



**NRWDI**

NATIONAL RADIOACTIVE WASTE  
DISPOSAL INSTITUTE



**ANNUAL REPORT  
2018 | 2019**



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# PART A

## GENERAL INFORMATION

# 1

## COMPANY INFORMATION

**Registered Name:** National Radioactive Waste Disposal Institute

**Physical Address:** Building X  
Elias Motsoaledi Street Extension (Church Street West)  
R104 Pelindaba  
Brits Magisterial District  
Madibeng Municipality  
North West Province  
0240

**Postal Address:** Private Bag X1  
Pretoria  
0001  
Gauteng Province

**Telephone Numbers:** 012 305 3222

**Fax Number:** 012 305 3200

**Email Address:** [info@nrwdi.org.za](mailto:info@nrwdi.org.za)

**Website:** [www.nrwdi.org.za](http://www.nrwdi.org.za)

**External Auditors:** Auditor-General of SA

**Bankers:** ABSA Bank

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## LIST OF ABBREVIATIONS/ ACRONYMS

<b>AGSA</b>	Auditor-General of South Africa
<b>ARC</b>	Audit and Risk Committee
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CISF</b>	Centralised Interim Storage Facility
<b>DoE</b>	Department of Energy
<b>DEA</b>	Department of Environmental Affairs
<b>DWS</b>	Department of Water and Sanitation
<b>Exco</b>	Executive Committee
<b>HLW</b>	High Level Waste
<b>IAEA</b>	International Atomic Energy Agency
<b>ILW</b>	Intermediate Level Waste
<b>KPI</b>	Key Performance Indicator
<b>LLW</b>	Low Level Waste
<b>MISS</b>	Minimum Information Security Standard
<b>MPRDA</b>	Mineral and Petroleum Resources Development Act
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>Necsa</b>	South African Nuclear Energy Corporation
<b>NEMA</b>	National Environmental Management Act
<b>NGO</b>	Non-governmental Organisation
<b>NNR</b>	National Nuclear Regulator
<b>NRWDI</b>	National Radioactive Waste Disposal Institute
<b>NRWDIA</b>	National Radioactive Waste Disposal Institute Act
<b>NRWID</b>	National Radioactive Waste Inventory Database
<b>NT</b>	National Treasury
<b>PFMA</b>	Public Finance Management Act
<b>PAIA</b>	Promotion of Access to Information Act
<b>Radwaste</b>	Radioactive Waste
<b>R&amp;D</b>	Research and Development
<b>RWMF</b>	Radioactive Waste Management Fund
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>SEC</b>	Social and Ethics Committee
<b>SHEQ</b>	Safety, Health, Environmental and Quality
<b>SLA</b>	Service Level Agreement
<b>SOE</b>	State-owned Entity
<b>TOC</b>	Technical and Operations Committee
<b>VPSIF</b>	Vaalputs Public Safety Information Forum





*“There is a negative perception to the perceived risk associated with radioactive waste. Compelling and comprehensive programmes, supported by appropriate levels of government funding, must be put in place to ensure the safe storage and disposal of radioactive waste, and dispel the perceived risks.”*

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## FOREWORD BY THE CHAIRPERSON

It gives me immense pleasure to present to our esteemed shareholder and all our valuable stakeholders, including the public, this 2018/19 Annual Report, which details the operations of the National Radioactive Waste Disposal Institute (NRWDI), including the report of performance by objectives and the financial report that includes the audited financial statements.

A key objective during the year was to have Vaalputs staff transferred to NRWDI. I am pleased to report that the staff were transferred in principle to NRWDI

with effect from 1 April 2018. Another achievement was the time expended by the NRWDI staff to develop the safety case for the licence application of Vaalputs, thereby executing NRWDI's policy and legislative mandate.

The Institute is in its maturing stages and has limited resources to fulfil its mandate outlined in the National Radioactive Waste Disposal Institute Act, Act No 53 of 2008 (NRWDIA). Globally the funding for radioactive waste management and disposal activities still remains a challenge and countries



have established dedicated waste management and disposal funds. A Bill to establish the Radioactive Waste Management Fund (RWMF) for the collection of levies and imposition of applicable penalties on waste generators is currently being drafted. Once the Bill has passed the legislative approval process, the Institute will be able to source funds from the RWMF for the establishment of waste disposal and related infrastructure for the long term and sustainable management and disposal of all classes of radioactive waste.

The mandate to design and implement disposal solutions for all classes of radioactive waste is a key deliverable in the medium- to long-term plans of the Institute. The realisation of this goal is, however, dependent on financial support from the government and the finalisation of the RWMF. I remain very positive that we will achieve this goal, given funding sustainability through the enactment of the RWMF.

There is a negative perception to the perceived risk associated with radioactive waste. Compelling and comprehensive programmes, supported by appropriate levels of government funding, must be put in place to demystify and educate the public about the perceived risks associated with the safe storage and disposal of radioactive waste. Public education, participation and communication activities in respect of radioactive waste management and disposal issues must be placed at the centre-stage in the ordinary course of our business.

The Vaalputs Public Safety Information Forum was held quarterly with the Vaalputs community and all stakeholders to inform, educate and empower them with regard to the safe and secure disposal of radioactive waste.

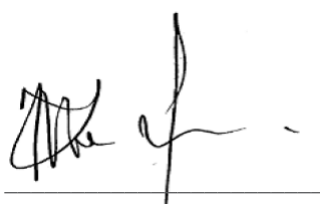
The NRWDI Board fulfilled all its fiduciary duties during the period under review and is confident

that the effectiveness and overall strength of governance controls framework within NRWDI are adequate. The NRWDI Board Charter prescribes the Board's accountability and fiduciary duties in line with standards of best practice within NRWDI's unique regulatory and legislative environment.

I am honoured and privileged to serve as Chairperson of NRWDI, a role facilitated by the invaluable leadership and judgement of all its non-executive Directors. My thanks go to my fellow Board members for the direction and collective strategic leadership they provided in their capacity as NRWDI accounting authority. To NRWDI's Executive Management and employees, thank you for your hard work, determination, professionalism, dedication and commitment shown towards realising and achieving our shared vision of operational excellence in the safe management and disposal of radioactive waste in an environmentally responsible manner. To each one of you thank you, ngiyabonga, dankie.

Finally, as the NRWDI Board, we extend our gratitude to the shareholder, the Department of Energy, for providing us with the financial security and support to ensure that the NRWDI meets its obligations during this financial year. It has been a very fulfilling and rewarding experience in spite of the challenges that confronted us.

The year ahead will be another busy year and I thank you in advance for your continued support.



**MR TSHEPO MOFOKENG**  
Chairperson: NRWDI



*“I am determined to establish our organisation (NRWDI) as a great place to work, where current and future employees are not just motivated by the importance of our mission, but by our culture, values, focus on service delivery and the difference we are making today for future generations.”*

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## CHIEF EXECUTIVE OFFICER'S OVERVIEW

### INTRODUCTION

I am deeply humbled and privileged to present to you the 2018/19 NRWDI Annual Report.

The key strategic thrust of the National Radioactive Waste Disposal Institute is to execute its legislative mandate with regard to the long-term management and disposal of radioactive waste in a technically sound, socially acceptable, environmentally responsible and economically feasible manner, which is an apex priority for Government and the Department to ensure that no undue burden is

placed on current and future generations due to our past, present and future involvement in nuclear science and technology applications.

It is therefore imperative that NRWDI must be deeply committed to deliver safe, sustainable and publicly acceptable solutions for the long-term management and disposal of all radioactive waste classes. This means never compromising on safety or security, taking full account of its social and environmental responsibilities, always seeking value for money and actively engaging with stakeholders in an open, transparent and professional manner.

NRWDI embraces King IV, which places great emphasis on ethics and values. The ICRAFT principles (integrity, competence, responsibility, accountability, fairness and transparency) are key to ensuring ethical leadership, behaviour and culture at the Institute.

## REFLECTION ON 2018/19 FINANCIAL YEAR

The 2018/19 financial year presented us with many challenges – as one would expect for a maturing state owned entity. Notwithstanding the myriad challenges, we have been able to realise great achievements, which would not have been possible, had it not been for the commitment and professionalism shown by the NRWDI Board members, management and staff.

I am pleased to report that we have obtained for two consecutive years a clean audit, which will bear testimony to the fact that an institutionalised culture of accountability, trust, honesty and responsibility prevails in NRWDI, thus demonstrating a resilient commitment towards good governance, prudent financial management, operational excellence and leadership based on the highest ethical and moral standards.

The submission of the safety case, quality management and organisational description documentation in support of NRWDI's nuclear installation licence application requesting the NNR to reissue NRWDI the nuclear installation licence that was previously issued to Necsa regarding the management and operation of the Vaalputs National Radioactive Waste Disposal Facility was a key defining moment in the history of NRWDI.

As a maturing state-owned entity, I am fully aware of the need to continually review and consistently improve the effectiveness and efficiency of NRWDI processes, with the objective always being to strive towards operational excellence. It is heartening to know our stakeholder satisfaction index is at 89.4%, which implies that our stakeholders have

confidence and trust in NRWDI to meet or exceed their expectations.

In developing a workforce that is capable of executing our mission, we have during the year under review undertaken a skills audit across the NRWDI divisions. This has helped us to gain a clearer understanding of our skills challenges and gaps, and where the opportunities lie to work more collaboratively and innovatively. NRWDI staff members continued to participate in a variety of IAEA activities, consultative meetings and expert missions. NRWDI staff members benefitted from the IAEA's Technical Co-operation Programme through their involvement in training courses, scientific visits and workshops.

## CHALLENGES EXPERIENCED DURING THE REPORTING PERIOD

NRWDI requires more funding support in order to meet and bridge the funding gap. Priority in the 2019/20 financial year will be given to the draft Bill for establishing the Radioactive Waste Management Fund (RWMF) for the collection of levies and imposition of penalties on waste generators, which is based on the "polluter-pays-principle".

Once the Radioactive Waste Management Fund Bill has been enacted, the Fund will ensure the sustainable funding of the NRWDI to execute its legislative mandate and all functional activities as per Section 5 of the NRWDI Act.

## LOOKING FORWARD

I am immensely proud and privileged to lead a team of seemingly ordinary individuals who consistently deliver extraordinary results. The year ahead will bring with it its own challenges, some carried over from the previous year and new ones. However, I am confident in our ability to meet these with a resolved determination to solve them, no matter what comes our way.

The main focus in the year ahead will be to investigate disposal solutions for all classes of radioactive waste, in particular spent nuclear fuel. Ministerial approval has recently been granted to NRWDI to embark on the establishment and operationalisation of an off-site above ground centralised interim storage facility for spent nuclear fuel.

This critical and national infrastructure project will be used as a catalyst and an enabler to forge enduring partnerships and social compacts between government, business, labour, communities and civil society that will result in job creation, skills development, inclusive growth and economic transformation in order to give impetus to the creation of a capable, ethical and developmental state that is at the cutting-edge of the Fourth Industrial Revolution.

The safety of people, protection of the environment and security of nuclear materials and information are the NRWDI's overriding priorities and dictate our approach to all activities across the group. We set clear expectations across all of our businesses for the highest performance in environment, health, safety and security that reflects both international and national standards, policies and best practices.

For current and future employees, I am determined to establish our organisation (NRWDI) as a great place to work, where current and future employees are not just motivated by the importance of our mission, but by our culture, values, focus on service delivery and the difference we are making today for future generations. It is therefore imperative that we continue to attract the brightest and most committed young people to be part of our globally recognised radioactive waste management and disposal organisation that delivers consistently extraordinary results.

## ACKNOWLEDGEMENTS

The leadership of NRWDI plays an important role in shaping and developing the organisation as a whole. First and foremost, I wish to acknowledge that the milestones for the financial year under review could not have been achieved without the

continued support and strategic guidance from the Chairperson and Directors of the NRWDI Board.

I would also like to express my deepest gratitude to the Minister of Energy, the Deputy Minister of Energy and Team Energy in the Department of Energy for their unwavering support, advice and guidance.

We live in times where the NRWDI cannot exist in isolation but is dependent on its engagement with its stakeholders. I wish to pay tribute to all NRWDI's stakeholders for their continued support. I believe that NRWDI will play an important role in stimulating the economy through the creation of businesses, and employment through the innovative technologies of safe disposal and management of radioactive waste in South Africa.

Last but not least, the success of the NRWDI is dependent on its staff, who are actually the engine of the Institute. We are privileged to have a diverse, colourful, vibrant and skilled group of people whose loyalty, dedication and service have not gone unnoticed. My sincere thanks and genuine appreciation go out to each one of you as you have been instrumental in assisting the NRWDI in meeting its objectives, thereby fulfilling its mandate.

## CONCLUSION

The long-term nature of our business means that our excellent performance during the period under review is a stepping stone for successful future years. NRWDI remains totally committed to fulfilling the vast expectations of South Africans that radioactive waste can be safely managed in a manner that meets or exceeds all applicable regulatory standards and requirements for protecting the health, safety and security of our people and the environment, both now and in the future.



**MR ALAN CAROLISSEN**

Acting Chief Executive Officer

Date: 31 July 2019

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

To the best of my knowledge, I confirm the following:  
All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.

The Annual Report is complete, accurate and free from omissions.

The Annual Report has been prepared in accordance with the guidelines on annual reports issued by National Treasury.

The annual financial statements (Part E) have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) standards applicable to the entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.



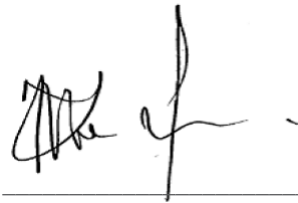
**MR ALAN CAROLISSEN**

Acting Chief Executive Officer

The Accounting Authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance on the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2019.



