



NATIONAL NUCLEAR REGULATOR

For the protection of persons, property and the environment against nuclear damage.

STRATEGIC PLAN 2016 - 2020

EXECUTIVE SUMMARY

The Board of the National Nuclear Regulator (NNR) embarked on a strategic planning exercise on the 27th and 28th of June 2015. The purpose of this session was to define the way forward for the organisation into the next planning cycle. The session was held in Midrand with Board members and executive management in attendance.

Discussions focused on the strategic direction of the NNR, strategic objectives, identification of key challenges and defining the priority action plans. This report covers these aspects in detail and serves as the high-level Board strategy.

As with all State Owned Enterprises (SOEs), this Strategic Plan stipulates the aspirations and priorities of the Regulator in the short to medium term. These priorities are delineated into goals and objectives in order to address the breadth of the organisation's mandate.

Of note for this cycle of planning is that the entire industry, if not the country, is awaiting the finalisation of a momentous occasion. It is envisaged that the commencement of the nuclear new build programme will occur during this cycle. The Board thus assessed a number of topical matters in addition to the new build.

OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan was developed by the Board and management of the National Nuclear Regulator. The Strategic Plan takes into account all the relevant policies, legislation and other mandates and accurately reflects the strategic outcome-oriented goals and objectives which the NNR will endeavour to achieve over the period 2016 to 2021.

Signature:



Dr T Cohen

CHAIRPERSON OF THE BOARD

Signature:



Dr M.B Tyobeka

CHIEF EXECUTIVE OFFICER

ABBREVIATIONS AND ACRONYMS

AGSA	Auditor General South Africa
APP	Annual Performance Plan
BCP	Business Continuity Process
CAE	Compliance, Assurance & Enforcement
CNSS	Centre of Nuclear for Safety & Security
COE	Certificate of Exemption
COR	Certificate of Registration
CPIX	Consumer Price Index
DMR	Department of Mineral Resources
DOE	Department of Energy
ENE	Estimated National Expenditure
EPREV	Emergency Preparedness Review Service
EXCO	Executive Committee
FM	Financial Measure
IAEA	International Atomic Energy Agency
ICT	Information Communication and Technology
IMS	Integrated Management System
INIR	Integrated Nuclear Infrastructure Review
IRRS	Integrated Regulatory Review Service
IT	Information Technology
KPI	Key Performance Indicator
KNPS	Koeberg Nuclear Power Station
LM	Learning Measure

MANFOR	Management Forum
MTEF	Medium Term Expenditure Forecast
NDP	National Development Plan
NECSA	South African Nuclear Energy Corporation
NIL	Nuclear Installation Licence
NNEECC	National Nuclear Energy Executive Coordination Committee
NNR	National Nuclear Regulator
NORM	Naturally Occurring Radioactive Material
NPP	Nuclear Power Plant
NTWP	Nuclear Technology and Waste
NUCSEC	Nuclear Security
NVL	Nuclear Vessel Licence
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act
PM	Process Measure
QMS	Quality Management System
RERC	Regulatory Emergency Response Centre
RM	Regulatory Measure
RPO	Radiation Protection Officer
SARA	Standards, Assessments, Reviews & Authorisations
SGR	Steam Generator Replacement
SOE	State Owned Entities

Table of Contents

1. CONTEXT OF THE STRATEGIC PLAN	4
1.1 Framework for Strategic Plans for State Owned Entities.....	4
1.2 Context of Theoretical Frameworks.....	4
2. STRATEGY OVERVIEW	6
2.1 Vision.....	6
2.2 Mission.....	6
2.3 Values.....	6
3. LEGISLATIVE AND OTHER MANDATES	8
4. RELEVANT COURT RULINGS	10
5. ORGANISATIONAL ENVIRONMENT	10
5.1 NNR Structure.....	10
6. PROGRAMMES	12
7. HIGH-LEVEL RESOURCE CONSIDERATIONS PER PROGRAMME	13
8. PESTEL	16
Political.....	16
Economic.....	16
Social.....	16
Technological.....	16
Environmental.....	16
Legislative.....	17
9. SITUATIONAL ANALYSIS	18
Adequacy of the Governing Legislation.....	18
Regulatory Independence.....	18
New Build: Implications for the Regulator.....	18
Status of NNR Funding.....	18
Public Outreach.....	18
Maintaining Effective Relationships with the Ministry and Other Organs of State.....	18
Lessons from Past Organisational Restructuring.....	18
Institutional Arrangements.....	18
10. KEY DRIVERS FOR 2016/17	20
10.1 Adequacy of the Governing Legislation.....	20
10.2 Regulatory Independence.....	20
10.3 Status of NNR Funding.....	20
10.4 New Build: Implications for the Regulator.....	20
10.5 Public Outreach.....	20
10.6 Maintaining Effective Relationships with the Ministry and Other Organs of State.....	20
10.7 Lessons from Past Organisational Restructuring.....	20
10.8 Institutional Arrangements.....	21
11. THE ANALYSIS	21
12. STRATEGIC GOALS AND OBJECTIVES	24
13. RISK MANAGEMENT	24
13.1 2016/17 Risk Register.....	25
14. ALIGNMENT WITH GOVERNMENT PRIORITIES	32
Strategic Priorities for Growth and Development.....	32
15. FORECASTED PERFORMANCE PLAN (FIVE YEARS)	36
16. ANNUAL PERFORMANCE PLAN 2016/17	42
17. RESOURCE IMPLICATIONS – DETAILED FINANCIALS	50
18. NOTES ON FINANCES	51
18.1 Revenue.....	51
18.2 Expenses.....	51
19. CAPITAL PROJECTS	51
19.1 Environmental Sample Analysis Capacity.....	51
19.2 Regulatory Emergency Control Centre.....	51
19.3 Cape Town Office Accommodation.....	51



1. CONTEXT OF THE STRATEGIC PLAN

1.1 Framework for Strategic Plans for State Owned Entities

The National Nuclear Regulator of South Africa is a Schedule 3A entity. As such, it is subject to government-wide guidelines and stipulations in so far as strategic and financial planning are concerned.

This is important for two reasons:

- Using the framework will assist the NNR's Strategic Plan to demonstrate alignment to the overall Energy Policy and the Department of Energy's strategy both in content and in format.
- The extent to which the guidelines have been applied by entities is an auditable criterion by the Auditor-General of South Africa (AGSA) and thus the NNR must demonstrate adherence to this.

The schematic below details the framework for an SOE's Strategic Plan and Annual Performance plan.

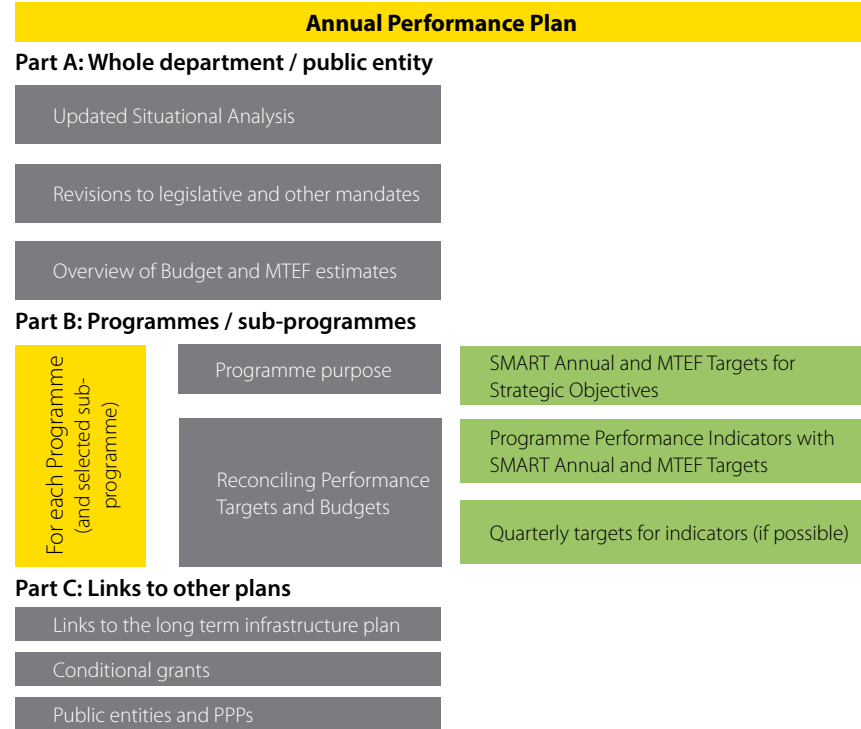


Figure 1: Framework for Strategic Plans and Annual Performance Plans for State Owned Entities (National Treasury, August 2010)

1.2 Context of Theoretical Frameworks

Theoretical frameworks are also referenced in this document. The purpose of these are to demonstrate the structure and objectivity of the content.



