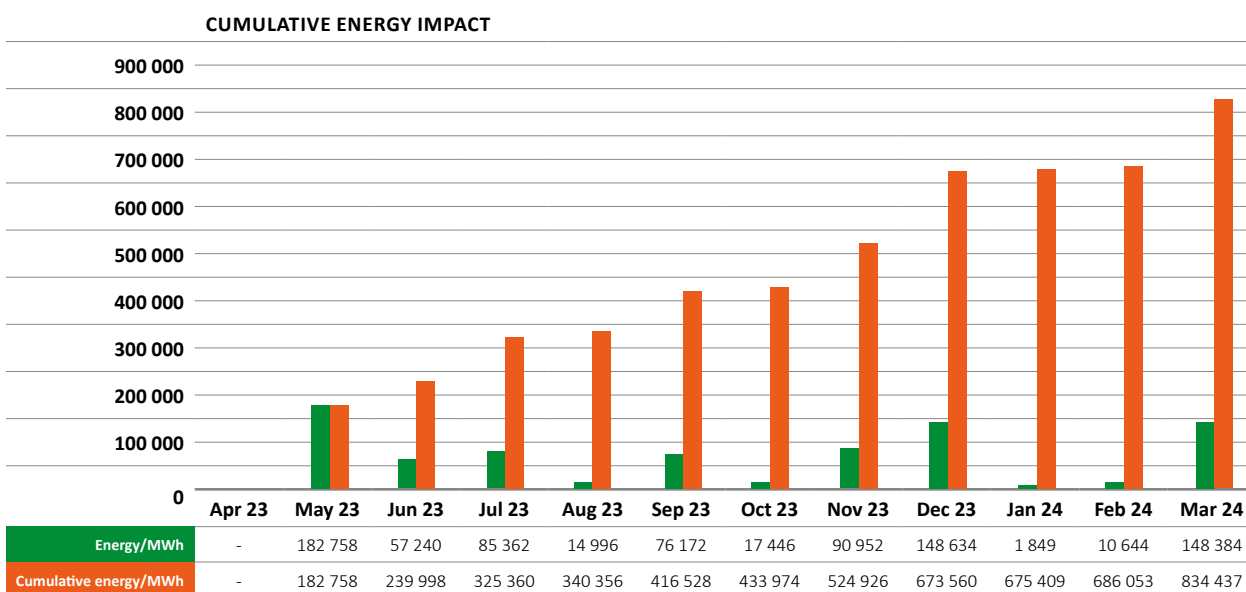


Figure 10: Cumulative energy Impact

CUMULATIVE AVOIDED GHG EMISSIONS

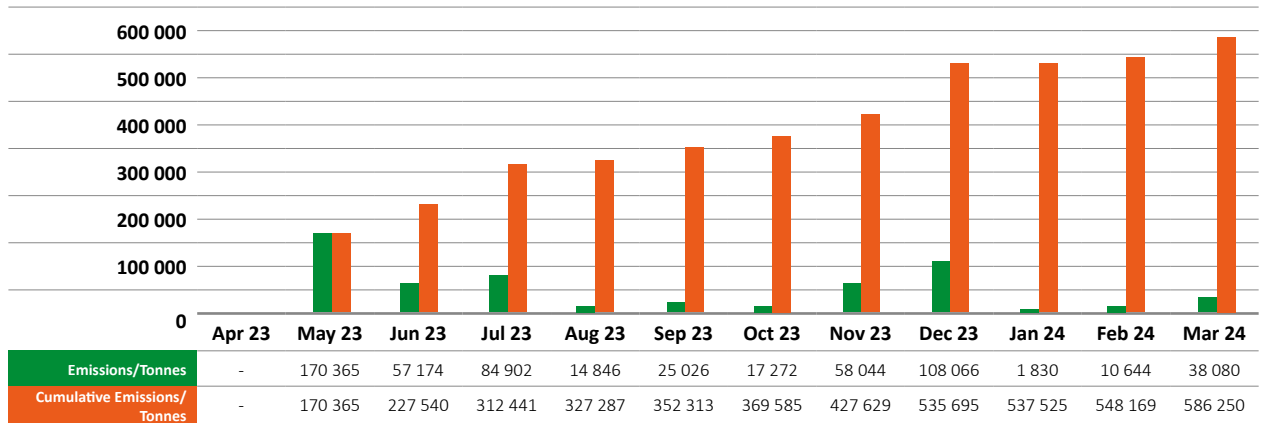


Figure 11: Monthly cumulative Energy Impacts

12L TAX INCENTIVE PERFORMANCE PER PROVINCE APRIL 2023–MARCH 2024

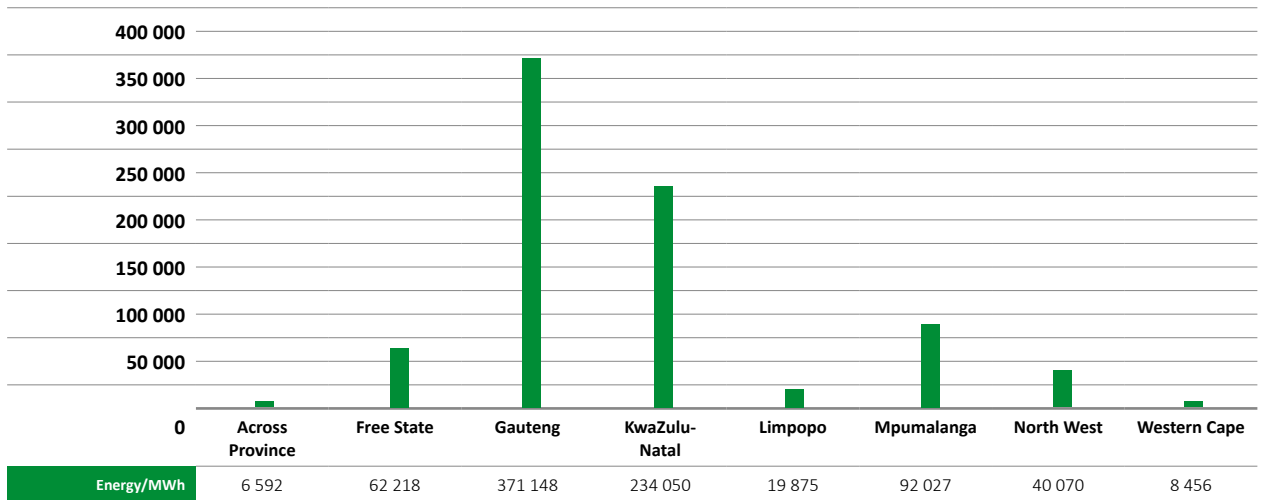


Figure 12: Energy Impacts per Province

12L TAX INCENTIVE PERFORMANCE PER SECTOR APRIL 2023–MARCH 2024

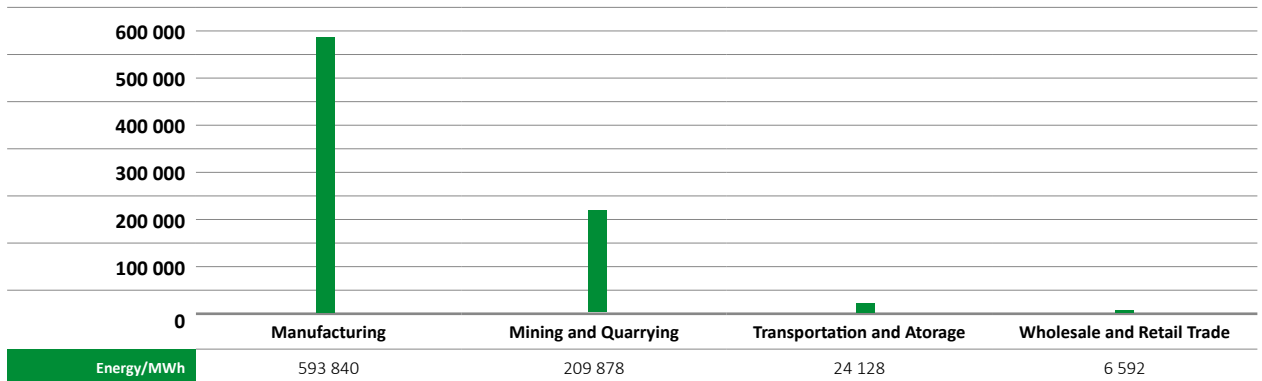


Figure 12: Energy Impacts per Province

Section 12L Tax Incentive received applications for energy savings impacts and GHG-avoided emissions emanating from a range of energy carriers allowable in the regulation have been recorded. Energy impacts derived from a Mix of non-RE Energy Carriers are the highest with 45% followed by Coal with 18% of the certified impacts in the third quarter. Diesel is among the least impacts with 3% of the overall Energy impacts. The graph below shows the percentage of the energy impacts per energy carrier.

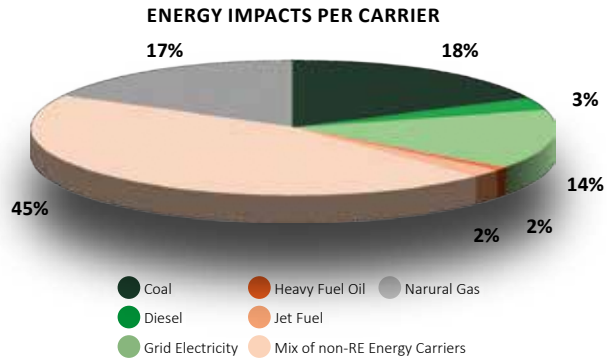


Figure 14: Energy Impacts per Energy Carrier

It is evident that the 12L Tax Incentive has made a significant contribution to South African businesses during the period in review. The total tax claim of R793 million has unlocked significant investment in efficiency interventions and enabled a total of 834 437 MWh of energy savings and 0.59 Mega tonnes in GHG emission during the 2023/24 financial year. Participating companies will continue to reap the benefits of these investments over the life of the respective interventions while the benefits of improved energy productivity will accrue to the broader economy.

II. ENERGY PERFORMANCE CERTIFICATES (EPC)

The EPC subprogramme conducted various training sessions and workshops to promote the adoption and compliance of Energy Performance Certificates across municipalities. Collaborative efforts with SALGA and other stakeholders resulted in informative sessions attended by councillors, government officials, and industry experts. These engagements facilitated the sharing of best practices and technical insights, contributing to improved understanding and implementation of regulatory requirements.

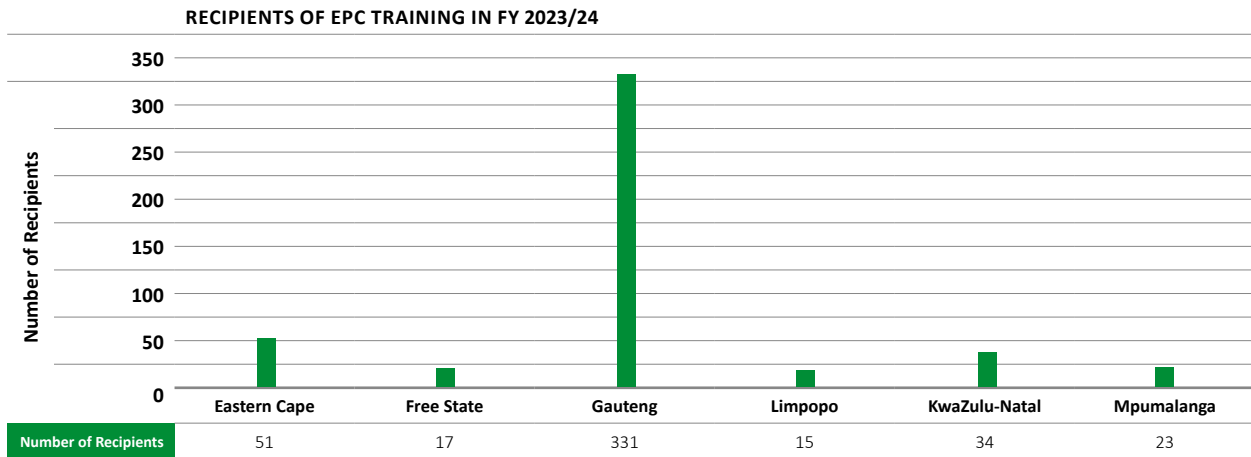
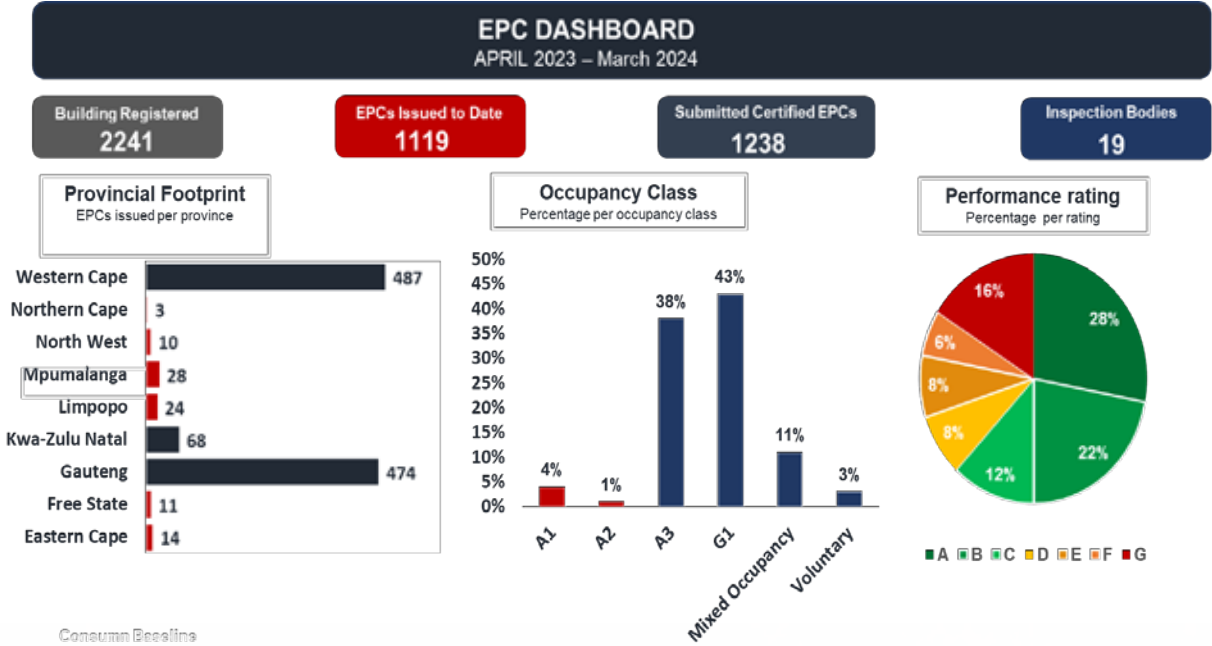


Figure 15: Number of Recipients who Received EPC Training in the financial year 2023/24

The successful launch of the online National Building Energy Performance Register (NBEPR) further streamlined the registration process, enhancing compliance and transparency.



Consumm Baseline
Figure 16: Implementation Status of EPCs as analysed from the NBEPR



III. STANDARDS AND LABELLING (S&L)

The Standards and Labelling Programme was implemented as an ongoing initiative to promote efficient household energy use by removing inefficient appliances and encouraging the penetration of higher energy efficient appliances in the South African Market. The S&L Programme conducted a preliminary Scoping assessment for unregulated household appliances and made inputs to government reports that will be used to inform that will be used to inform policies. During the 23/24 financial year, the Standards and Labelling subprogramme continued its advocacy efforts and capacity-building initiatives to promote Energy Efficiency Label across the country. The pie charts represent the data collected in retail stores during the store activations in order to create consumer profiles for targeted awareness creation going forward.

