

- **Public Administration: “efficient, economic and effective use of resources”**
 - **--Section 195 of the Constitution**
- **Budgetary processes: “promote transparency, accountability and the effective financial management of the economy, debt and the public sector”**
 - **--Section 215 (1) of the Constitution**



Parliament is required to promote effective financial management by the executive, to scrutinise and oversee executive action, but to also ensure that the proposed financial budgets are diligently examined with due regard to the national interest.



The 2013 MTBPS has confirmed the allocation of **R1,6 billion** to Necsa for the Nuclear Power Programme Cluster over the next three years along with an additional **R14.2 million** in 2013/14 to build a waste processing facility..



Necsa 2013 Strategic Plan:

Focus on developing and demonstrating nuclear fuel cycle capabilities aligned with the IRP and new nuclear build requirements

In response to expected increase in nuclear electricity production resulting from the IRP, the corporation will work to retain and increase the nuclear skills capacity in the country.



- **Earthlife Africa Jhb's Concerns**

- **1) Insufficient or inaccurate estimates of the true cost of proposed future nuclear power**
- **2) A fleet of nuclear power stations will involve a level of investment unprecedented in South Africa**
- **3) Could bind the state and future generations to its detriment and be costly to change**



- **Recommendation #1**

- **The Committee should recommend to the National Assembly that the Department of Energy complete an accurate cost analysis of proposed procurement of energy from nuclear power that takes account of all relevant information, before the funds related to this program which have been allocated to NECSA (or any other entity) are approved.**



- (i) The Department of Energy's Integrated Resource Plan 2010-2030 is inadequate as a basis of decision-making because its cost estimate for nuclear power is incomplete and outdated.
- (ii) The electricity demand estimates used in Integrated Resource Plan 2010-2030 are outdated and too high because of negative changes in the economic outlook. Overstatement of the electricity demand, together with incorrect nuclear and renewable energy costs estimates is likely to mean that the current Integrated Resource Plan is not optimal and might result in non-optimal allocation of State resources. The risk should be addressed by updating the Integrated Resource Plan.
 - (iii) Parliament is required to promote effective financial management by the executive. Given the absence of comprehensive information about the cost of the nuclear program parliament will be unable to discharge this constitutional obligation.
- (iv) Regardless of the current cost of nuclear energy, procurement of a "fleet" rather than single nuclear reactors violates the requirements of cost-effectiveness and effective financial management.



- **Recommendation #2**

- **The Committee should recommend that the Department of Energy act in a more transparent manner, providing adequate information to the public and Parliament as to its intentions and the decisions being taken regarding proposed nuclear energy procurement. Only then can Parliament properly exercise its constitutionally mandated oversight role.**



- **(i) Parliament is obligated to promote and ensure transparency in procurement, and in national, provincial and municipal budgetary processes.**
- **(ii) The Department of Energy's current procurement process for nuclear energy has not been conducted in a transparent manner. Parliament should take steps to make the process transparent, in line with its constitutional obligations outlined above.**
- **(iii) Lessons from the Arms Deal**



- **Recommendation #3**

- **The Committee should recommend that any large-scale procurement be conditional upon greater Parliamentary oversight.**
- **1) Approval of large scale energy procurement feasibility studies**
- **2) Approval of contracts**
- **3) Approvals at different stages of procurement**
- **4) Monitoring of key performance in terms of contracts**
- **5) Multi stakeholder oversight and open access to information**



- **“Nuclear energy is a minor component of the South African energy sector, contributing about 3% during 1997 of the national primary energy supply, and about 5% of the country’s electricity, but despite its small contribution the nuclear industry has been the recipient of a major portion of the Department of Minerals and Energy’s budget”**
 - **--1998 White Paper on Energy**
- *** PBMR loss: R9.4 billion as of 2011**
- *** The average employee at the NNR went home with R795,222 in 2010. The Acting CEO, Mr. G. Clapisson, a R1.36 million pay-cheque.**
- *** NECSA's core business brought in R1.1 billion in revenue (2011). NECSA's expenses were R1.62 billion. The average employee at NECSA went home with R397,000. The 2010 CEO, Rob Adams, earned R2.664 million including a R619,000 bonus.**



- “[NECSA] Expenditure increased from R1.1 billion in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 19 per cent. Expenditure on goods and services grew from R525.1 million in 2008/09 to R901.1 million in 2011/12, at an average annual rate of 19.7 per cent, due to the higher spending on outsourced services costs as a result of the advanced metal initiative project. Expenditure on consultants increased from R16 million in 2008/09 to R24.8 million in 2011/12, at an average annual rate of 15.6 per cent. Compensation of employees increased from R423.7 million in 2008/9 to R723.2 million in 2011/12, at an average annual rate of 19.5 per cent.”

- --Vote 29, E.N.E



•Thank you.

•www.earthlife.org.za

