



MINISTRY OF ENERGY
REPUBLIC OF SOUTH AFRICA

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Memorandum from the Parliamentary Office

1207. Mr P van Dalen (DA) to ask the Minister of Energy:

With reference to the Central Energy Fund's (CEF) projection that its expenditure would increase to R117 billion in the 2014-15 financial year with a revenue of R118 billion due to Irene and other projects coming online on page 688 of her department's 2014-15 Budget Vote, (a) what is the detailed breakdown of the costs for each of the CEF's projects, (b) why did some of the specified projects not come to fruition as budgets were subsequently cut in the audited outcomes of the 2014-15 financial statements which reflected an actual revenue of R18 billion and (c) what is the detailed line item breakdown of the (i) goods and (ii) services of R115 billion allocated to the specified projects? NW1347E

Reply:

The amount stated above as *Central Energy Fund's (CEF) projection that its expenditure would increase to R117 billion in the 2014-15 financial year with a revenue of R118 billion due to Irene and other projects coming online on page 688 of her department's 2014-15 Budget Vote*, is not correct and the correct amount is stipulated below as follows:

- a) The turnover for CEF in 2014/15 was R18.5billion, cash from operations was R4.4billion and cash balance was R10billion.

- b) Project Irene did not come to fruition because it could not secure funding.

- c) Project Ikhwezi was approved by the PetroSA Board 2011 as a five-well drilling program. As at the end of the 2014/15 financial year, only 25 BcF of commercial gas reserves was expected, 10% of the initial expected gas. This then shortened the commercial life of the GTL refinery to 2017.