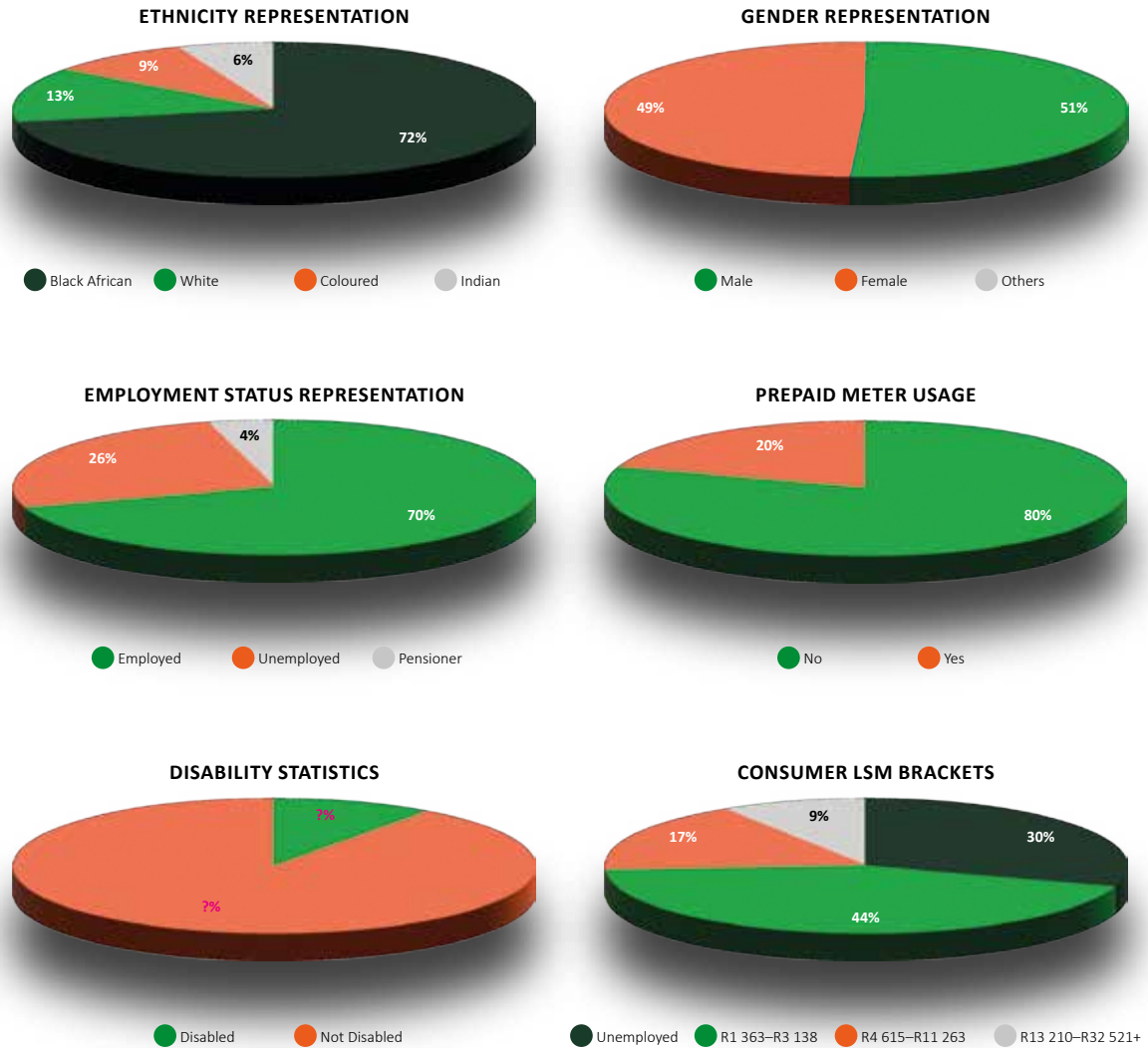


Figure 17: Pie charts representing survey respondents according to different demographic groups (gender, ethnicity, employment, prepaid meter, disability and LMS group).



IV. BALANCING ENERGY SUPPLY AND DEMAND (LARGE SCALE ROLLOUTS)

SANEDI's efforts in balancing energy supply and demand through large-scale rollouts are aimed at addressing the growing energy needs of South Africa while ensuring sustainability and reliability. By submitting and obtaining approval for the smart geyser control roll-out project, SANEDI is contributing to the optimisation of energy usage and the reduction of wastage. Participation in workshops and indabas related to energy demand-side management underscores SANEDI's commitment to exploring innovative solutions for managing energy resources efficiently and responsibly.

V. COOL SURFACES

In line with its mandate to reduce electricity demand for cooling and mitigate GHG emissions, the Cool Surfaces subprogramme embarked on various initiatives. Establishing business cases for national rollouts and engaging with BEE entrepreneurs demonstrated SANEDI's commitment to innovative solutions for sustainable development. Furthermore, collaborations with informal settlements and the deployment of reflective cool

coatings signify tangible progress towards achieving energy efficiency objectives. By leveraging partnerships, engaging stakeholders, and implementing targeted interventions, SANEDI continues to drive energy efficiency initiatives that yield socio-economic benefits while advancing sustainable development goals in South Africa.

VI. ESCO MARKET DEVELOPMENT

Efforts to revamp the ESCo Market Development website and reopen ESCo registrations were met with significant progress. A service provider was appointed to migrate and update the website, ensuring improved user experience and accessibility. Through targeted awareness campaigns and information-sharing workshops, SANEDI effectively communicated the reopening of ESCo registrations, fostering increased participation and engagement from Energy Service Companies. Collaboration with the Industrial Development Corporation to explore opportunities within Energy Funding tailored for ESCOs and Green Tourism Incentive Programme reflects SANEDI's commitment to promoting energy efficiency across sectors.

4.1.4 PROGRAMME 4: DSI ENERGY SECRETARIAT

The purpose the Energy Secretariate is to commercialise and upscale knowledge outputs from RDI portfolio. The programme consists of six focus areas.

Table 4: Programme 4: DSI Energy Secretariat

FOCUS AREAS	PURPOSE	INSTITUTIONAL OUTCOMES
2 PURPOSE: FACILITATING KNOWLEDGE CREATION THAT CAN SUPPORT ENERGY-RELATED PLANNING AND DECISION-MAKING, AND ACCELERATE THE TRANSFORMATION OF THE ENERGY MARKET AND LANDSCAPE IN SOUTH AFRICA.		
3.1 Coal CO₂ – X: UCT	This programme demonstrates technologies that capture CO ₂ from flue gas of coal-fired boilers/power plants & convert the flue gas components together with (green hydrogen) to value-added products such as green ammonia, fertilizer salt and sulphuric acid.	C Star Holdings in the UK is currently engaged in discussions with UCT TTO regarding an MOU and an IP licensing agreement for the commercialisation of the Coal CO ₂ -x technology beyond the laboratory stage and use the demonstrator and pilot plant as proof of concepts to attract private sector investment. The discussions are ongoing. Four artisans, employed by the Catalysis Institute, have continued to contribute to the project
3.2 Coal CO₂– X: EPCM	The overall objective of the Coal CO ₂ -X™ programme is the conversion of flue gas CO ₂ from South African coal-fired and/or industrial flue gas into multiple commodity streams using green ammonia and green hydrogen. An important specific objective of this programme is to conduct an onsite pilot demonstration of this flue gas conversion into a fertiliser commodity.	The current pilot technology demonstration project was launched on 20 March 2024 by Minister Blade Nzimande at the Kelvin Power Station (coal-fired), Johannesburg which demonstrates the applicability of Carbon Capture Utilisation (CCU) for the coal-fired power and heat generating industry in South Africa. As part of the Coal CO ₂ -X Programme and the CCU technology demonstration at Kelvin Power Station, a total of 17 UoT students and officials from SANEDI and Kelvin Power Station underwent an all-day training on knowledge and skills transfer on the CCU technology. The training was conducted by EPCM, with most students coming from Gert Sibande TVET College in Mpumalanga.
3.3 Energy Storage: UWC	The programme focuses on: Battery-grade aluminium foil development, Battery powered cool transport, Battery pack development and Energy Storage Internships.	Twenty (20) TVET/UoT students have been supported through the UWC NorthLink Training Programme, Energy Storage Training Programme and the Energy Storage Internship Programme.
3.4 Hydrogen SA (HySA)	Develop materials, components and units in the early part of the fuel cell, stacks as well as electrolyser catalysts and MEAs. Also, capitalise on abundant renewable resources in South Africa and to deliver technologies for hydrogen production (linked to renewable energy), storage and distribution.	HySA Infrastructure as project partner responsible for the installation of the electrolyser for green hydrogen production at Masia Village. HySA Systems has signed six (6) collaboration agreements with various entities (e.g. TF Design Pty Ltd-Design, manufacturing and start-up of hardware related to hydrogen and fuel cell technologies).
3.5 Renewable Energy Hub and Spokes	Advances Renewable Energy (RE) technology innovation along with skills development at a postgraduate level to increase the knowledge base.	The Masia Village and Russell Bungeni Science Lab projects were jointly launched 5 April 2024.
3.6 Coordination and Management	Programme monitoring and evaluation.	Annual progress report in the 2023/24 financial year completed, approved and signed by the shareholder DSI with over 10 SMME's supported.

The following sub-sections provide detail on each of the six sub-programmes.

I. COAL CO₂ TO X (UNIVERSITY OF CAPE TOWN - UCT) – TAG A

During the 2023/24 financial year, the PtL-UCT project commenced, aiming to upscale laboratory demonstrations and deploy containerised platforms for coal CO₂ conversion. Collaboration with Polytechnico di Milano, Italy, facilitated crucial advancements in reactor design and catalyst testing, contributing to the project's progress.

II. COAL CO₂ TO X (EPCM) –TAG B:

EPCM successfully completed demonstrations at PPC cement and Kelvin Power Station. Meetings with Eskom continuing regarding the deployment of technology at an Eskom power station (possibly Grootvlei). ES, EPCM and DSI visited the Grootvlei power station. Technical committee meeting every second week.

III. ENERGY STORAGE (UWC):

2 X 3kWh Mobile UPS systems were designed and built by the programme students and are currently used to power the ESIL facility during load shedding. These UPSs have dramatically improved productivity at their facility during the various stages of load shedding.

The CSIR-Battery Research Laboratory and UWC-Energy Storage Innovation Laboratory developed an LMO Lithium-ion battery pack for a 12V Rooter UPS prototype in February 2024. This prototype aims to optimise, validate, and compare the CSIR's patented cathode material (LMO) with commercial LMO materials. The LMO was used to manufacture and assemble pouch cells, which were then incorporated into modules at UWC to form a battery pack with a battery management system.

uYilo Procurement of a custom designed extraction system. Trial experiments have been performed on some equipment to get a basic understanding of the operation of the equipment. There have been numerous requests from local companies requiring safety testing on their lithium batteries, highlighting the strong demand for this type of facility in South Africa

Energy Storage Internship Programme: The students are exposed to the working environment in the energy storage sector, with an additional large project that they are working on for the year. This aims to teach the fundamentals of lead acid battery chemistry and looks at the various testing done on the battery and its material.



IV. HYSA INFRASTRUCTURE (NORTH-WEST UNIVERSITY – NWU AND CSIR):

HySA Infrastructure (CSIR) developed a high surface area impregnated metallic organic framework (MOF) materials prototype that can be used for the removal of corrosive hydrogen sulphide from raw biogas, which can poison most catalysts. Performance of this prototype was deemed comparable with commercial adsorbent materials, but at a lower loading.

The hydrogen refuelling system prototype for commercial hydrogen fuel cell cars was developed by HySA Infrastructure on 18 March 2024 and is designed for mobile applications to refuel fuel cell vehicles. The system includes an electrolyser, compressor unit, high-pressure composite storage, and dispenser, with specifications for production, pressure, power, flow, and capacity. Operating at 15 Bar pressure with a production rate of 2.27 kg/day, the system is designed for ambient temperature filling and meets SAE J 2600:2002 H35 standards. The prototype represents HySA Infrastructure's commitment to advancing hydrogen refuelling technology for the automotive industry.

V. HYSA SYSTEMS (UWC):

The LT PEMFC Stack prototype was developed on 29 March 2024 by HySA Systems in collaboration with industry partner inenergy LLC. This prototype aims to validate the design of a closed cathode/liquid-cooled LT PEMFC Stack. The prototype, consisting of three cells with a maximum output power of 500 W and an operating temperature of 70°C, has been manufactured and is currently under evaluation at Inenergy LLC. The stack was assembled using inenergy.

MEAs were tested for leaks (with none found) and are now mounted on a test bench for preliminary analysis. Future plans include upscaling the stack to 30-60 cells for use in medium-power utility vehicles like hydrogen fuel cell forklifts, with a goal of achieving 100% local content in the final product by replacing inenergy MEAs with HyPlat ones.

The South African Green Hydrogen Summit (SAGHS 2023) provided an ideal platform for South Africa to showcase its RDI capabilities through exhibitions. The DSI's participation in the SAGHS 2023 presented an opportunity to showcase the relevant infrastructure, technical capabilities and competencies established through the three centres of competence (HySA Catalysis, HySA Infrastructure and HySA Systems) and the Renewable Energy Hub and Spokes Flagship Programme.

VI. HYSA CATALYSIS (UCT):

Minister Nzimande participated in the European Hydrogen Week's High-Level Policy Conference on 20 November 2024. Hydrogen Week is a weeklong initiative organised by Hydrogen Europe and Clean Hydrogen Partnerships aimed at promoting awareness, understanding, and collaboration in the field of hydrogen energy and its potential as a clean and sustainable energy source. The Minister's final engagement involved his participation in the official opening of the South Africa Pavilion, which showcased the relevant infrastructure, technical capabilities and competencies established through the three HySA Centres of Competence (HySA Catalysis, HySA Infrastructure and HySA Systems). The Pavilion also hosted South African hydrogen-based products and technologies from other players within the hydrogen fuel cell technologies value chain. There was a consensus that going forward, there should be regular bilateral local and international engagements facilitated and coordinated by the DSI aimed at strengthening South Africa's business case/value proposition.

HySA Catalysis remains to be focused on human capital development to tackle challenges such as gender inequality, inclusion and unemployment. The Centre will provide employment for total manpower that are: 36% black, 27% coloured, 6% Indian and 31% white; 51% are female and 49% are male. For students: 54% are black, 15% coloured, 15% Indian and 15% white, while 38% are female and 62% are male.

VII. RSE HUBS & SPOKES:

The Microgrid Test Facility at UCT was developed in September 2023 and is aimed at offering a state-of-the-art system for conducting groundbreaking research in the field of grid integration of renewables. The facility includes a complex three-phase microgrid integration panel designed to simulate and study various scenarios related to microgrid integration. The facility includes components such as inverter technologies, batteries, synchronous generators, PV, a digital real-time simulator (OPAL-RT), and a power amplifier, enabling the simulation of different microgrid configurations.

Projects at various locations, including Masia Village, Bungeni (Limpopo) and Ottosdal (North West) have been completed, supporting local SMEs and TVET graduates. These initiatives underscored the university's commitment to renewable energy research and community development.

4.2 OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

4.2.1 PROGRAMME 1: ADMINISTRATION

Table 5: Programme 1: Administration

ADMINISTRATION								
96% targets achieved during 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
1.1	Critical business risk factors identified, managed as per risk management plan.	* Quarterly review of strategic risks and operational risks.	100%	100%	4	4	-	-
1.2		ICT vulnerability assessment and penetration test.	New Output Indicator		2	2	-	-
1.3	A capacitated, effective and efficient operational environment (within which SANEDI will discharge its mandate)	Implementation of corporate ICT plan in relation to IT Strategy.	ICT Governance maturity assessment.	New Output Indicator	70%	70%	-	-
			Percentage implementation of corporate ICT plan.	100 %	85 %	N/A	N/A	-
1.5	HR – Talent Management.	Percentage of training undertaken as per EXCO approved Annual Training Plan.	85%	104 %	80%	97%	17%	More than expected training interventions were taken
1.6	HR Recruitment	Vacancy rate of funded positions	4,25%	2.08 %	<5%	0%		
1.7	HR-Employment Equity	Percentage deviation from employment equity targets.	2.04%	4.26 %	<10%	1.35%		
	Supply Chain Management	Procurement as per the Procurement Plan	New Output Indicator		60%	82%	22%	More of the procurement set out on the procurement plan has been achieved than expected.
	Governance Risk and Compliance	Compliance Universe report	New Output Indicator		4	4		

* The output indicator was renamed from "Percentage of business risk managed as per risk Register". The renaming of the output indicator did not change the intended output.

4.2.1 PROGRAMME 1: FINANCE

Table 6: Programme 1: Finance

FINANCE								
98 % targets achieved during 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
1.1		Approved Sustainable Funding.	New Output Indicator		1	1	-	-
		*1 External audit outcome			Unqualified audit	Unqualified audit	-	-
1.2		Percentage % of Internal Audit findings resolved.	New Output Indicator		80%	100%	20%	Management managed to close all the IA by end of the financial year
1.3	A capacitated, effective, efficient and sustainable operational environment (within which SANEDI will discharge its mandate)	Financial management	*2 Ratio of project costs to admin expenditure.	New Output Indicator	30/70	46/54	16%	Target not achieved. Projects expenditure accounts for 46% of the total expenditure incurred to date. This is 16% more than the Q4 target of 30/70 ratio. Management reviewed this target and believe that it is not well defined and that in terms of the actual vs the planned targets. This is not achieved. The intent of this target was to ensure that we spend less on administration and more on projects. Although the outcome indicates that, we still are not within the 30/70 range.
1.5			*2 Percentage (%) Capex budget spent.	New Output Indicator	95%	120%	25%	Target achieved. 120% of the Capex budget has been spent to date against the Q4 cumulative target 95% due to Capex spend on development of the D365 FO system, acquisition of office furniture and computer equipment.
1.6			*2 Funding leveraged as percentage (%) of received allocation.	New Output Indicator	20%	44%	24%	Target achieved. This is due to due SANEDI maximising our returns on cash reserves and management fees earned from DSI.
1.7			*2 Percentage % of expenditure in relation to approved Budget	New Output Indicator	90%	99%	9%	Target achieved. The total expenditure is 99% of the total approved budget has been spent against a target of 90%. This mainly due to improved spending on project development costs.
		Percentage (%) of funded Budget overspent.	New Output Indicator		0%	0%	-	-

*1 This target was renamed from "unqualified audits" to "External Audit Outcome". The renaming of the output indicator did not change the intended output. The target set was only in quarter 2 and there was no target set in quarter 4, the target in quarter 2 measured the output based on 2022/2023 audit outcome. This target was therefore reported as achieved in quarter 2 of 2023/2024.