STRATEGY OVERVIEW



2. STRATEGY OVERVIEW

The NNR's three strategy pillars, namely Vision, Mission and Values, are defined below.

2.1 Vision

To be an independent leading nuclear regulatory authority.

2.2 Mission

To provide and maintain an effective and efficient national regulatory framework for the protection of persons, property and the environment against nuclear damage.

2.3 Values

The NNR subscribes to six key values.

Value	Description
Professionalism	We demonstrate professionalism by being objective, principled and ethical and we respect different opinions.
Integrity	We aim to be non-biased or fair, objective, consistent, honest, reliable and principled in our attitudes and attributes.
Excellence	We deliver work of outstanding quality, efficiently, effectively, innovatively and in a focused manner.
Value our People	We show impartiality and recognition by appreciating and valuing input and showing empathy to employees.
Teamwork	We strive to be a cohesive team that works in collaboration to realise common goals in order to deliver exceptional results.
Openness and Transparency	We share relevant information with internal and external stakeholders and create a platform for receiving feedback.

Table 1: The Values of the NNR



LEGISLATIVE & OTHER MANDATES



3. LEGISLATIVE AND OTHER MANDATES

Constitutional Mandates	Constitutional Mandates	Other Relevant Legislation	Other Relevant Legislation
<p>National Nuclear Regulator Act of 1999 National Environmental Management Act 107 of 1998 National Radioactive Waste Disposal Institute Act 53 of 2008 Promotion of Administrative Justice Act 3 of 2000 Strategic Intelligence Act 39 of 1994 Basic Conditions of Employment Act 75 of 1997 Compensation for Occupational Injuries and Diseases Act 130 of 1993 Electronic Communications and Transactions Act 25 of 2002 Employment Equity Act 55 of 1998 Regulation of Interception of Communications and Provision of Communications-Related Information Act 70 of 2002 Labour Relations Act 66 of 1995 National Archives Act 43 of 1996 Occupational Health and Safety Act 85 of 1993 Protection of Equality and Prevention of Unfair Discrimination Act 4 of 2000 Protected Disclosures Act 26 of 2000 Protection of Information Act 84 of 1982 Skills Development Act 97 of 1998 Skills Development Levies Act 9 of 1999</p>	<p>National Nuclear Regulator Act of 1999 National Environmental Management Act 107 of 1998 National Radioactive Waste Disposal Institute Act 53 of 2008 Promotion of Administrative Justice Act 3 of 2000 Strategic Intelligence Act 39 of 1994 Basic Conditions of Employment Act 75 of 1997 Compensation for Occupational Injuries and Diseases Act 130 of 1993 Electronic Communications and Transactions Act 25 of 2002 Employment Equity Act 55 of 1998 Regulation of Interception of Communications and Provision of Communications-Related Information Act 70 of 2002 Labour Relations Act 66 of 1995 National Archives Act 43 of 1996 Occupational Health and Safety Act 85 of 1993 Protection of Equality and Prevention of Unfair Discrimination Act 4 of 2000 Protected Disclosures Act 26 of 2000 Protection of Information Act 84 of 1982 Skills Development Act 97 of 1998 Skills Development Levies Act 9 of 1999</p>	<p>Tobacco Control Act 83 of 1993 Broad Based Black Economic Empowerment Act 53 of 2003 Government Immovable Assets Act 19 of 2007 Pension Funds Act 24 of 1956 Preferential Procurement Policy Framework Act 5 of 2000 Public Finance Management Act 1 of 1999 Promotion of Access to Information Act 2 of 1999 Constitution of South Africa, 1996 National Road Traffic Act 93 of 1996 Companies Act 71 of 2008 Use of Official Languages Act 2 of 2012 Protection of Personal Information Act 4 of 2013 Environment Conservation Act 73 of 1989 Physical Planning Act 125 of 1991 Space Affairs Act 84 of 1993 South African Maritime Safety Authority Act 5 of 1998 National Water Act 36 of 1998 National Forest Act 84 of 1998 Nuclear Energy Act 46 of 1999 National Railway Safety Regulator Act 16 of 2002 Mineral and Petroleum Resources Development Act 28 of 2002 Defence Act 42 of 2002</p>	<p>National Environmental Management: Protected Areas Act 57 of 2003 National Environmental Management: Biodiversity Act 10 of 2004 National Environmental Management: Air Quality Act 39 of 2004 National Ports Act 12 of 2005 Intergovernmental Relations Framework Act 13 of 2005 Civil Aviation Act 13 of 2009 National Regulator for Compulsory Specifications Act 5 of 2008 Standards Act 8 of 2008 National Environmental Management: Integrated Coastal Management Act 24 of 2008 South African National Space Agency Act 36 of 2008 Intellectual Property Rights from Publicly Financed Research and Development Act 51 of 2008 Income Tax Act 58 of 1962 Prescribed Rate of Interest Act 55 of 1975 The Non-Proliferation of Weapons of Mass Destruction Act 87 of 1993</p>

Table 2: Overview of relevant legislation and policies regulating the NNR

**RELEVANT
COURT RULINGS**

&

**ORGANISATIONAL
ENVIRONMENT**



4. RELEVANT COURT RULINGS

In the current planning cycle no new court rulings have been identified. The MacDonald case regarding development in zoned areas in 2011 remains the most recent ruling.

5. ORGANISATIONAL ENVIRONMENT

5.1 NNR Structure

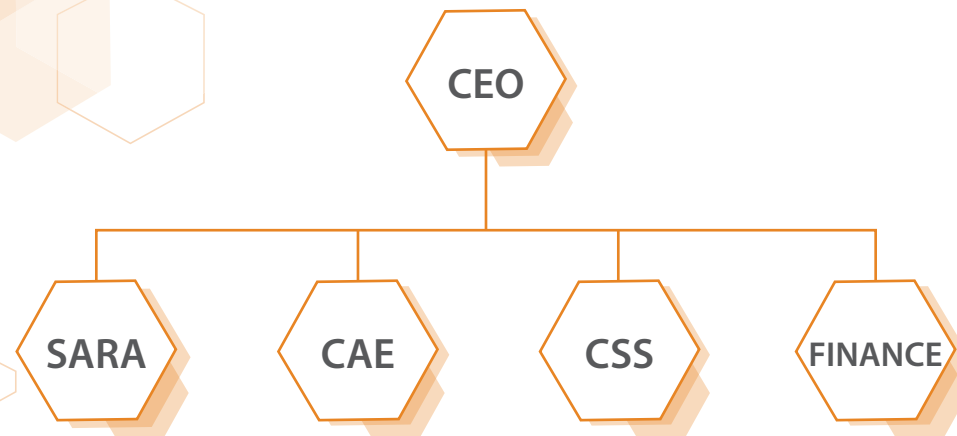


Figure 2: Overview of NNR Management Structure



PROGRAMMES

&

HIGH-LEVEL RESOURCE CONSIDERATIONS



6. PROGRAMMES

Programme	Programme Purpose
Administration	<p>These programmes provide strategic organisational support through the following key functional streams:</p> <ul style="list-style-type: none"> • Corporate Support Services comprising of Human Capital Management, Facilities Management, ICT and Occupational Health and Safety. • Financial Planning, Management, Reporting and Supply Chain Management. • Communications and Stakeholder Relations Management. • Legal Services and Enterprise Risk Management. • Strategic, Governance and Organisational Performance Management. • Internal Audit.
Standards, Authorisations, Reviews and Assessments (SARA)	<p>SARA provides strategic leadership and management in the following areas:</p> <ul style="list-style-type: none"> • Authorisations for: Nuclear Vehicle Licences (NVL), Nuclear Installations (NIL), Certificate of Registrations (COR) and Certificates of Exemption (COE). The programme produces standards related to the core themes such as risk analysis, structural analysis, nuclear engineering and structural engineering. • The reviews and assessments are conducted with regard to design safety, radiation protection and operational safety. • Managing of special projects such as the Fukushima project, radiation protection and nuclear new build. • Research and development is conducted on emerging issues regarding radiation protection.
Compliance Assurance and Enforcement (CAE)	<p>CAE provides strategic leadership and management of compliance and enforcement activities, processes and programmes for all the regulated nuclear facilities and activities. The CAE division ensures the establishment of effective and efficient delivery systems related to compliance assurance and enforcement activities in nuclear safety and security. This includes conducting compliance assurance inspections, audits, investigations, surveillances, environmental monitoring and sampling.</p>

Table 3: Overview of NNR Programmes

7. HIGH-LEVEL RESOURCE CONSIDERATIONS PER PROGRAMME

	Audited Outcome	Audited Outcome	Preliminary Outcome	Revised Estimate	Average Growth Rate	Expenditure/ Total Average
Term	2012/13	2013/14	2014/15	2015/16	2012/13 – 2015/16	
Administration	R58 350	R70 274	R85 930	R74 809	8.6%	48.3%
SARA	R40 635	R47 594	R59 008	R62 826	15.6%	34.9%
CAE	R21 249	R22 819	R25 159	R31 739	14.3%	16.9%
Total	R120 234	R140 687	R170 097	R169 374	12.1%	100%

	Medium-term Estimate			Average Growth Rate	Expenditure/ Total Average
Term	2016/17	2017/18	2018/19	2015/16 – 2018/19	
Administration	R76 420	R102 718	R108 070	13%	46%
SARA	R66 334	R72 137	R76 198	7%	35%
CAE	R34 934	R39 099	R41 367	9%	19%
Total	R177 688	R213 954	R225 635	10.03%	100%

Table 4: High-level Resource Consideration per Programme







SITUATIONAL ANALYSIS



8. PESTEL

External Analysis

The NNR conducted a situational analysis from both external and internal perspectives. For the external analysis, it was considered that the PESTEL analysis conducted 12 months ago was still relevant and therefore applicable in this cycle. An overview of the highlights follows.

