

Vote 30

Minerals and Energy

| | | | | |
|----------------------------------|---|---|-----------------|---------------------------------|
| Amount to be appropriated | Main appropriation R2 117 585 000 | Adjusted appropriation R2 252 371 000 | Decrease | Increase R134 786 000 |
| Responsible minister | Minister of Minerals and Energy | | | |
| Administering department | Department of Minerals and Energy | | | |
| Accounting officer | Director-General of Minerals and Energy | | | |

Aim

The aim of the Department of Minerals and Energy is to formulate and implement an overall minerals and energy policy in order to ensure the optimum utilisation of minerals and energy resources.

Changes to programme purposes and measurable objectives

There were no changes to programme purposes and measurable objectives.

Adjusted Estimates of National Expenditure 2005

Table 30.1: Minerals and Energy

| Programme | 2005/06 | | | | | | Adjusted appropriation |
|---|--------------------|--------------------------|----------------------------|----------------|-------------------|--------------------------------|------------------------|
| | Main appropriation | Additional appropriation | | | | Total additional appropriation | |
| R thousand | | Roll-overs | Unforeseeable /unavoidable | Virement | Other adjustments | | |
| 1. Administration | 111 364 | – | – | 100 | – | 100 | 111 464 |
| 2. Promotion of Mine Safety and Health | 108 536 | 3 154 | – | (50) | – | 3 104 | 111 640 |
| 3. Mineral Development | 185 156 | – | – | (50) | – | (50) | 185 106 |
| 4. Hydrocarbons and Energy Planning | 34 340 | – | – | – | – | – | 34 340 |
| 5. Electricity and Nuclear | 56 784 | 20 000 | – | 5 000 | – | 25 000 | 81 784 |
| 6. Associated Services | 1 621 405 | 55 132 | 56 500 | (5 000) | – | 106 632 | 1 728 037 |
| Total | 2 117 585 | 78 286 | 56 500 | – | – | 134 786 | 2 252 371 |
| Economic classification | | | | | | | |
| Current payments | 462 700 | 23 154 | – | (4 740) | – | 18 414 | 481 114 |
| Compensation of employees | 241 131 | – | – | – | – | – | 241 131 |
| Goods and services | 221 569 | 23 154 | – | (4 740) | – | 18 414 | 239 983 |
| Transfers and subsidies to: | 1 647 942 | 55 132 | 56 500 | 4 740 | – | 116 372 | 1 764 314 |
| Provinces and municipalities | 258 636 | 55 132 | – | – | – | 55 132 | 313 768 |
| Departmental agencies and accounts | 154 934 | – | – | 25 565 | – | 25 565 | 180 499 |
| Universities and technikons | – | – | – | 100 | – | 100 | 100 |
| Public corporations and private enterprises | 1 233 235 | – | 56 500 | (20 935) | – | 35 565 | 1 268 800 |
| Households | 1 137 | – | – | 10 | – | 10 | 1 147 |
| Payments for capital assets | 6 943 | – | – | – | – | – | 6 943 |
| Machinery and equipment | 6 943 | – | – | – | – | – | 6 943 |
| Total | 2 117 585 | 78 286 | 56 500 | – | – | 134 786 | 2 252 371 |

Details of adjustments to Estimates of National Expenditure 2005

Roll-overs – R78,286 million

Programme 2: Promotion of Mine Health and Safety

R3,154 million has been rolled over for statutory investigations into mine accidents. The funds derive from under-spending under goods and services due to costs related to vacant posts and to investigations that were not finalised in 2004/05.

Programme 5: Electricity and Nuclear

R20 million has been rolled over to finalise the project to build a new power plant by 2008, when South Africa will require new generation capacity.

Programme 6: Associated Services

R55,132 million has been rolled over for municipal electrification programmes as part of the integrated national electrification programme (INEP). The funds derive from under-spending on conditional grants to local government mainly due to the slow delivery of housing, slow municipal approval processes, and the bulk infrastructure required before electrical connections can be made.

Unforeseeable and unavoidable expenditure - R56,500 million

Programme 6: Associated Services

R56,5 million has been allocated to the South African Nuclear Energy Corporation (NECSA) which is in a financial and operating crisis.

Virements

Table 30.2: Minerals and Energy (Net effect of all virements)

| From | R thousand | To | R thousand |
|--|------------|---|------------|
| Programme | | | |
| 2 Promotion of Mine Health and Safety | 50 | 1 Administration | 100 |
| 3 Mineral Development | 50 | 5 Electricity and Nuclear | 5 000 |
| 6 Associated Services | 5 000 | | |
| Economic classification item | | | |
| Goods and services | 4 740 | Transfers to departmental agencies and accounts | 25 565 |
| Transfers to public corporations and private enterprises | 20 935 | Transfers to universities and technikons | 100 |
| | | Transfers to households | 10 |

Details of savings

Programme 2: Promotion of Mine Health and Safety

Savings of R50 000 are due to vacant posts.