*2 There are new figures under actual achievement for 2023/2024 and deviation from planned target compared to what was reported in quarter 4 report. Quarter 4 report was based on provisional report whereas annual financial statements were consolidated after the approval of quarter 4 report. The status remains the same as only one target under finance remains not achieved as reported in quarter 4.

4.2.1 PROGRAMME 1: COMMUNICATIONS AND STAKEHOLDER MANAGEMENT

Table 7: Programme 1: Communications and Stakeholder Management

COMMUNICATIONS AND STAKEHOLDER MANAGEMENT											
100 % targets achieved during 2023/2024											
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS			
1.1	Developing and implementing communications strategy	Communications and stakeholder engagement strategy and Plan reviewed and approved.	New Output Indicator		1	1	-	-			
		* Report on implementation of Communications and stakeholder engagement strategy and plan.	New Output Indicator		4	4	-	-			
		Number of media engagements (media releases)	New Output Indicator		12	21	9	More than planned media engagement opportunities emerged.			
		Number of Strategic Energy Dialogue	New Output Indicator		1	1					
		Public relations management	Outreach programmes (Community consultations to obtain buy-in)	New Output Indicator		1	3	2	More than planned outreach opportunities emerged.		
		1.6	Inform and increase awareness of sustainable energy	Number of Stakeholder perception surveys	New Output Indicator		1	1	-	-	
				Social/Digital media/Radio and Television	An interactive website maintained annually	New Output Indicator		2	2	-	-
				Social Media Perception Index Report	New Output Indicator	1	1		-	-	
		1.7	External Events	Radio and Television engagements	New Output Indicator	8	148	140	More than planned Radio and Television engagement opportunities emerged.		
				Number of industry knowledge sharing events and marketing platforms hosted to promote energy related market/industry developments.	New Output Indicator		1	20	19	-	
				SANEDI Annual Conference	New Output Indicator		1	1	-	-	

* On table 9 of 8.1.8.1 of the APP output indicator captured as "Report on implementation of Communications and stakeholder engagement strategy and plan"; whereas on table 10 of 8.1.8.2 it is captured as "Report on implementation of Communications and stakeholder engagement. There is an oversight as table 10 "strategy and plan" was omitted and this does not change the intended outcome.

4.2.2 PROGRAMME 2: APPLIED ENERGY RESEARCH, DEVELOPMENT AND INNOVATION

Table 8: Programme 2: Cleaner Fossil Fuels

CLEANER FOSSIL FUELS								
100 % targets achieved during 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACTUAL ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
Contribute to sustainable energy solutions.	Roadmap and Business case for Cleaner Fuels and Related Technologies approved.	Number of energy solutions assessed either advisory notes or feasibility reports, or study reports or case studies, or technology roadmaps and demonstration projects (facilities).	1	1	1	1		
		Approved report on Cleaner Coal Technologies collaborations.	New Output Indicator		1	1		

Table 9: Programme 2: Renewable Energy

RENEWABLE ENERGY								
100 % targets achieved during 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACTUAL ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
Contribute towards sustainable energy solutions	Smart public facilities Pilots and studies (Renewable Energy SANEDI driven initiative contributing towards GHG reduction). Information and data made available for policy development.	Number of energy solutions assessed either advisory notes or feasibility reports or study reports or case studies or technology roadmaps demonstration projects/ facilities.	4	7	4	4		
	Clean energy technologies training in the sector (including municipalities, training programmes with trained, skilled participants).	Number of recipients of energy-related training facilitated (excluding SANEDI staff).	161	227	120	152	32	More training demand emerged at no extra cost.
Inform and increase awareness of sustainable energy	Research publications reflecting clean energy insights.	Number of annual Energy industry status report.	4	7	1	5	4	There are 5 annual energy industry status reports and 1 additional publication produced.
	Accessible and high-quality data: maintain three energy-related datasets.	Minimum number of energy-related datasets maintained per annum.	2	2	2	2		
Number of policy support instruments either industry roadmaps, sector development plans or industry support tools,).		1	1	1	1			

Table 9: Programme 2: Renewable Energy (continued)

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
Catalyse balanced Just Energy Transition	Research study providing insights on how South Africa may implement Just Energy Transition.	Approved research study providing insights on technology options or benchmarks and lessons learnt or employment vulnerability and sector jobs resilience plans for JET to enable policy development.	New Output Indicator		1	1		
		Training of stakeholder in provinces in Just Energy Transition value chain.	New Output Indicator		50	77	27	Overachieved due to increased training demand.
Inform and increase awareness of sustainable energy	Reports from energy-related knowledge sharing events / platforms	Number of energy-related knowledge sharing events / platforms engaged in either hosted by SANEDI or attended by SANEDI staff or knowledge presented by SANEDI staff.	15	24	4	27	24	Overachieved due to additional opportunity.

Table 10: Programme 2: Smart Grids

SMART GRIDS								
100 % targets achieved during 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
Contribute towards sustainable energy solutions.	Energy solutions assessed evidenced by reports.	Number of energy solutions assessed either advisory notes or feasibility reports or study reports or case studies, or technology roadmaps and demonstration projects/ facilities.	4	2	2	2		
		Number of approved Annual Energy industry status reports.	1	1	1	1		
		Number of industry roadmaps, sector development plans and industry support tools developed to promote energy related market/industry development.						

Table 11: Programme 2: Data and Knowledge Management

DATA & KNOWLEDGE MANAGEMENT								
100 % targets achieved during 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
Provide thought leadership	Detailed analytical reports containing data and insights of priority sector or sub-sectors.	Number of approved Sectorial reports produced.	3	3	2	2		
	Inform and increase awareness of sustainable energy	Research publications reflecting clean energy insights.	Number of approved Annual Energy Industry Status reports	1/1	1	1	1	
Building energy expertise and competence.	Energy data research support and development	Number of energy-related research students/contracted researchers supported either bursaries or non-bursaries.	1/1	6	5	5		
	Training provided to recipients	Number of recipients of energy data related training facilitated (excluding SANEDI).	N/A	201	40	171	131	More than expected people attended the training due to interest and available of opportunity.

Table 12: Programme 2: Cleaner Mobility

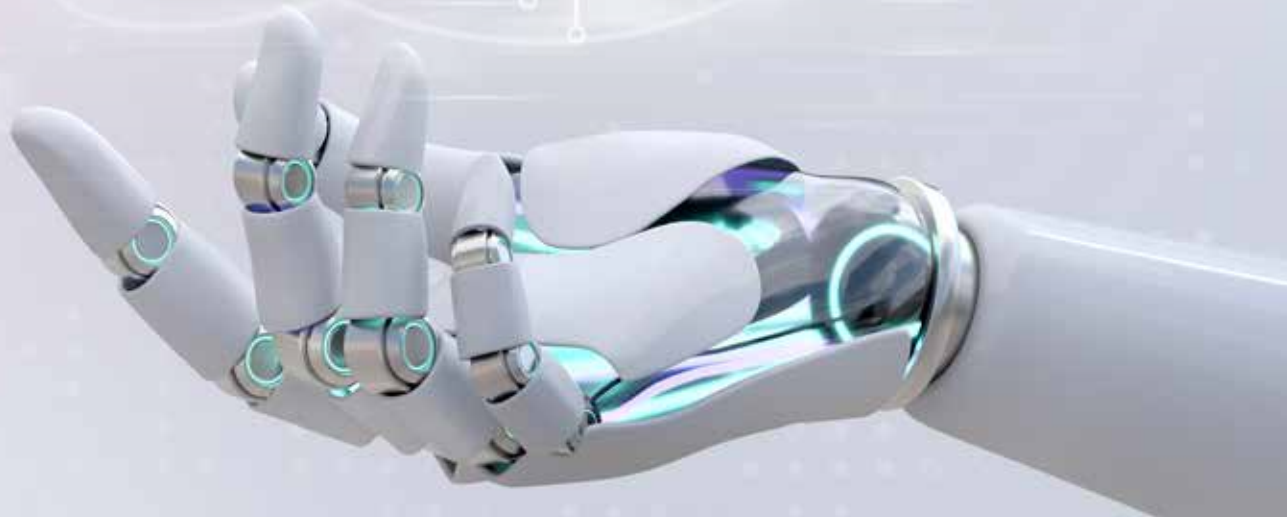
CLEANER MOBILITY								
100 % TARGETS ACHIEVED DURING 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
Contribute towards sustainable energy solutions	Cleaner mobility: Greening municipal fleet and cleaner transport massification plans	Number of energy solutions assessed either advisory notes or feasibility reports or study reports or case studies or technology roadmaps and demonstration projects facilities.	1	1	1	1		
		Annual energy industry insight (trends) publication reflecting insights from extensive international and national collaboration, interfacing and forums.	1	1	1	1		
		Number of industry roadmaps or sector development plans and industry support tools developed to promote energy related market/ industry development.	1	1	1	1		
		Number of energy-related knowledge sharing events/ platforms engaged in either hosted by SANEDI or attended by SANEDI staff or knowledge presented by SANEDI staff.	1	2	1	1		
		Number of recipients of energy related training facilitated (excluding SANEDI staff).	5	5	5	7	2	The program received more than anticipated requests for training.

4.2.3 PROGRAMME 3: ENERGY EFFICIENCY

Table 13: Programme 3: Energy Efficiency

ENERGY EFFICIENCY								
100 % TARGETS ACHIEVED DURING 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
Contribute towards sustainable energy solutions.	Processed 12L tax applications.	12L EE tax certificates issued	39	38	25	30	5	A higher than anticipated number of applications was received and accepted over the course of the year.
		GHG emissions reduced (tonnes CO ₂).	194 tonnes/1,5 tonnes	0.90 Mega tonne	0.5 Mega tonnes	0.59 Mega tones	0.09 Mega tonnes	SANEDI received and processed more high impact project applications than expected.
	Smart public facilities (and any other SANEDI driven initiative contributing towards GHG reduction.	Number of EE solutions assessed.	2		3	3	3	
Provide thought leadership.	EE data sets and information for policy decision making.	Number of EE energy-related datasets maintained per annum.	2		3	3	3	
	Minimum energy Performance Standards, regulations and related impact assessments developed.	*1 Number of EE solutions implemented (Standards and Labelling).	39		38	4	4	
Building energy expertise and competence.	EE Capacity created through training	Number of recipients of energy-related training facilitated (excluding SANEDI staff).	New Indicator	26	20	124	104	More training needs emerged.

*1 Number of EE solutions implemented was broadened in prior years and in 2023-2024 it was specified for Standards and Labelling, this did not change the intended output



4.2.4 PROGRAMME 3: ENERGY SECRETARIAT

Table 14: Programme 4: Energy Secretariat

ENERGY EFFICIENCY								
100 % TARGETS ACHIEVED DURING 2023/2024								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL ACHIEVEMENT 2021/2022	AUDITED ACHIEVEMENT 2022/2023	PLANNED ANNUAL TARGET 2023/2024	ACTUAL ACHIEVEMENT 2023/2024	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2023/2024	REASONS FOR DEVIATIONS
Contribute to sustainable energy solutions.	Effective management of Strategic programmes and projects.	Approved report detailing number of University of Technology/TVET graduates offered experiential learning opportunities in the energy sector.		New Indicator	4	4		
		Approved report detailing number of intellectual property rights(IPRs) filed based on energy RDI.		New Indicator	1	1		
		Approved report detailing number of stationary fuel cells/clean energy technologies deployed in partnership with Municipalities/District Municipalities.		New Indicator	4	4		
		Approved report detailing number of SMMEs assisted/supported with business development and commercialisation.		New Indicator	2	2		

*1 Number of EE solutions implemented was broadened in prior years and in 2023-2024 it was specified for Standards and Labelling, this did not change the intended output



sanedi

South African National Energy
Development Institute



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 must also exercise control over the performance of SANEDI's functions and has the same powers and authority as are conferred upon the South African National Energy Development Institute in terms of Act 38 of 2008.

2. PORTFOLIO COMMITTEES

The Parliamentary Portfolio Committee (PPC) on Energy has oversight of SANEDI. During the 2023/24 financial year, SANEDI presented its Strategic Plan (SP) and Annual Performance Plan (APP) for 2023/24 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 below indicated dates:

Table 15: Reports submitted to the Executive Authority

REPORT	DATE OF SUBMISSION
First Quarter performance report for the period 1 April 2023 to 30 June 2023	28 July 2023
Annual Report (AR) for 2022/23	31 August 2023
First draft Annual Performance Plan (APP) for 2023/24	31 January 2023
Second Quarter Performance Report for the period 1 July to 30 September 2023	27 October 2023
Third Quarter Performance Report for the period 1 October to 31 December 2023	29 January 2024
Final draft APP for 2024/25	29 January 2024
Fourth Quarter Performance Report for the period 1 January to 31 March 2024	29 April 2024

4. THE ACCOUNTING AUTHORITY / BOARD

4.1 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, 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.

4.2 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 African. 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 organisation's 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.

4.3 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 Innovation (previously Science & Technology)
 - Forestry, Fisheries and the Environment (previously Environmental Affairs), and
 - Transport
- And two other suitably qualified persons.

The Board was appointed in January 2022 and consisted of the following members:

Table 16: List of Board Committees and Meetings

NAME & SURNAME	DESIGNATION	BOARD	COMMITTEE MEMBERSHIP	NO. OF BOARD MEETINGS HELD
BOARD MEMBERS				
Mr Sicelo Xulu	Chairperson	Board	TPFC	9
Ms Lungile Mtiya	Deputy Chairperson	Board	HR&REMCO	9
Ms Abegail Boikhutso	Non-Executive Director	Board	HR&REMCO & ARC	9
Ms Mary Tumelo Mashabela	Non-Executive Director	Board	TPFC & ARC	9
Dr Rebecca Maserumule	Department of Science and Innovation (DSI)	Board	TPFC	9
Ms Ilze Baron	Department of Trade Industry and Competition (the DTIC)	Board	HR&REMCO	9
Mr Gerard Fourie (alternate member for Ms Ilze Baron)	Department of Trade Industry and Competition (the DTIC)	Board	HR&REMCO	N/A
Mr Jongikhaya Witi	Department of Forestry, Fisheries, and Environment (DFFE)	Board	TPFC	9
Mr Mthokozisi Mpofu	Department of Mineral and Resources and Energy (DMRE)	Board	TPFC	9
Ms Noma Qase (alternate member for Mr Mthokozisi Mpofu)	Department of Mineral and Resources and Energy (DMRE)	Board	TPFC	N/A
MANAGEMENT				
Dr Titus Mathe	Chief Executive Officer	Management		
Ms Lethabo Manamela	Chief Financial Officer	Management		
Mr Solomon Mngomezulu	Company Secretary/Legal Advisor	Management		
AUDIT & RISK COMMITTEE (INDEPENDENT MEMBERS)				
Ms Masaccha Khulekelwe Mbonambi	Chairperson of ARC	ARC	ARC	9
Mr Mahlatsi Movundlela	Member	ARC	ARC	9
Ms Gugulethu Danisa*	Member	ARC	ARC	9

*Appointed on 1 April 2023

4.4 BOARD VACANCIES

Table 17: Board Vacancies

NAME	DESIGNATION	DATE APPOINTED	QUALIFICATIONS	OTHER COMMITTEES OR TASK TEAMS
Mr Sicelo Xulu	Chairperson	11 January 2022	<ul style="list-style-type: none"> Master of Philosophy (MPhil) Electrical & Electronics Engineering (Cum Laude), BSc (Hons) Applied Sciences: Electrotechnics 	TPFC
Ms Lungile Mtiya	Deputy Chairperson	11 January 2022	<ul style="list-style-type: none"> MPhil-Labour Law & Employment Relations B Comm. Hons-Employment Relations & Labour Law B-Tech Degree Human Resources Diploma in Human Resources. 	HR&REMCO
Ms Abegail Boikhutso	Non-Executive Director	11 January 2022	<ul style="list-style-type: none"> Chartered Financial Analyst (CFA) Candidate B.Com Accounting MBA 	HR&REMCO & ARC
Ms Mary Tumelo Mashabela	Non-Executive Director	11 January 2022	<ul style="list-style-type: none"> BSc Electrical Engineering LLB, Bachelor of Law 	TPFC & ARC
Dr Rebecca Maserumule	Department of Science and Innovation (DSI)		<ul style="list-style-type: none"> PhD in Mathematics M.Sc in Applied Mathematics B.Sc in Applied Mathematics 	TPFC
Ms Ilze Baron	Department of Trade Industry and Competition (the dtic)	11 January 2022	<ul style="list-style-type: none"> BCom Economics 	HR&REMCO
Mr Gerard Fourie (alternate member for Ms Ilze Baron)	Department of Trade Industry and Competition (the dtic)	11 January 2022	<ul style="list-style-type: none"> BCom Economics MBA 	HR&REMCO
Mr Jongikhaya Witi	Department of Forestry, Fisheries, and Environment (DFFE)	11 January 2022	<ul style="list-style-type: none"> MTech Degree in Chemical Engineering BTech Degree in Chemical Engineering MSc in Mechanical Engineering (Energy Studies) 	TPFC
Mr Mthokozisi Mpofo	Department of Mineral and Resources and Energy (DMRE)	11 January 2022	<ul style="list-style-type: none"> Master of Philosophy Energy Studies Bachelor of Social Science (Honours) 	TPFC
Ms Noma Qase (alternate member for Mr Mthokozisi Mpofo)	Department of Mineral and Resources and Energy (DMRE)	11 January 2022	<ul style="list-style-type: none"> Master of Philosophy Energy Studies Bachelor of Social Science (Honours) 	TPFC