Political

- Global nuclear events and accidents increasingly influence government policy towards the nuclear industry.
- The South African government's decision on the timeline for the roll-out of the nuclear expansion programme has been announced and the programme has begun in earnest, allowing the Regulator to make the necessary preparations.

Economic

- The volatile economic climate may adversely impact some authorisation holders' ability to pay fees to the NNR as well as compromising the safety culture of their operations.
- In South Africa, the current electricity supply cannot meet the demand. Limited electricity supply cannot speed up economic growth in support of government objectives.
- Labour unrest at mines and civil unrest in local mining communities adversely affect the economic and social situation of both authorisation holders and communities surrounding the mines. This situation influences the Regulator as fears or threats to the physical safety of inspectors may negatively impact on the inspections programme, as some inspections may be cancelled or postponed.
- The National Treasury Procurement Guidelines impacts on the organisational operations.
- The review of the Public Finance Management Act (PFMA) and the accompanying regulations underway have both negative and positive impact on 3A entities.
- The amendment of the NNR Act and the implementation of the new funding model will bring a new dimension to internal administration.

Social

- Should public opinion be significantly opposed to nuclear expansion, decisions by the Minister can be challenged in court. This may also result in the increasingly negative perception of the industry and a misunderstanding of the role of the Regulator.
- Negative perceptions, as a result of nuclear accidents, erode public trust and confidence in the nuclear sector/industry.
- Currently public awareness levels on nuclear safety and emergency preparedness are low.
- Public demand for openness and transparency is growing and will have to be part of the organisation's programme.
- Urban developments around nuclear installations may be a challenge.

Technological

- The Fukushima accident influenced changes to nuclear safety technology.
- Legislation is dependent on technology, i.e. the need for further legislation will be guided by the safety requirements and parameters.
- The Steam Generator Replacement Project will be technology intensive and will require greater understanding of such by the Regulator.
- Online Regulatory Management Systems are a growing trend.
- IAEA – INIR and EPREV outcomes are still unknown to the Regulator. The findings and/or recommendations may have a major impact on the way the Regulator conducts its business.

Environmental

- There is increased pressure to reduce carbon emissions and to use green technology.
- The management of High Level Radioactive Waste Document on Spent Fuel Storage at Koeberg requires careful consideration.
- Environmental contamination from legacy mines and ownerless sites in South Africa are still a challenge to regulate.

Legislative

- New technology, used internationally, impacts on legislative requirements.
- There are increasing regulations to improve nuclear safety and security after the Fukushima accident.
- There is a global drive to improve cross country relationships in nuclear safety.
- Transport of radioactive materials increasingly requires stricter regulation.
- International harmonisation (US approach versus Europe approach) can be a challenge.



9. SITUATIONAL ANALYSIS



Figure 3: Situational Analysis – Key Drivers



KEY DRIVERS FOR 2016/17 & THE ANALYSIS



10. KEY DRIVERS FOR 2016/17

The NNR Board and its executive team identified eight key strategy drivers for this cycle. These are articulated in the following terms:

10.1 Adequacy of the Governing Legislation

It was noted that there is room for additional provisions in the proposed amendments to the NNR Act of 1999 and accompanying Regulations. Given these indications, consideration should be given to augmenting what has already been submitted for promulgation. The Department of Energy (DOE) Strategic Plan and Annual Performance Plan (APP) for 2015–2020 indicates that the promulgation process will span from 2016–2017, providing a short but adequate time for the NNR to include additional provisions to the amendments.

10.2 Regulatory Independence

The issue of independence of the regulatory function from the promotion function is well-known to the Department of Energy and government. The issue has been highlighted in the results of international peer review missions, including the INIR report. This has been a continuing point of discomfort in South Africa's reporting pursuant to the Convention on Nuclear Safety as the view is that the Regulator is independent de jure but not de facto. It is appreciated that the Regulator is part of the government apparatus and therefore cannot be completely independent of established governance structures; notwithstanding, an optimum arrangement should be found.

10.3 Status of NNR Funding

The NNR is faced with a situation where its commitments are increasing while its funding and grants are drastically being reduced. Recourse to funding through early engagement of licensees has proven difficult, especially in the face of financial challenges at both Eskom and the South African Nuclear Energy Corporation (Necsa). The NNR's funding and operations have been misrepresented, as the organisation is neither lavish nor fully staffed. There may be a need to revisit the annual plans and priorities of the NNR and related performance targets and measures, including the cutting or offloading of responsibilities, to align them with current funding realities. Some tough decisions need to be made as the end of the last quarter of the fiscal year approaches. The NNR needs to determine what it should do to mitigate the impact of Parliament's decision on government-wide budget cuts.

10.4 New Build: Implications for the Regulator

Government has been crafting strategies for siting, procuring and licensing new build projects under different scenarios. A number of peer reviews have been conducted (e.g. INIR for infrastructure and EPREV for emergency preparedness) are planned (e.g. Integrated Regulatory Review Service (IRRS) for regulatory capacity) to inform the strategies or approaches South Africa proposes to use for its new build programme. There are concerns that the process for crafting these strategies and its output may impinge on the NNR's independence and statutory responsibilities. Although the output of the National Nuclear Energy Executive Coordination Committee (NNEECC) structures are intended to be of a government policy, the Regulator may be faced with a situation where a licensing approach that is divergent from current nuclear safety focused practices may be forced on it, in the interests of expediting a new build programme.

10.5 Public Outreach

Proposed amendments to the NNR Act and Regulations address the lack of provision for public disclosure of safety information about the NNR, and the facilities and activities of its licensees in the current nuclear regulatory regime. There is a need for more proactive public outreach, specifically using all the modern techniques available to engage NNR stakeholders, particularly those in municipalities with legacy mine waste sites or those near the sites that are proposed for the new build projects. The mechanisms used for this outreach should include national broadcast and community media channels. In conducting this outreach, the NNR should focus on letting its work speak for itself, rather than engaging in self-serving public relations exercises.

10.6 Maintaining Effective Relationships with the Ministry and Other Organs of State

While the Department of Energy has oversight regarding NNR functionality, the Board considered that it is imperative for its relationship with the Minister to be continuously maintained and harnessed.

10.7 Lessons from Past Organisational Restructuring

Despite the fact that the NNR has made attempts over time to provide competitive salary adjustments, there is still some lingering discontent within the organisation. Further analysis pointed to the possibility that there was an agreed way forward to correct legacy discrepancies in salaries, but this was not implemented as intended.

Historical inequities were addressed in a way that has created a larger problem. There are still substantial differences in salary bands along racial lines. The latest attempts by NNR management to introduce staggered salary increases have been met with resistance from the Union as their expectation is an across the board salary increase. In crafting a way forward, a more consultative and unhurried process of action must be taken. The approach towards job evaluation and determination of dual career paths for technical expertise will be informed by some of the lessons gleaned from this experience.

10.8 Institutional Arrangements

A number of challenging institutional arrangements need to be addressed, especially in the face of a new build programme that is gathering pace. These issues relate to: a safety culture within the Regulator; regulatory independence; competence, including the qualification and certification of inspectors; dual career paths; openness and transparency; the management of interfaces with various stakeholders; the management of risk and litigation; and optimisation of the organisational design.