Programme 3: Mineral Development

Savings of R50 000 are due to vacant posts.

Programme 6: Associated Services

Savings of R5 million under transfers and subsidies relate to non-grid electrification services that will not be implemented during 2005/06.

Utilisation of savings

Programme 1: Administration

R100 000 has been used for the ministerial gala dinner, hosted by the South African Women in Mining Association (SAWIMA) and which preceded SAWIMA's annual conference.

Programme 5: Electricity and Nuclear

Savings of R5 million have been allocated for a detailed financial impact assessment to determine the viability of the proposed new boundaries of REDs, which will be done by the EDI Holdings Company.

Virements within a programme

Programme 1: Administration

Savings of R140 000 on goods and services, from costs related to vacant posts, have been shifted to transfers to households for funeral costs (R40 000) and a contribution to the South African Women in Mining Association (R100 000) for operational costs.

Programme 3: Mineral Development

R20,565 million has been shifted from the transfer to the Industrial Development Corporation of South Africa (IDC) to the transfer to the Council for Geoscience for small-scale mining projects, as a result of the department's new financing model.

Programme 4: Hydrocarbons and Energy Planning

Savings of R4,5 million on goods and services have been reclassified as transfers and subsidies to public corporations and private enterprises following a decision to implement the renewal energy subsidy scheme via once-off capital subsidies.

In the Energy Planning subprogramme, savings of R100 000 under goods and services, due to costs related to vacant posts, have been shifted to transfers to the Energy Research Centre at the University of Cape Town to assist with publishing costs for an energy journal.

Programme 6: Associated Services

R258 million payable to licensed municipalities to implement electrification programmes has been reclassified as capital transfers to municipalities from current transfers, due to a classification mistake in the 2005 Estimates of National Expenditure process.

Expenditure 2004/05 and preliminary expenditure 2005/06

Table 30.3: Minerals and Energy

| Programme | 2004/05 | | | | 2005/06 | | |
|--|------------------------|---------------------|---------------------|---|-------------------------|---------------------|----------------------------------|
| | Expenditure outcome | | | | Preliminary expenditure | | |
| R thousand | Adjusted appropriation | Apr 2004 - Sep 2004 | Apr 2004 - Mar 2005 | Apr 04 - Mar 05 % of adjusted appropriation | Adjusted appropriation | Apr 2005 - Sep 2005 | % change 04/05 - 05/06 Apr - Sep |
| 1. Administration | 100 337 | 40 625 | 94 676 | 94,4 | 111 464 | 45 982 | 13,2 |
| 2. Promotion of Mine Safety and Health | 100 533 | 42 462 | 87 566 | 87,1 | 111 640 | 47 680 | 12,3 |
| 3. Mineral Development | 161 253 | 44 138 | 157 475 | 97,7 | 185 106 | 46 790 | 6,0 |
| 4. Hydrocarbons and Energy Planning | 25 871 | 7 688 | 17 355 | 67,1 | 34 340 | 11 635 | 51,3 |
| 5. Electricity and Nuclear | 44 980 | 14 652 | 45 583 | 101,3 | 81 784 | 23 217 | 58,5 |
| 6. Associated Services | 1 512 169 | 570 156 | 1 456 013 | 96,3 | 1 728 037 | 887 369 | 55,6 |
| Total | 1 945 143 | 719 721 | 1 858 668 | 95,6 | 2 252 371 | 1 062 673 | 47,7 |
| Current payments | 405 658 | 144 095 | 325 705 | 80,3 | 481 114 | 171 459 | 19,0 |
| Compensation of employees | 206 102 | 92 778 | 190 783 | 92,6 | 241 131 | 105 719 | 13,9 |
| Goods and services | 199 556 | 51 235 | 134 718 | 67,5 | 239 983 | 65 724 | 28,3 |
| Financial transactions in assets and liabilities | - | 82 | 204 | - | - | 16 | (80,5) |
| Transfers and subsidies to: | 1 533 588 | 572 826 | 1 527 719 | 99,6 | 1 764 314 | 890 838 | 55,5 |
| Provinces and municipalities | 251 286 | 48 638 | 196 102 | 78,0 | 313 768 | 37 387 | (23,1) |
| Departmental agencies and accounts | 143 489 | 81 337 | 174 743 | 121,8 | 180 499 | 83 364 | 2,5 |
| Universities and technikons | - | - | - | - | 100 | - | - |
| Public corporations and private enterprises | 1 137 013 | 442 554 | 1 156 108 | 101,7 | 1 268 800 | 769 508 | 73,9 |
| Households | 1 800 | 297 | 766 | 42,6 | 1 147 | 579 | 94,9 |
| Payments for capital assets | 5 897 | 2 800 | 5 244 | 88,9 | 6 943 | 376 | (86,6) |
| Machinery and equipment | 5 897 | 2 800 | 5 244 | 88,9 | 6 943 | 293 | (89,5) |
| Software and other intangible assets | - | - | - | - | - | 83 | (100,0) |
| Total | 1 945 143 | 719 721 | 1 858 668 | 95,6 | 2 252 371 | 1 062 673 | 47,7 |