4.5 BOARD COMMITTEES

The Act 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:

- Audit and Risk Committee (ARC), and
- Human Resources, and Remuneration Committee.
- The Technical Projects Finance Committee externally

4.6 AUDIT AND RISK COMMITTEE

During 2022, the Audit and Risk Committee (ARC) comprised of two members. A third member, Ms. Gugulethu Danisa was appointed as of 1 April 2023. The Members are appointed to ensure sufficient skill to perform their responsibility and independence. The ARC 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 Masaccha Khulekelwe Mbonambi
- Mr Mahlatsi Movundlela
- Ms Gugulethu Danisa

Table 18: Members of the Audit and Risk Committee

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	DATE APPOINTED
Ms Masaccha Khulekelwe Mbonambi (Chairperson)		External	January 2022
Mr Mahlatsi Movundlela	<ul style="list-style-type: none"> • BCom Accounting • Post Graduate Diploma in Accounting (PGDA) • Chartered Accountant • Advanced Diploma in Auditing • Regulatory Examination (RE) 1, 3 and 5 	External	January 2022
Ms Gugulethu Danisa	<ul style="list-style-type: none"> • BCom (Information Systems) 1999 • BCom Honours (CTA) 2001 • Chartered Accountant 2004 	External	1 April 2023
Ms Abegail Boikhutso	<ul style="list-style-type: none"> • Chartered Financial Analyst (CFA) Candidate • B.Com Accounting • MBA 	Internal – Position	April 2023
Ms Tumelo Mashabela	<ul style="list-style-type: none"> • BSc Electrical Engineering • LLB, Bachelor of Law 	Internal – Position	April 2023

Table 19: Audit and Risk Committee meeting attendance

NAME OF MEMBERS	INTERNAL OR EXTERNAL	DATE APPOINTED	NO. OF MEETINGS HELD	NO. OF SPECIAL MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ms Masaccha Khulekelwe Mbonambi (Chairperson)	External	January 2022	9	6	7
Mr Mahlatsi Movundlela	External	January 2022	9	6	9
Ms Abegail Boikhutso	Internal	April 2023	9	6	9
Ms Tumelo Mashabela	Internal	April 2023	9	6	8
Ms Gugulethu Danisa	External	April 2023	9	6	8

4.7 HUMAN RESOURCES, AND REMUNERATION COMMITTEE

The Human Resources, and Remuneration Committee comprised of four members. The Members of the Committees are as follows:

- Ms Lungile Mtiya
- Ms Abegail Boikhutso
- Ms Ilze Baron

Table 19: Human Resources and Remuneration Committee meeting attendance

NAME OF MEMBERS	INTERNAL OR EXTERNAL	DATE APPOINTED	NO. OF MEETINGS HELD	NO. OF SPECIAL MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ms Lungile Mtiya	Internal	January 2022	10	6	10
Ms Abegail Boikhutso	Internal	January 2022	10	6	10
Ms Ilze Baron	Internal	January 2022	10	6	10

4.8 THE TECHNICAL PROJECTS FINANCE COMMITTEE

The Technical Projects Finance Committee comprises of five members. The members of the committee are as follows:

- Ms Tumelo Mashabela (Committee Chairperson)
- Mr Sicelo Xulu
- Dr Rebecca Maserumule
- Mr Jongikhaya Witi
- Mr Mthokozisi Mpofu

Table 20: Technical Projects Finance Committee meeting attendance

NAME OF MEMBERS	INTERNAL OR EXTERNAL	DATE APPOINTED	NO. OF MEETINGS HELD	NO. OF SPECIAL MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ms Tumelo Mashabela	Internal	January 2022	5	1	4
Mr Sicelo Xulu	Internal	January 2022	5	1	5
Dr Rebecca Maserumule	Internal	January 2022	5	1	4
Mr Mthokozisi Mpofu	Internal	January 2022	5	1	2
Mr Jongikhaya Witi	Internal	January 2022	5	1	4

4.9 REMUNERATION OF BOARD MEMBERS

The Independent Board members and members of its sub-committee are remunerated per meeting attended using rates as approved annually by the Minister of Energy. Members currently in the employ of the State and representatives of various Ministries on the SANEDI Board are not remunerated. Board members and members of its sub-committees are reimbursed for expenses incurred in carrying out their duties and responsibilities in line with SANEDI policies for expenses such as travel. No other allowances are paid to the Board members

4.10 BOARD REMUNERATION

Table 21: Board Members remuneration

NAME	REMUNERATION (RANDS)	OTHER ALLOWANCE (RANDS)	OTHER RE-IMBURSEMENTS (RANDS)	TOTAL (RANDS)
Mr Sicelo Xulu	257 806	15 566		273 373
Ms Lungile Mtiya	152 807	10 977		163 785
Ms Abegail Boikhutso	195 704			195 704
Ms Mary Tumelo Mashabela	162 220	-		162 220
Ms Ilze Baron**				
Dr Rebecca Maserumule**				
Mr Jongikhaya Witi**				
Mr Mthokozisi Mpofu**				
Ms Noma Qase** (alternate for Mr Mpofu)				
Mr Gerhard Fourie** (alternate for Ms Baron)				
Total				795 083

**Employee of the State. Not remunerated.

4.11 AUDIT AND RISK COMMITTEE REMUNERATION (INDEPENDENT MEMBERS)

Table 21: Board Members remuneration

NAME	REMUNERATION (RANDS)	OTHER ALLOWANCE (RANDS)	OTHER RE-IMBURSEMENTS (RANDS)	TOTAL (RANDS)
Ms Masaccha Khulekelwe Mbonambi (Chairperson)	124 127	-	-	124 127
Mr Mahlatsi Movundlela	69 211	-	-	69 211
Ms. Gugulethu Danisa	35 980	-	-	35 980
Total				229 318

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 Risk Management that is aligned with the principles of good Corporate Governance as outlined in the King IV report, as supported by the PFMA. SANEDI has in place, a Risk Management Policy, Strategy and Plan, which are reviewed annually by the Board and such policies inform the organisation's Strategic Risk Register.

A Risk Management Structure, the Audit Risk Committee (ARC), is in place. The Board assigned the ARC with 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 risks on project activities are identified and assessed. We are satisfied that significant risks have been managed to an acceptable level.

6 INTERNAL CONTROL UNIT

6.1 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 AGSA, 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, despite 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, coordination with the External Auditors, the reports of significant investigations and 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:

- IT Security
- Supply Chain Management (SCM)
- Follow up Reports

- Performance Information Quarter 1-3, 2023/24
- Management accounts Review Quarter 1-3 2023/2024 and
- Review of the APP

7 INTERNAL AUDIT AND AUDIT COMMITTEES

7.1 INTERNAL AUDIT

Internal Audit is an independent provider of assurance and advisory service. Nexia SAB&T, an outsourced firm responsible for SANEDI's Internal Audit function, provides an independent appraisal function that is designed to examine and evaluate SANEDI's internal controls. The main objective of the entity 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 (IIIA) and the International Standards for the Professional Practice of Internal Auditing. 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 COMMITTEES

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 Shareholder. 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 SANEDI ARC, in correspondence with National Treasury (NT) Regulations, are:

- To review the adequacy of policies, procedures, and the internal control systems, including information technology 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 AGSA's 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 Executive Authority where relevant.

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 National Treasury. 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, provide 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 Department of Mineral Resources and Energy (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 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 incidences of unethical, corrupt or fraudulent conduct were reported to the Fraud Hotline during 2023/24 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 supply chain 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 Bid Adjudication Committee (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 was reviewed by HR and endorsed by employees. The code is universally applicable to all employees and contractors of the organisation and requires a commitment by 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 endeavors 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 fulfilment 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 Committee, to ensure that all who are in SANEDI's work facilitates are in an environment that has eliminated or reduced potential health and safety threats.

13 COMPANY SECRETARY

The Board is assisted by a Company Secretary responsible for the secretariat function; Legal advisory, Governance, Risk, Ethics and Compliance Management services. 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 AUDIT AND RISK COMMITTEE REPORT

We are pleased to present the report of the Audit and Risk Committee for the financial year ended 31 March 2024.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee (the Committee) is a formally constituted sub-committee of the board. The Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act (as amended) and regulation 27.1 of the Treasury Regulations. The Audit and Risk Committee also reports that it has adopted the formal terms of reference as its Charter, which was approved by the board. The Committee has regulated its affairs in compliance with this Charter and discharged all its responsibilities during the current financial year in compliance with the Charter.

AUDIT AND RISK COMMITTEE COMPOSITION

The Committee comprises of four (4) members, of which three (3) are independent members who are not Board members. The Committee as a collective, comprises persons with a blend of skills, knowledge, and experience necessary to fully discharge its responsibilities. As at 31 March 2024, the Committee comprised of the following members:

- Ms. Khulekelwe Mbonambi (Chairperson)
- Mr Mahlatsi Movundlela
- Ms. Gugulethu Danisa
- Ms. Abigail Boikhutso (Board Member)

The Chief Executive Officer, Chief Financial Officer, the Head of Internal Audit, and the Auditor-General South Africa (AGSA) attend the meetings of the Committee by invitation.

INTERNAL AUDIT

The Internal Audit function was outsourced, and it was performed by Nexia-SAB&T. After a competitive tender process, PKM Audit and Risk, was appointed to provide Internal Audit services for a period of three (3) years, effective from 01 April 2024. The Committee is responsible for overseeing the Internal Audit function and the Committee is satisfied with the competence and independence of the Internal Audit function. The Committee approved the Three-year Rolling Internal Audit plan, and was satisfied that the coverage and execution by Internal Auditors during the current financial year was in line with the approved plan.

The following are some of the internal audit projects completed during the year under review:

- Quarterly Performance Information Reviews
- Financial Control Review
- Supply Chain Management Review
- Review of the FY2023/24 Annual Financial Statements
- Review of the FY2023/24 Annual Performance Report

Furthermore, the Committee encourages the Executive Management, the AGSA and the Internal Audit Function to cooperate and strengthen consultation to achieve effective combined assurance at the Entity.

EFFECTIVENESS OF INTERNAL CONTROL

Based on the results of the audits performed and the follow-up reviews conducted, the overall opinion on the internal control design was adequate and effective in ensuring that the Entity's objectives are achieved. There is still room for improvement by management in terms of addressing the recommendations by internal audit timeously.

IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORT

The Committee noted the content and quality of the financial and non-financial quarterly reports prepared and submitted by the Chief Executive Officer during the year under review and confirms that certain reports had minor errors, for which, improvements were proposed and corrected by management.

FORENSIC INVESTIGATION

There was one case that was reported and investigated by the Committee during the reporting period. At the time of finalising this report, the matter was still in progress.

EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Committee has:

- Reviewed and discussed the unaudited Annual Financial Statements and Annual Performance Report of the Entity prior to submission to the AGSA for audit purpose;
- Reviewed and discussed the audited Annual Financial Statements and Annual Performance Report included in the Annual Report, with the AGSA and Management.
- Reviewed the changes relating to the Annual Financial Statements and Annual Performance Report;
- Reviewed the Entity's compliance with legal and regulatory provisions;

- Reviewed the Audit Report of the Auditor-General South Africa
- Reviewed the Auditor-General South Africa's management report and management's response thereto.

The Committee concurs with and accepts the conclusions of the Auditor-General South Africa on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General South Africa.

On behalf of the Audit and Risk Committee

AUDITOR-GENERAL SOUTH AFRICA

The FY2023/24 audit was conducted by the Auditor-General of South Africa. In consultation with Management, the Committee agreed to the engagement letter, the audit plan and audit fees for the audit. The Committee is satisfied with the independence and objectivity of the AGSA and has met with the AGSA to ensure that there were no unresolved issues. The Committee also met with Management of the Entity to discuss the actions to be taken to address the internal control deficiencies identified during the audit process.



Ms: Masaccha Khulekelwe Mbonambi
Chairperson of the Audit and Risk Committee

15 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:

Table 22: B-BBEE Compliance Performance Information

CRITERIA	RESPONSE YES / NO	DISCUSSION
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	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)?	N/A	SANEDI does not have any subsidiaries,
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)?	N/A	SANEDI does not give incentives, grants and investment schemes in support of B-BBEE.



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PART D
**HUMAN
RESOURCE
MANAGEMENT**

1 INTRODUCTION

1.1 OVERVIEW OF HUMAN RESOURCES

The SANEDI core business receives strategic assistance from the Human Resources (HR) team, which helps line management achieve operational excellence and maximise the potential of human capital. The HR department's primary goal is to partner with the different business units to create an atmosphere that encourages excellent performance. Organisational design and redesign, recruitment and selection, compensation and benefits, talent management, employee wellness and performance management are some of the dimensions used to accomplish this. Throughout this fiscal year, all of these aspects were improved, with the re-grading of the new approved structure, salary benchmarking and salary disparities process serving as the main driver for supporting the new SANEDI mandate. Increasing the necessary capacities to carry out the SANEDI mandate and strategy, as well as facilitating strategy implementation through a suitable and efficient structure.

A Human Resource Strategy session was held to help align HR strategy with overall business objectives. Information sessions were also held during the year under review to inform and train staff members on the policies and procedures such as the Code of Conduct and Performance Management that will empower the employees to make knowledgeable decisions when executing their tasks.

The sole union recognised by SANEDI is the National Education, Health and Allied Workers Union (NEHAWU), which has 4% of membership that renders the union inactive. The Employment Equity Plan (EEP) was accurately captured and timeously submitted to the Department of Employment and Labor (DoEL) for the period under review. SANEDI has planned to appoint at least one with disability and a Non-black African employee.

1.2 HR PRIORITIES FOR 2023/24

The governance of human resources has also improved in terms of carrying out duties in accordance with the new SANEDI Mandate. HR has placed a high priority on developing a culture that will make SANEDI more useful in addressing South Africa's energy problems and transferring expertise that will help in that area and this is through attracting the right talent for specific jobs. The first priority was to align the employees' salaries with that of the market thus, both internal and external benchmarking were conducted, resulting in the implementation of pay progression across the organisation. Policies and procedures affecting salaries such as the remuneration policy, pay progression and incentive policies were reviewed to align with SANEDI's pay philosophy. A culture of educating employees on the Code of Conduct and Performance Management which are the main drivers of the performance was inculcated through

information sessions held before the first month of the new financial year to ensure that the employees understand the desired high-performance culture. Employee turnover was reduced drastically by the interventions that deliberately targeted to attract, maintain and retain the highly sought skills.

1.3 PLEASE WORKFORCE PLANNING FRAMEWORK

With the revised focus and strategy, there is an introduction of the appointments of Engineering Interns, the positions have been advertised and 2331 responses received, the process of appointing Scientists and Engineering interns is underway, and the success thereof will also be highly dependent on the collaboration with the EWSETA. Due to the change in strategic direction, there has been an introduction of renaming the job titles to align them with the revised strategy. Due to financial restraints, SANEDI is unable to expand its structure unless the positions are funded by different funders. SANEDI's headcount remains at 74 which is affordable through the MTEF.

1.4 EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The Workplace Skills Plan (WSP) for the 2023/24 financial year was submitted to the Energy and Water Sector Education and Training Authority (EWSETA). SANEDI constantly seeks fresh ideas for staff training and development, like non-pivotal but yet mandatory training such as PFMA and PFMA updates, OHS and risk management to name a few. In the financial year under review, there was planned training of 80%, and a total of 96,6% training was achieved to date, and this percentage includes Development and Training, local and international training as well as the webinars.

1.5 EMPLOYEE WELLNESS PROGRAMME

Strengthening the employer-employee relationship is an important goal for the HR Department. The EWP plays a vital role in the organisation to promote healthier lifestyles among employees by encouraging activities such as regular exercise, healthy eating, and preventive care. This can lead to reduced rates of chronic diseases, lower healthcare costs, and fewer off-sick days. Weekly information newsletters that address different health topics are being shared with all employees. There have been several employees that have used the service of the service provider and positive feedback has been provided to the employer. The service provider holds quarterly virtual induction information sessions with employees to familiarise them with different health challenges and how to overcome them. A successful Wellness awareness day was held on 16 February 2024.

1.6 POLICY DEVELOPMENT

In the last financial year 2023/24, all HR policies and procedures approval dates were reviewed to ensure alignment with the policy adherence. All policies that are related to the Remuneration and benefits of SANEDI were reviewed and presented to the Board for approval. Remuneration policy, Incentive policy, pay progression policy, Pay progression procedure and matrix, Hybrid Work Policy and Private Work policy were approved. Employees were also educated on how utilising policies and procedures during decision-making ensures that SANEDI is consistent in its decisions. An information session was held to reiterate the importance of employee Conduct at work, and how to assist Management in managing their performance and that of SANEDI.

1.7 ACHIEVEMENTS

The appointment of key personnel has influenced the organisational culture of SANEDI in a positive way. Employees are now understanding the strategic importance of SANEDI in the energy ecosystem, what an important role SANEDI should be playing in improving the energy challenges within South Africa and how employees can utilise the current and reviewed Human Resources policies and procedures to achieve set goals. Improvements in Human Resources Governance, changes to the SANEDI payment structures and re-alignment of job descriptions contributed to prioritise a fostering culture within SANEDI. This will allow the organisation to be more relevant in resolving South African energy challenges and transferring skills that will assist in this regard.