11. THE ANALYSIS

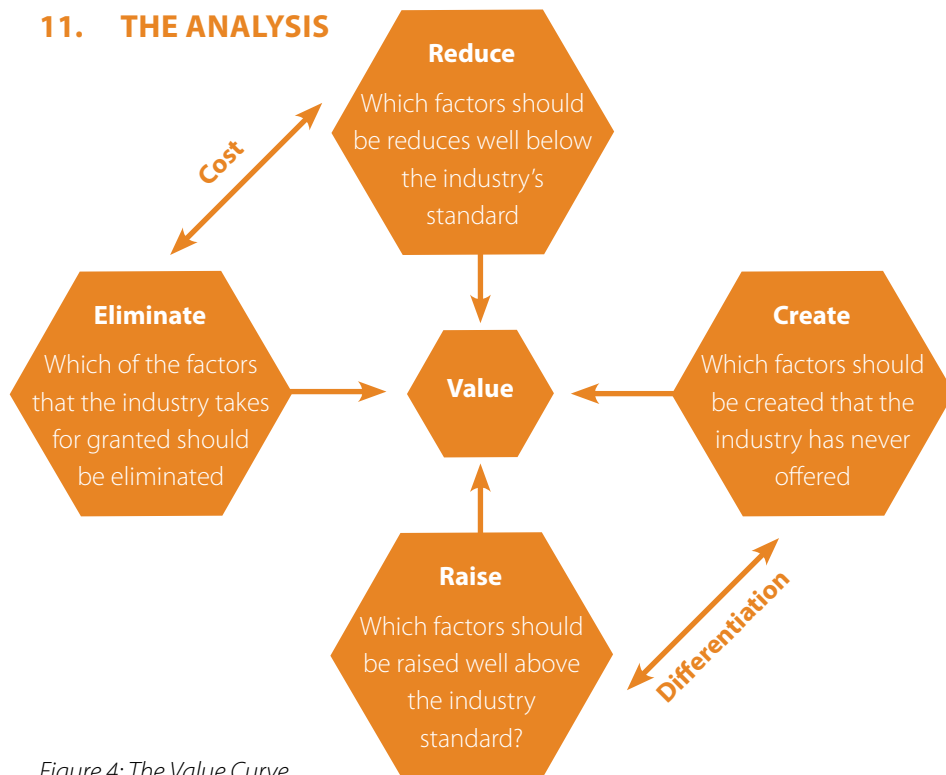


Figure 4: The Value Curve

The framework used for the analysis was the Value Curve Model. While this model was originally designed for commercial entities, it was deemed appropriate for application to the Regulator as it is susceptible to market dynamics, as are all entities at this time in the South African economy. The value curve should be used with industry perspectives in mind for a broader appreciation of the landscape. A combination of PESTEL and SWOT, hinged on the key drivers were conducted and key actions that will inform the APP 2016/17 were developed.

The result of the analysis can be found in an internal document, Annexure A, wherein a number of action items are listed in line with the key drivers. The understanding is that a simultaneous and concerted effort towards creating value can only be achieved through applying each of the management actions mentioned.

	Governing Legislation	Regulatory Independence	NNR Funding	New Build	Public Outreach	Relationship with the Ministry	Past Restructuring	Institutional Arrangements
Create	-	2	4	7	7	5	6	5
Raise	3	4	5	4	4	5	4	5
Reduce	1	1	2	1	1	1	2	2
Eliminate	4	3	2	4	1	2	5	4

Table 5: Snippet of Annexure A





STRATEGIC GOALS & OBJECTIVES

RISK & MANAGEMENT



12. STRATEGIC GOALS AND OBJECTIVES

Goal 1: To Provide Efficient and Effective Nuclear Regulatory Services

1. Effective regulation of nuclear and radiation facilities and activities.
2. Ensure the NNR is positioned to respond to initiatives relating to nuclear expansion.
3. Provide assurance of the effectiveness of emergency preparedness.
4. Foster development of regulatory and technical services.
5. Provide assurance of compliance with regulatory requirements through a system of compliance assurance inspections, audits and exercises, and take appropriate enforcement actions.

Goal 2: Improve Awareness of the NNR and Strengthen Stakeholder Relations

1. Improve public communications and face-to-face stakeholder engagement.
2. Strengthen national and international cooperation.

Goal 3: High Performance Culture

1. Maintain an organisational performance management system and implement monitoring systems.
2. Implementation of the strategic management programme.
3. Define and establish an integrated management system and programme.

Goal 4: Ensure Financial Viability and Sustainability of the Organisation

1. Ensure sound and compliant financial management within the NNR.
2. Ensure that the NNR remains a financially viable entity, i.e. adequate revenue to meet strategic objectives.

Goal 5: Develop and Maintain Sound Organisational Infrastructure

1. Develop and maintain an adequate and stable organisational infrastructure.

Goal 6: Enhance Good Governance

1. Improve and maintain an effective system of internal controls.
2. Improve and maintain an effective system of risk management.

Goal 7: Effective Human Capital Management

1. Implement an integrated talent management system.

13. RISK MANAGEMENT

The understanding is that risk management permeates all areas of the organisation and is central to all governance activities. The risk management philosophy and strategy of the organisation has been defined and a framework for risk management exists.



Figure 5: The Governance Framework

The risks are assessed annually at both strategic and operational levels and monitored continuously with quarterly status reports. In striving to improve on integrated reporting, the risk action plans have been incorporated (in the current year and going forward) into the Annual Performance Plan. The risks have been identified in the risk register.

13.1 2016/17 Risk Register

Goal Aligned With	Context	Risk Description	Consequence Description	Inherent Rating	Residual Rating	Actions to Mitigate the Risk
Goal 1	Core verification/enforcement	Inability to regulate effectively	<ol style="list-style-type: none"> 1. Harm to reputation/loss of credibility 2. Ineffective implementation of emergency plan (land for increasing population around nuclear installations) 3. Non-compliance with international conventions and nuclear security framework (incl. cyber security) 4. Unpredictability, inconsistency, under/over regulation and lack of transparency 	25	25	<ol style="list-style-type: none"> 1. Update and develop regulations 2. Update Guidance documents upon approval of changes to the NNR Act and Regulations 3. Review authorisations/compliance processes to align with the amended NNR Act and Regulations 4. Review existing licensing conditions of nuclear authorisation (as and when the need arises, even before approval of the amendments to the NNR Act) 5. Identify nuclear security regulatory obligations and associated legislative measures for interim implementation 6. Cooperative governance and bilateral agreements to be reviewed 7. Cooperative governance agreements to be implemented
Goal 1	Core verification/enforcement	NNR may not be ready to respond to emergencies experienced by licence holders	<ol style="list-style-type: none"> 1. Harm to reputation/loss of credibility 2. Members of the public exposed to radiation 3. NNR may not be able to provide sufficient advice and assurance to stakeholders on the way the emergency was addressed by the authorisation holder 	20	20	<ol style="list-style-type: none"> 1. RERC being built 2. Reviewing of existing policies and procedures relating to the emergency in progress 3. The Self-Assessment Lifecycle and IRRS planned for December 2016 to improve the regulatory framework staff on standby for emergency events (unofficially) 4. Review/introspection by NNR on emergency drills held, to determine improvements to be implemented by the NNR

Goal Aligned With	Context	Risk Description	Consequence Description	Inherent Rating	Residual Rating	Actions to Mitigate the Risk
Goal 3	Knowledge and information management	Ineffective document management	<ol style="list-style-type: none"> 1. Business continuity compromised 2. Delays in processing stakeholder requests 3. Harm to reputation/loss of credibility 4. Ineffective business processes 5. Legal non-compliance 6. Loss of corporate information and memory 7. Loss of documents 8. Rework (duplication of efforts) 	25	20	<ol style="list-style-type: none"> 1. Develop a file plan for the technical department 2. Online submissions by licence holders is being planned
Goal 1	Core verification/enforcement	Inability to improve the regulatory approach and body of knowledge	<ol style="list-style-type: none"> 1. Inadequate substantiation of certain regulatory practices 2. Limited researched body of knowledge 3. NNR may not be prepared to handle new and emerging issues 	16	16	<ol style="list-style-type: none"> 1. Establish the SA Institute for Nuclear Safety (old Centre of Excellence) 2. Will include review and implementation of research management procedure (PRO-RAD-01) and implementation of regulatory research strategy
Goal 1	Core verification/enforcement	Inability to perform independent verification of environmental sampling	<ol style="list-style-type: none"> 1. Delays in obtaining results to make timely regulatory decisions 2. Members of public exposed to radiation 	16	12	<ol style="list-style-type: none"> 1. Establishment of an NNR laboratory 2. Validation and verification of methods and procedures

Goal Aligned With	Context	Risk Description	Consequence Description	Inherent Rating	Residual Rating	Actions to Mitigate the Risk
Goal 1	Core verification/enforcement	Lack of remediation requirements for contaminated areas	<ol style="list-style-type: none"> 1. Exposure of people, property and the environment to radioactive hazards 2. Harm to reputation/loss of credibility 3. Litigation 	16	12	<ol style="list-style-type: none"> 1. Plan to develop remediation strategy 2. Incorporate remediation requirements in the regulations 3. Require that financial guarantees for decommissioning activities are included as part of regulatory requirements 4. NNR to interact with DMR on the issue relating to National Planning of remediation activities
Goal 1	Core verification/enforcement	The NNR may not be adequately prepared to respond to the demands of existing facilities and the nuclear expansion programme	<ol style="list-style-type: none"> 1. Additional burden on existing resources 2. Delays in the authorisation process 3. Inability to service the nuclear expansion plans 4. Inefficient planning resulting in clashes between routine work and other priorities 5. Loss of skilled individuals 6. Undue pressure on the Regulator to respond to applications 	16	12	<ol style="list-style-type: none"> 1. Continue with the implementation of the Board approved Human Resource Plan 2. Establish the Centre for Nuclear Safety and Security
Goal 3 & 5	Knowledge and information management	Inadequate security of information	<ol style="list-style-type: none"> 1. Harm to reputation/loss of credibility 2. Litigation 3. National security compromised 	20	12	<ol style="list-style-type: none"> 1. Enhance a nuclear safety and security culture awareness within the organisation 2. Employees to obtain appropriate level of security clearance 3. Implement information rights management