**MR TSHEPO MOFOKENG**

Chairperson

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## STRATEGIC OVERVIEW

### VISION

To achieve excellence in the safe management and disposal of radioactive waste in a manner that protects the environment for both current and future generations.

### MISSION

To develop and implement a management approach for the long-term care and disposal of radioactive waste that is safe, technically sound, socially acceptable, environmentally responsible and economically feasible.

### VALUES

NRWDI has adopted the following corporate values, which serve as guiding principles around which its corporate culture and actions are governed and shaped:

NRWDI requires all employees to conduct NRWDI's business activities with honesty, integrity, good judgement and in compliance with all applicable laws and regulations in the best interest of NRWDI and its stakeholders.

#### ACCOUNTABILITY

We will be fully responsible for the wise, prudent and cost-effective management of resources and to be accountable for all actions.

#### LEADERSHIP

We will demonstrate leadership in all activities.

#### EXCELLENCE

We will pursue the best available knowledge, understanding and innovative thinking in analysis, engagement processes and decision making.

#### INTEGRITY

We will conduct ourselves with openness, honesty and respect for all stakeholders.

#### ENGAGEMENT

We will promote engagement with all our stakeholders continuously.

#### PROFESSIONALISM

We will act professionally at all times.

#### TRANSPARENCY

We will conduct activities in an open and transparent manner taking into account the interests and concerns of all interested and affected parties.

# 7

## LEGISLATIVE AND OTHER MANDATES

### 7.1 CONSTITUTIONAL MANDATE

The NRWDI mandate is underpinned by Section 24(b) of the Constitution of the Republic of South Africa, Act 108 of 1996, which states that everyone has the right:

- (a) To an environment that is not harmful to their health or wellbeing; and
- (b) To have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that:
  - (i) Prevent pollution and ecological degradation;
  - (ii) Promote conservation; and
  - (iii) Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

### 7.2 LEGISLATIVE MANDATE

The management of radioactive waste disposal nationally is assigned to NRWDI, an independent entity established by statute under the provision of Section 55(2) of the Nuclear Energy Act (No 46 of 1999) to fulfil the institutional obligation of the Minister of Energy.

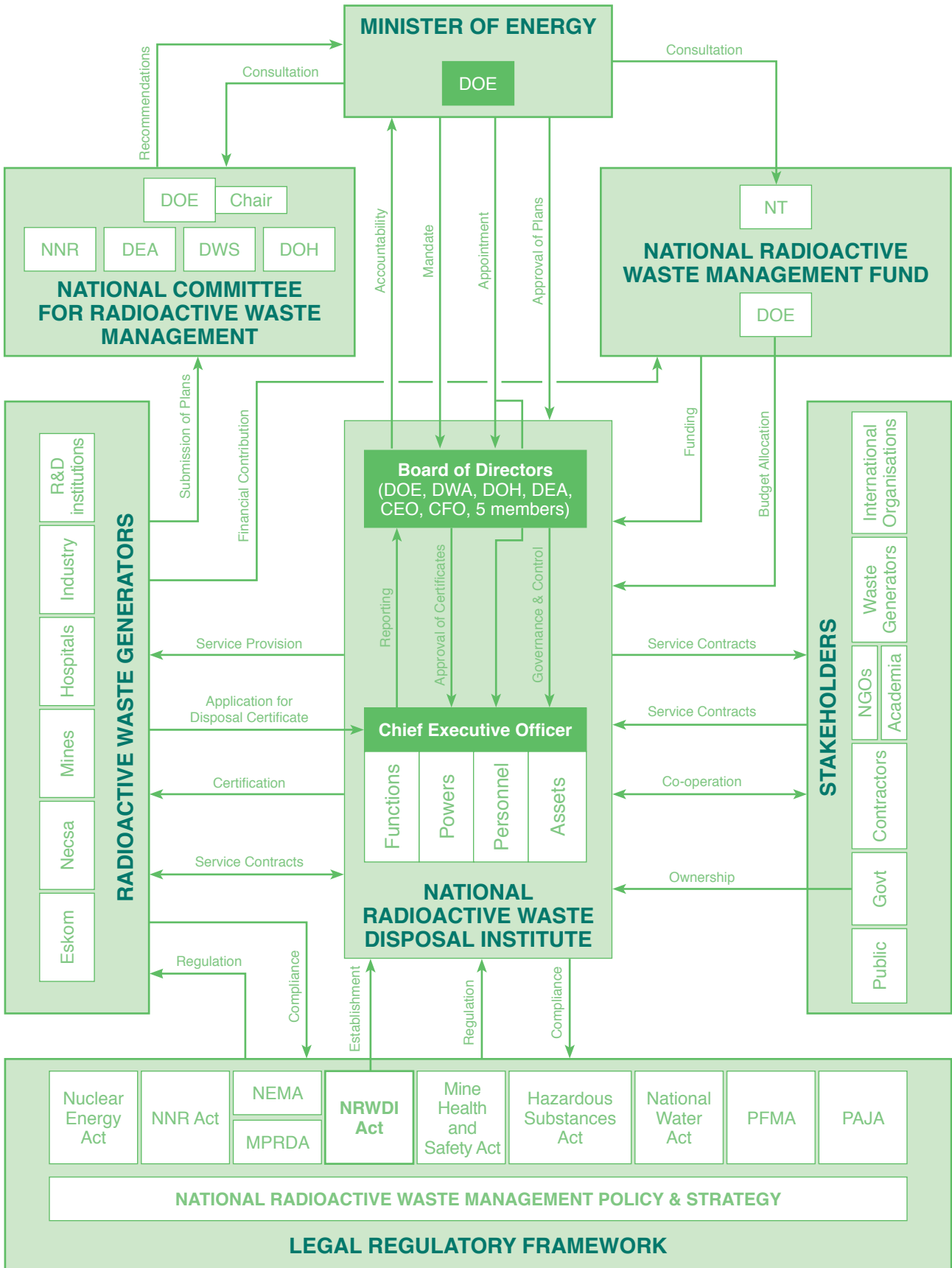
The NRWDIA was proclaimed by the President of the Republic of South Africa in Government Gazette No 32764 and the NRWDIA became effective on 1 December 2009. The NRWDIA endorsed the establishment of NRWDI.

As a public entity, NRWDI is also governed by the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and it is a Schedule 3A public entity.

To play its legislative and regulatory role and deliver its mandate, NRWDI has developed specific outcomes and strategic objectives, around which a number of strategic initiatives and ongoing operational programmes have been planned (and are being implemented) to address the organisation's responsibilities and obligations.



Figure 1: Radioactive Waste Disposal Legislative and Regulatory Framework





## 7.3 POLICY MANDATE

NRWDI is mandated to dispose of radioactive waste nationally and conduct related waste management activities. This mandate is articulated in the following policy documents:

- Radioactive Waste Management Policy and Strategy for the Republic of South Africa (2005);
- Nuclear Energy Policy and Strategy for South Africa (2008).
- National Radioactive Waste Disposal Institute Act (Act 53 of 2008).

## 7.4 FUNCTIONAL MANDATE

The functions of NRWDI as per Section 5 of the NRWDIA are summarised as follows:

- Manage radioactive waste disposal nationally;
- Operate the national low-level waste repository at Vaalputs;
- Design and implement disposal solutions for all categories of radioactive waste;
- Develop criteria for accepting and disposing of radioactive waste in compliance with regulatory safety requirements and other technical and operational requirements;
- Assess and inspect the acceptability of radioactive waste for disposal and issue radioactive waste disposal certificates;
- Manage, operate and monitor operational radioactive waste disposal facilities, including predisposal management of radioactive waste on disposal sites;
- Investigate the need for new radioactive waste disposal facilities, and site, design and construct new facilities as required;
- Define and conduct research and development to find solutions for long-term radioactive waste management;
- Maintain a national radioactive waste database and publish a report on the inventory and location of all radioactive waste in the Republic at a frequency determined by the Board of Directors;
- Manage ownerless radioactive waste on behalf of the government, including the development of radioactive waste management plans for such waste;

- Assist generators of small quantities of radioactive waste in all technical aspects of the management of such waste;
- Implement institutional control over closed repositories, including radiological monitoring and maintenance as appropriate;
- Implement assignments or directives from the Minister on radioactive waste management;
- Provide information on all aspects of radioactive waste management to the public living around radioactive waste disposal facilities and to the wider public;
- Advise nationally on radioactive waste management;
- Cooperate with any person or institution in matters falling within these functions; and
- Perform any other function necessary to achieve the objectives of NRWDI.

Most of the above functions are currently performed within the scope of low-level waste inventories. In future, the scope will be extended to address the national inventory of radioactive waste consisting of intermediate-level waste, high-level waste, long-lived waste, spent/used nuclear fuel and disused sealed radioactive sources. This implies that alternative disposal concepts will have to be researched, designed and implemented. It is also possible that alternative disposal sites will need to be obtained, characterised, constructed and operated.

## 7.5 INTERNATIONAL CONVENTIONS

The assurance of nuclear safety is reinforced by a number of international instruments. These include the Convention on Nuclear Safety, and Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, which are legally binding on participating states. South Africa, as a contracting party to these conventions, is obliged to adhere to their articles and to provide regular reports on compliance.

The Joint Convention establishes an international peer review process among contracting parties

and provides incentives for member states to improve nuclear safety in line with international best practice. One of the objectives of NRWDI is to fulfil national obligations in international nuclear instruments in management of spent nuclear fuel and radioactive waste, including disposal, to ensure that the Republic of South Africa is compliant with the articles of the Joint Convention through existing national legal and regulatory infrastructure.

The South African Joint Convention report provides information on used fuel and waste management facilities, radioactive waste inventories, ongoing decommissioning projects, used fuel and radioactive waste management safety, and imports/exports of radioactive waste (transboundary movements) and disused, sealed radioactive sources.

## 7.6 COURT RULINGS

There were no court rulings that might have had significant ongoing impact on NRWDI's operations and/or service delivery obligations. Legislative frameworks, and codes of good legal practices and resources, have been put in place to mitigate such risks.

## 7.7 PLANNED POLICY INITIATIVES

Sealed radioactive sources, including disused, sealed sources, are controlled as Group IV Hazardous Substances in terms of the Hazardous Substances Act, 1973 (Act No 15 of 1973) and are regulated by the Directorate: Radiation Control in the Department of Health.

Currently, all disused, sealed radioactive sources are temporarily stored at Necsa because the end point (i.e. final disposal) has not yet been defined in radioactive waste management plans. The disposal of all radioactive material falls within the ambit of the NNR, therefore, the regulatory framework to manage the total life cycle of sealed radioactive sources needs to be harmonised.

The safety, security and control of disused radioactive sources are high priorities and in line with international commitment to prevent radiation accidents through abuse and misuse of material, sometimes with malicious intent. NRWDI will liaise with all role-players and stakeholders to mitigate these risks by implementing sustainable disposal options (endpoints) for various categories of disused sealed radioactive sources.



# 8 ORGANISATIONAL STRUCTURE

The NRWDI is an independent juristic person established by statute under the provision of Section 55(2) of the Nuclear Energy Act to discharge the institutional obligation of the Minister of Energy to safely manage radioactive waste disposal and related waste management activities on a national basis. In this regard NRWDI operates within a well-defined framework of national legislation and international conventions. Its mandate and powers are deliberated through sections 5 and 6 of the NRWDIA.

The NRWDI's macro-organisational structure reflects the key operational functions to oversee the core operational component of the NRWDI, as well as the key support capacity for effective delivery on the NRWDI's mandate.

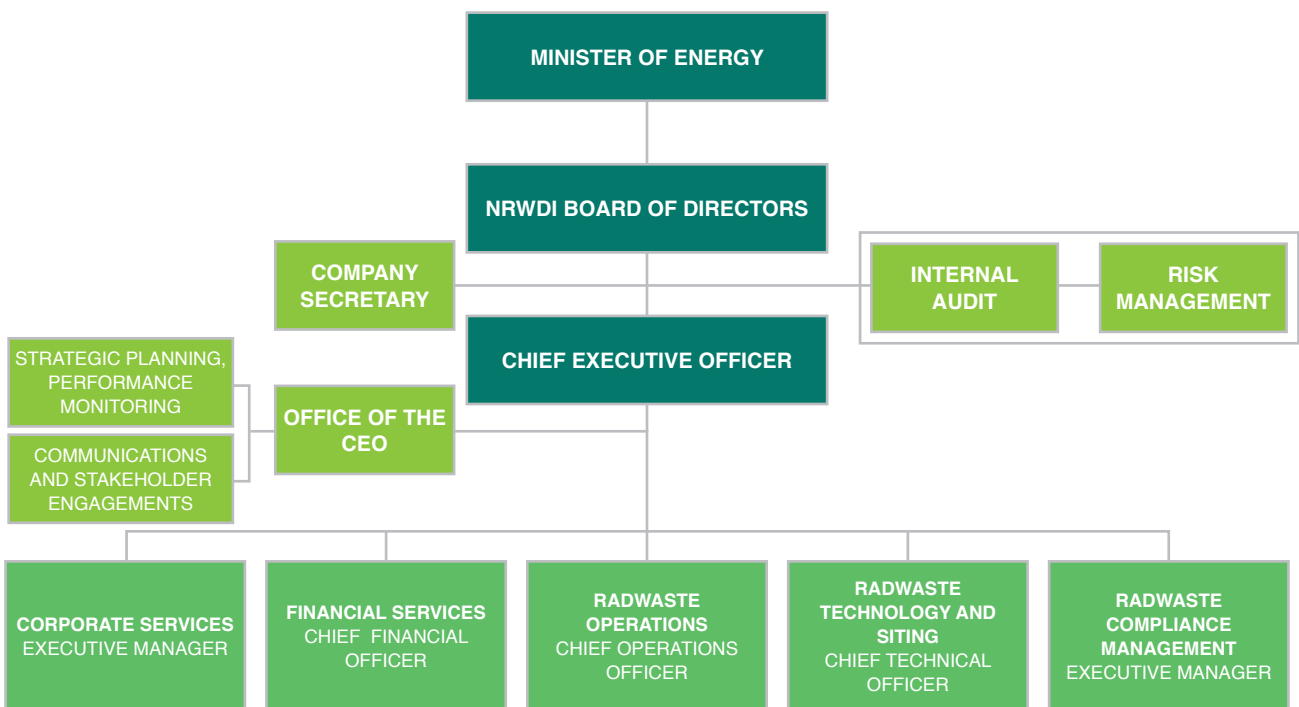
The overall staff complement for NRWDI is currently 51 staff members (i.e. 31 staff members located

at the NRWDI head office and 20 staff members located at the Vaalputs site). NRWDI plans to increase its overall staff complement gradually as its activities expand beyond LLW disposal (e.g. borehole disposal of disused sealed radioactive sources, above ground storage of spent fuel etc).