1.8 CHALLENGES FACED BY SANEDI

Possibility of not filling all of the approved positions in the new financial year as the National Treasury has reduced our budget allocation, meaning that we might not be able to appoint certain critical positions on a permanent basis. The non conversion of the contracts to permanency which is further exasperated by the National Treasury directives can increase the turnover. Service providers taking longer time to deliver on projects than anticipated. Recruitment challenge due to the high number of applications received which delays other important tasks. Through the training interventions, SANEDI is ensuring that there are necessary skills to deliver the targets.

1.9 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:

- Reviewing of the HR Strategy in order to align it with the organisation's strategic objectives.
- The Succession Plan has been populated indicating employees' current skills and future required skills to fill higher positions. Exco has approved the plan.
- 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 RESOURCES OVERSIGHT STATISTICS

2.1 PERSONNEL COST BY PROGRAMME

Table 20: Personnel cost by Programme

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	85 046	24 998	29%	38	665
Programme 2: Applied Energy Research, Development and Innovation	70 488	18 198	26%	12	1 516
Programme 3: Energy Efficiency	11 962	7 412	62%	15	494
Programme 4: DSI Energy Secretariat	10 472	4 478	43%	9	498
TOTAL	177 969	55 085	31%	74	3 166

2.2 PERSONNEL COST BY SALARY BAND

Table 21: 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	6 242	11%	2	3 121
Senior Management	12 882	23%	7	1 840
Professional qualified	25 355	46%	27	939
Skilled and Unskilled	10 606	19%	38	279
TOTAL	55 085	100%	74	6 179

2.3 PERFORMANCE REWARDS

Table 22: Performance rewards

PROGRAMME	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
Top Management	712	6 242	11%
Senior Management	1 105	12 882	9%
Professional qualified	1 806	25 355	7%
Skilled and Unskilled	1 843	10 606	17%
TOTAL	5 466	55 085	10%

2.4 TRAINING COSTS

Table 23: 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	24 998	697	2,79%	133	5,24
Programme 2: Applied Energy Research, Development and Innovation	18 198	124	0,68%	49	2,53
Programme 3: Energy Efficiency	7 412	29	0,40%	56	0,52
Programme 4: DSI Energy Secretariat	4 478	-	0,00%	30	-
TOTAL	55 085	850	1,54%	268	3,17

* Total number of staff compliment is 74. The number of employees trained is more than the number of employees in the organisation, could mean the employees that have left the organisation also attended courses during their tenure and that one employee attended more than one intervention.

2.5 EMPLOYMENT AND VACANCIES

Table 24: Employment and vacancies

PROGRAMME	2022/23 NO. OF EMPLOYEES	2023/24 APPROVED POSTS	2023/2024 NO. OF EMPLOYEES	2023/2024 VACANCIES	% OF VACANCIES
Programme 1: Administration	26	33	38	15	45,5%
Programme 2: Applied Energy Research, Development and Innovation	16	17	12	7	41,2%
Programme 3: Energy Efficiency	14	14	15	3	21,4%
Programme 4: DSI Energy Secretariat	3	17	9	5	55,5%
TOTAL	59	81	74	30	37%

2.6 EMPLOYMENT CHANGES

Turnover rates provide an indication of trends in the employment profile of the public entity. There are five vacancies currently, there were only 4 terminations in the period under review.

Table 25: Employment changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	2	-	-	2
Senior Management	7	1	1	7
Professional qualified	12	6	2	15
Skilled and semi-skilled	30	21	1	50
Total	51	28	4	74

2.7 REASONS FOR STAFF LEAVING

Four staff members left SANEDI during the year. As reflected in the following breakdown of reasons for staff members leaving, one employee resigned, one employee’s contract expired, one employee retired and one employee passed away.

Table 26: Reasons for Staff leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	1	1,3%
Resignation	1	1,3%
Dismissal		
Retirement	1	1,3%
Ill health		
Expiry of contract	1	1,3%
Other		
Total	4	5,2%



2.8 MISCONDUCT AND DISCIPLINARY ACTION

Table 27: Misconduct and disciplinary action

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	1
Written Warning	2
Final Written warning	n/a
Dismissal	n/a
CCMA	n/a
Labour Court	1

2.9 EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Table 27: Equity target and Employment Equity - Male

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1							
Senior Management	3				2			
Professional qualified	5		1				1	
Skilled	13							
Semi-skilled	1							
TOTAL	23		1		2		1	

Table 28: Equity target and Employment Equity – Female

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	1							
Senior Management	2							
Professional qualified	6				1		1	
Skilled	32		1		1			
Semi-skilled	2							
TOTAL	43		1		2		1	



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PART E
PFMA
COMPLIANCE
REPORT

1. PFMA COMPLIANCE REPORT

1.1 RECONCILIATION OF IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE AND RECONCILING NOTES

For the year under review, SANEDI has not incurred any fruitless and wasteful expenditure as well as irregular expenditure. All amounts that were reported as fruitless and wasteful during the year were recovered from the responsible individuals.

	MARCH 2024 R'000	MARCH 2023 R'000
RECONCILIATION OF IRREGULAR EXPENDITURE		
Opening balance	2 359	2 359
Irregular expenditure– relating to current year	-	-
Less: Amounts condoned by Board	-	-
Irregular expenditure awaiting condonation	2 359	2 359

CONDONATION OF IRREGULAR EXPENDITURE

For the year under review, there is currently an amount of R46 000 of fruitless and wasteful expenditure reported relating to late payment penalty charged by SARS on late payment of VAT on imported services

	MARCH 2024 R'000	MARCH 2023 R'000
RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	7	7
Fruitless and wasteful expenditure – relating to current year	46	-
Less: Amounts Recovered	-	-
Less: Amounts condoned by the Board of Directors	-	-
Fruitless and wasteful expenditure	53	7

1.2 CURRENT AND PREVIOUS YEAR UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

For the year under review, there is currently an amount of R46 000 of fruitless and wasteful expenditure reported relating to late payment penalty charged by SARS on late payment of VAT on imported services.

1.3 CURRENT AND PREVIOUS YEAR IRREGULAR EXPENDITURE CONDONED, NOT CONDONED AND REMOVED.

Total irregular expenditure not condoned by National Treasury amounted to R2 359 000. This amount would need to be assessed in by the Accounting Authority (AA) for removal from the register.

1.3.1 FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE OR WRITTEN OFF.

A total of R7 0000 reported as fruitless and wasteful in the previous years is deemed to not be recoverable and would need to be written off as irrecoverable. Employees responsible for the transactions have since left the organisation and the costs of recovery would exceed the benefits to be derived from the recovery process.

1.4 CURRENT AND PREVIOUS YEAR DISCIPLINARY OR CRIMINAL STEPS TAKEN AS A RESULT OF UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE.

Where applicable, disciplinary actions were taken against employees who were deemed to have been responsible for the irregular expenditure incurred.

1.5 INFORMATION OF PAYMENTS AND SCM TRANSACTIONS

1.5.1 INFORMATION ON LATE AND / OR NON-PAYMENT OF SUPPLIERS

	NO OF INVOICES	VALUE R'000
Valid invoices received	1 368	89 339
Invoices paid within 30 days or agreed period	1 331	86 416
Invoices paid after 30 days or agreed period	37	2 920
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

1.6 INFORMATION ON SUPPLY CHAIN MANAGEMENT

1.6.1 PROCUREMENT THROUGH OTHER MEANS

PROJECT DESCRIPTION	NAME OF SUPPLIER	DEPARTMENT	TYPE OF PROCUREMENT BY OTHER MEANS	ORIGINAL CONTRACT VALUE/ CONTRACT VALUE
12L online system training and system technical competencies transfer to SANEDI personnel	Promethium Carbon	Energy Efficiency	Single source	51 750,00
Migration and update of the ESCO Register website to the SANEDI website	Ditheto Group	Energy Efficiency	Single source	42 000,00
A monitoring and evaluation approach training course	University of Cape Town	Corporate Planning	Single source	11 900,00
Advanced Project management short course training	UCT Get Smarter	Applied Energy	Single source	19 900,00
Sponsorship of Learners Focus week	DMRE	Stakeholder engagement	Sole source	250 000,00
Subscription for PMG	The Parliamentary Monitoring Group (PMG)	Corporate Planning	Single source	7 360,00
Programme Management Training Course	University of Cape Town	Applied Energy	Single source	11 900,00
Advanced Photovoltaic Systems Course	Stellenbosch University	Applied Energy	Sole source	25 800,00
HR Strategy and Labour Relations Training course	WITS Online Campus	HR	Single source	34 557,50
Financial Support for the BRICS Energy Cooperation Programme	The South African BRICS Business Council Energy and Green Economy Working Group	Energy Efficiency	Sole source	500 000,00
SAAF GYM on Air Force Base Hoedspruit system service	SEG Solar Energy (Pty) Ltd	Applied Energy	Single source	29 130,00

PROJECT DESCRIPTION	NAME OF SUPPLIER	DEPARTMENT	TYPE OF PROCUREMENT BY OTHER MEANS	ORIGINAL CONTRACT VALUE/ CONTRACT VALUE
Web Design Online Short Course	University of Cape Town	Energy Efficiency	Sole source	14 500,00
Scope extension for the Deloitte re-grading (T.A.S.K grading system)	Deloitte	HR	Sole source	74 778,75
Advertisement of SANEDI Vacant positions on Times Media	Sunday Times	HR	Sole source	30 811,95
Moderation of gradings within SANEDI and update the revised grades	Emergence Growth	HR	Sole source	61 669,00
Memberships for 3 International Energy bodies	Membership of CIGRE (International Council on Large Electric Systems)	CEO's office	Sole source	32 800,00
Memberships for 3 International Energy bodies	Reactivation of membership to the International Energy agency's- IEA PVPS	CEO's office	Sole source	10 000,00
Memberships for 3 International Energy bodies	Membership of The Power Institute for East and Southern Africa (PIESA)	Corporate Planning	Sole source	34 500,00
UCT Online Short Course – Energy Efficiency and Sustainability	UCT/GetSmater	Applied Energy	Single source	41 700,00
Training of 12L Tax Incentive Personnel	Institute of Energy Professionals	Energy Efficiency	Sole source	34 500,00
SAAF GYM on Air Force Base Hoedspruit system service equipment	SEG Solar	Applied Energy	Single source	22 239,00
Attendance of the WINDABA Conference	SAWEA	Energy Efficiency	Sole source	15 152,40
Speaker for the women's month seminar	Ms Shudufhadzo Musinda.	Stakeholder engagement	Single source	69 000,00
SEMA Delegate Pass	Vuka Group	Energy secretariat	Sole source	31 084,50
Attendance of the CISA (Compliance Institute Southern Africa) Annual Conference.	Compliance Institute of Southern Africa	CoSec & legal	Sole source	34 600,00
Advertising in Africa Union Magazine	African Union Magazine	Stakeholder engagement	Single source	50 000,00
PV Greencard Training	Green Solar Academy	Applied Energy	Single source	465 750,00
Manufacturing Indaba Exhibition	MI Exhibitor	Energy Efficiency	Sole source	203 659,23
Contract Variation for 12L Jobs Impact	Delta Carbon (Pty) Ltd	Energy Efficiency	Single source	618 987,50
Silver Sponsorship	SAWEA	Energy Efficiency	Sole source	20 000,00
SASEC Sponsorship	South African Energy Efficiency Conferiderations (SAEEC)	Stakeholder engagement	Sole source	552 900,00
IESSA Conference	Illumination Engineering Society of South Africa	Energy Efficiency	Sole source	48 300,00
Job Impact Report	Delta Carbon (Pty) Ltd	Energy Efficiency	Single source	N/A

PROJECT DESCRIPTION	NAME OF SUPPLIER	DEPARTMENT	TYPE OF PROCUREMENT BY OTHER MEANS	ORIGINAL CONTRACT VALUE/ CONTRACT VALUE
Biogas macerator replacement single-source	Afrika Klean Energy	Energy Efficiency	Single source	15 525,00
GH2 webpage development single source	Ditshego (Pty) Ltd	Energy Efficiency	Single source	122 403,13
WWTW stakeholder meetings catering (overall single source to cover all stakeholder meetings)	DOD	Energy Efficiency	Single source	3 016,43
Motivation to attend the Africa Energy Week Conference	Africa Energy Week	Energy Efficiency	Sole source	870 750,00
SANEDI 1st Annual Energy Conference: Moderator	Peter Ndoro	Stakeholder engagement	Sole source	80 000,00.
All-access delegate pass for the communication Manager to attend the Africa Energy Week	Africa Energy Week	Energy Efficiency	Sole source	66 976,00
Single Source Deviation: Cyber Security Conference 2023	Cyber Security Conference	Applied Energy	Single source	22 977,00
South African Sustainable Energy Conference	South African Sustainable Energy Conference (SASEC)	Energy Efficiency	Sole source	60 000,00
AUBEA 2023 Conference	Australasian Universities Building Education Association (AUBEA)	Applied Energy	Sole source	N/A
Energy Efficiency Technician On-Demand Knowledge Training	IEPA	Energy Efficiency	Single source	29 325,00
Excel Training	UCT	Energy Efficiency	Sole source	2 400,00
Single Source Motivation for Violinist for SANEDI Conference	Kristel Birkholtz	Stakeholder engagement	Single source	2 500,00
SANEDI 1st Annual Energy Conference: Holding Room refreshments and furniture	Emperor's Palace Conference Venue	Stakeholder engagement	Single source	6 360,00
Renew License of iThenticate – Turnitin Tool	Eiffel Corp (Pty)Limited	Applied Energy	Sole source	44 249,70
Hydrogen Safety Hazardous Areas Conference	ENGINEERING INSTITUTE OF TECHNOLOGY (PTY) LTD	Energy secretariat	Sole source	12 000,00
Maruleng Municipal Water Treatment Works Project (on Air Force Base Hoedspruit)	Diyale Trading	Applied Energy	Single source	675 000,00
Cool coating of the roof structure of Hayani Hospital in Limpopo - Africa Green Energy Technologies (AGET)	Africa- Green Energy Technologies	Applied Energy	Single source	977500,00
Ill health investigation	ICAS	HR	Single source	25 000,00
Data Analysis Training Course	GetSmarter	Corporate Planning	Sole source	14 500
Energy Efficiency Appliance Standards and Labelling Programme 5-Day exhibition at the Rand Show 2024	Rand Show Spring Edition	Energy Efficiency	Single source	84 502,00
Risk Management Training	GetSmarter	Cosec & Legal	Single source	14 500,00
Compliance Essentials	GetSmarter	SCM	Single source	10 900,00

PROJECT DESCRIPTION	NAME OF SUPPLIER	DEPARTMENT	TYPE OF PROCUREMENT BY OTHER MEANS	ORIGINAL CONTRACT VALUE/ CONTRACT VALUE
Technical Standards for the 12L panellist and SANEDI Staff	SABS	EE	Sole source	12 332.60
Mining Indaba Conference	Mining Indaba	ES	Sole source	13 771.25
ESCO Register and support	Ditheto Group	EE	Single source	305 000,00
Certified Renewable Energy Professional Training Programme	IEPA		Sole source	69 000.00
SANEDI WELNESDAY VENUE	Cradle Moon Lakeside Game Lodge	HR	Single source	61 125.00
12L online System Maintenance	Digital Online International	EE	Single source	432 000.00
Motivation to appoint Emergence Growth to grade the newly approved positions.	Emergence South Africa	HR	Sole source	R56 92.00
Africa Energy Indaba Delegate Pass	Africa Energy Indaba	Energy secretariat	Sole source	1 247 112,25
Project Management Training	GetSmarter	Energy Efficiency	Single source	47 700.00
The Institute of Risk Management South Africa	The Institute of Risk Management South Africa	Legal	Sole source	R161 000
Attendance of the 3rd International Sustainable Energy Conference (ISEC)	AEE Intec	RE	Sole source	15,024.20
Attendance of the CIGFARO Public Sector Audit & Risk Indaba Conference	CIGFARO	CPME	Sole source	15 798.00
Executive coaching in Strategy Facilitation, Development, Public Speaking and Presentation	Purple Growth	CPME	Single source	38 985.00
Request for Donation for Mphethi Mahlatsi Secondary School	Massmart	CEO'S Office	Single source	50 000.00
Sol Contract Renewal (Surplus Funds allocated)	NECSA	CEO'S Office	Single source	2 011 800,00
Single source for Mangosuthu University of Technology (OuT) to establish a SANEDI Specialisation Centre in EnergyWaterFoodClimate to be hosted at Mangosuthu UoT: over a period of 5 years.	MUT	CEO'S Office	Single source	2 800 000.00
African Energy Week 2024 (Early bird pricing to secure 2023 rate offered)	Africa Energy Chamber	Energy Efficiency	Single source	1 604982.26
3rd Annual Women in Engineering Africa Summit 2024	Robert Edwin Conferences		Sole source	68 994.25
Masia Fuel cell deployment and Bhungeni Water Food and Energy Nexus launch	Energy Secretariat DSI	Energy secretariat	Single source	2 800 000,00