Goal Aligned With	Context	Risk Description	Consequence Description	Inherent Rating	Residual Rating	Actions to Mitigate the Risk
Goal 1	Compliance/regulatory	Ineffective NNR governance structure (internal and oversight)	<ol style="list-style-type: none"> 1. Duplication of efforts by different structures, e.g. MANCO and EXCO 2. Non-compliance to governance framework 3. Reduced organisational performance 	15	10	<ol style="list-style-type: none"> 1. Annual reviews to be extended to other committees 2. Update developed, formalised and consolidated governance framework
Goal 6	Legal/litigation	Non-compliance with applicable legislation	<ol style="list-style-type: none"> 1. Litigation, penalties and fines 	15	10	<ol style="list-style-type: none"> 1. Managers to indicate level of compliance, implement actions to address non-compliance, monitor implementation of actions to address non-compliance 2. Managers (users) to identify relevant legislation not included in the compliance index and submit this to the legal team
Goal 5	Disaster recovery/business continuity	Negative impact of disastrous business interruption	<ol style="list-style-type: none"> 1. Fatalities and injuries 2. Financial loss 3. Harm to reputation/loss of credibility 4. Inability to execute mandate 	12	8	<ol style="list-style-type: none"> 1. BCP plans to be updated and implemented, communicated and tested
Goal 7	Human resources	Inadequate strategic management of human resources (planning, skills requirement, recruitment and timing)	<ol style="list-style-type: none"> 1. Lack of readiness to address current and future activities 2. Loss of skilled individuals 3. Non-achievement of organisational goals 4. Operational inefficiencies 	12	8	<ol style="list-style-type: none"> 1. Career progression/paths policy and procedure (promotions policy submitted and approved, to be implemented) 2. Job evaluation policy and procedure approved (to be workshopped and implemented)

Goal Aligned With	Context	Risk Description	Consequence Description	Inherent Rating	Residual Rating	Actions to Mitigate the Risk
Goal 3 & 5	Information technology	Failure to maintain ICT infrastructure	1) Harm to reputation/loss of credibility 2) High cost of consultants 3) High replacement costs 4) Inability to provide support to business 5) Operational inefficiencies (unavailability of ICT services, disruption in service delivery)	16	8	1) Other approved IT projects to be implemented (list of projects is being reviewed)
Goal 5	Information technology	Inadequate standards/specifications for mobile equipment	1) Incompatible devices for organisational requirements 2) Ineffective communication 3) Increased costs 4) Information security compromised	20	8	1) Develop policies and procedures for mobile devices (to be included in existing IT policy) 2) Procurement process to be updated for mobile devices 3) Mobile management to be transferred to the IT department 4) Review and align mobile device requirements to business requirements
Goal 3 & 5	Knowledge and information management	Lack of integrated management system	1) Duplication of duties/efforts 2) Loss of knowledge 3) Over-reliance on people 4) Reduced efficiencies	16	8	1) Establish IMS 2) Implement IMS

Table 6: Risk Register







ALIGNMENT WITH GOVERNMENT PRIORITIES



14. ALIGNMENT WITH GOVERNMENT PRIORITIES

As with all state-owned entities, the Regulator's Strategic Plan must be aligned with government priorities. These priorities, though enduring, are refined on an annual basis. In addition, the broader provisions of the National Development Plan (NDP) and the priorities of the Department of Energy are also taken into consideration.

Strategic Priorities for Growth and Development

As outlined by President Zuma in the State of the Nation Address on 12 February 2015, Cabinet has agreed on 8 strategic priorities to be pursued in 2015/16 in partnership with the private sector and all stakeholders. These are:

1. Resolving the energy challenge
2. Revitalising agriculture
3. Adding value to our mineral wealth
4. Enhancement of the Industrial Policy Action Plan
5. Encouragement of private investment
6. Unlocking the potential of small enterprises
7. Infrastructure investment
8. Support for implementation of the National Development Plan through in-depth, results-driven processes, known as Phakisa laboratories

The alignment with the rest of the of the government priorities is presented in the Figure 6.