Selected expenditure trends for first half of 2005/06 financial year

Expenditure in the first six months of 2005/06 was R1,062 billion, or 47,7 per cent of the adjusted appropriation of R2,252 billion for the whole year.

Payments to Eskom for the Integrated National Electrification Programme only started in August 2005, with initial large payments of R232 million and R259 million in August 2005 and September 2005 respectively. These payments are expected to reduce to an average of approximately R48 million a month for the remainder of the financial year.

Summary of transfers and subsidies and conditional grants

Table 30.4 Summary of transfers and subsidies per programme

Table 30.5 Summary of conditional grants to local government

Table 30.4: Summary of transfers and subsidies per programme

| R thousand | 2005/06 | | | | | | Adjusted appropriation |
|---|--------------------|--------------------------|----------------------------|----------|-------------------|--------------------------------|------------------------|
| | Main appropriation | Additional appropriation | | | | Total additional appropriation | |
| | | Roll-overs | Unforeseeable /unavoidable | Virement | Other adjustments | | |
| 1. Administration | 1 313 | - | - | 140 | - | 140 | 1 453 |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 176 | - | - | - | - | - | 176 |
| Regional Services Council levies | 176 | - | - | - | - | - | 176 |
| Public corporations and private enterprises | | | | | | | |
| Private enterprises | | | | | | | |
| Other transfers | | | | | | | |
| Current | - | - | - | 130 | - | 130 | 130 |
| South African Woman in mining | - | - | - | 100 | - | 100 | 100 |
| Ticor SA Ltd - children's conference | - | - | - | 30 | - | 30 | 30 |
| Households | | | | | | | |
| Social benefits | | | | | | | |
| Current | 1 137 | - | - | - | - | - | 1 137 |
| Leave payments | 1 137 | - | - | - | - | - | 1 137 |
| Other transfers | | | | | | | |
| Current | - | - | - | 10 | - | 10 | 10 |
| Donations and gifts households cash | - | - | - | 10 | - | 10 | 10 |
| 2. Promotion of Mine Safety and Health | 4 396 | - | - | - | - | - | 4 396 |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 197 | - | - | - | - | - | 197 |
| Regional Services Council levies | 197 | - | - | - | - | - | 197 |
| Departmental agencies and accounts | | | | | | | |
| Public entities | | | | | | | |
| Current | 4 199 | - | - | - | - | - | 4 199 |
| Mine Health and Safety Council | 4 199 | - | - | - | - | - | 4 199 |
| 3. Mineral Development | 20 746 | - | - | - | - | - | 20 746 |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 181 | - | - | - | - | - | 181 |
| Regional Services Council levies | 181 | - | - | - | - | - | 181 |
| Departmental agencies and accounts | | | | | | | |
| Public entities | | | | | | | |
| Current | - | - | - | 20 565 | - | 20 565 | 20 565 |
| Council for Geoscience (Small Scale Mining) | - | - | - | 20 565 | - | 20 565 | 20 565 |
| Public corporations and private enterprises | | | | | | | |
| Public corporations | | | | | | | |
| Subsidies on production | | | | | | | |
| Current | 20 565 | - | - | (20 565) | - | (20 565) | - |
| Industrial Development Corporation of SA (Small Scale Mining) | 20 565 | - | - | (20 565) | - | (20 565) | - |