PROJECT DESCRIPTION	NAME OF SUPPLIER	DEPARTMENT	TYPE OF PROCUREMENT BY OTHER MEANS	ORIGINAL CONTRACT VALUE/ CONTRACT VALUE	VALUE OF CONTRACT EXPANSION OR VARIATION OF CONTRACT R
Appointment of a consultant for the production of the Energy Performance Certificate awareness video	Ditshego Media Pty Ltd	Energy Efficiency	Contract Variation	64 074,00	129 950,00
Internal Audit services	Nexia	Finance	Contract Variation	1 565 792,92	391 448,23
Development and Deployment of an Online National Building Energy Performance Register Database and Web Platform in a Period of 4 Months	Econest_Catalyst Incentives Solutions (Pty) Ltd	Energy Efficiency	Contract Variation	1 755 084,00	1 274 287,40
Contact Variation with TIPSASA for Establishing an Energy Efficiency Building Testing Laboratory	Thermal Insulator Product and System Association South Africa	Energy Efficiency	Contract Variation	100 000,00	237 749,17
Psychometric Assessment of Exco and verification for recent and prospective employees	TT Endeavour	HR	Contract Variation	17 000,00	80 000,00
Contract Extension- Ethics and Fraud Hotline Services	Advance Call	CoSec & legal	Contract Variation	14 214,00	113 000,00
CV: For the appointment of a service provider to design and print the SANEDI book of projects.	Yes Direct (Pty)Ltd	Stakeholder engagement	Contract Variation	12 650,00	85 569,02
Request for Quotations for the Design, Development and Print of Data and Knowledge Management programme Promotional Material	Kelele Communications	Applied Energy	Contract Variation	36 120,00	7 852,40
12L Tax Marketing Materials	The Bull Projects (Ptd) Ltd	Energy Efficiency	Contract Variation	19 219,38	3 461,50
TIPSASA CV	TIPSASA	Energy Efficiency	Contract Variation	1 000 000,00	237 749,17
WWTW water meter single source	Diyale Trading	Energy Efficiency	Contract Variation	980 746,45	-
Development and Deployment of an Online National Building Energy Performance Register Database and Web Platform in a Period of 4 Months	Econest Catalyst Incentives Solutions (Pty) Ltd	Energy Efficiency	Contract Variation	1 755 084,00	1 274 287,40
Contract Variation for Pulse Mag	Pulse Mag	Corporate Planning	Contract Variation	469 189,11	N/A
Contract variation for the designing, proof-reading, editing and printing of SANEDI's 1st Annual Energy Conference – Pulse Mag.	Pulse Mag	Corporate Planning	Contract Variation	469 189,11	30 470,70

PROJECT DESCRIPTION	NAME OF SUPPLIER	DEPARTMENT	TYPE OF PROCUREMENT BY OTHER MEANS	ORIGINAL CONTRACT VALUE/ CONTRACT VALUE	VALUE OF CONTRACT EXPANSION OR VARIATION OF CONTRACT R
Contract Variation for the 12L Tax Incentive External Panel of Experts	Professor Michael Simon, Mr Freddie Letsoalo, Mr Markus Storm, Mr Thulani Ncube, Mr Karel Steyn, Mr Morore Mashao, Mr Peter Mukoma, Ms Devaksha Maharaj and Alfred Hartzenburg	Energy Efficiency	Contract Variation	570 000,00	1 000,00
Contract variation for internal Audit	NEXIA SAB&T (PTY)LTD	Finance	Contract Variation	1 565 792.92	413 193,16
Contract Variation for Ad hoc technical Writing	Litha Communications	Stakeholder engagement	Contract Variation	1 650 000,00	183 540,00
Contract variation for the Corporate Service support – Letsema.	Letsema Consulting	Corporate Planning	Contract Variation	R690 000.00	R180 838.00
Contract Variation for Ad hoc technical Writing	Litha Communications	Stakeholder engagement	Contract Variation	1 650 000,00	183 540,00
Contract Variation-Expansion of Scope- PPM Attorneys	Expansion of Scope- PPM Attorneys	Cosec & Legal	Contract Variation	59 004,45	N/A
Contract Variation for Bid 1023 Roadmap toward Cleaner Fossil Fuels in SA Phase III	ETP Electronic Trading Projects	Clean Coal	Contract Variation	R1 992 800.00	298 392.00
Contract Variation for Network Printers	Konica Minolta	ICT	Contract Variation	R836 825.75	R50 000.00
Contract variation for Brand Barrow Communications as a marketing and promotions service provider for the S&L project for the 2024 Rand Show: Appliance Energy Efficiency Label Public Awareness Campaign (28 March to 1 April 2024)	Brand Barrow Communications	Energy Efficiency	Contract Variation	1 724 995,50	428 950,00
Sole source with Decision Inc.	Decision Inc (Pty) Ltd	ICT	Contract Variation	N/A	237 180
Development and Deployment of Online NBEPR- Time Extension and Maintenance Contract	Catalyst Incentive Solutions (Pty) Ltd	Energy Efficiency	Sole source	1 755 084,00	N/A
SANEDI's Awards for First Annual Conference	Tumbulani Afrika	Stakeholder engagement	Single source	53 942.00	25% of the original amount



sanedi

South African National Energy
Development Institute

PART F
FINANCIAL
INFORMATION

GENERAL INFORMATION



COUNTRY OF INCORPORATION AND DOMICILE South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES To direct, monitor and conduct energy research and development, promote energy research and technology innovation as well as undertake measures to promote energy efficiency throughout the economy.

REGISTERED OFFICE 152 Ann Crescent
Upper Grayston Office Park
CEF House Block C
Sandton
2146

ULTIMATE HOLDING ENTITY Minister Gwede Mantashe

BANKERS ABSA

AUDITORS Auditor General South Africa
Registered Auditors

SECRETARY Solomon Mngomezulu

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL



The board of directors are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the board of directors to ensure that the annual 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 annual financial statements and was given unrestricted access to all financial records and related data.

The annual 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.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The board of directors acknowledge that they are 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 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 endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board of directors are 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 annual 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 have reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are 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 annual 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 accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors, Auditor-General of South Africa.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 4.

The annual financial statements set out on page 84, which have been prepared on the going concern basis, were approved by the board on 29 July 2024 and were signed on its behalf by:

A stylized signature in black ink, appearing to be 'Sicelo Xulu'.

Sicelo Xulu

SANEDI Board Chairperson



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 86 to 118, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including material accounting policy information.
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 2024, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 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 responsibilities of the auditor-general 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.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

6. 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.

7. 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.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

8. My objectives are to obtain reasonable assurance about whether the 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 these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 85 to 86, forms part of my auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I selected the following programme presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected a programme that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

PROGRAMME	PAGE NUMBERS	PURPOSE
Programme 2- Applied Energy Research, Development and Innovation	48	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.

12. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
15. I not identify any material findings on the reported performance information of Applied Energy Research, Development and Innovation.

OTHER MATTER

16. I draw attention to the matter below.

MATERIAL MISSTATEMENT

17. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information for Applied Energy Research, Development and Innovation. Management subsequently corrected the misstatement, and I did not include any material findings in this report.

REPORT ON COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
21. 21. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

22. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report and the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

24. My responsibility is to read this other information and, in doing so, consider whether it 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.
25. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
26. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. I did not identify any significant deficiencies in internal control.

Auditor General

Johannesburg
31 July 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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 selected requirements in key legislation.

FINANCIAL STATEMENTS

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
- conclude on the appropriateness of the 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 public entity 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

I communicate with the accounting officer 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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and 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.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act 1 of 1999 (PFMA)	Sections 38(1)(b), 44, 45(b), 55(1)(a), 51(1)(b)(i), 51(1)(b)(ii), 55(1)(b), 55(1)(c)(i), 51(1)(e)(iii), 53(4) 54(2)(c), 54(2)(d), 57(b)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Treasury Regulations (TR), 2005, issued in terms of the PFMA	Treasury Regulations 33.1.3, 33.1.1, 16A9.1(b)(ii), 16A9.1(e), 16A9.1(f), 16A.7.1, 16A.7.3, 16A.7.6, 16A.7.7, 31.2.1, 31.3.3, 31.1.2(c), 30.1.1, 30.1.3(a), 30.1.3(b), 30.1.3(d), 30.2.1, 8.2.1 and 8.2.2, 16A8.4, 16A6.3(e), 16A6.3(a) (i), 2), 16A6.3(b), 16A3.2, 16A6.6, 16A6.3(c), 16A6.2(a) & (b), 16A8.3, 16A8.4, 16A9.1(d), 16A3.2, 16A6.3 (a) and (b), 16A9.1(e), 16A9.2(a) (ii), 16A6.3(c), 16A6.5, 16A6.1, 16A9.1(d), 16A6.1, 16A8.4, 16A3.2(a), 16A6.4, 16A6.1
Preferential Procurement Regulations of 2022 (PPR)	Regulations 4(4)
Preferential Procurement Regulations of 2017 (PPR)	Regulations 8(5), 8(2), 5(1), 5(3), 5(6), 5(7), 4(1), 4(2), 9(1), 6(8), 7(8), 10(1), 10(2), 11(1)
Preferential Procurement Regulations of 2011 (PPR)	Regulation 9(1)
Preferential Procurement Policy Framework Act (PPPFA)	Sections 2(1)(f), 2(1) (a), 2(1)(b)
Public service regulations	Sections 18(1) and 18(2)
SITA Act	Section 7(3)
Construction Industry Development Board Act (CIDB Act)	Sections 18(1)
Construction Industry Development Board Regulations (CIDB Regulations)	Regulations 17 and 25(7A)

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024



	NOTE(S)	2024 R'000	2023 R'000
ASSETS			
CURRENT ASSETS			
Receivables from exchange transactions	5	12 958	6 477
Receivables from non-exchange transactions	5	1 672	-
Cash and cash equivalents	6	282 913	362 642
		297 543	369 119
NON-CURRENT ASSETS			
Property, plant and equipment	3	10 875	9 212
Intangible assets	4	7 877	4 265
		18 752	13 477
Total Assets		316 295	382 596
LIABILITIES			
CURRENT LIABILITIES			
Payables from exchange transactions	7	9 233	10 859
Unspent conditional grants and receipts	8	164 897	175 372
Employee benefit provisions	9	11 464	6 703
		185 594	192 934
Total Liabilities		185 594	192 934
Net Assets		130 701	189 662
Accumulated surplus		130 701	189 662
Total Net Assets		130 701	189 662

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2024



	NOTE(S)	2024 R'000	2023 R'000
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services	10	13 425	9 575
Other income	10	116	55
Interest received- investment	10	17 730	10 173
Total revenue from exchange transactions		31 271	19 803
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Government grants & subsidies	10	87 741	100 696
Total revenue	10	119 012	120 499
EXPENDITURE			
Employee related costs	11	(55 085)	(35 784)
Directors Remuneration	19	(998)	(1 066)
Depreciation and amortisation	3	(6 543)	(3 802)
Penalty Paid		(46)	-
Provision of doubtful debts	5	(150)	-
Repairs and maintenance		(318)	(214)
Research costs	12	(65 628)	(40 038)
Loss on disposal of assets		(64)	-
Loss on foreign exchange		(56)	(64)
Settlement costs	26	(22 000)	-
Surrender of surpluses	27	(1 300)	-
General Expenses	13	(25 782)	(21 325)
Total expenditure		(177 970)	(102 293)
(Deficit) surplus for the year		(58 958)	18 206

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2024



	Accumulated surplus / deficit R'000
Balance at 01 April 2022	171 455
<i>Changes in net assets</i>	
Surplus for the year	18 207
Total changes	18 207
Balance at 01 April 2023	189 659
<i>Changes in net assets</i>	
Deficit for the year	(58 958)
Total changes	(58 958)
Balance at 31 March 2024	130 701

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024



	NOTE(S)	2024 R'000	2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Grants		342 100	280 927
Interest income		27 484	18 863
Other receipts		2 184	13 243
		371 768	313 033
PAYMENTS			
Employee costs		(52 627)	(34 976)
Suppliers		(101 850)	(57 557)
Penalty Paid		(46)	-
Transfer payments		(285 148)	(150 511)
		(439 671)	(243 044)
Net cash flows from operating activities	14	(67 903)	69 989
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(6 603)	(6 899)
Proceeds from sale of property, plant and equipment	3	16	60
Purchase of other intangible assets	4	(5 239)	(4 292)
Net cash flows from investing activities		(11 826)	(11 131)
Net increase/(decrease) in cash and cash equivalents		(79 729)	58 858
Cash and cash equivalents at the beginning of the year		362 642	303 784
Cash and cash equivalents at the end of the year	6	282 913	362 642

The accounting policies on pages 90 to 98 and the notes on pages 99 to 115 form an integral part of the annual financial statements.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2024



	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Ref
STATEMENT OF FINANCIAL PERFORMANCE						
Services Rendered : Sponsorship & Consultancy	2 850	-	2 850	13 425	10 575	(a)
Other income	-	-	-	116	116	(b)
Interest received- investment	6 582	-	6 582	17 730	11 148	(c)
Total revenue	9 432	-	9 432	31 271	21 839	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Grants	81 383	-	81 383	87 741	6 358	(d)
Total revenue	90 815	-	90 815	119 012	28 197	
EXPENDITURE						
Employee related costs	(46 881)	-	(46 881)	(56 083)	(9 202)	(e)
Depreciation and amortisation	(4 207)	-	(4 207)	(6 543)	(2 336)	(f)
Penalty Paid	-	-	-	(46)	(46)	(g)
Debt Impairment	-	-	-	(150)	(150)	
Repairs and maintenance	(156)	-	(156)	(318)	(162)	(h)
Research costs	(12 271)	-	(12 271)	(65 628)	(53 357)	(i)
General expenses	(27 300)	-	(27 300)	(25 782)	1 518	(j)
Total expenditure	(90 815)	-	(90 815)	(154 550)	(63 735)	
Operating deficit	-	-	-	(35 538)	(35 538)	
Loss on disposal of assets and liabilities	-	-	-	(64)	(64)	
Loss on foreign exchange	-	-	-	(56)	(56)	
Settlement costs	-	-	-	(22 000)	(22 000)	(k)
Surrender of surpluses	-	-	-	(1 300)	(1 300)	
	-	-	-	(23 420)	(23 420)	
Surplus/(Deficit) for the year	-	-	-	(58 958)	(58 958)	
Deficit for the year	-	-	-	(58 958)	(58 958)	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)



REFERENCE:

- (a) The revenue from rendering of services relates mainly to research services rendered and management fees earned from various ring-fenced funded projects. During the year SANEDI generated more management fees due to new contracts signed during the current financial year.
- (b) Items under other income relate to ad hoc receipts such as insurance claim received and skills development levy refunds.
- (c) Interest received is higher than budgeted due to the surplus from 2023 that was retained resulting in a higher cash balance. Initial estimates were conservative and did not take into account the interest receivable from National Treasury surpluses.
- (d) Government grants include the MTEF allocation from the DMRE amounting to R83 383 000 in line with the approved budget. The variance is due to R4 685 000 arising from the income recognised from the realisation of ring-fenced funded projects recognised as well as R1 673 000 funding for internships received from Energy and Water SETA.
- (e) Employee related costs variance is due to increasing technical capacity within the organisation to align with the revised strategic plan, filling of key vacant positions in line with the approved organisational structure, implementation of externally funded projects that require additional resources as well as the externally funded internships programme.
- (f) Depreciation and amortisation variance is due to mainly investment in new servers to address some of the deficiencies identified as part of the review including additional back-up power supply to avoid interruptions during prolonged periods of load shedding and additional IT equipment which comprises of laptops due to increasing in staff members and investment was also made to upgrade our computer software's during the year which were not originally factored on the budget.
- (g) Penalty paid variance is due to late payment penalty paid to SARS relating to Value Added Tax (VAT) on imported membership services. SANEDI is not VAT registered, hence no system was in place to identify and pay VAT to SARS. This was identified during the 2022/23 financial year end period and controls have since been put in place to address this deficiency.
- (h) Repairs and maintenance variance is due to IT equipment and vehicle related maintenance costs that had to be incurred more than the budget. More than anticipated IT equipment need to be maintained to ensure business continuity, as result more expenditure was incurred.
- (i) Research costs relate to costs directly associated with the entity's mandate which range from applied research expenditure, demonstration project expenditure as well as capacity building projects. The research costs exceeded the budget mainly due to acceleration of spending on projects funded by surpluses from prior years as well as ring-fenced funded projects as outlined in Note 8. Costs associated with ring fenced projects and surpluses were not included in the initial budget because it is not certain at the time of preparing budgets how much of the ring fenced funds will be rolled over and whether National Treasury will approve the surpluses.
- (j) General expenses comprises mainly expenditure incurred by supporting departments within SANEDI. Although the overall expenditure is below the budget, the spending on the below items had a significant impact on the growth of the entity:
1. SANEDI experienced a data loss event at the end of the 2022/23 financial year. This prompted an assessment into IT systems and improvement interventions that resulted in an increase in computer expenses. SANEDI also embarked on a project to improve finance systems, resulting in additional license costs being incurred for the new system. Increase in staff numbers also resulted in an increase in costs relative to what was budgeted for.
 2. Lease rental increased due to additional office space leased to accommodate increasing staff members.
 3. Conference and seminars increased due to SANEDI hosting first Annual Conference for the first time in 2023/24 financial year. This conference was not hosted in 2022/23 financial year. This conference was not budgeted for, but a decision was made to host the conference to increase the visibility of the organisation and as a platform to share the outputs of the organisation with the Broader research sector.
 4. Travel expense increased due to the implantation of the stakeholder engagement plan of the organisation to increase the visibility and impact of the organisation. SANEDI increased its participation at key conferences and also participated in key committees that were gripped with resolving the energy crisis.
 5. Marketing and promotional costs increased due to Board conscious decision made during the financial year to increase the visibility of the organisation and to position SANEDI as a partner of choice to stakeholders within the energy sector.
 6. Additional costs were incurred for Audit fees following the data loss to ensure the integrity of financial information after the data recovery process. This was not budgeted for, but needed to be incurred in response to what transpired with the data loss.
- (k) Settlement costs relates to agreement reached with Council for Geoscience (CGS) for the finalisation of the transfer of Carbon Capture Utilisation and Storage (CCUS) Project from SANEDI to the CGS.
- l) SANEDI has reported a deficit for the year ended 31 March 2024 of R58,9 million (2023: surplus of R18,2 million). During the current financial year National Treasury approved SANEDI to retain surplus amounting to R174,7 million. These surpluses were approved to be spent over multiple years. A total of R 103 million was to be spent in 2023/24, R 49,9 million in 2024/25, R 19,8 million in 2025/26 and R3,2 million in 2026/27. During the current financial year, SANEDI spent R59,6 million of the R103 million allocated for 2023/24 financial year and the previously declared surpluses balances are fully committed and SANEDI will be submitting a request for retention of these surpluses to the National Treasury.