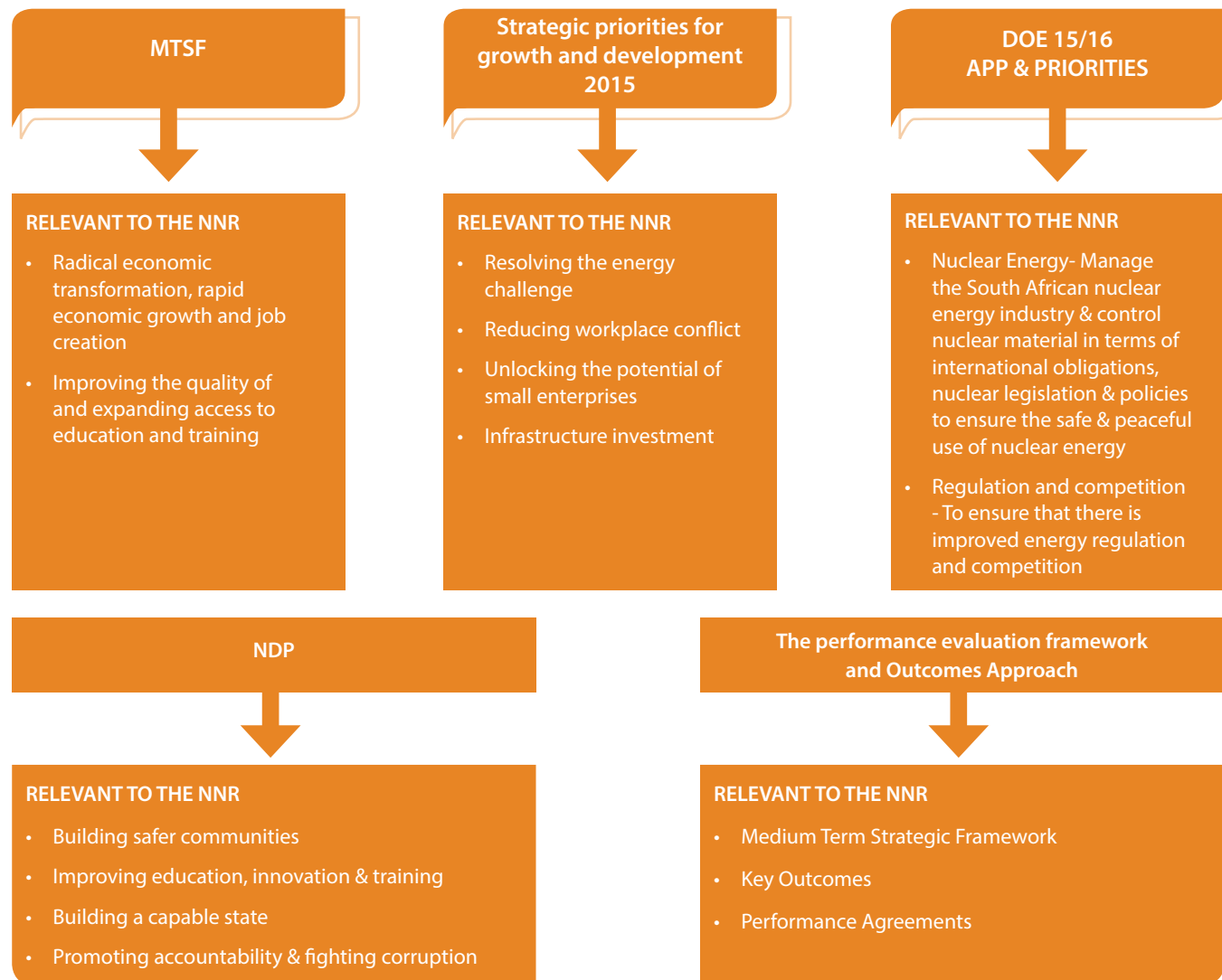


Figure 6: Alignment with Government Priorities







FORCASTED PERFORMANCE PLAN



15. FORECASTED PERFORMANCE PLAN (FIVE YEARS)

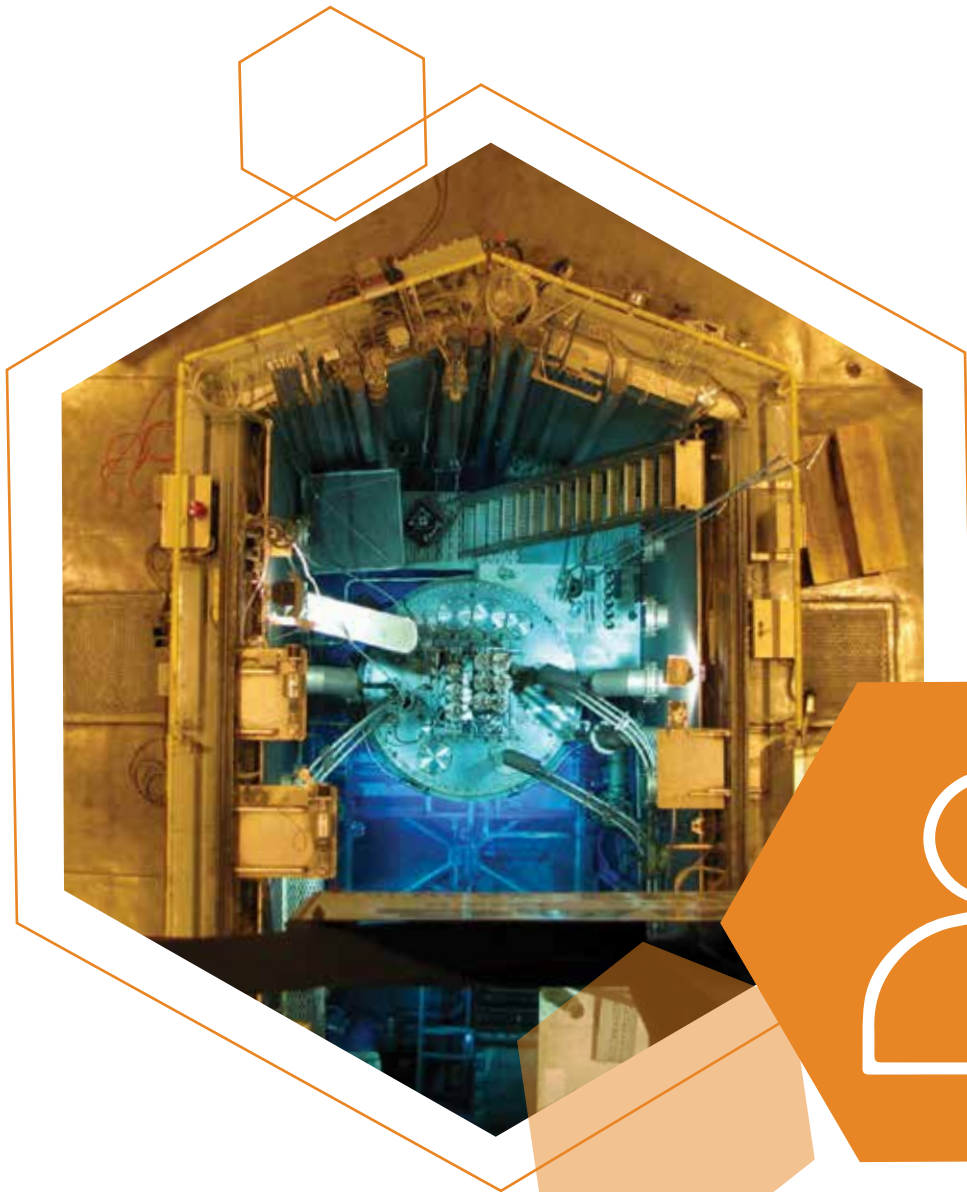
Strategic Objective	Performance Indicator	Audited/Actual Performance		Planned Performance Targets Year 2016/17	Medium-Term Targets		
		Year 2013/14	Year 2014/15		Year 2017/18	Year 2018/19	Year 2019/20
Effective regulation of nuclear and radiation facilities and activities	RM1a: Undertake reviews and assessments	100%	100%	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities
	RM1b: Update regulatory framework	100%	100%	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities
	RM1c: Develop a safety and security culture index	<i>(New KPI for 16/17)</i>	<i>(New KPI for 16/17)</i>	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities
	RM1d: Prepare and conduct IRRS Mission	100%	95.4%	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities
	RM1e: Operationalise the laboratory	50.8%	98.36%	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities
Ensure the NNR is positioned to respond to initiatives relating to nuclear expansion	RM2: Develop strategy for new build	64.3%	100%	Approved strategy	Implementation	Implementation	Implementation

Strategic Objective	Performance Indicator	Audited/Actual Performance		Planned Performance Targets Year 2016/17	Medium-Term Targets		
		Year 2013/14	Year 2014/15		Year 2017/18	Year 2018/19	Year 2019/20
Provide assurance of the effectiveness of emergency preparedness	RM3a: Regulatory response during an emergency (RERC and emergency procedures)	38.8%	100%	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities
	RM3b: Implement the EPREV action plan	<i>(New KPI for 14/15)</i>	100%	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities
	RM4a: Develop the CNSS	<i>(New KPI for 16/17)</i>	<i>(New KPI for 16/17)</i>	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities	100% of identified strategic activities
	RM4b: Conduct feasibility study for approval of technical service providers (dosimetry, calibration, labs and instrumentation and RPO)	<i>(New KPI 14/15)</i>	100%	100% of identified research per annum	100% of identified research per annum	100% of identified research per annum	100% of identified research per annum

Strategic Objective	Performance Indicator	Audited/Actual Performance		Planned Performance Targets Year 2016/17	Medium-Term Targets		
		Year 2013/14	Year 201/-15		Year 2017/18	Year 2018/19	Year 2019/20
Provide assurance of compliance with regulatory requirements through a system of compliance assurance inspections, audits and exercises and to take appropriate enforcement actions	RM5: Conduct compliance assurance activities	Inspections NORM: 190 NTWP: 118 NPP: 56 NucSec: 27	Inspections NORM: 185 NTWP: 118 NPP: 48 NucSec: 21	Inspections NORM: 144 NTWP: 144 NPP: 56 NucSec: 16	Inspections NORM: 144 NTWP: 144 NPP: 56 NucSec: 16	Inspections NORM: 144 NTWP: 144 NPP: 56 NucSec: 16	Inspections NORM: 144 NTWP: 144 NPP: 56 NucSec: 16
		Audits 12	Audits 24	22	22	22	22
		Environ Samples NORM: 411 NTWP: 77 NPP: 75	Environ Samples NORM: 352 NTWP: 78 NPP: 115	N/A	N/A	N/A	N/A
Improve public communications and face-to-face stakeholder engagement	RM6: Implement the activity schedule	100%	100%	100% implementation of activity schedule	100% implementation of activity schedule	100% implementation of activity schedule	100% implementation of activity schedule
Strengthen national and international cooperation	RM7: Implement the activity schedule	100%	100%	100% implementation of activity schedule	100% implementation of activity schedule	100% implementation of activity schedule	100% implementation of activity schedule

Strategic Objective	Performance Indicator	Audited/Actual Performance		Planned Performance Targets Year 2016/17	Medium-Term Targets		
		Year 2013/14	Year 2011-15		Year 2017/18	Year 2018/19	Year 2019/20
Ensure that the NNR remains a financially viable entity, i.e. adequate revenue to meet strategic objectives	FM1: Regulatory activities are adequately funded	96.7%	100%	100%	100%	100%	100%
Ensure sound and compliant financial management within the NNR	FM2: Unqualified report	100%	100%	Unqualified report	Unqualified report	Unqualified report	Unqualified report
Maintain an organisational performance management system and implement monitoring systems	PM1: Deliver capital projects as per specifications	81.5%	100%	100% implementation	100% implementation	100% implementation	100% implementation
Implementation of the strategic management programme	PM2: Percentage of agreed deliverables as per plan	80%	81.5%	+84%	+84%	90%	90%
Define and establish an integrated quality management system and programme	PM3: Percentage of agreed deliverables as per plan	<i>(New KPI 16/17)</i>	<i>(New KPI 16/17)</i>				
Develop and maintain an adequate and stable organisational infrastructure	PM4: Implement approved schedule	72%	70%	100%	100%	100%	100%

Strategic Objective	Performance Indicator	Audited/Actual Performance		Planned Performance Targets Year 2016/17	Medium-Term Targets		
		Year 2013/14	Year 2011/-15		Year 2017/18	Year 2018/19	Year 2019/20
Improve and maintain an effective system of internal controls	PM5a: Effective implementation of action plan to address audit issues	81.6%	94.1%	100%	100%	100%	100%
	PM5b: Effective implementation of the internal audit plan	<i>(New KPI 14/15)</i>	100%	100%	100%	100%	100%
Improve and maintain an effective system of risk management	PM6: Effective execution of the risk management of risks	81.6%	100%	100%	100%	100%	100%
Implement an integrated talent management system	LM1a: Implement the talent management system	<i>(New KPI 14/15)</i>	100%	100% of agreed actions	100% of agreed actions	100% of agreed actions	100% of agreed actions
	LM1b: Implement the dual career path programme	<i>(New KPI 14/15)</i>	93%	100% of agreed actions	100% of agreed actions	100% of agreed actions	100% of agreed actions
	LM1c: Implement promotions programme	<i>(New KPI 16/17)</i>	<i>(New KPI 16/17)</i>	100% of agreed actions	100% of agreed actions	100% of agreed actions	100% of agreed actions
	LM1d: Implement electronic information management policy	<i>(New KPI 16/17)</i>	<i>(New KPI 16/17)</i>	100% of agreed actions	100% of agreed actions	100% of agreed actions	100% of agreed actions



ANNUAL PERFORMANCE PLAN 2016/17



16. ANNUAL PERFORMANCE PLAN 2016/17

The Annual Performance Plan for 2016/17 is made up of the seven strategic goals, 16 objectives with their corresponding Key Performance Indicators (KPIs) and targets. Particular attention has been paid to ensure the prominent representation of safety indicators (safety and security culture index) as opposed to solely focussing on regulatory and business indicators. It is globally acknowledged that this is not an easy matrix to monitor or to evaluate, given that it is an impact and lagging measure.

