



MINISTRY OF ENERGY
REPUBLIC OF SOUTH AFRICA

PRIVATE BAG x 96, PRETORIA, 0001, Tel (012) 406 7658

PRIVATE BAG x 9111, CAPE TOWN, 8000 (021) 469 6412, Fax (021) 465 5980

Enquiries: Malusi.ndlovu@energy.gov.za

★26. Mr G Mackay (DA) to ask the Minister of Energy:

(a) What progress has the Nuclear Energy Corporation of South Africa made with the finalisation of their currently disputed financial statements for the 2014-15 financial year and (b) has the progress made to date been satisfactory?

Reply:

(a) As a background the main issue that impacted on the timely finalization of the 2014/15 Annual Financial Statements(AFS) was the disagreement on the accountability for decommissioning and decontamination (D&D) liabilities on past strategic nuclear operational facilities. D&D liabilities in respect of past strategic nuclear disused facilities are not an issue since as part of phase 1 of the plan that was approved by Cabinet on 23 November 2005, they are carried by the Department of Energy (DOE). In this regard the Nuclear Energy Corporation of South Africa (NECSA) renders technical services on behalf of DOE that include care and maintenance services. It was envisaged that phase 2 of the plan would deal with operational past strategic nuclear facilities in a similar fashion.

In the financial year 2013/14 an audit issue was raised for the first time by Auditor General of South Africa (AGSA) with regards to required provision for D&D liabilities. After lengthy engagements AGSA Executive facilitated a solution whereby NECSA and DOE signed an agreement that called for 36 months to conclude on all the processes required for valuation of the liabilities and Cabinet approval for phase 2 of the plan. NECSA prepared their 2013/14 AFS as per that understanding which was accepted by AGSA who signed off on the 2013/14 audited AFS and issued an unqualified audit report.

NECSA proceeded to prepare the 2014/15 AFS naturally following the 2013/14 understanding. AGSA unfortunately raised again the issue that was solved in 2013/14. The AFS were thus delayed as NECSA did not agree to being forced to accept accountability for liabilities that according to a historical understanding and legal opinion obtained were not theirs. NECSA lodged a complaint through the AGSA channels.

(b) For the 2014/15 audit year the issue was not satisfactorily resolved. The Annual Report is being reviewed by AGSA before being tabled in Parliament on a decided date as from March 2016 onwards. The DOE and NECSA will engage and resolve on the way forward before the 2015/16 audit commences so that NECSA's AFS are not affected going forward as it was the case in 2014/15 audit year.