1. SIGNIFICANT ACCOUNT POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 BASIS OF PREPARATIONS

The annual financial statements have been prepared in accordance and in compliance 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 annual 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.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 GOING CONCERN ASSUMPTION

These annual 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.

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual 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 annual financial statements. Significant judgments include:

LEAVE ACCRUAL

The leave accrual to represents the present obligation that the entity has as a result of employees' services provided up to the reporting date. The accrual is calculated using remuneration rates effective at the reporting date based on the actual leave days.

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.

USEFUL LIVES AND RESIDUAL OF ASSETS

The entity's management determines the estimated useful lives and residual value of assets. These estimates are assessed annually as per GRAP requirements.

GOING CONCERN

The Board, as the accounting authority has, at the time of preparation of the financial statements, a reasonable expectation that the entity will have adequate resources to continue operating and settle its debts as and when they become due for the foreseeable future, at least, but not limited to, 12 months from the end of the reporting date. Based on the Estimates of National Expenditure published for 2024/2025 funding is secured over a three-year cycle in terms of the Medium-term Expenditure Framework (MTEF). As a result, these annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern.

Other significant judgments, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

ACCOUNTING BY PRINCIPALS AND AGENT

In identifying transactions as agent or principal transactions, SANEDI applies judgements in assessing the terms and conditions associated with the relationship duly established by a binding agreement. Consideration is given as whether the conditions are such that one entity undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal) that exists within an arrangement that has been entered into and to which party so that arrangements are correctly classified.

Additional information is disclosed in the note 25.

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.

Where an asset is 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 losses.

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
Equipment	Straight-line	10 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.

1.6 INTANGIBLE ASSETS

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.
- 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	Straight-line	2 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4). Assets under development are not amortised and are only amortised once they are brought into use and reclassified to the correct asset class.

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

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.

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.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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:

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

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 asset measured at amortised cost

Other receivables include receivables related to lease rental deposit. These receivables are stated at cost

1.8 TAXATION TAX EXPENSES

SANEDI is exempt from Income Tax and Value Added Tax in terms of Section S10(1)(a) of the Income Tax Act as an entity within the national sphere of government.

1.9 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 both 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.

1.10 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.11 EMPLOYEE BENEFITS

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 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 recognises 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 recognises 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 recognises 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.

1.12 CONTINGENCIES

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 16.

1.13 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions comprises of the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

MEASUREMENT

Revenue is measured at the fair value of the consideration/ asset received or accrues in exchange.

RENDERING OF SERVICES

Revenue from the rendering of services is recognised when the inflows resulting in an increase in net assets can be estimated reliably and is recognised by reference to the stage of completion of the transaction at the reporting date. The entity deems a transaction to be estimated reliably only when the following criteria is met:

- 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.

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions comprises of the increases in economic benefits, relating to a Vote allocation received from National Treasury through the Department of Mineral Resources and Energy. The revenue also comprises inflows of resources from other government and non-government donors to enable the entity to execute its mandate.

RECOGNITION

Revenue from non-exchange is recognised when value is received from another entity without the entity directly giving approximately equal value in exchange.

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.

MEASUREMENT

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

Revenue from non-exchange is measured at the amount of the fair value asset received, as at the date of acquisition, unless it is also required to recognise a liability.

Any liability recognised, pertaining to non-exchange transactions will be measured at best estimate of the amount required to settle the present obligation at the reporting date.

1.15 ACCOUNTING BY PRINCIPALS AND AGENTS IDENTIFICATION

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

IDENTIFYING WHETHER AN ENTITY IS A PRINCIPAL OR AN AGENT

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

BINDING ARRANGEMENT

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

ASSESSING WHICH ENTITY BENEFITS FROM THE TRANSACTIONS WITH THIRD PARTIES

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

RECOGNITION

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.16 TRANSLATION OF FOREIGN CURRENCIES FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is recorded, on initial recognition in Rand's, 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 annual 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 Rand's by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.17 BUDGET INFORMATION

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

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

The annual 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 annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

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 is not 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 those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

Excluded from disclosure requirements in relation to related party transactions are transactions that occur 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 annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS



2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost R'000	Accumulated depreciation and accumulated impairment R'000	Carrying R'000	Cost R'000	Accumulated depreciation and accumulated impairment R'000	Carrying R'000
Furniture and fixtures	1 140	(877)	263	882	(829)	53
Motor vehicles	429	(188)	241	429	(102)	327
Office equipment	41	(23)	18	53	(28)	25
IT equipment	21 230	(11 674)	9 556	15 220	(7 252)	7 968
Leasehold improvements	6	(6)	-	6	(6)	-
Equipment	708	(29)	679	708	(2)	706
Communication equipment	191	(73)	118	187	(54)	133
Total	23 745	(12 870)	10 875	17 485	(8 273)	9 212

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - MARCH 2024

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	53	265	-	(55)	263
Motor vehicles	327	-	-	(86)	241
Office equipment	25	-	-	(7)	18
IT equipment	7 968	6 282	(40)	(4 654)	9 556
Equipment	706	-	-	(27)	679
Communication equipment	133	56	(33)	(38)	118
	9 212	6 603	(73)	(4 867)	10 875

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - MARCH 2023

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	167	29	-	(143)	53
Motor vehicles	413	-	-	(86)	327
Office equipment	24	18	-	(17)	25
IT equipment	5 456	6 030	(28)	(3 490)	7 968
Leasehold improvements	15	-	-	(15)	-
Equipment	-	708	-	(2)	706
Communication equipment	41	114	-	(22)	133
	6 116	6 899	(28)	(3 775)	9 212

During the financial year assets with a total book value of R35 334 (2023: R30) were written off. The acquisition cost of these assets were R269 000 (2023: R576 000).

PLEGGED AS SECURITY

There are no assets that are pledged as security.

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

	2024 R'000	2023 R'000
Repairs and maintenance	245	140

4. INTANGIBLE ASSETS

	2024			2023		
	Cost R'000	Accumulated amortisation and accumulated impairment R'000	Carrying R'000	Cost R'000	Accumulated amortisation and accumulated impairment R'000	Carrying R'000
Computer software	9 582	(1 705)	7 877	1 339	(27)	1 312
Intangible assets under development	-	-	-	2 953	-	2 953
Total	9 582	(1 705)	7 877	4 292	(27)	4 265

RECONCILIATION OF INTANGIBLE ASSETS - 2024

	Opening balance R'000	Additions R'000	Transferred R'000	Amortisation R'000	Total R'000
Computer software	1 312	5 290	2 953	(1 678)	7 877
Intangible assets under development	2 953	-	(2 953)	-	-
	4 265	5 290	-	(1 678)	7 877

4. INTANGIBLE ASSETS (CONTINUED)

RECONCILIATION OF INTANGIBLE ASSETS - 2023	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	-	1 339	(27)	1 312
Intangible assets under development	-	2 953	-	2 953
	-	4 292	(27)	4 265

PLEGDED AS SECURITY

There are no assets that are pledged as security.

INTANGIBLE ASSETS IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED

EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT

	2024 R'000	2023 R'000
Computer software under development	-	2 953

Computer software amounting to R2 953 000 under development at the end of prior financial year was completed and transferred to computer software.

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	45	218
Other receivables	265	149
Interest receivable	1 940	2 308
Employee study loans	64	-
Prepayments	10 644	2 944
Project prepayments	-	858
	12 958	6 477

TRADE DEBTORS

The trade debtors consist of receivables arising from contracts with third parties.

OTHER RECEIVABLES

Other receivables consist of office rental deposits.

PREPAYMENTS

Prepayments represent payments made pursuant to contractual arrangements that required SANEDI to pay in advance for the services. These include insurance, IT software license fees and membership fees to international Energy Associations.

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 3 months past due are not considered to be impaired. At 31 March 2024, R0.00 (2023: R134 000) were past due but not impaired.

Over 6 months	-	134
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5. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2024	2023
	R'000	R'000

TRADE AND OTHER RECEIVABLES IMPAIRED

The amount of the provision was as of 31 March 2024 R406 121 (2023: R257 000).

The ageing of receivables that were impaired is as follows:

Over 6 months	406	257
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RECONCILIATION OF PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

Opening balance	257	257
Provision for impairment	149	-
Closing balance	406	257

The maximum exposure to credit risk at the reporting date is the fair value of the trade and other receivables mentioned above.

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, the amount has been provided for.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Trade debtors	1 672	-
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Receivables from non-exchange transactions comprises of receivables from grant funding for SANEDI internship programme. During the year SANEDI and Energy and Water SETA entered into a funding agreement for the purpose of providing a Work Integrated Learning Programme (WIL) for unemployed learners to 3 participants and Internship Programme for unemployed to 9 participants.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:		
Cash on hand	21	10
Bank balances	282 892	362 632
	282 913	362 642

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.

7. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	1 669	261
Value Added Tax	-	362
Accrued expense	3 549	6 978
Skills Development Levy	-	47
Workman's Compensations Act	78	47
Union fees	6	6
Unemployment Insurance Fund	-	15
Pay As You Earn	-	1 821
Unallocated deposits	2 631	1 324
Surrender of unapproved surplus	1 300	-
	9 233	10 859

7. PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

2024
R'000

2023
R'000

Unallocated deposits comprises of unknown deposits received mainly from international companies into SANEDI's bank account. These

Surrender of unapproved surplus represent a portion of the surplus application that was not approved by National Treasury. The obligation to repay unused funds is recognised as a liability on the statement of financial position.

RECONCILIATION

NON-STATUTORY PAYABLES

Trade payables	1 669	258
Accrued expense	3 549	6 978
Unallocated deposits	2 631	1 324
	7 849	8 560

STATUTORY PAYABLES

Skills Development Levy	-	47
Value Added Tax	-	362
Workman's Compensations Act	78	47
Union fees	6	6
Unemployment Insurance Fund	-	15
Pay As You Earn	-	1 821
Surrender of unapproved surplus	1 300	-
	1 384	2 298

8. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are 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:

Unspent grants	164 897	175 372
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MOVEMENT DURING THE YEAR

Balance at the beginning of the year	175 372	145 631
Additional receipts during the year	259 837	198 776
Interest earned	9 385	10 031
Deferred income recognised	(4 684)	(19 623)
Grant repayments / Transfers	(275 013)	(159 443)
	164 897	175 372

8. UNSPENT CONDITIONAL GRANTS (CONTINUED)

DEFERRED INCOME RECONCILIATION	Opening balance	Additional Receipts	Deferred Income Recognised	Grant Repayments/ Transfers/ Other	Interest Earned	Closing Balance
<i>MARCH 2024</i>	R'000	R'000	R'000	R'000	R'000	R'000
European Union Project	313	-	-	-	26	339
SA Coal Roadmap	820	-	-	-	69	889
WASA Support	1 030	-	-	-	87	1 117
SolarTech	1 656	-	-	-	58	1 714
Soltrain	1 896	-	220	64	159	1 771
Austin Offshore	359	-	-	-	30	389
WASA 3	30	-	-	-	2	32
1M Cool Roofs Challenge	899	-	272	-	64	691
EE Industrial Comp	87	-	-	-	-	87
Energy Secreteriat	161 502	234 545	2 485	274 353	8 056	127 265
EU Public Buildings	4 091	-	-	-	346	4 437
EU WWWTPS	3	-	-	-	-	3
GDID	530	-	-	-	45	575
GIZ	10	-	-	-	1	11
TIA	1 082	-	82	288	124	836
GIZ H2SA	1 064	-	993	96	83	58
NCEDA	-	10 000	-	85	235	10 150
DBSA	-	15 292	632	127	-	14 533
	175 372	259 837	4 684	275 013	9 385	164 897
<i>MARCH 2023</i>						
European Union Project	295	-	-	-	18	313
SA Coal Roadmap	773	-	-	-	47	820
Danish Renewable Energy Programme	1 427	-	1 508	-	81	-
WASA Support	971	-	-	-	59	1 030
SolarTech	4 758	-	3 320	-	218	1 656
Soltrain	3 539	-	1 844	-	201	1 896
Austin Offshore	339	-	-	-	20	359
WASA 3	30	-	2	-	2	30
DOD-Solar Water Heating	2 207	-	2 272	-	65	-
1M Cool Roofs Challenge	879	-	33	-	53	899
EE Industrial Comp	2 144	543	2 646	-	46	87
Energy Secreteriat	120 954	195 987	5 000	159 303	8 864	161 502
EU Public Buildings	4 417	-	557	-	231	4 091
EU WWTPS	3	-	-	-	-	3
S&L Project	1 847	-	1 901	-	54	-
GDID	500	-	-	-	30	530
GIZ	548	-	540	-	2	10
TIA	-	1 130	-	72	24	1 082
GIZ H2SA	-	1 116	-	68	16	1 064
	145 631	198 776	19 623	159 443	10 031	175 372

Included in Grant Repayments/Transfers/Other is the portion that relates to management fees that have become due to the entity inline with the accounting policy.

9. EMPLOYEE BENEFIT PROVISIONS

RECONCILIATION OF EMPLOYEE BENEFIT PROVISIONS - 2024	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Bonus incentives	4 761	8 954	(5 467)	-	8 248
Leave	1 942	4 283	(3 009)	-	3 216
	6 703	13 237	(8 476)	-	11 464

RECONCILIATION OF EMPLOYEE BENEFIT PROVISIONS - 2023	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Bonus incentives	4 492	5 278	(5 009)	4 761
Leave	1 973	2 415	(2 446)	1 942
	6 465	7 693	(7 455)	6 703

BONUS INCENTIVES PROVISION

The bonus provision is calculated based on the company performance, division's performance and individual's performance. Thus is at the discretion and consideration of the board, once company performance has been audited. Utilised during the year relates to the provision for the March 2022/23 financial year which was paid during the year. A provision has been raised for the March 2023/24 year.

LEAVE PROVISION

The accrual is calculated using remuneration rates effective at the reporting date based on the actual leave days. Utilised during the year relates to the leave taken and paid upon termination of employment. A provision has been raised for the March 2023/24 financial year.

10. REVENUE

	2024 R'000	2023 R'000
Services rendered: sponsorship & consultancy	13 425	9 575
Other income	116	54
Interest received- investment	17 730	10 173
Government grants and subsidies	87 741	100 696
	119 012	120 498

THE AMOUNT INCLUDED IN REVENUE ARISING FROM EXCHANGES OF GOODS OR SERVICES ARE AS FOLLOWS:

Services rendered: sponsorship & consultancy	13 425	9 575
Other income	116	54
Interest received- investment	17 730	10 173
	31 271	19 802

THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:

TRANSFER REVENUE		
Government grants and subsidies	87 741	100 696

10. REVENUE (CONTINUED)

2024
R'000

2023
R'000

NATURE OF GRANTS RECOGNISED ARE AS FOLLOWS:

GOVERNMENT GRANTS AND SUBSIDIES

MTEF allocations	81 383	81 072
Deferred income recognised	4 685	19 623
Internship programme grant funding	1 673	-
	87 741	100 695

11. EMPLOYEE RELATED COSTS

Basic	42 290	28 358
Recruitment and relocation costs	-	81
Bonus	8 954	5 278
Medical aid- company contributions	324	319
Unemployment Insurance Fund	118	102
Workman's Compensations Act	78	33
Skills Development Levy	470	329
Leave accrual	1 274	(31)
Provident and pension contributions	1 577	1 315
	55 085	35 784

DIRECTORS'REMUNERATION

Annual Remuneration	998	1 066
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For detailed breakdown of fees paid to Board members and independent members of Board sub-committees refer to note 19.