The NRWDI organisational structure is aligned to the NRWDI's strategic programmes and is configured to provide for the following (see figure 2):

- Company Secretary;
- Internal Audit;
- Risk Management;
- Office of the CEO;
- Corporate Services;
- Financial Services;
- RadWaste Operations;
- RadWaste Technology and Siting; and
- RadWaste Compliance Management.

**Figure 2: NRWDI organisational structure**



# BOARD MEMBERS



**Tshepo Mofokeng**  
Chairperson



**Luvuyo Mkontwana**  
Deputy Chairperson



**Alan Carolissen**  
Acting Chief Executive Officer



**Justin Daniel**  
Chief Financial Officer



**Mothusi Tsineng**  
Board Member



**Mbali Ndlovu**  
Board Member



**Samuel Moleko**  
Board Member



**Mark Gordon**  
Board Member



**Lerato Makgae**  
Board Member



**Jeetesh Keshaw**  
Alternate: DoE



**Ngwako Molewa**  
Company Secretary

# EXECUTIVE COMMITTEE



**Alan Carolissen**  
Acting Chief Executive Officer



**Justin Daniel**  
Chief Financial Officer



**Vusi Twala**  
Chief Technology Officer



**Cobus Beyleveld**  
Executive Manager:  
Radwaste Compliance Management



**Zweli Ndziba**  
Executive Manager:  
Corporate Services



**Anjue Hirachund**  
Senior Manager:  
Office of the CEO



**Zisanda Jalavu**  
Manager: Internal Audit  
(Duly delegated Chief Audit  
Executive)



**Ngwako Molewa**  
Company Secretary

# KPI

## PART B

### PERFORMANCE INFORMATION

# 1

# PERFORMANCE MONITORING AGAINST PREDETERMINED OBJECTIVES

Being an entity in the energy space and in its second year of operation, NRWDI strives for improved performance each year, in the quest for operational excellence, whilst maintaining high levels of governance and support to government in achieving the socio-economic objectives of its Medium-term Strategic Framework.

## 1.1 PROGRAMMES, GOALS AND OBJECTIVES

### 1.1.1 Programme 1 - Administration

Administration programme has various sub-programmes, namely the Office of the CEO, Strategic Planning and Reporting, Risk Management, Communications and Stakeholder Relations, Finance and Supply Chain Management and Corporate Services.

The Administration programme assists NRWDI to operate efficiently, effectively and in line with good corporate governance principles. The core outcome is achieved through the provision of key corporate functions under the following sub-programmes:

#### Office of CEO

Organisational Performance Management,  
Communications and Stakeholder Relations;  
Corporate Social Investment.

The Office of the CEO is established to ensure that NRWDI has processes and systems that are efficient, integrated, quality controlled and cost effective, which will enable the Institute to effectively and efficiently deliver on its mandate.

Strategic planning coordinates the translation of policy priorities agreed upon by the Board into actionable strategic plans with clear objectives,

performance measures and resource commitments. It also carries out monitoring and evaluation of the strategy as articulated in the annual performance plan and institutional operational plan to ensure that the Institute delivers on its strategic objectives and improves and sustains its performance by ensuring the enhancement of the risk management culture.

Internal Audit plays a pivotal role in the combined assurance framework by providing independent assurance over risk management and systems of internal control. In addition, the Internal Audit Manager, duly delegated as Chief Audit Executive, fulfil an enhanced role in supporting and advising Exco on decisions that may have an impact on internal controls and general audit compliance.

Communications and Stakeholder Relations aims to remove existing constraints by achieving alignment through effective stakeholder engagement and value-adding partnerships that are mutually beneficial, which will result in the Institute meeting and exceeding its strategic goals and objectives.

Corporate Social Investment intends to focus on the upliftment and development of the communities in and around NRWDI's waste disposal facility as well as the broader society to create awareness on the mandate and the responsibilities of NRWDI.

#### Finance and Supply Chain Management

Finance and Supply Chain Management ensures compliance with all relevant financial statutes and regulations, the most important in particular is the Public Finance Management Act (PFMA). It ensures that goods and services are procured taking into consideration the procurement legislation as well as with due cognisance to the principles of corporate governance.

## Corporate Services

Human Capital Management; Information and Communications Technology Management; Legal Services Management; and General Administration and Facilities Management

The Corporate Services sub-programme primarily provides integrated strategic and operational business enabling services. Legal Services is responsible for providing a comprehensive legal advisory service to enable the entity to execute its mandate effectively within the rule of law. Human Resources (HR) Management provides transformational HR support, enabling the entity to attract, develop and retain skilled people across the organisation. Information and Communication Technology (ICT) provides long-term planning and day-to-day support in respect of ICT needs, services and systems. Facilities Management ensures physical and information security. It also provides accommodation and its maintenance and servicing.

Strategic Outcome-orientated Goal	Strategic Objectives
Effective resource allocation and good governance	Improved payment system
	Highly motivated team of employees
	Good image for NRWDI
	National Radioactive Waste Management System

### 1.1.2 Programme 2 – Radwaste Operations

The aim of the programme is to provide radioactive waste disposal and related services on a national basis that is safe, technically sound, socially acceptable, environmentally responsible and economically feasible, ensuring that no undue burden is placed on future generations due to past, present and future involvement in nuclear programmes.

The future of the environment is a global agenda item and management and disposal of radioactive waste material must be carried out in such a manner that human health and the environment are protected.

The following activities are inherently part of the Radwaste Operations Division:

- Operate the national low level waste repository at Vaalputs;
- Manage, operate and monitor operational radioactive waste disposal facilities, including related predisposal management of radioactive waste on disposal sites;
- Manage ownerless radioactive waste on behalf of the Government, including the development of radioactive waste management plans for such waste;
- Provide information on all aspects of radioactive waste management to the public living around radioactive waste disposal facilities and to the public in general. In this regard NRWDI is committed to maintaining the Vaalputs Public Safety Information Forum (VPSIF) that has been established in accordance with Section 26 (4) of the National Nuclear Regulator Act (Act 47 of 1999).

Strategic Outcome-orientated Goal	Strategic Objectives
Safe management and disposal of radioactive waste	Excellence in the long-term management and disposal of all classes of radioactive waste nationally.
	National radioactive waste disposal and related services that are safe, technically sound, socially acceptable, environmentally responsible and economically feasible, ensuring that no undue burden is placed on future generations due to past, present and future involvement in nuclear energy and technology programmes.
	Provision of information on all aspects of radioactive waste management to the communities living around radioactive waste disposal facilities and the wider public.

### 1.1.3 Programme 3 – Radwaste Technology and Siting

Among the functions of NRWDI in terms of the NRWDI Act No 53 of 2008 are: (1) design and implement



disposal solutions for all classes of radioactive waste; (2) investigate the need for any new disposal facilities and site, design and construct such as may be required; and (3) conduct research and develop plans for long-term management of waste storage and disposal. The Technology and Siting Programme, therefore, has been designed to deliver on this mandate.

The aim of this programme is to develop and implement projects for safe storage and disposal of all classes of radioactive wastes, including spent nuclear fuel and disused sealed radioactive sources, on a national basis. The programme is supported by research and development (R&D) that provides input in the establishment of waste acceptance criteria and performance of safety assessments as part of the safety cases for the siting and installation of storage and disposal facilities/technologies. For adequate management purposes, the programme activities are grouped into three streams, namely technology design and installation, site selection and investigations, safety and environmental assessments, all of which are supported by R&D.

nuclear licensing regulatory requirements, relevant international standards and best practices. The programme also seeks to provide management systems and resources to discharge the obligations associated with holding a nuclear authorisation. The Radwaste Compliance Management Division provides a support function to the Institute in terms of developing and ensuring compliance with the nuclear installation licence, including the required safety, health, environment and quality management systems.

The following activities are inherently part of the Radwaste Compliance Division:

- Providing management systems, structures, capabilities and resources required to discharge the obligations and regulatory requirements associated with holding a nuclear authorisation.
- Providing a support function to the organisation in terms of developing and ensuring compliance with the nuclear installation licence, safety, health, environment, radiation protection and quality management system requirements.
- Providing an independent oversight function to ensure compliance with the above.

Strategic Outcome-oriented Goal	Strategic Objectives
Comprehensive site selection, site characterisation and design of radioactive waste disposal storage and related facilities.	Excellence in site selections and investigations for the establishment of storage and disposal facilities.
	Advanced design and construction of storage and disposal facilities.
	Efficient scientific and technical support for the development and maintenance of safety cases.
	Research and development aimed at finding solutions for long-term management and disposal of all classes of radioactive waste.

Strategic Outcome-oriented Goal	Strategic Objectives
Ensure policies and procedures are developed and effectively implemented to give effect to compliance with regulatory requirements for safety, health, environment and quality management systems.	Quality management system.
Ensure that resources (both human resources and financial) are effectively used for the development, implementation, compliance assessment, review and continual improvement of the nuclear installation licence for Vaalputs.	Nuclear installation licence.

### 1.1.4 Programme 4 – Radwaste Compliance Management

The aim of the programme is to ensure that NRWDI's core mandate (disposal of radioactive waste on a national basis) is executed in compliance with quality, health, safety, environmental and

# PERFORMANCE INFORMATION

## 1.1 Programme 1 - Administration

(Table 1)

Strategic Objective	Measure	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Target 2018/19	Reason for Variance
Improved payment system	Percentage of creditors paid within 30 days	Percentage of creditors paid	97%	100%	100%	Target achieved 100%	None
Highly motivated team of employees	Number of HR policies developed	Number of HR policies developed	5 policies developed	21 policies developed	21 policies developed and implemented	Target achieved 21 policies developed and implemented	None
Good image of NRWDI	Percentage positive feedback from stakeholder surveys	Percentage positive feedback from stakeholder surveys	No target	89.5% positive feedback from stakeholders	70% positive feedback from stakeholders	Target achieved 89.4% positive feedback from stakeholders	NRWDI has the necessary critical mass to provide expert advice to stakeholders
National Radioactive Waste Management System (RAWIS)	Documents and systems	Document detailed system design	Business requirements and URS completed	Approved business case option was executed	Develop and code system	Target achieved System developed and coded	RAWIS is operational.

## 1.2 Programme 2 - Radwaste Operations

(Table 2)

Strategic Objective	Measure	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Target 2018/19	Reason for Variance
Excellent radioactive waste management and disposal services on a national basis	Percentage of compliance rate	Percentage of compliance rate	94.3% compliance rate with the annual SHEQ audit	80% compliance rate with regards to the annual SHEQ audit	80% compliance rate with regards to the annual SHEQ audit	Target achieved 88.25% compliance rate with regards to the annual SHEQ audit	Highly qualified and vastly experienced staff to ensure compliance oversight with nuclear license
Environmentally sound management and disposal of radioactive waste	ISO 9001 and ISO 14001 certification	ISO 9001 and ISO 14001 certification	ISO 9001 and 14001 certification maintained	ISO 9001 and ISO 14001 certification maintained	Target not achieved ISO 9001 certification maintained according to new ISO 9001:2015 standard. ISO 14001 certification not maintained because recertification based on ISO 14001: 2015 new standard has not been finalised.	Target not achieved ISO 9001 certification maintained according to new ISO 9001:2015 standard. ISO 14001:2015 standard could not be completed. The Vaalputs environmental management system is ISO 14001:2015 compliant.	Due to resource constraints by the certification body, the environmental certification based on the new ISO 14001:2015 standard could not be completed. The Vaalputs environmental management system is ISO 14001:2015 compliant.
Transparent waste disposal site management	Number of meetings held (minutes)	Number of meetings held (minutes)	4 VPSIF meetings held	4 VPSIF meetings held	Target achieved 4 VPSIF meetings held	Target achieved 4 VPSIF meetings held	None

### 1.3 Programme 3 - Radwaste Technology and Siting

(Table 3)

Strategic Objective	Measure	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Target 2018/19	Reason for Variance
Excellent site selection and investigations for the establishment of storage and disposal facilities	Documents and reports	CISF siting plan Safety case Submission report to NNR	New target	CISF siting plan has not been developed	No target for 2018/19 FY Target has been removed from the 2017/18-2019/20 strategic plan via an Annexure in the 2018/19 APP	No target	CISF Steering Committee is finalising its recommendation to the Minister to grant approval in order for NRWDI to proceed with the project. The target was removed from the strategic plan and the APP for 2018/19 via an Annexure in the 2018-2019 APP. The 2018/19 APP was approved by the Executive Authority on 12 April 2018.
Advanced design and construction of storage and design facilities.	Documents and reports	Conceptual design document Detailed design document. Submission report to NNR	New target	Conceptual design has not been developed.	No target for 2018/19 FY Target has been removed from the 2017/18-2019/20 strategic plan via an Annexure in the 2018/19 APP	No target	CISF Steering Committee is finalising its recommendation to the Minister to grant approval in order for NRWDI to proceed with the project. The target was removed from the strategic plan and the APP for 2018/19 via an Annexure in the 2018-2019 APP. The 2018/19 APP was approved by the Executive Authority on 12 April 2018.
Efficient scientific and technical support for development and maintenance of safety cases	Research and development reports	Number of research and development reports	New target	1 research and development report still to be completed.	1 research and development report compiled	Target not achieved Report is still to be completed	The development of the R&D plan depends of joint agreement with stakeholders on the types of wastes to be disposed of and negotiations with waste generators in this regard are still ongoing and therefore R&D report could not be completed in this timeframe.