STRATEGIC GOAL	STRATEGIC OBJECTIVE	MEASURE	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Q1	Q2	Q3	Q4
To provide efficient and effective nuclear regulatory services	1. Effective regulation of nuclear and radiation facilities and activities	RM1a: Reviews and assessments	RM1a: Undertake reviews and assessments	100% of identified strategic activities	100% of agreed schedule (the schedule of work is reprioritised and agreed with operators on a quarterly basis)	100% of agreed schedule	100% of agreed schedule	100% of agreed schedule
		RM1b: Regulatory framework	RM1b: Update regulatory framework		100% of the project plan	100% of the project plan	100% of the project plan	100% of the project plan
		RM1c: Safety and security culture index	RM1c: Develop a safety and security culture index		N/A	N/A	Index developed and agreed	N/A
		RM1d: IRRS Mission	RM1d: Prepare and conduct IRRS Mission		100% of activities as per plan	100% of activities as per plan	100% of activities as per plan	100% of activities as per plan
		RM1e: Independent verification	RM1e: Operationalise the laboratory		30% of the verification plan	30% of the verification plan	40% of the verification plan	40% of the verification plan

STRATEGIC GOAL	STRATEGIC OBJECTIVE	MEASURE	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Q1	Q2	Q3	Q4
	2. Ensure the NNR is positioned to respond to initiatives relating to nuclear expansion	RM2: New build strategy	RM2: Develop strategy for new build	Approved strategy	Identify internal team resources for new build	Identify strategic partners for new build	Develop a strategy for regulation of new build (development programme for on-boarding new staff)	N/A
	3. Provide assurance of the effectiveness of emergency preparedness	RM3a: Emergency preparedness	RM3a: Regulatory response during an emergency (RERC and emergency procedures)	100% of identified strategic activities	100% of procedures approved as per schedule	100% of procedures approved as per schedule	100% of procedures approved as per schedule	100% of procedures approved as per schedule
		RM3b: EPREV action plan	RM3b: Implement the EPREV action plan		100% of actions as per plan	100% of actions as per plan	100% of actions as per plan	100% of actions as per plan
	4. Foster development of regulatory and technical services	RM4a: CNSS establishment	RM4a: Develop the CNSS	100% of identified strategic activities	Approval to evoke Section 17(1) (c)	Appoint Director	Develop sustainable business case	Approve business case
		RM4b: Regulatory and technical services	RM4b: Conduct feasibility study for approval of technical service providers (dosimetry, calibration, labs, instrumentation and RPO)	100% of identified strategic activities	N/A			Conduct pre-feasibility study

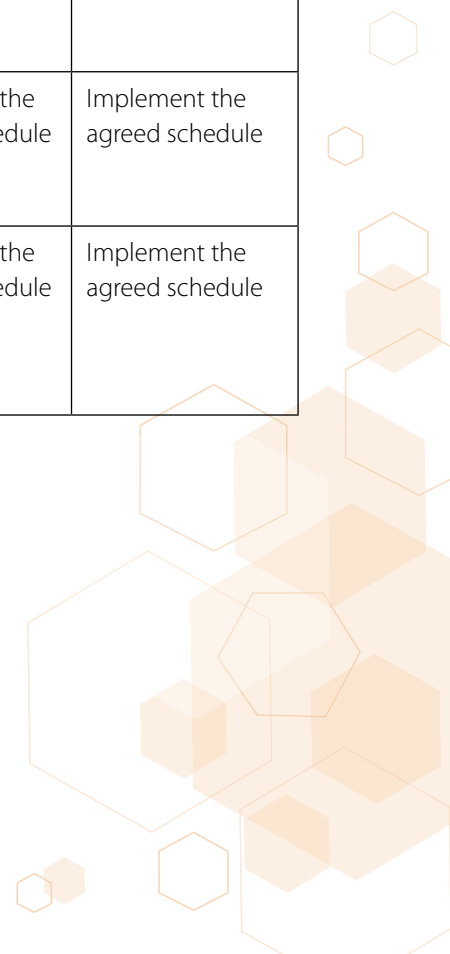
STRATEGIC GOAL	STRATEGIC OBJECTIVE	MEASURE	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Q1	Q2	Q3	Q4
	5. Provide assurance of compliance with regulatory requirements through a system of compliance assurance inspections, audits and exercises and take appropriate enforcement actions	RM5: Compliance assurance activities	RM5: Conduct compliance assurance activities	Inspections NORM: 144	43	43	28	30
				NTWP: 144	36	36	36	36
				NPP: 56	15	6	20	15
				NucSec: 16	4	4	4	4
				Audits NORM: 14	3	3	4	4
				NTWP: 6	0	1	2	3
				NPP: 2	1	0	0	1
				Exercises NucSec	N/A	N/A	Security exercise (NUFCOR)	N/A
				EP	N/A	N/A	Emergency exercises (Koeberg)	N/A
Enforcement actions	100% as and when necessary	100% as and when necessary	100% as and when necessary	100% as and when necessary				
Improve awareness of the NNR and strengthen stakeholder relations	6. Improve public communications and face-to-face stakeholder engagement	RM6: Stakeholder interactions	RM6: Implement the activity schedule	100% of activity schedule	6 Schools 1 Civil Society 2 Local Communities	10 Schools 1 Local Community	NNR Regulatory Information Conference	4 Schools 1 Local Community 1 Civil Society

STRATEGIC GOAL	STRATEGIC OBJECTIVE	MEASURE	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Q1	Q2	Q3	Q4
	7. Strengthen national and international cooperation	RM7: Bilateral and international obligations	RM7: Implement the activity schedule	100% of activity schedule	100% of activity schedule	100% of activity schedule	100% of activity schedule	100% of activity schedule
Ensure financial viability and sustainability of the organisation	8. Ensure that the NNR remains a financially viable entity, i.e. adequate revenue to meet strategic objectives	FM1: Financial management	FM1: Regulatory activities are adequately funded	Adequacy of funding	Implement the annual budget	Prepare MTEF	Mid-term budget adjustments	ENE submission
	9. Ensure sound and compliant financial management within the NNR	FM2: External audit outcomes	FM2: Unqualified report	Unqualified report	Prepare and submit AFS	Facilitate audit and Annual Report	Develop and implement post audit findings resolution plan	Develop and implement the financial year-end plan



STRATEGIC GOAL	STRATEGIC OBJECTIVE	MEASURE	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Q1	Q2	Q3	Q4
High performance culture	10. Maintain an organisational performance management system and implement monitoring systems	PM1: Project management	PM1: Deliver capital projects as per specifications	100% implemented	Prioritise projects	Implement projects	Implement projects	Implement projects
	11. Implementation of the strategic management programme	PM2: Strategy management	PM2: Percentage of agreed deliverables as per plan	100% delivery of key milestones	Board strategy formulated	N/A	Management strategic plan and APP finalised (Draft 2) Performance improvement assessments and evaluations (BE)	Departmental APP developed and aligned
	12. Define and establish an integrated management system and programme	PM3: Management systems	PM3: Percentage of agreed deliverables as per plan	100% delivery of key milestones	Develop and implement plan and communicate plan to all stakeholders Implement agreed deliverables	Implement agreed deliverables	Implement agreed deliverables	Implement agreed deliverables