12. RESEARCH COSTS

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

Research consulting fees	57 751	35 860
Travel	6 828	1 254
Overheads	1 049	2 924
	65 628	40 038

13. GENERAL EXPENSES	2024	2023
	R'000	R'000
Administration fees	666	620
Advertising	177	726
Auditors remuneration	2 017	1 717
Bank charges	61	48
Computer expenses	6 647	4 307
Consulting and professional fees	5 821	7 122
Lease rentals	2 473	1 643
Insurance	506	363
Conferences and seminars	2 734	417
Printing and stationery	163	146
Marketing and promotional expenditure	677	157
Software expenses	-	519
Catering and entertainment	268	155
Subscriptions and membership fees	23	19
Telecommunications cost	1 333	1 174
Travel expenses	1 034	544
Employee welfare and training	1 077	520
Electricity*	-	249
Office running expenses	105	879
	25 782	21 325

*The cost of electricity is included in the lease costs for the year. The lease costs are aggregated for invoicing purposes and thus not possible to separate from the lease costs for disclosure purposes.

The Board took a decision to ramp up activities related to increasing visibility of the organisation resulting in cost increases for conferences and seminars, travel and marketing expenses.

For explanation of variances refer to Statement of Comparison of budget and Actual amounts.

14. CASH (USED IN) GENERATED FROM OPERATIONS

(Deficit) surplus	(58 958)	18 207
Adjustments for:		
Depreciation and amortisation	6 543	3 802
Gain/(loss) on sale of assets	64	(3)
Provision for doubtful debts reversal	150	-
Movements in leave provision	-	31
Movements in provisions	4 761	238
Foreign exchange gain (loss)	(56)	(64)
Foreign exchange gain (loss)	(56)	(64)
Changes in working capital:		
Receivables from exchange transactions	(6 481)	11 567
Provision for doubtful debts	(150)	-
Receivables from non-exchange transactions	(1 673)	-
Payables from exchange transactions	(1 628)	6 107
Unspent conditional grants and receipts	(10 475)	29 741
VAT	-	363
	(67 903)	69 989

15. COMMITMENTS

2024
R'000

2023
R'000

CONTRACTUAL COMMITMENTS

APPROVED AND CONTRACTED FOR

- Intangible assets, under development

-	3 752
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No new capital commitments existed at the end of the current financial year. The committed expenditure in the prior year relates to intangible assets that were under development completed in the current year, these were financed by retained surpluses, existing cash resources.

OPERATING LEASES (OFFICES) - AS LESSEE (EXPENSE)

MINIMUM LEASE PAYMENTS DUE

- within one year
- in second to fifth year inclusive

2 961	1 522
2 430	1 649
5 391	3 171

SANEDI leases one building from CEF (SOC) Ltd and another building from Tower Property Fund (Pty) Ltd. Operating lease payments represent rentals payable by the entity for its office property. Rentals are fixed for an average of three years. No contingent rent is payable.

CEF (SOC) LTD

The operating lease relates to unit 1 on the first floor of Block C, Upper Grayston Office Park, located at Erf 20, Strathavon, Sandton, that SANEDI has leased from CEF (SOC) Ltd.

The lease term is for four years, and commenced on 1 May 2021 and terminates on 30 April 2025. SANEDI has the option to renew the lease for another four years from the first day following the termination of the lease. The entity does not have an option to purchase the leased asset at the expiry of the lease period. The escalation clause was not specified and quantified in the agreement, as a result no straight-line adjustment was processed.

TOWER PROPERTY FUND (PTY) LTD

SANEDI is leasing an office under operating lease classification that relate to Office 19 of Block B, Upper Grayston Office Park, located at Erf 20 Strathavon, Sandton, from Tower Property Fund Pty Ltd. The lease term is for three years, and commenced on 1 October 2023 and terminates on 30 November 2026. SANEDI has the option to renew the lease. SANEDI does not have an option to purchase the leased asset at the expiry of the lease period.

OPERATING LESSEE (EQUIPMENT) - AS LESSEE (EXPENSE)

MINIMUM LEASE PAYMENTS

- within one year
- in second to fifth year inclusive

175	-
350	-
525	-

Operating lease relates to the lease of network printers for a three year period from Sky Metro Equipment (Pty) Ltd. The lease period is from 1 April 2024 to 31 March 2027. The entity does not have an option to purchase the leased assets at the expiry of the lease period. The lease period is not the major period of the useful life of the asset.

16. CONTINGENCIES

CONTINGENT LIABILITIES

SURPLUS FUNDS

The entity annually declares all surpluses or deficits to the National Treasury from the period 1 August to 30 September of each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

SANEDI has reported a deficit for the year ended 31 March 2024 of R58 958 000 (2023: Surplus of R18 206 000). The previously declared surpluses are fully committed and SANEDI will be submitting a request for retention of these surpluses to the National Treasury. These amounts are recorded as a contingent liability as National Treasury has the authority to decide whether the entity can retain these funds or return them. Over the years, National Treasury has approved retention of surpluses.

17. EXECUTIVE REMUNERATION

EXECUTIVE: 2024	Emoluments R'000	Allowances R'000	Leave R'000	Bonus R'000	Total R'000
Dr ZT Mathe- Chief Executive Officer	2 958	-	-	268	3 226
Ms L Manamela- Chief Financial Officer	1 841	-	-	362	2 203
Mr V Lutchman- Acting Chief Financial Officer^	-	-	-	83	83
Mr S Mngomezulu	1 533	-	-	97	1 630
Prof S Mamphweli*	1 992	-	-	89	2 081
Mr T Yusuf- Acting General Manager- (1 June 2022- 30 January 2024)*	870	28	-	261	1 159
Mr B Bredenkamp^	-	-	-	155	155
Prof P Moodley	1 722	60	-	85	1 867
Ms F Mkhacwa- Appointed 7 November 2023*	695	-	-	-	695
	11 611	88	-	1 400	13 099

*Relates to remuneration disbursed during the period served.

^These employees were paid their incentive bonuses for the previous financial year pro-rated for the period they had worked at SANEDI. The payments were only approved after financial year by the Board.

	Emoluments R'000	Allowances R'000	Bonus R'000	Total R'000
Dr ZT Mathe - Chief Executive Officer - Appointed 1 October 2022*	1 306	-	-	1 306
Ms L Manamela- Chief Financial Officer	1 660	-	464	2 124
Mr S Mngomezulu*	564	-	-	564
Mr EM Lekota*	102	-	-	102
Mr S Mhlangu*	-	-	179	179
Ms B Thabane*	37	-	-	37
Prof S Mamphweli*	434	-	-	434
Mr T Snyder- Acting General Manager*	676	40	-	716
Mr T Yusuf- Acting General Manager*	1 060	28	211	1 299
Mr B Bredenkamp*	881	-	298	1 179
Prof P Moodley*	395	15	-	410
Dr AK Surridge- Acting General Manager*	560	-	-	560
Dr M Bipath*	-	-	110	110
Mr V Lutchman- Acting Chief Financial Officer*	542	-	-	542
	8 217	83	1 262	9 562

*Relates to remuneration disbursed during the period served.

17. EXECUTIVE REMUNERATION (CONTINUED)

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.

Acting and paid periods are:

- Mr Teslim Yusuf – Acting General Manager (1 June 2022- 06 November 2023)

18. EVENTS AFTER THE REPORTING DATE

There are no subsequent events between reporting date and the date financial statements were authorised for issue, that require adjustments or disclosure in the financial statements

19. RELATED PARTIES

	2024 R'000	2023 R'000
Board Members	Refer to note 19 below	
Ultimate controlling Minister	Department of Mineral Resources and Energy (DMRE)	
Entities within sphere of government	Department of Science and Innovation Technology Innovation Agency CEF (SOC) Limited Council for GeoScience	
Members of key management	Refer to note 20	

SANEDI has entered into project agreements with other entities within the national sphere of government. Balances payable at the end of the financial year are as follows:

RELATED PARTY BALANCES

AMOUNTS INCLUDED IN PAYABLES FROM EXCHANGE TRANSACTIONS

CEF (SOC) Limited	379	1 119
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COMMITMENTS WITH RELATED PARTIES

CEF (SOC) Limited	1 860	3 171
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* Refer to note 15

DEFERRED REVENUE

Department of Science and Innovation	12 550	13 325
Technology Innovation Agency	-	108

RELATED PARTY TRANSACTIONS

REVENUE RECEIVED FROM RELATED PARTIES

Department of Mineral Resources and Energy	(81 383)	(81 072)
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PAYMENT TO (RECEIVED FROM) RELATED PARTIES

CEF (SOC) Limited	1 631	1 003
Council for GeoScience	22 000	-

19. RELATED PARTIES (CONTINUED)

	2024 R'000	2023 R'000
MANAGEMENT FEES PAID TO (RECEIVED FROM) RELATED PARTIES		
CEF (SOC) Limited	(158)	625
Department of Science and Innovation	(10 946)	(8 792)
Technology Innovation Agency	(288)	(72)

RECOVERIES

CEF (SOC) Limited	84	197
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BOARD REMUNERATION

MEMBERS OF THE BOARD: 2024

	Board Remuneration R'000	Other benefits received R'000
Mr Sicelo Xulu (Board Chairperson)	258	16
Ms Lungile Mtiya (Deputy Chairperson)	153	11
Ms Abigail Boikhutso	196	-
Ms Tumelo Mashabela	162	-
Ms Ilze Baron [^]	-	-
Dr Rebecca Maserumule [^]	-	-
Mr Jongikhaya Witi [^]	-	-
Mr Mthokozisi Mpofu [^]	-	-
Ms Noma Qase (alternate for Mr Mthokozisi Mpofu) [^]	-	-
Mr Gerhard Fourie (alternate for Ms Ilze Baron) [^]	-	-
	769	27

BOARD REMUNERATION

MEMBERS OF THE BOARD: 2024

	Board Remuneration R'000
Mr Sicelo Xulu (Board Chairperson)*	203
Ms Lungile Mtiya (Deputy Chairperson)	198
Ms Abigail Boikhutso*	149
Ms Tumelo Mashabela*	197
Ms Ilze Baron [^]	-
Dr Rebecca Maserumule [^]	-
Mr Jongikhaya Witi [^]	-
Mr Mthokozisi Mpofu [^]	-
Ms Noma Qase (alternate for Mr Mthokozisi Mpofu) [^]	-
Mr Gerhard Fourie (alternate for Ms Ilze Baron) [^]	-
	747

*Appointed 11 January 2022

[^]No emoluments were paid to these individuals members holding a prescribed office during the financial year. Other benefits received relates to per diem international travel allowances paid.

19. RELATED PARTIES (CONTINUED)

INDEPENDANT MEMBERS OF AUDIT AND RISK COMMITTEE: 2024	Remuneration R'000	Total R'000
Ms Masaccha Mbonambi (Chairperson of the Audit & Risk Committee)*	124	124
Mr Mahlatsi Movundela *	69	69
Ms Gugulethu Danisa^	36	36
	229	229

INDEPENDANT MEMBERS OF AUDIT AND RISK COMMITTEE: 2023	Remuneration R'000	Total R'000
Ms Masaccha Mbonambi (Chairperson of the Audit & Risk Committee) *	228	228
Mr Mahlatsi Movundela *	48	48
Ms Palma Yongama	43	43
	319	319

*Appointed 11 January 2022

^Appointed 1 April 2023

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure for the current year

46

-

The fruitless and wasteful expenditure relates to late payment penalty charged by SARS on VAT on imported international membership fees. The entity has implemented processes to identify and pay all VAT payments to SARS within prescribed period.

21. RISK MANAGEMENT

FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

Formalisation of a risk management framework is the responsibility of the entity and the Board of Directors.

The framework ensures:

- Efficient allocation of capital across various activities in order to maximize returns and diversification of income streams;
- Risk taking within levels acceptable to the Company as a whole.
- Efficient liquidity management and control of funding costs; and
- Improved risk management and control.

Whilst the Board is ultimately responsible for the management of risk, the Board relies on management to operate within the control structures and frameworks, established by the Board and has delegated the responsibility for implementation of the risk framework to functions within the business.

RISK MANAGEMENT STRUCTURE

The Company's risk management framework is summarized below. Key responsibilities lie with the following bodies and committees.

Board of Directors – are responsible for strategic direction, supervision and control of the entity and for defining the entity's tolerance for risk.

Internal Auditor – is responsible for assisting the Board and management in fulfilling their responsibilities by providing an objective and independent evaluation of the effectiveness of control, risk management and governance processes.

The nature of key risks to which the entity is exposed is categorized as follows: The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

21. RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Timing for cash flows vary depending on contractual obligations.

	Less than 1 year R'000
AS AT 31 MARCH 2024	
Trade and other payables	9 233

AS AT 31 MARCH 2023

Trade and other payables	8 560
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CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

	Less than 1 year R'000
AS AT 31 MARCH 2024	
Cash and cash equivalents	282 913
Receivables from exchange transactions	12 958
Receivables from non-exchange transactions	1 672

AS AT 31 MARCH 2023

Cash and cash equivalents	362 642
Trade and other receivables	6 477
	369 119

MARKET RISK

INTEREST RATE RISK

The entity has interest-bearing assets that are affected by interest rates fluctuations, these include bank and cash 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.

22. BBBEE PERFORMANCE

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

23. SEGMENT INFORMATION GENERAL INFORMATION IDENTIFICATION OF SEGMENTS

SANEDI's activities have been arranged into one reportable segment based on the overall mandated of the organisation of applied energy research, innovation and energy efficiency. Activities that are undertaken are interrelated and form part of one reportable segment.

SANEDI's activities are spread throughout the South Africa. There is participation and collaboration internally however the research activities are undertaken locally.

It is not possible to report financial information per geographical area as this information is not available.

24. PRIOR PERIOD ERRORS

During the current financial year, the entity reviewed prior period transactions. The review resulted in the following disclosure adjustments relating to 2022/23 financial year

1. RELATED PARTY TRANSACTIONS

Related party disclosure relating to Deferred income for Department of Science and Innovations was disclosed as R9 856 000 instead of R13 325 000, thus a disclosure adjustment of R3 469 000. There is no impact on the opening balances from the previous financial year as presented.

2. EMPLOYEE BENEFITS OBLIGATION

The amount relating to leave for prior year was reviewed and the review resulted in the leave additions being changed from R295 000 to R2 415 000 and the leave utilised during the year changed from R326 000 to R2 446 000.

25. ACCOUNTING BY PRINCIPALS AND AGENTS

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement is as follows:

SANEDI has entered into an agreement(s) with the Department of Science and innovation (DSI), to manage the DSI energy secretariat. Under the agreement, SANEDI is responsible for project managing and co-ordinating the activities of the secretariat, disbursement of funds on behalf of the DSI to various third parties (and implementing agencies) as directed by the DSI for the DSI's energy Flagship programmes. In return SANEDI received a management fee calculated on the bases of the funds received.

Risk of third-party exposure is managed as part of the terms and conditions of contractual arrangements entered into with third parties.

SANEDI received R234 545 000 (2023: R187 131 000) from the principal and paid over R263 148 000(2023: R150 511 000) in grants to third parties for research costs during the financial year. A total of R0.00 (2023: R3 856 000) was received on behalf of the principal.

ENTITY AS AGENT REVENUE RECOGNISED

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R10 946 000 (2023:R 8 792 000).

ADDITIONAL INFORMATION

Expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

AMOUNT OF REVENUE RECEIVED ON BEHALF OF THE PRINCIPAL DURING THE REPORTING PERIOD

	2024 R'000	2023 R'000
Interest income	8 057	8 864

AMOUNT OF EXPENSES PAID ON BEHALF OF THE PRINCIPAL DURING THE REPORTING PERIOD

Research costs	263 148	150 511
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25. ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

2024
R'000

2023
R'000

As at 31 March 2023, there are no monies due from the principal (DSI).

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

RECONCILIATION OF THE CARRYING AMOUNT OF RECEIVABLES

UNALLOCATED DEPOSITS

Opening balance	853	853
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Included in unallocated deposits is R853 000 (2023: R853 000) held on behalf of the Department of Science and Innovation for the Energy Secreteriat project.

RECONCILIATION OF THE CARRYING AMOUNT OF PAYABLES

DEFERRED INCOME

Opening balance	161 502	120 954
Cash received from the principal	234 545	195 987
Cash paid on behalf of the principal	(274 353)	(159 303)
Deferred income recognised	(2 485)	(5 000)
Interest earned	8 057	8 864
	127 266	161 502

26. CHANGES IN ACCOUNTING ESTIMATES

Transfer of functions between entities under common control occurred during the prior reporting period. Entities involved in the transfer of functions were:

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

The Minister of Energy, Honourable G Mantashe, approved the transfer of the Carbon Capture Utilisation and Storage (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 was finalised on 30 September 2020.

The originally confirmed amount of R90 000 000 was revised to R112 000 000 during the current year. The effect of this revision is an increase in the settlement cost for the current period of 2024 by R22 000 000. No impact for future reporting periods.

27. SURRENDER OF UNAPPROVED SURPLUSES

During the current financial year, a portion of the surplus application was not approved by National Treasury. The obligation to repay surplus funds is recognised as a liability on the statement of financial position. The obligation amounted to R1 300 000.



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