### 1.4 Programme 4 - Radwaste Compliance Management

(Table 4)

Strategic Objective	Measure	Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Planned Target 2018/19	Actual Target 2018/19	Reason for Variance
Quality management system	Percentage of system completed	Percentage of quality management system completed	6 elements of ISO 9001 developed	75% of the quality management system completed	100% of the quality management system completed	Target achieved 100% of the quality management system completed	None
Nuclear installation licence	Nuclear installation licence	Percentage of nuclear installation licence developed	No target	No target	50% of the nuclear installation licence developed	Target achieved 50% of the nuclear installation licence developed	None

## 2

## CHANGES IN PLANNED TARGETS

The Strategic Plan 2017/18 to 2019/20 for the National Radioactive Waste Disposal Institute (NRWDI) was approved by the Minister of Energy on 25 June 2017.

Page 51 of the Strategic Plan relates to targets of the Central Interim Storage Facility (CISF), which need to be amended based on the following:

As part of its mandate, the NRWDI is responsible for the establishment of a CISF for long-term storage of spent nuclear fuel from nuclear reactors existing in the country. The continuous accumulation of spent fuel on the nuclear reactor sites necessitates the expansion of storage capacities, resulting in increased spent fuel inventories and storage burden on the sites, which is unsustainable in the long-term.

A CISF, established away from nuclear reactors sites, would continue to provide a safe interim

solution and bridge the gap in the South African spent fuel management programme until a deep geological repository, which is an unavoidable endpoint of spent fuel management, is established and implemented. The CISF will accept and store spent fuel from current and future reactors on a national basis.

The CISF project was included in the NRWDI Strategic Plan and APP with two performance targets, namely CISF siting plan and CISF conceptual design. However, it is highly unlikely that these targets will be achieved within the Strategic Plan time framework because of funding constraints. It should be noted that the funding of the CISF will be provided from the Radioactive Waste Management Fund.

Against this backdrop, the targets for the CISF, as reflected in the 2017/18-2019/20 NRWDI Strategic Plan, have been amended as follows:

(Table 5)

	Strategic Objective	Strategic Plan Target	Medium-term Targets		
			2017/18-2019/20	2017/2018	2018/2019
1.	<b>SO 3.1</b> Excellent site selection and investigations for the establishment of storage and disposal facilities	Sites development strategy in place	No target	No target	No target
2.	<b>SO 3.2</b> Advanced design and construction of storage and disposal facilities	Operational storage facility	No target	No target	No target
3.	<b>SO 3.3</b> Efficient scientific and technical support for development and maintenance of safety cases	3 Research and development reports	1 Research and development report	1 Research and development report	1 Research and development report

## Programmes: Radwaste Technology and Siting

(Table 6)

	Strategic Objective	Strategic Plan Target	Estimated Performance	Medium-term Targets		
		2017/18-2019/20	2016/2017	2017/2018	2018/2019	2019/2020
1.	<b>SO 3.1</b> Excellent site selection and investigations for the establishment of storage and disposal facilities	Sites development strategy in place	New target	Cisf siting project plan developed	Prepare a safety case	safety case submitted to regulator
2.	<b>SO 3.2</b> Advanced design and construction of storage and disposal facilities	Operational storage facility	New target	Conceptual design developed	Detailed design developed	detailed design submitted for approval to NNR
3.	<b>SO 3.3</b> Efficient scientific and technical support for development and maintenance of safety cases	3 Research and development report	New target	1 Research and development report	1 Research and development report	1 Research and Development report

The changes were articulated in the Annual Performance Plan for 2018/19 which was approved by the Minister of Energy on 12 April 2018 and tabled in Parliament on 28 April 2018.





# PART C

## GOVERNANCE

# 1. INTRODUCTION

The governance of NRWDI is entrusted to a Board of Directors appointed in accordance with the NRWDIA, with the Minister of Energy being the Executive Authority responsible for NRWDI. The Board consists of one official each from the Department of Energy, the Department of Environmental Affairs, the Department of Water and Sanitation, the Department of Health, two officials from NRWDI (i.e. the Chief Executive Officer and Chief Financial Officer) and not more than five other non-executive directors.

The Chief Executive Officer is appointed by the Minister of Energy and is the Accounting Officer for the NRWDI. The CEO is supported by an Executive team and is responsible for ensuring that functions of NRWDI are performed in accordance with the NRWDIA and the Public Finance Management Act. The CEO holds office for a period not exceeding three years and may be reappointed upon expiry of that term of office.

The Chairman of the Board is a non-executive director. The terms of service of the executive directors are limited to their terms of service at their employers, while the elected non-executive directors rotate on a three-yearly basis in terms of the NRWDI Act.

The Board is responsible for the overall financial and non-financial performance of NRWDI and ensures that the principles of good governance are upheld. The Board fulfils its responsibility by providing strategic leadership, appointing competent management, delegating responsibilities in a structured manner, assessing strategic and annual plans, including budgets, monitoring their implementation and results, and overseeing the internal audit and risk management functions. In conducting its responsibilities, the Board looks to committees to advise on technical aspects, auditing, ethics, human resources and finance. The committees function on clearly defined mandates that set out their duties, powers and responsibilities in their charters. The Board is committed to corporate processes and ensures that NRWDI operations are

conducted ethically and in line with best practices. The Board meets at least four times a year, with additional meetings convened to consider specific issues that may arise between scheduled meetings.

There are currently two vacancies on the Board, namely representatives from the Department of Health and the Department of Water and Sanitation.

To the best of the Board's knowledge, information and belief, NRWDI complied in the period under review with legislation, policies and procedures, and codes of governance.

## Parliamentary Portfolio Committee on Energy

The 2017 - 2018 Annual Report was submitted to the Parliamentary Portfolio Committee on Energy on 26 September 2018.

## Board Charter

The Board Charter, which is reviewed annually, articulates the scope of authority, responsibility, composition and functioning of the Board. The directors retain overall responsibility and accountability for:

- reviewing NRWDI's objectives;
- reviewing strategies for achieving NRWDI's objectives;
- approving the annual budget;
- approving the annual and half-yearly financial statements, reports to shareholders and stakeholder engagements;
- reviewing the Institute's internal and external audit reports;
- reviewing the performance of and the necessity for the composition of the Board and Board committees;
- reviewing the remuneration of the directors, chairpersons, CEO and Company Secretary;
- reviewing remuneration policies and practices in general, including incentive schemes for management;
- reviewing risk assessment policies and controls, including compliance with legal and regulatory requirements. The Board Charter is closely aligned with the principles enshrined in King IV.

The Board confirms that, during the period under review, it satisfactorily discharged the duties and obligations contained in the Board Charter.

## Composition of the Board and its role

The NRWDI Board comprises 11 Board members, five of whom are independent non-executive Board members from diverse backgrounds appointed by the Minister of Energy based on experience, technical skills, qualifications and knowledge. The Minister of Energy appointed the current Board of Directors in February 2017 in line with Section 7(2) of the NRWDIA.

## The Board of Directors

(Table 7)

Director	Appointments/Resignation	Qualifications
Mr Tshepo Mofokeng (Chairman)*	Appointed as chairman 1 February 2017	CA (SA)/CIA/CRMA
Mr Luvuyo Mkontwana (Deputy Chairperson) *	Appointed as deputy chairperson 1 February 2017	BSc, Chemical Engineering, BCom, MBA
Adv Mothusi Tsineng*	Appointed 1 February 2017	LLB, Advocate
Ms Mbali Ndlovu*	Appointed 1 February 2017	LLB, Attorney, Conveyancer
Mr Samuel Moleko*	Appointed 1 February 2017	LLB, Attorney
Mr Mark Gordon+	Appointed 1 February 2017	BSc Biochemistry, MBA
Ms Lerato Makgae+	Appointed 1 February 2017	MSc-Applied Radiation Science and Technology
Mr Alan Carolissen^	Appointed 1 April 2018	BSc Chemistry & Biochemistry, MBA
Mr Justin Daniel^	Appointed 1 October 2016	B Compt

\*Non-executive director

+Nominated and appointed by the Minister

^Executive director

All NRWDI non-executive directors are appointed for a period of three years.

## Induction, training and development of Board members

A formal induction process for directors is in place. Upon appointment, directors are provided with recent Board and committee documents, information on technical, legal and governance obligations; the Institute's Board Charter, Code of Ethics, and recent reports. Directors are entitled to seek independent legal advice at the cost of NRWDI.

In the reporting year, the Institute of Directors in Southern Africa (IoDSA) membership was arranged for all Board members to ensure that members received corporate governance training. Individual Board members have full access to members of the

Exco to ensure that they develop and capacitate themselves in their areas of NRWDI responsibility.

## Delegation of authority

The Board exercises oversight authority to lead, control and manage the business of the NRWDI. Section 15 of the NRWDIA provides for the delegation of any power and assignment of any duty of the Board to its Chairperson or committee of the Board. Section 18 provides that the Chief Executive Officer (CEO) may delegate any of the powers, and assign any of the duties, attached to that office, to any employee of NRWDI. Management may delegate any work/activity to others, but shall retain responsibility for it.



NRWDI's Delegation of Authority Policy sets out the nature of delegations of authorities and stipulates authorities for entering into agreements, commitments and appropriating goods and services etc, in the course of conducting business of NRWDI.

Through a delegation of authority framework, the Board has delegated certain powers and functions to the CEO and Exco to manage the day-to-day business affairs of the NRWDI. The delegation of authority assists the CEO and Exco in decision making and meeting strategic objectives without absolving the Board of its accountability and responsibilities for the NRWDI. There are, however, some non-delegated matters reserved for approval by the Board and/or the Minister of Energy in terms of the NRWDI Act, Board Charter and delegation of authority document.

### Code of Conduct

The conduct and behaviour of Board members are regulated and controlled by the Code of Conduct, which is applicable to Board, committees and other meetings relating to the affairs of the Institute. The Code of Conduct requires members to act with the utmost good faith, honesty, professionalism and integrity in all their business connections with the Institute. The values encapsulated in the Code of

Conduct are continuously instilled through ongoing communication and training.

### Company Secretary

The Company Secretary's role is to ensure that Board procedures and all legislation and governance codes are observed, and to provide guidance to the directors on governance, compliance and their fiduciary responsibilities. All directors have unlimited access to the advice and services of the Company Secretary and are entitled to seek independent professional advice on NRWDI affairs, at NRWDI's expense, after obtaining the approval of the Chairperson.

The Company Secretary coordinates the induction programme for newly appointed directors, and the annual Board external evaluations and self-evaluations.

The Company Secretary is the gatekeeper of good governance, and an arm's length relationship exists between the two parties. The directors are able to look to the Company Secretary for guidance on their responsibilities and duties. The Company Secretary provides guidance and advice to the Board on good governance and changes in legislation.

## 2. COMMITTEES OF THE BOARD

The following Board meetings were held in the financial year under review:

(Table 8)

Member	24 May 2018	27 July 2018	24 October 2018	30 January 2019
Mr T Mofokeng	x	x	x	✓
Mr M Gordon	✓	✓	✓	x
Mr S Moleko	✓	✓	x	✓
Mr L Mkontwana	✓	✓	x	✓
Ms M Ndlovu	✓	x	✓	✓
Ms L Makgae	✓	✓	x	✓
Mr J Daniel	✓	✓	✓	✓
Mr A Carolissen	✓	✓	✓	✓

The Board has established three standing committees that are ultimately accountable to it. These committees assist the Board by focusing on specialised areas. The committees meet independently and provide feedback to the Board through the Chairperson. The roles and the representation on these sub-committees are as follows:

## Social and Ethics Committee

This committee consists of three non-executive directors and meets quarterly to consider matters such as the remuneration policy, remuneration of executive management and directors, succession planning, incentive schemes and other human resource matters. The committee also advises the Board on social and ethical; health, safety and security; environmental, and other human resources and remuneration matters. It reports to the Board in line with King IV requirements.

The number of meetings held in the period under review is reflected in the table below:

(Table 9)

Member	14 July 2018	13 September 2018	26 February 2019	Totals
Ms M Ndlovu*	✓	✓	✓	3/3
Mr T Mofokeng	✓	✓	✓	3/3
Mr M Gordon	✗	✗	✗	0/3
Adv M Tsineng	✗	✓	✗	1/3
Mr A Carolissen	✓	✓	✓	3/3
Mr J Daniel	✓	✓	✗	2/3

## Technical and Operations Committee

The duties and functions of the committee include:

- (i) reviewing the framework, policies and guidelines for radioactive waste operations, technology, research and development, and compliance management as relevant to the work of the committee; and
- (ii) reviewing and making recommendations to the Board of Directors on other technical issues that may influence the Board's decisions on the safe management and disposal of radioactive waste.

The number of meetings held in the period under review is reflected below:

(Table 10)

Member	20 July 2018	17 October 2018	22 January 2019	Totals
Ms L Makgae*	✓	✓	✓	3/3
Mr L Mkontwana	✗	✗	✓	1/3
Mr J Keshaw	✓	✗	✗	1/3
Prof J Malherbe	✓	✓	✓	3/3
Dr R Masango	✓	✗	✗	1/3
Mr A Carolissen	✓	✓	✓	3/3
Mr J Daniel	✓	✓	✓	3/3

## Audit and Risk Committee

The committee is regulated by approved terms of reference and is responsible for, inter alia, review of NRWDI's financial performance, external audit strategy and reports, internal audit function, risk management, budgets, PFMA compliance, fraud and corruption, information technology governance and monitoring of capital expenditure projects. The terms of reference are aligned with the requirements of the PFMA, Treasury Regulations and King IV.