STRATEGIC GOAL	STRATEGIC OBJECTIVE	MEASURE	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Q1	Q2	Q3	Q4
Develop and maintain sound organisational infrastructure	13. Develop and maintain adequate and stable organisational infrastructure	PM4: Adequacy of office space	PM4: Implement the organisational facilities plan	100% implementation of approved schedule	Feasibility of office designs approved	Implementation in line with project plan	Implementation in line with project plan	Implementation in line with project plan
Enhance good governance	14. Improve and maintain an effective system of internal controls	PM5a: Internal audit programme	PM5a: Effective implementation of action plan to address audit issues	100% of issues addressed	Implement the agreed action plan	Implement the agreed action plan	Implement the agreed action plan	Implement the agreed action plan
		PM5b: Internal audit programme	PM5b: Effective implementation of the internal audit plan	100% of agreed schedule	Implement the agreed schedule	Implement the agreed schedule	Implement the agreed schedule	Implement the agreed schedule
	15. Improve and maintain an effective system of risk management	PM6: Risk management programme	PM6: Effective execution of the risk management of risks	100% of agreed actions	Implement the agreed schedule	Implement the agreed schedule	Implement the agreed schedule	Implement the agreed schedule



STRATEGIC GOAL	STRATEGIC OBJECTIVE	MEASURE	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	Q1	Q2	Q3	Q4
Effective human capital management	16. Implement an integrated talent management system	LM1a: Talent management	LM1a: Implementation of the talent management system	100% of agreed actions	Job grading exercise completed Analysis of outcomes and prepare Board report Review policy and procedure	Board approval and engagement with stakeholders re: outcomes and implementation	Implement agreed deliverables	Implement agreed deliverables
		LM1b: Dual career path	LM1b: Implement the dual career path programme	100% of agreed actions	Dual career path proposal finalised Draft Policy and Procedure	Board approval and engagement with stakeholders re: outcomes and implementation	Implement agreed deliverables	Implement agreed deliverables
		LM1c: Promotions	LM1c: Implement promotions programme	100% of agreed actions	N/A	Promotions – finalise policy and procedure Finalise naming convention for the NNR	Implement policy and procedure	Implement policy and procedure
		LM1d: ICT	LM1d: Implement electronic information management policy	100% of agreed actions	Electronic Information Management Policy and Procedure	Board approval Develop and communicate implementation plan	Implement agreed deliverables	Implement agreed deliverables



RESOURCE IMPLICATIONS, NOTES ON FINANCES

&

CAPITAL PROJECTS



17. RESOURCE IMPLICATIONS – DETAILED FINANCIALS

Statement of financial performance	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Preliminary outcome	Budget estimate	Revised estimate	Outcome Budget Average %	Average growth rate %	Expenditure total: Average %	Medium-term estimate			Average growth rate %	Expenditure total: Average %
R thousand	2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16			2016/17	2017/18	2018/19	2015/16 - 2018/19	
Revenue																
Tax revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-tax revenue	106 044	103 977	120 348	135 939	137 149	146 415	151 245	147 887	77.6%	12.5%	81.8%	161 052	175 381	184 901	7.7%	85.5%
Sale of goods and services other than capital assets	102 115	99 068	118 773	115 411	136 581	132 055	148 190	146 739	76.1%	13.2%	75.2%	156 676	170 776	180 339	7.9%	83.2%
<i>of which:</i>																
Administrative fees	102 115	99 068	118 773	115 411	136 571	132 055	148 190	143 739	76.1%	13.2%	75.2%	156 676	170 776	180 339	7.9%	83.2%
Sales by market establishment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-tax revenue	3 929	4 909	1 575	20 528	568	14 350	3 055	4 148	1.4%	-5.5%	6.6%	4 376	4 605	4 562	3.2%	2.3%
Interest, dividends and rent on land	3 929	2 667	1 575	3 569	568	4 199	2 648	2 648	1.4%	-0.2%	2.0%	2 794	2 934	3 098	5.4%	1.5%
Transfers received	30 912	30 912	48 360	31 012	33 697	33 697	34 887	21 487	22.4%	-11.4%	18.2%	16 636	38 573	40 734	23.8%	14.5%
Tax benefit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outside shareholders interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	136 956	134 889	168 708	166 951	170 846	180 112	186 132	169 374	100.0%	7.9%	100.0%	177 688	213 954	225 635	10.0%	100.0%
Expenses																
Current expenses	136 956	120 234	168 708	140 687	170 846	170 097	186 132	169 374	100.0%	12.1%	100.0%	177 688	213 954	225 635	10.0%	100.0%
Compensation of employees	105 654	75 105	96 951	87 889	106 952	105 284	112 785	108 716	64.5%	13.1%	62.8%	116 228	131 556	139 063	8.6%	63.2%
Goods and services	26 107	31 322	60 366	36 868	49 689	46 428	54 655	42 205	28.3%	10.5%	26.1%	44 820	68 511	72 485	19.8%	28.6%
Depreciation	5 183	9 154	5 031	9 763	8 373	12 316	13 329	13 090	4.7%	12.7%	7.4%	11 886	9 801	10 369	-7.5%	5.9%
Interest, dividends and rent on land	12	4 653	6 360	6 167	5 832	6 069	5 363	5 363	2.5%	4.8%	3.7%	4 754	4 086	3 718	-11.5%	2.3%
Interest	12	4 653	6 360	6 167	5 832	6 069	5 363	5 363	2.5%	4.8%	3.7%	4 754	4 086	3 718	-11.5%	2.3%
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outside shareholders interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	136 956	120 234	168 708	140 687	170 846	170 097	186 132	169 374	100.0%	12.1%	100.0%	177 688	213 954	225 635	10.0%	100.0%
Surplus (Deficit)	-	14 655	-	26 264	-	10 015	-	-	-	-100.0%	-	-	-	-	-	-

Table 7: 2015/16 Financials

18. NOTES ON FINANCES

18.1 Revenue

The National Nuclear Regulator's plans for the 2016/17 financial year faces tremendous financial difficulties as the government grant declines by 23% to an all-time low of R16.6 million. This reduction comes at a time when the Regulator is grappling with the challenge of preparing itself to regulate the possible licensing of the new nuclear build fleet, after over 30 years of licensing Eskom's Koeberg Nuclear Power Station (KNPS). The Regulator therefore requires significant resources to plan and develop skills and a knowledge base to effectively deal with this mammoth task as and when it arrives.

During the period, the KNPS Steam Generator Replacement project will progress to advanced and critical stages from the regulatory point of view. The costs of regulation for the activity will therefore significantly increase from R18 million (2015/16) to R32 million (2016/17).

General authorisation fees are projected to increase by about 10% to absorb both the shortfall emanating from the reduction in the government grant and inflation related increases on the cost of doing business. This means that the Regulator will continue to reduce its activities and operate at a bare minimum in line with the available financial resources.

18.2 Expenses

Compensation of employees is projected to increase by 6.9% to R116 million in the 2016/17 financial year, inclusive of cost-of-living salary increases. This marginal increase would therefore restrain the Regulator from substantively increasing its human capital amid the national discourse to increase nuclear power capacity on the generation mix against the international norms and standards that requires the Regulator to be a front runner in preparation of programmes of this nature.

Goods and services will increase by 6.2% which will only absorb the CPIX to a certain extent without any real growth on the buying power from the 2015/16 to 2016/17 financial years. The Regulator will therefore continue with the cost containment measures in place, including reduction of involvement in state international engagements, to survive this severe scarcity of resources.

19. CAPITAL PROJECTS

19.1 Environmental Sample Analysis Capacity

The NNR will increase its scope of operation at the newly established radioactivity analysis facilities on a validation process basis. The target is to reach 40% coverage by the end of the 2016/17 financial year. Full accreditation and operation of these facilities is key to both the independence of the Regulator and costs associated with these activities. As we validate our methods, the current parallel costs from service providers and our facilities puts a strain on the financial resources of the organisation.

19.2 Regulatory Emergency Control Centre

The upgrade of this centre started in the past financial year and is 95% complete. The centre is scheduled to be in operation in the 2016/17 financial year. All the costs associated with the RERC upgrade are settled or committed and contracted for, and are therefore due for payment on completion of work and submission of a valid invoice. The total cost of the project is just over R15 million.

19.3 Cape Town Office Accommodation

This project will be the main focus point of the financial year as the key capital infrastructure facility due for delivery. Funding of R17 million is ring-fenced for this purpose and the projected additional R10 million required will be funded from both savings and reserves, if necessary.

NATIONAL NUCLEAR REGULATOR

Head Office

Postal Address:

PO Box 7016, Centurion, 0046

Physical Address:

Eco Glades Office Park, Eco Glades 2

Block G, Witch Hazel Avenue

Highveld Ext 75

Eco Park

Centurion

0157

Telephone: +27 12 674 7100

Fax: +27 12 663 5513

Email: enquiry@nnr.co.za

Website: www.nnr.co.za

Site Office

Postal Address:

P.O. Box 46055,

Kernkrag, 7441

Physical Address:

12 Raatz Drive

Delphi Arch Building

Tableview

Cape Town

7441

Telephone: +27 21 553 9500

Fax: +27 21 553 1361