The number of meetings held in the period under review is reflected below:

(Table 11)

Member	24 May 2018	27 July 2018	24 October 2018	30 January 2019	Totals
Mr L Mkontwana	✓	✓	✓	✓	4/4
Mr S Moleko	✓	✓	✓	✓	4/4
Ms T Zungu	✓	✓	✓	✗	3/4
Mr A Carolissen	✓	✓	✓	✓	4/4
Mr J Daniel	✓	✓	✓	✓	4/4

### 3. RISK MANAGEMENT

NRWDI acknowledges that the PFMA is very specific about risk management. Section 51(1) states that the: 'Accounting Officer must ensure that the public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control.'

Despite myriad challenges confronting the Institute and uncertainty about the appointment of a Risk Officer, a risk culture is being created. Risk and mitigation strategies are in place at a strategic level and are slowly being rolled out to operational and project levels. Strategic, operational and project risk registers will help NRWDI in its decision-making on future uncertainties, ultimately enhancing the achievement of strategic objectives and creating an enterprise risk management culture in the Institute.

This culture of risk management will be embedded across the entity and the risks and mitigation strategies associated with deliverables included in staff compacts, ensuring that the Institute is always striving for operational excellence.

The Board approved a Risk Management strategy which outlines clearly NRWDI's risk management philosophy in the context of how risk management is expected to support the achievement of objectives and also setting out the organisational appetite for risk.

### 4. INTERNAL CONTROLS

The overall control environment at NRWDI improved steadily during the year under review. The Audit and Risk Committee oversaw full implementation of the agreed management action plan proposed by the external auditor in the 2017/18 financial year. The completion of the corrective action were confirmed during the external audit process, for the period under review.

The internal audit function was established during 2018/19; whose work led to a number of ongoing improvements in the internal control system, even before year-end, with ongoing improvement in the internal control system expected in the near future as the internal audit continues its work in areas not covered in 2018/19.

## 5. INTERNAL AUDIT AND AUDIT COMMITTEES

NRWDI appointed the Manager: Internal Audit who is the duly delegated Chief Audit Executive in July 2018. An annual internal audit plan containing 12 projects was tabled and approved by the Audit and Risk Committee. The Audit and Risk Committee was satisfied that the plan represented a clear alignment with key risks and a good balance across different audit categories, namely risk-based, mandatory, performance and computer. Internal audit work conducted during the year focused on irregular expenditure, annual financial statements, asset management, risk management, management of performance information, information technology general controls, recruitment, selection and termination of employment, leave management, and research and development roadmapping. The results of these audits indicated weaknesses in the emerging control environment, which management undertook to address through a comprehensive action plan.

The Audit and Risk Committee notes that during the year under review, the internal audit function did not have full capacity to implement the approved plan. Instead, a co-sourcing agreement was entered into with an outsourced service provider, which assisted the Manager: Internal Audit in executing the plan. The internal audit function remained independent during the year and had the standing and authority within NRWDI to discharge its functions. Its effectiveness was illustrated in quarterly progress reports to the Audit and Risk Committee providing status on the implementation of the audit plan and of findings raised previously.

## 6. COMPLIANCE WITH LAWS AND REGULATIONS

In fulfilling its mandate, NRWDI aims to embed compliance with laws and regulations as an integral part of its processes and operations.

NRWDI uses the Department of Energy's compliance calendar to ensure compliance with legislated timeframes of the PFMA, Treasury Regulations and the Framework for Strategic Plans and Annual Performance Plans. As the Institute acknowledges the importance of its diverse staff, compliance is crucial with the labour legislation enforced by the Department of Labour.

NRWDI uses the National Treasury template to assess compliance with laws and regulations quarterly as part of the quarterly reporting process to the executive authority.

Attendance of various committee meetings also assists in familiarising NRWDI with laws and regulations.

## 7. FRAUD AND CORRUPTION

The Fraud Prevention Plan guides NRWDI in mitigation, control and reduction of fraud. It is a three-year plan with an action plan for each year that details mechanisms for early detection of fraud and professional investigation of offences to minimise the negative effects. This approach sends a very strong signal to would-be fraudsters of NRWDI's zero tolerance to fraud and corruption and its commitment in nurturing an ethical culture.

The plan addresses possible risks, root causes and controls in each NRWDI division. However, it is not all-encompassing and should be seen as part of a fraud prevention effort that will include partnerships with the National Prosecuting Authority, the Priority Investigations Unit of the South African Police Service and the Public Protector in the investigation of allegations of fraud and corruption and dispatch of the legal processes in the minimum time. The plan will be reviewed on an ongoing basis.

Over and above these specific initiatives, effective internal controls are and will remain the best protection against fraud, as they are, by nature, designed to protect NRWDI.

A whistleblowing policy has been drafted and discussed with executives and management. It will be tabled with the Fraud Prevention Plan for Board approval. Although at the outset, it was a priority policy, the number of comments received necessitated a rework of the document to ensure it becomes an excellent risk management tool, which would assist in creating, nurturing and shaping the organisational culture of NRWDI.

NRWDI has forged a relationship with the Public Service Commission to make use of its National Anti-corruption Hotline on a no-fee basis. Not only is the commission mandated as the custodian of good governance, but the Institute avoided incurring the exorbitant costs of a private hotline.

## 8. MINIMISING CONFLICT OF INTEREST

To minimise conflict of interest, the following mechanisms have been implemented:

- Board and executive members are required to disclose their financial interest annually as required by the Department of Energy in terms of the financial disclosure frameworks;
- All staff are required annually to disclose their financial interest;
- Consequence management is in place for non-compliance;
- A conflict of disclosure register is signed by all who attend management structures.

## 9. CODE OF ETHICS AND BUSINESS CONDUCT

A Code of Ethics and Business Conduct Policy for NRWDI was approved by the Board and brought to the attention of all staff. The policy is a guideline to the ethical behaviour expected of staff individually and in their relationships with others. Education and training of the policy is presented during induction and orientation programmes. An annual refresher session is held with all staff.

## 10. SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

NRWDI has committed itself to embrace and institutionalise a culture of operational excellence and demonstrate its commitment to safety, health and environmental management. It is imperative and non-negotiable to inculcate safety principles continually, consistently and fearlessly as part of operational activities and safety culture.

For the period under review, NRWDI staff worked 141 674 man-hours without a disabling injury. The disabling injury incident rate remains zero.

## 11. CORPORATE SOCIAL RESPONSIBILITY

As a maturing entity, NRWDI required specific strategic positioning to ensure that its services are known to stakeholders and hold appeal in the current environment. To this end, and in spite of the financial constraints experienced, NRWDI collaborated with its key stakeholders to ensure that it operates on the same level as its well-established sister entities of the Department of Energy.

Certain opportunities presented themselves during the financial year to achieve this strategic positioning. These were among the highlights of the year and included:

### Learner Focus Week

The Department of Energy hosted the Energy Learner Focus Week in Durban from 9 July to 13 July 2018. The Learner Focus Week aims to address the shortage of technical skills in the energy sector that requires interventions by both government as well as stakeholders to promote skills development among the youth. The schools that participated in the Learner Focus Week were from the inland provinces, including North West, Limpopo, Free State, Mpumalanga, Gauteng and Kwazulu-Natal as host.

It is expected that all its entities use this opportunity to showcase operations in terms of their mandates as well as to promote the career options that are available to learners.

### Establishment of the NRWDI Women In Nuclear Chapter

The launch of WINSA-NRWDI on 19 October 2018 at the Royal Elephant Hotel, Centurion, was the result of the work that began in August 2018 when the executive committee was elected.

The vision of WINSA-NRWDI is to identify and transform the role of women within the Institute by advocating advancement of women into decision-making positions.

Its mission is to offer women in NRWDI a medium to promote and encourage broad-based understanding of nuclear science and technology, specifically the field of radioactive waste management and disposal through targeted interventions, including public information programmes. These are outlined in the WINSA-NRWDI Charter, which was signed by the WINSA-NRWDI Chairperson, Tebogo Motlhabane and the Acting CEO, Alan Carolissen, at the event.

The launch kicked off with a speech from the WINSA-NRWDI Chairperson who gave a brief background of WINSA and outlined the aim for the day. She also introduced the WINSA-NRWDI Executive Committee as well as plans for the rest of the financial year.







# PART D

## HUMAN RESOURCE MANAGEMENT



# 1. INTRODUCTION

To build and maintain a workforce for mission success now and in the future, the NRWDI Human Resources Management Strategy seeks to create a competent and high-performing workforce that is excellence-driven.

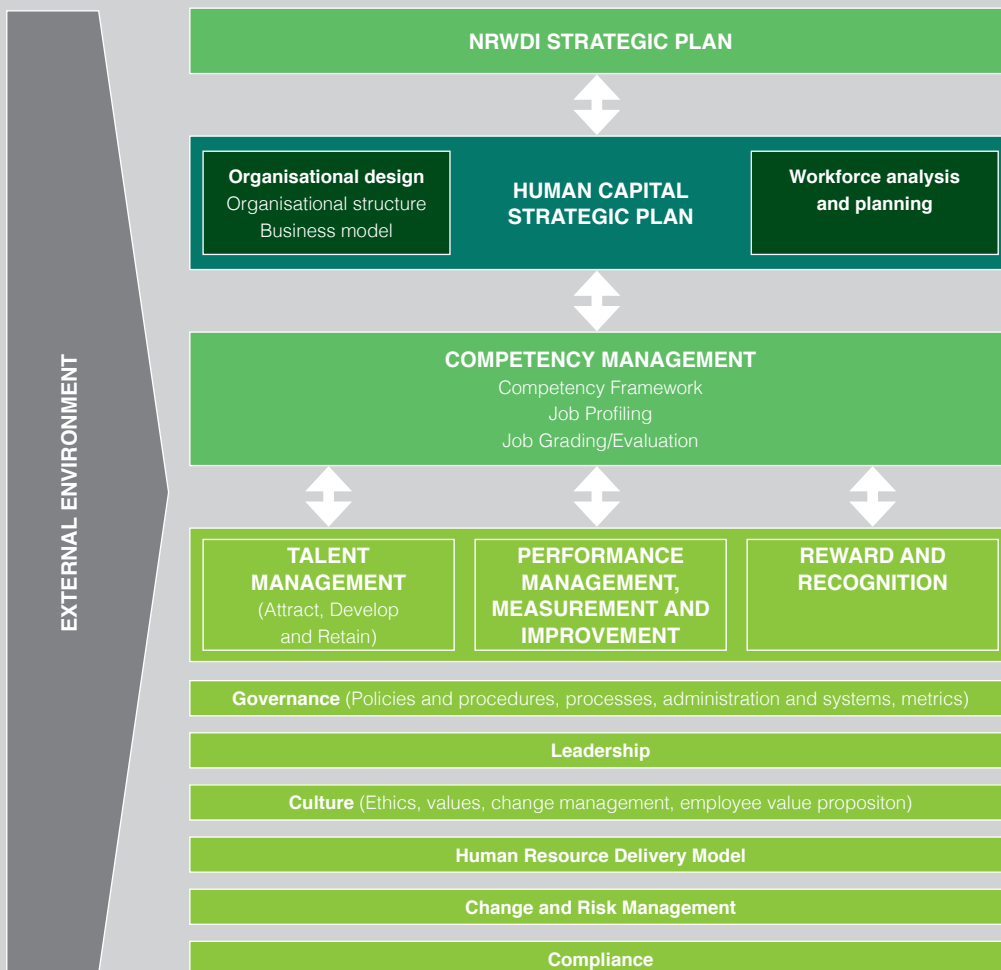
Human resources management actions are informed by the Institute’s Human Capital Strategic Plan (2017/18 to 2019/20), which clearly articulates human capital strategic focus areas to enable NRWDI to meet its business goals.

This section of the annual report highlights high-level strategic actions undertaken in the year under review and provides quantitative human resources information at 31 March 2019.

# 2. HUMAN CAPITAL MANAGEMENT

The NRWDI Human Capital Management Framework describes the operating environment for human capital management, as shown below.

Figure 4: Human Capital Management Framework



Human resources management activities are guided by the Board-approved Human Capital Strategic Plan (2017/18 to 2019/20), which contains the Human Resources Plan focused on enhancing human capital capabilities.

## 3. HUMAN CAPITAL STRATEGIC FOCUS PRIORITIES

For the year under review, the following were the key human capital strategic focus priorities:

- Building up foundational human resources governance, processes and compliance;
- Developing a Competency and Professional Skills Framework, conducting a skills audit and developing a workplace skills plan;
- Reviewing the organisational design and structure;
- Ongoing staff recruitment and selection in support of NRWDI's capacity and resource needs;
- Employment equity and diversity management;
- Automating human resources administrative processes and systems;
- Implementing sound employee/labour relations practices that are fair and in line with legal imperatives, and organisational policies and strategies.

### 3.1 Governance, processes and compliance

This year, the human resources function continued to develop and implement institutional policies, processes and systems.

### 3.2 Competency framework, skills audit and workplace skills plan

On the basis that employees need competencies specific to their jobs and job levels to perform optimally, a comprehensive Competency and Professional Skills Framework was developed. It was used to conduct a skills audit, whose outcomes informed the preparation of a workplace skills plan identifying skills gaps unveiled in individual skills gap reports.

### 3.3 Organisational design and structure

An organisational design and structure review was initiated during the period under review to support the Institute's vision and strategy for both head office and operational service delivery. The adopted organisational design and structure will create a robust link between head office structural arrangements and those of the Vaalputs waste disposal facility. Phases 1 and 2 of the project are now complete, with the remaining phases to be finalised in the 2019/20 financial year.

### 3.4 Recruitment and selection

The quality of an organisation is determined by the people it employs. During the reporting period, NRWDI recruited actively as part of its focus on talent management to meet its capacity and resource needs.

The Recruitment and Selection Policy, Employment Equity Policy and Employment Equity Plan guide all new appointments.

An internally developed online eRecruitment system has not only saved costs, but is widening the net for sourcing talent and ensuring that the organisation secures the best human fit for each job.

To minimise risk in sourcing talent, the Institute ensures that candidates are vetted in line with human resources policies and employees are assessed to determine competencies.

### 3.5 Employment equity and diversity management

NRWDI seeks to build a workforce fully representative of the demographics of South Africa, free from all forms of unfair discrimination and where diversity is a key strength in performance excellence and productivity.

Employment equity and diversity management focus seeks to provide a transformed work environment that is respectful, inclusive and supportive, and that values and uses the contributions of the workforce, and addresses disadvantages, discrimination or harassment. During the year, the Employment Equity Plan was approved by the Board, the Employment Equity and Diversity Forum was established and a diversity management survey was conducted.

### **3.6 Human resources administrative processes and systems**

The Institute developed and implemented a performance management and development system linked to strategic and operational plans to ensure individual and organisational performance.

During the period under review, a cloud-based human resources information system implementation was initiated that will automate human resources processes.

### **3.7 Employee/labour relations**

NRWDI engages regularly with the recognised union, the National Education, Health and Allied Workers' Union on matters of mutual interest, including collective bargaining on salaries and conditions of employee service.

All labour disputes at the Commission for Conciliation, Mediation and Arbitration were managed efficiently to ensure minimum liability for NRWDI.

## **4. FUTURE HUMAN RESOURCES ACTIONS**

### **4.1 Organisational culture**

As a maturing organisation, NRWDI has to develop and build an organisational culture that is conducive to high performance and constructive engagement. Following a staff opinion survey conducted during this reporting period, interventions will be implemented in the coming year to create a robust and self-sustaining organisational culture.

### **4.2 Leadership and management capacity**

NRWDI is committed to nurturing leaders and managers to enhance their performance and contribution to the efficient delivery of its mandate.

### **4.3 Wellness programmes**

An employee health and wellness programme is crucial to create and maintain a healthy organisation that is motivated and focused on performance enhancement.

### **4.4 Knowledge management**

An integrated system of all disciplines will be developed to institutionalise knowledge management and preserve NRWDI's organisational memory.

### **4.5 Training and skills development**

Based on the workplace skills plan resulting from the skills audit conducted in the year under review, targeted training and development interventions will be implemented in the upcoming financial year.

## 5. HUMAN RESOURCE OVERSIGHT STATISTICS

At 31 March 2019, NRWDI's staff complement was 31 (eight more than in the previous year). Eight staff members joined the Institute during the year and there were no terminations.

### 5.1 Personnel cost by level

(Table 12)

Employment level	Total expenditure (R'000)	% of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Top management	9,839	34.4%	5	1,968
Senior management	3,441	12%	2	1,721
Professionally qualified and experienced specialists, and middle management	10,302	36.1%	12	859
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	3,540	12.4%	7	506
Administrative/semi skilled	1,163	4.1%	3	388
Unskilled	283	1%	2	142
<b>Total</b>	<b>28,568</b>	<b>100%</b>	<b>31</b>	

### Employment and vacancies by programme

(Table 13)

*Programme	2017/18 number of employees	2018/19 approved posts	2018/19 number of employees	2018/19 vacancies	% vacancies
Administration	16	22	19	3	14%
Operations	2	2	2	0	0%
Technology and Siting	4	4	4	0	0%
Compliance	3	6	6	0	0%
<b>Total</b>	<b>25</b>	<b>34</b>	<b>31</b>	<b>3</b>	<b>9%</b>

\* Operations programme is executed through Vaalputs staff.

### 5.2 Employment and vacancies by level

(Table 14)

Employment level	2017/18 number of employees	2018/19 approved posts	2018/19 number of employees	2018/19 vacancies	% vacancies
Top management	6	6	5	1	17%
Senior management	2	2	2	0	0%
Professionally qualified and experienced specialists, and middle management	8	12	12	0	0%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	7	12	10	2	17%
Semi-skilled and discretionary decision-making	0	0	0	0	0%
Unskilled and defined decision-making	2	2	2	0	0%
<b>Total</b>	<b>25</b>	<b>34</b>	<b>31</b>	<b>3</b>	<b>9%</b>

## 5.3 Employment changes

(Table 15)

Employment level	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top management	5	0	0	5
Senior management	2	0	0	2
Professionally qualified and experienced specialists, and middle management	6	6	0	12
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	7	3	0	10
Semi-skilled and discretionary decision-making	0	0	0	0
Unskilled and defined decision-making	2	0	0	2
<b>Total</b>	<b>22</b>	<b>9</b>	<b>0</b>	<b>31</b>

## 5.4 Workforce profile/employment equity status at 31 March 2019

(Table 16)

Employment level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	1	1	1	0	0	0	0	0	0	5
Senior management	1	0	0	0	0	0	1	0	0	0	2
Professionally qualified and experienced specialists, and mid-management	1	0	0	1	7	0	2	1	0	0	12
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2	0	0	0	5	0	0	0	0	0	7
Administrative/semi-skilled	0	0	0	0	3	0		0	0	0	3
Unskilled and defined decision-making	0	0	0	0	2	0	0	0	0	1	2
Total permanent	2	0	0	1	6	0	1	0	0	0	10
Total temporary employees	4	1	1	1	11	0	2	1	0	1	21
<b>Grand total</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>17</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>31</b>

A - African, C - Coloured, I - Indian, W - White



# PART E

## AUDITED ANNUAL FINANCIAL STATEMENTS

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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## GENERAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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**Country of Incorporation and Domicile** South Africa

**Nature of Business and Principal Activities** To provide for the establishment of a National Radioactive Waste Disposal Institute in order to manage radioactive waste disposal on a national basis; to provide for its functions and for the manner in which it is to be managed; to regulate its staff

**Directors** Mr Tshepo Mofokeng  
Mr Luvuyo Mkontwana  
Ms Mbali Ndlovu  
Mr Lebohang Sam Moleko  
Advocate Mothusi Lucas Tsineng  
Ms Lerato Makgae (alternate Mr Jeetesh Keshaw)  
Mr Trevor Mark Gordon  
Mr Alan Carolissen (acting CEO)  
Mr Justin Daniel (CFO)

**Registered Office** Elias Motswaledi Street  
Madibeng District Pelindaba  
North West Province 2025

**Postal Address** Private Bag X1,  
Pretoria, 0001

**Shareholder** 012 305 3200

**Bankers:** ABSA Bank

**Auditors:** Auditor-General of South Africa



## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL RADIOACTIVE WASTE DISPOSAL INSTITUTE

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

1. I have audited the financial statements of the National Radioactive Waste Disposal Institute set out on pages 54 to 76, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Radioactive Waste Disposal Institute as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with 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 auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including

International Independence Standards) and the 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 codes.

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 Board of directors, which constitutes 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 National Radioactive Waste Disposal Institute'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.

#### Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether 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

# EXTERNAL AUDITOR'S REPORT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measure included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from

the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 - Radwaste Operations	22-24
Programme 3 - Radwaste Technology and Siting	22-27
Programme 4 - Radwaste Compliance Management	23-25

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes.
  - Programme 2 - Radwaste Operations
  - Programme 3 - Radwaste Technology and Siting
  - Programme 4 - Radwaste Compliance Management

### Other matter

15. I draw attention to the matter below.

### Achievement of planned targets

16. Refer to the annual performance report on pages 24 to 25 for information on the achievement of planned targets for the year and explanations provided for the under/over-achievement of a number of targets.

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# EXTERNAL AUDITOR'S REPORT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### OTHER INFORMATION

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

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. 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. I have nothing to report in this regard.

### INTERNAL CONTROL DEFICIENCIES

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor General*

#### **Auditor-General**

Johannesburg  
31 July 2019



## ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

### Financial statements

2. 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 by the accounting authority.
- conclude on the appropriateness of the accounting authority's 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 related to events or conditions that may cast significant doubt on the National Radioactive Waste Disposal Institute's ability 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 the 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 continuing as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting authority 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.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The directors are required, in terms of the National Radioactive Waste Disposal Institute Act, No 53 of 2008 and the PFMA, 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 their responsibility 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, in conformity with South African Statements of Generally Recognised Accounting Practice (GRAP). The external auditors are engaged to express an independent opinion on the financial statements. The financial statements fairly present the financial position, financial performance and cash flows as per the requirements of GRAP.

The annual financial statements are prepared in accordance with South African Statements of Generally Recognised Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The act sets standards for internal control aimed at reducing the risk of error or loss 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.



**MR TSHEPO MOFOKENG**  
Chairperson

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 endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The 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 loss.

The directors have reviewed the entity's cash flow forecast for the year to 31 March 2020 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 external auditors are responsible for independently reviewing and reporting on the Institute's annual financial statements. The annual financial statements have been examined by the Institute's external auditors and their report is presented in the annual financial statements on page 47.

The annual financial statements as set out on pages 54 to 76 were approved by the Board on 29 July 2019 and were signed on their behalf by:



**MR LUVUYO MKONTWANA**  
Deputy Chairperson

# DIRECTORS' REPORT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report for the year ended 31 March 2019.

## 1. Review of activities

### Main business and operations

The Institute was formed in terms of the National Radioactive Waste Disposal Institute Act, No 53 of 2008 and commenced operations on 1 April 2014.

The annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the National Radioactive Waste Disposal Institute Act, the Public Finance Management Act (PFMA) and relevant Treasury Regulations. The operating results and statement of financial position of the entity are fully set out in the attached financial statements and do not in our opinion require any further comment.

## 2. Operationalisation of the entity

The directors, having taken office during the financial year, have developed a plan to operationalise the organisation. Key among the matters attended to are the formation of the Board statutory committees, the appointment of the key staff members, the establishment of a plan to transfer the key operational activities and the preparation of the financing model for the entity.

## 3. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the entity.

## 4. Directors

The directors of the entity during the year and to the date of this report are as follows:

Current Directors	Designation	Appointed
Mr Tshepo Mofokeng (Chairperson)	Non-executive	01 February 2017
Mr Luvuyo Mkontwana (Deputy Chairperson)	Non-executive	01 February 2017
Ms Mbali Ndlovu	Non-executive	01 February 2017
Mr Lebohang Sam Moleko	Non-executive	01 February 2017
Mr Mothusi Lucas Tsineng	Non-executive	01 February 2017
Ms Lerato Makgae (alternate, Mr Jeetesh Keshaw)	Non-executive	01 February 2017
Mr Trevor Mark Gordon	Non-executive	01 February 2017
Mr Alan Carolissen	Executive (acting CEO)	01 April 2018
Mr Justin Daniel	Executive (CFO)	01 October 2016

## 5. Auditors

Auditor-General of South Africa

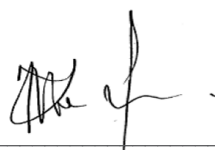
## 6. Materiality and significance framework

A materiality and significance framework has been developed for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as for significant transactions envisaged per Section 54(2) of the PFMA that require ministerial approval. The framework was finalised after consultation with the external auditors and has been formally approved by the Board.

## 7. Going concern

The directors believe that the entity has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that

the entity is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the entity. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the entity.



**MR TSHEPO MOFOKENG**

Chairperson



**MR LUVUYO MKONTWANA**

Deputy Chairperson

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# AUDIT AND RISK COMMITTEE REPORT

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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We are pleased to present our report for the financial year ended 31 March 2019.

The mandate of the Audit and Risk Committee (ARC) requires it to adhere to high-quality standards of accountability in order to ensure the quality of the financial reporting processes, control systems, risk management process and also to help maintain a high degree of integrity in both the external and internal audit processes.

## Audit and Risk Committee responsibility

The ARC reports that it has complied with its responsibilities arising from section 51(1) (a)(ii) of the PFMA and Treasury Regulation 27.1.

It also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

## Risk management

The entity has established a process for the management and monitoring of risk management. Given that the entity is in the early stages of operationalisation, the committee is set to review the risk management process, strategic register and operational risk registers and make necessary inputs and contributions.

## The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is satisfactory, with significant progress noted in the latter six months of the year.

Accordingly, we can report that the system of internal control over financial reporting for the period under review was satisfactory with noted improvements.

The committee is satisfied with the content and quality of quarterly reports prepared and issued by the accounting officer of the entity during the year under review.

## Evaluation of audited annual financial statements

### The ARC has:

- Reviewed and discussed the audited annual

financial statements to be included in the annual report, with the Auditor-General and the Board of Directors.

- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- Reviewed changes in accounting policies and practices.
- Reviewed the entity's compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit.

The committee concurs with and accepts the Auditor-General South Africa's report on the audited annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General South Africa.

## Internal audit

In line with the PFMA and the King IV Report on Corporate Governance, an Internal Audit Unit must be established in order to provide ARC and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

## Auditor-General South Africa

The committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues.

## Appreciation

The ARC expresses its sincere appreciation to the Chief Executive Officer, senior management team and the Auditor-General of South Africa for their contributions.



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**MR LUVUYO MKONTWANA**

Chairperson: Audit and Risk Committee

# STATEMENT OF FINANCIAL POSITION

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Note(s)	R	R
<b>Assets</b>			
<b>Current assets</b>			
Receivables from exchange transactions	6	297,614	205,473
Cash and cash equivalents	7	20,154,470	7,651,113
		20,452,085	7,856,585
<b>Non-current assets</b>			
Property, plant and equipment	4	2,101,815	1,678,055
Intangible assets	5	1,052,361	636,687
		3,154,176	2,314,742
<b>Total assets</b>		<b>23,606,261</b>	<b>10,171,327</b>
<b>Current liabilities</b>			
Payables from exchange transactions	8	5,980,010	5,245,970
Provisions	9	4,231,340	2,170,358
		10,211,350	7,416,328
<b>Non-current liabilities</b>		0	0
<b>Total liabilities</b>		<b>10,211,350</b>	<b>7,416,328</b>
<b>Net assets</b>		<b>13,394,911</b>	<b>2,754,999</b>
Accumulated surplus		13,394,911	2,754,999



# STATEMENT OF FINANCIAL PERFORMANCE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Note(s)	R	R
<b>Revenue from non-exchange transactions</b>			
Government grants	9	45,532,000	30,000,000
<b>Revenue from exchange transactions</b>			
Commission received		905	520
Interest received		1,907,127	1,210,174
		47,440,032	31,210,694
<b>Expenditure</b>			
Advertising		226,779	71,667
Audit fees		531,791	782,174
Bank charges		21,856	48,358
Banners		45,373	16,074
Cleaning services		28,814	0
Consulting fees		0	3,850
Consumables		136,763	96,867
Contracted-out services		1,100,030	278,907
Depreciation/amortisation		492,163	266,808
Directors' emoluments	12	202,887	324,268
Electronic office equipment		378,458	265,212
Entertainment		28,740	23,190
Financing costs		0	3
Lease rental on operating lease		782,774	724,320
Legal expenses		31,865	53,010
Licences		100,500	23,224
Loss on disposal of assets		11,456	0
Membership fees		25,714	9,395
Newspapers		0	2,945
PC software		0	15,732
Postal costs		8,757	13,189
Printing and stationery		167,825	260,441
Repairs and maintenance		39,371	4,088
Salaries		31,105,126	26,191,896
Security services		1,798	0
Telecommunication		227,646	173,982
Training		67,106	10,631
Travel – local		504,165	447,979
Travel – overseas		436,312	138,846
Workshops and conferences		96,050	72,863
		<b>36,800,120</b>	<b>30,319,920</b>
<b>Surplus/(deficit) for the year</b>		<b>10,639,912</b>	<b>890,774</b>

# STATEMENT OF CHANGES IN NET ASSETS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	Accumulated Surplus R	Total Net Assets R
<b>Balance at 1 April 2017</b>	1,864,225	1,864,225
<b>Total comprehensive income for the year</b>		
Surplus for the year	890,774	890,774
<b>Total comprehensive income for the year</b>	890,774	890,774
<b>Balance at 31 March 2018</b>	<b>2,754,999</b>	<b>2,754,999</b>
<b>Balance at 1 April 2018</b>	2,754,999	2,754,999
<b>Total comprehensive income for the year</b>		
Surplus for the year	10,639,912	10,639,912
<b>Total comprehensive income for the year</b>	10,639,912	10,639,912
<b>Balance at 31 March 2019</b>	<b>13,394,911</b>	<b>13,394,911</b>

# STATEMENT OF CASH FLOWS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Note(s)	R	R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grant		45,532,000	30,000,000
Interest income		1,907,127	1,210,174
Other income		905	520
		47,440,032	31,210,694
<b>Payments</b>			
Compensation of employees		31,308,013	26,516,164
Goods and services		2,285,608	2,607,107
		33,593,621	29,123,271
<b>Net cash flows from operating activities</b>	22	<b>13,846,411</b>	<b>2,087,423</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(806,009)	(757,235)
Purchase of intangible assets	5	(537,045)	(666,841)
<b>Net cash flows from investing activities</b>		<b>(1,343,054)</b>	<b>(1,424,075)</b>
<b>Net cash flows from financing activities</b>			
Net increase/(decrease) in cash equivalents		12,503,357	663,348
Cash and cash equivalents at beginning of the year		7,651,113	6,987,765
<b>Cash and cash equivalents at end of the year</b>	7	<b>20,154,470</b>	<b>7,651,113</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Budget on accrual basis

	Approved budget	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Note(s)
	R	R	R	R	
<b>Income</b>					
Government grants	45,532,000	45,532,000	45,532,000	0	
Commission received	0	0	905	905	
Interest received	1,415,841	1,415,841	1,907,127	491,286	
<b>Total revenue</b>	<b>46,947,841</b>	<b>46,947,841</b>	<b>47,440,032</b>	<b>492,191</b>	
<b>Expenditure</b>					
Personnel expenses	35,433,201	35,433,201	31,308,014	4,125,187	22.1
Personnel-related expenses	1,625,000	1,625,000	280,158	1,344,842	
Travel and subsistence	1,200,000	1,200,000	940,477	259,523	
General expenses	5,477,640	5,477,640	3,739,937	1,737,703	22.2
Operating material	2,850,000	2,850,000	0	2,850,000	22.3
Repairs and maintenance	33,000	33,000	39,371	(6,371)	
Depreciation/amortisation	329,000	329,000	492,163	(163,163)	22.4
<b>Total expenditure</b>	<b>46,947,841</b>	<b>46,947,841</b>	<b>36,800,120</b>	<b>10,147,721</b>	
<b>Surplus/(deficit) for the year</b>	<b>0</b>	<b>0</b>	<b>10,639,912</b>	<b>10,639,912</b>	
<b>Actual amount on comparable basis as presented in the budget and actual comparative statement</b>			<b>10,639,912</b>	<b>10,639,912</b>	

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ACCOUNTING POLICIES

### 1. General information

The annual financial statements have been prepared in accordance with the effective South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (PFMA) (Act No 1 of 1999).

### 2. Basis of preparation

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The annual financial statements have been prepared on the going concern basis. All accounting policies have been consistently applied to all the periods presented.

The preparation of financial statements in conformity with SA Standards of GRAP requires the use of certain critical financial accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

A summary of significant accounting policies is set out below.

### 3. Summary of significant accounting policies

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3.1 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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:

- Computer equipment 5 years
- Furniture and fittings 10 years
- Machinery and equipment 5 – 10 years
- Office equipment 5 – 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss 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.

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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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## 3.2 Intangible assets

An asset is identifiable if it either is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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.

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.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

- Computer software and licences 5 years

## 3.3 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### Operating leases – lessee

Lease payments under an operating lease shall be recognised as an expense in the statement of financial performance on a straight-line basis over the lease term unless another systematic basis is more representative.

## 3.4 Commitments

Commitments represent the orders issued to the suppliers that have been approved, but where no delivery has taken place as at year end. Commitments are not recognised in the statement of financial position as a liability or asset but are included in the disclosure notes.

## 3.5 Tax expenses

No provision has been made for taxation, as the entity is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act No 58 of 1962). The National Radioactive Waste Disposal Institute is a Schedule 3A entity and therefore VAT exempted.

## 3.6 Revenue recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and represents

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

the amounts receivable for services provided in the normal course of business.

## Revenue from exchange transactions

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished and directly gives approximate equal value primarily in the form of goods, services or use of assets or services to the other party in exchange. Revenue from exchange transactions is comprised of regulated and non-regulated commercial revenue. Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the interest rate applicable.

Project income received is recognised together with the respective expenses in the statement of financial performance.

## Revenue from non-exchange transactions

Revenue from non-exchange transactions is comprised of government grants. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

## Recognition

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.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction. Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the entity has complied with the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

## Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity. When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

In these financial statements, surplus is used instead of profit as the entity is not profit driven, yet could generate surplus revenue over costs.

## 3.7 Fruitless and wasteful expenditure and irregular expenditure

Fruitless and wasteful expenditure means expenditure incurred in vain that could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and when recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Unauthorised expenditure is an overspending of the budget or expenditure that is not in accordance with the purpose of the budget.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including:

- The Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999);
- The State Tender Board Act, 1968 (Act No 86 of 1968); or any regulation made in terms of the Act;
- The National Radioactive Waste Disposal Institute Act, No 53 of 2008.

All unauthorised, irregular, fruitless or wasteful expenditure is charged against surplus or deficit in the period it was incurred.

## 3.8 Provisions and contingencies

### Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

### Contingent liability

A possible obligation that arises from past events and whose existence will be confirmed by the

occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the notes to the annual financial statements.

### Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

Contingent assets are not recognised but disclosed in the notes to the annual financial statements.

## 3.9 Financial instruments

### Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Regular purchases and sales of investments are recognised on trade-date, i.e. the date on which the entity commits to purchase or sell the asset.

### Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with



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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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gains and losses arising from changes in fair value being included in profit or loss for the period.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

## **Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

## **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

## **3.10 Loans to shareholders, directors, managers and employees**

These financial assets are classified as loans and receivables.

## **3.11 Related parties**

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

Only transactions not within the normal supplier and/or client/recipient relationship 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 where terms and conditions not within the normal operating parameters established by the reporting entity's legal mandate are disclosed.

## **3.12 Trade and other receivables**

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other receivables (excluding prepayments, deposits and VAT receivable) are classified as loans and receivables.

## **3.13 Trade and other payables**

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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## 3.14 Standards and interpretations effective and adopted in the current year

The following standards have been approved but are not yet effective and the Institute has not applied any of these standards. The impact of these standards on NRWDI when they do become effective is as follows:

- GRAP 17: Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset – unlikely to have an Impact on NRWDI.
- GRAP 18: Segment Reporting - GRAP 18 is unlikely to have an impact on NRWDI when it does become applicable because there are no activities in NRWDI that are distinguishable from each other therefore it would not be appropriate to separately report financial information per segment since there are no distinguishable segments.
- GRAP 20: Related Party Disclosures – likely to have an Impact on NRWDI
- GRAP 32: Service Concession Arrangements – unlikely to have an Impact on NRWDI
- GRAP 34: Separate Financial Statements – unlikely to have an Impact on NRWDI
- GRAP 35: Consolidated Financial Statements – unlikely to have an Impact on NRWDI
- GRAP 36: Investments in Associates and Joint Ventures – unlikely to have an Impact on NRWDI
- GRAP 37: Joint Arrangements – unlikely to have an Impact on NRWDI
- GRAP 38: Disclosure of Interests on other Entities – unlikely to have an Impact on NRWDI
- GRAP 105: Transfers of Functions between Entities Under Common Control – unlikely to have an impact on NRWDI
- GRAP 106: Transfers of Functions between Entities Not Under Common Control – unlikely to have an impact on NRWDI
- GRAP 107: Mergers – unlikely to have an Impact on NRWDI
- GRAP 108: Statutory Receivables – unlikely to have an Impact on NRWDI
- GRAP 109: Accounting by Principals and Agents – unlikely to have an Impact on NRWDI
- GRAP 110: Living and Non-Living Resources – unlikely to have an Impact on NRWDI

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 4. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	R	R	R	R	R	R
<i>Owned assets</i>						
Machinery and equipment	12,015	(3,383)	8,632	12015	(980)	11,035
Office equipment furniture and fittings*	1,502,737	(349,714)	1,153,023	1,194,912	(200,444)	994,468
IT equipment	1,296,276	(356,116)	940,161	816,102	(143,549)	672,553
	<b>2,811,028</b>	<b>(709,212)</b>	<b>2,101,815</b>	<b>2,023,029</b>	<b>(344,973)</b>	<b>1,678,055</b>

\* Included assets-in-progress of R4,299

### Reconciliation of property, plant and equipment:

	2019				
	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	R	R	R	R	R
<i>Owned assets</i>					
Machinery and equipment	11,035	0	0	(2,403)	8,632
Office equipment furniture and fittings*	994,468	307,825	0	(149,270)	1,153,023
IT equipment	672,552	498,185	(11,456)	(219,120)	940,160
	<b>1,678,055</b>	<b>806,009</b>	<b>(11,456)</b>	<b>(370,793)</b>	<b>2,101,815</b>

\* Included assets-in-progress of R4,299

	2018			
	Carrying value at beginning of year	Additions	Depreciation	Carrying value at end of year
	R	R	R	R
<i>Owned assets</i>				
Machinery and equipment	3480	8,535	(980)	11,035
Office equipment furniture and fittings	1,104,806	14,760	(125,098)	994,468
IT equipment	49,188	733,939	(110,575)	672,552
	<b>1,157,474</b>	<b>757,235</b>	<b>(236,654)</b>	<b>1,678,055</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 5. Intangible assets

	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R	R	R	R	R	R
Software **	464,850	(48,833)	<b>416,016</b>	82,223	(13,704)	68,519
Licences	739,036	(102,691)	<b>636,345</b>	584,618	(16,450)	568,168
	<b>1,203,886</b>	<b>(151,525)</b>	<b>1,052,361</b>	<b>666,841</b>	<b>(30,154)</b>	<b>636,687</b>

\*\* Included assets-in-progress of R252,047

### Reconciliation of intangible assets:

	2019			
	Carrying value at beginning of year	Additions	Amortisation	Carrying value at end of year
	R	R	R	R
Assets: software **	68,519	382,627	(35,129)	416,016
Assets: licences	568,168	154,418	(86,241)	636,345
	<b>636,687</b>	<b>537,045</b>	<b>(121,371)</b>	<b>1,052,361</b>

\*\* Included assets-in-progress of R252,047

	2018			
	Carrying value at beginning of year	Additions	Amortisation	Carrying value at end of year
	R	R	R	R
Software	0	82,223	(13,704)	68,519
Licences	0	584,618	(16,450)	568,168
	<b>0</b>	<b>666,841</b>	<b>(30,154)</b>	<b>636,687</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 6. Trade and other receivables

	2019	2018
	R	R
Trade receivables	5,111,947	5,111,947
Deposits	141,571	141,571
Prepayments	29,849	18,392
Other receivables	126,194	45,510
Sundry debtors	19,656	19,656
Sub-total	5,429,218	5,337,076
Less: provision for impairment	(5,131,603)	(5,131,603)
<b>Total</b>	<b>297,615</b>	<b>205,473</b>

### Trade and other receivables impaired

As of 31 March 2017, trade and other receivables of R5,131,603 was past due and provided for possible impairment. These amounts were fully provided for due to the uncertainty of their recoverability. The matter was still in progress as at the end of the financial year under review.

### Reconciliation of provision for impairment of trade receivables

Opening balance	5,131,603	5,131,603
Provision for impairment	0	0
Written-off as uncollectable	0	0
Closing balance	5,131,603	5,131,603

## 7. Cash and cash equivalents

### Favourable cash balances

Cash and cash equivalents	20,154,470	7,651,113
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## 8. Trade and other payables

Trade payables	4,884,495	4,666,464
Trade payable accruals	550,266	121,413
Employee benefit accruals	545,249	458,093
	5,980,010	5,245,970

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 9. Provisions

	2019	2018
	R	R
Leave provision	1,591,026	993,741
Incentive bonus provision	2,640,314	1,176,617
	4,231,340	2,170,358

### Reconciliation of provisions – 2019

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Annual leave	993,741	597,285			1,591,026
Incentive bonus provision	1,176,617	2,640,313	(1,072,737)	(103,880)	2,640,313
	2,170,358	3,237,599	(1,072,737)	(103,880)	4,231,340

### Reconciliation of provisions – 2018

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Annual leave	637,657	356,084			993,741
Incentive bonus provision	0	1,176,617	0	0	1,176,617
	637,657	1,532,701	0	0	2,170,358

## 10. Government grants

	2019	2018
	R	R
Unconditional government grants	45,532,000	30,000,000

The funds of the entity consist of money appropriated by Parliament through National Treasury.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 11. Operating surplus

Operating surplus is arrived at after taking into account the following items:

	2019	2018
	R	R
<b>Depreciation/amortisation and impairments</b>		
Owned assets		
Office furniture and equipment	149,270	125,098
IT equipment	219,120	110,575
Machinery and equipment	2,403	980
Software and licences	121,371	30,154
	<b>492,163</b>	<b>266,808</b>
<b>Employee costs</b>	<b>31,105,126</b>	<b>26,191,896</b>
<b>Operating lease charges</b>		
Premises	<b>782,774</b>	<b>724,320</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 12. Directors' emoluments

	2019			
	Running Cost *	Company Contribution	Remuneration	Total
	R	R	R	R
<b>Non-executive</b>				
Mr Tshepo Mofokeng (Chairperson)	5,254	1,938	93,474	100,665
Ms Mbali Ndlovu	0	996	36,324	37,320
Mr Lebohang Sam Moleko	6,311	960	31,428	38,699
	11,565	3,893	161,226	176,684
<b>Committee members</b>				
Prof Johan Malherbe	0	493	18,333	18,826
Ms Thandeka Zungu	1,225	607	18,333	20,165
	1,225	1,100	36,666	38,991
<b>Total</b>	<b>12,790</b>	<b>4,994</b>	<b>197,892</b>	<b>215,676</b>

	2018			
	Running Cost *	Company Contribution	Remuneration	Total
	R	R	R	R
<b>Non-executive</b>				
Mr Tshepo Mofokeng (Chairperson)	6,317	3,028	162,456	171,800
Ms Mbali Ndlovu	0	1,546	83,822	85,368
Mr Lebohang Sam Moleko	0	1,176	47,410	48,586
	6,317	5,750	293,688	305,755
<b>Committee members</b>				
Prof Johan Malherbe	0	0	9,932	9,932
Ms Thandeka Zungu	0	0	14,898	14,898
	0	0	24,830	24,830
<b>Total</b>	<b>6,317</b>	<b>5,750</b>	<b>318,518</b>	<b>330,585</b>

\* Running cost forms part of the total directors' emoluments, is excluded from directors' remuneration and is disclosed under subsistence and travel



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 13. Key management personnel

	2019					
	Retirement fund contribution	Other company contribution	Allowance	Incentive bonus	Salary	Total
	R	R	R	R	R	R
Mr Cobus Beyleveld	222,453	23,016	0	71,550	1,290,829	1,607,848
Mr Alan Carolissen	320,143	29,151	0	90,100	1,882,516	2,321,910
Mr Justin Daniel	225,984	25,917	0	84,800	1,567,536	1,904,237
Ms Anjue Hirachund	254,574	23,780	2,597	76,850	1,383,471	1,741,272
Mr Zweli Ndziba	167,018	27,168	10,788	87,450	1,683,751	1,976,175
Dr Vusi Twala	247,169	27,629	15,068	92,750	1,716,271	2,098,888
	<b>1,437,341</b>	<b>156,662</b>	<b>28,454</b>	<b>503,500</b>	<b>9,524,374</b>	<b>11,650,331</b>

	2018					
	Retirement fund contribution	Other company contribution	Allowance		Salary	Total
	R	R	R		R	R
Dr Wolsey Barnard	392,666	28,035	0		1,687,874	2,108,575
Mr Cobus Beyleveld	210,357	23,152	0		1,220,643	1,454,152
Mr Alan Carolissen	302,735	26,223	0		1,501,531	1,830,490
Mr Justin Daniel	213,696	25,543	0		1,482,304	1,721,543
Ms Anjue Hirachund	225,938	24,372	2,597		1,312,753	1,565,661
Mr Zweli Ndziba	165,282	26,608	10,788		1,576,486	1,779,164
Dr Vusi Twala	233,730	27,555	15,068		1,623,020	1,899,373
	<b>1,744,404</b>	<b>181,490</b>	<b>28,454</b>		<b>10,404,611</b>	<b>12,358,959</b>

\*Mr Alan Carolissen (Acting CEO) and Mr Justin Daniel (CFO) serve as executive directors on the NRWDI Board of Directors.

## 14. Events after the reporting period

Management is not aware of any matter or circumstance arising since the end of the financial period that has a material impact on the entity.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 15. Related party transactions

The following is a summary of transactions with related parties during the year and balances due at year end

		2019	2018
		R	R
<b>Name</b>	<b>Relationship</b>		
<b>Department of Energy</b>	<b>Controlling entity</b>		
Grant received		45,532,000	30,000,000
<b>NECSA</b>	<b>Fellow subsidiary</b>		
Services received*		4,615,593	3,562,695
Trade and other receivables – waste disposal contract**		5,111,947	5,111,947
Provision for impairment		(5,111,947)	(5,111,947)
Trade and other payables – year-end balance		4,574,740	4,666,464

\* The increases in services from Necsa are largely attributed to payment of office rental and ICT-related costs, as well as procurement of goods and services performed by Necsa for NRWDI in the 2018/19 financial year.

\*\* As at 31 March 2017, this amount was past due and provided for possible impairment due to recoverability uncertainty.

## 16. Financial instruments

The entity has classified its financial assets in the following categories:

	Fair value through profit/loss (held for trading)	Held-to-maturity investments	Loans, receivables and payables	Available-for-sale financial assets	Total
	R	R	R	R	R
<b>2019</b>					
<b>Non-current financial assets</b>	0	0	0	0	0
<b>Current financial assets</b>					
Cash and cash equivalents	0	0	20,154,470	0	<b>20,154,470</b>
<b>Non-current financial liabilities</b>	0	0	0	0	0
<b>Current financial liabilities</b>					
Payables from exchange transaction	0	0	5,434,761	0	<b>5,434,761</b>
<b>2018</b>					
<b>Non-current financial assets</b>	0	0	0	0	0
<b>Current financial assets</b>					
Cash and cash equivalents	0	0	7,651,113	0	<b>7,651,113</b>
<b>Non-current financial liabilities</b>	0	0	0	0	0
<b>Current financial liabilities</b>					
Payables from exchange transaction	0	0	4,787,877	0	<b>4,787,877</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 16.1 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity deposits cash only with major banks with high quality credit standing and limits exposure to any one counterparty. The entity did not have any financial assets exposed to significant credit risk at year end.

## 16.2 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.

## 16.3 Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

## 17. Commitments

There are no commitments to any external parties for potential obligations of the entity, except for payments to NECSA on behalf of suppliers and the following lease commitment held with NECSA.

	2019	2018
	R	R
<b>Lease commitments</b>		
Operating leases	812,130	777,157
Other commitments		
Capital commitments	8,746	424,770
Operational commitments	1,775,020	731,904
<b>Total other commitments</b>	<b>1,783,766</b>	<b>1,156,674</b>

### Lease commitments

	Buildings and other fixed structures	Total
	R	R
<b>2019</b>		
Not later than one year	812,130	812,130
Later than one year and not later than five years	848,676	848,676
Later than five years	0	0
<b>Total lease commitments</b>	<b>1,660,806</b>	<b>1,660,806</b>

The lease commitment relates to a lease agreement that was entered into with NECSA for office accommodation totalling 1000 square metres. The lease agreement is for the period 01 April 2019 to 31 March 2021. The balance of the lease is R1,660,806 and the remaining period is 24 months. CPI of 4.5% is used.

## 18. Contingencies

There is no reimbursement from any third parties for potential obligations of the entity, except for refunds due from suppliers and directors as per other receivables.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 19. Public Finance Management Act

### Material losses:

No material losses through criminal conduct, irregular, unauthorised, fruitless and wasteful expenditure were incurred during the period ended 31 March 2019.

### Irregular expenditure:

During the period under review, management detected the following irregular expenditure:

	2019	2018
	R	R
Opening balance	8,704,694	8,704,694
Add: irregular expenditure – current year	0	0
Less: irregular expenditure condoned	0	0
<b>Closing balance</b>	<b>8,704,694</b>	<b>8,704,694</b>

In the 2016 and 2017 financial year, goods and services in the amount of R3,362,502 and R5,342,194 respectively were procured without the due SCM processes being followed. The irregular expenditure is still under investigation and is not yet condoned.

### Analysis of awaiting condonation per age classification

	2019	2018
	R	R
Current year	0	0
Prior years	8,704,694	8,704,694
<b>Total</b>	<b>8,704,694</b>	<b>8,704,694</b>

## 20. Cash generated from operations

	2019	2018
	R	R
Surplus for the year	10,639,912	890,774
<b>Adjusted for:</b>		
Depreciation/amortisation	492,163	266,808
Movement in provisions	2,060,982	1,532,701
Loss on assets written off	11,456	
<b>Working capital changes</b>		
(Increase)/decrease in trade and other receivables	(92,142)	(29,399)
(Decrease)/increase in trade and other payables	734,040	(573,462)
	<b>13,846,411</b>	<b>2,087,423</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 21. Budget

GRAP 1, Presentation of Financial Statements, requires entities to provide information on their actual performance against the entity's approved budget. A reconciliation to ensure full compliance with GRAP 1 is included as a disclosure note to the financial statements.

A total amount of R45.532 million in the form of a government grant was allocated by National Treasury for the 2018/19 financial year.

## 22. Reconciliation of difference between budget and statement of financial performance

	2019	2018
	R	R
Net surplus as per the statement of financial performance	10,639,912	890,774
<b>Adjusted for:</b>		
Loss on assets written off	11,456	0
Provision for leave pay	1,591,026	993,741
Variance on other income	492,191	(9,022,674)
Variance on compensation	3,879,003	(434,511)
Variance on goods and services	4,835,770	9,485,062
Variance on depreciation	(163,163)	(156,756)
Variance on repairs and maintenance	(6,371)	25,912
<b>Net surplus as per approved budget</b>	<b>0</b>	<b>0</b>

### 22.1 Salaries and wages

The surpluses in salaries are largely attributed the CEO vacancy in the current financial year plus the surplus arising from the staggered filling of the eleven new posts in the financial year. Nine of the eleven new posts were gradually filled from July 2018 to March 2019, and two posts (i.e. Finance Officer and SCM Officer) have been filled in the 2019/20 financial year.

### 22.2 General expenses

The surplus in general expenses is made up as follows:

Surplus of R1,322 million in training.

In the 2018/19 financial year the Institute contracted the National School of Government to conduct an institutional skills audit which resulted in the identification of the current skills gap. As this process concluded in the last quarter of 2018/19 there was insufficient time to roll out any formal training plan. This situation was further exacerbated by the involvement of most of the staff in the critical licensing strategy project. In light of the above, priority was given to mandatory training, as well as any other critical training initiatives, with the formal training being deferred to the new financial year.

Surplus of R649,000 in audit fees.

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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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The actual expenses of the current year's audit fees are based on the final invoices of R532,000 received from the AGSA for the 2017/18 financial year audits that was paid in the 2018/19 financial year, against a budget of R1,181 million.

Surplus of R1,071 million in branding material and brochures.

Provision was made in the budget to rebrand Vaalputs by replacing the NECSA signage and flags with the NRWDI-branded signboards (roads, buildings and offices). This was delayed as a result of the Institute not obtaining the Vaalputs licence in the current financial year as envisaged. In addition to the above, procurement of other corporate branding material and brochures can commence only on completion of the brand identity manual, as well the Communications and Stakeholder Strategy and Plan which is still in the process of development and finalisation.

Surplus of R866,000 in capital equipment.

The Institute procured office furniture and equipment for the newly appointed staff as well as other IT infrastructure and equipment, which has been duly accounted for in the assets register. The surplus of R866,000 in capital equipment is offset by a deficit of R163,000 in depreciation. The procured assets will continue to be depreciated over their applicable life-cycles over the ensuing years.

## **22.3 Operating material**

This relates to costs of relicensing Vaalputs, which includes safety assessments, and NECSA outsourced services related to the NRWDI technical support organisation capability in respect of the Vaalputs radioactive waste disposal operations. These initiatives could not be commenced in the 2018/19 financial year as Institute was still in the process of completing the Licensing Strategy for submission to the NNR, which was submitted in March 2019 only.

## **22.4 Depreciation and amortisation**

The increase in depreciation is largely due to the procurement of computer equipment and IT infrastructure upon approval of retention of surplus funds.



# NRWDI

NATIONAL RADIOACTIVE WASTE  
DISPOSAL INSTITUTE



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