| R thousand | 2005/06 | | | | | | Adjusted appropriation |
|--|--------------------|--------------------------|----------------------------|------------------|-------------------|--------------------------------|------------------------|
| | Main appropriation | Additional appropriation | | | | Total additional appropriation | |
| | | Roll-overs | Unforeseeable /unavoidable | Virement | Other adjustments | | |
| 4. Hydrocarbons and Energy Planning | 39 | - | - | 4 600 | - | 4 600 | 4 639 |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 39 | - | - | - | - | - | 39 |
| Regional Services Councils | 39 | - | - | - | - | - | 39 |
| Universities and technikons | | | | | | | |
| Current | - | - | - | 100 | - | 100 | 100 |
| Energy Research Centre (University of Cape Town) | - | - | - | 100 | - | 100 | 100 |
| Public corporations and private enterprises | | | | | | | |
| Private enterprises | | | | | | | |
| Subsidies on production | | | | | | | |
| Current | - | - | - | 4 500 | - | 4 500 | 4 500 |
| Renewable energy subsidy scheme | - | - | - | 4 500 | - | 4 500 | 4 500 |
| 5. Electricity and Nuclear | 43 | - | - | 5 000 | - | 5 000 | 5 043 |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 43 | - | - | - | - | - | 43 |
| Regional Services Council | 43 | - | - | - | - | - | 43 |
| Departmental agencies and accounts | | | | | | | |
| Public entities | | | | | | | |
| Current | - | - | - | 5 000 | - | 5 000 | 5 000 |
| EDI Holdings Company | - | - | - | 5 000 | - | 5 000 | 5 000 |
| 6. Associated Services | 1 621 405 | 55 132 | 56 500 | (5 000) | - | 106 632 | 1 728 037 |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 258 000 | - | - | (258 000) | - | (258 000) | - |
| Integrated National Electrification Programme | 258 000 | - | - | (258 000) | - | (258 000) | - |
| Capital | - | 55 132 | - | 258 000 | - | 313 132 | 313 132 |
| Integrated National Electrification Programme | - | 55 132 | - | 258 000 | - | 313 132 | 313 132 |
| Departmental agencies and accounts | | | | | | | |
| Public entities | | | | | | | |
| Current | 140 222 | - | - | - | - | - | 140 222 |
| National Nuclear Regulator | 4 887 | - | - | - | - | - | 4 887 |
| Electricity Distribution Industry Holdings Company | 58 518 | - | - | - | - | - | 58 518 |
| Council for Geoscience | 76 817 | - | - | - | - | - | 76 817 |
| Capital | 10 513 | - | - | - | - | - | 10 513 |
| National Nuclear Regulator | 530 | - | - | - | - | - | 530 |
| Council for Geoscience | 9 261 | - | - | - | - | - | 9 261 |
| Electricity Distribution Industry Holdings Company | 722 | - | - | - | - | - | 722 |

| | | 2005/06 | | | | | | |
|--|--------------------|--------------------------|----------------------------|----------------|-------------------|--------------------------|------------------------|--|
| | | Additional appropriation | | | | Total | Adjusted appropriation | |
| R thousand | Main appropriation | Roll-overs | Unforeseeable /unavoidable | Virement | Other adjustments | additional appropriation | | |
| Public corporations and private enterprises | | | | | | | | |
| Public corporations | | | | | | | | |
| Subsidies on production | | | | | | | | |
| Current | 193 247 | - | 56 500 | - | - | 56 500 | 249 747 | |
| NECSA - Activities | 152 107 | - | 56 500 | - | - | 56 500 | 208 607 | |
| NECSA - Decommissioning Projects | 20 140 | - | - | - | - | - | 20 140 | |
| NECSA - Security | 9 000 | - | - | - | - | - | 9 000 | |
| NECSA - SAFARI Reactor Conversion | 12 000 | - | - | - | - | - | 12 000 | |
| Capital | 790 518 | - | - | - | - | - | 790 518 | |
| NECSA - Activities | 5 459 | - | - | - | - | - | 5 459 | |
| NECSA - Decommissioning Projects | 1 590 | - | - | - | - | - | 1 590 | |
| ESKOM (National Electrification Programme) | 783 469 | - | - | - | - | - | 783 469 | |
| Private enterprises | | | | | | | | |
| Subsidies on production | | | | | | | | |
| Current | 133 505 | - | - | - | - | - | 133 505 | |
| Assistance to Mines | 35 225 | - | - | - | - | - | 35 225 | |
| Council for Mineral Technology Research | 98 280 | - | - | - | - | - | 98 280 | |
| Capital | 10 600 | - | - | - | - | - | 10 600 | |
| Council for Mineral Technology Research | 10 600 | - | - | - | - | - | 10 600 | |
| Other transfers | | | | | | | | |
| Capital | 84 800 | - | - | (5 000) | - | (5 000) | 79 800 | |
| Non-grid electrification service providers | 84 800 | - | - | (5 000) | - | (5 000) | 79 800 | |
| Total | 1 647 942 | 55 132 | 56 500 | 4 740 | - | 116 372 | 1 764 314 | |

Table 30.5: Summary of conditional grants to local government (municipalities)¹

| | | 2005/06 | | | | | | |
|--|--------------------|--------------------------|----------------------------|----------|-------------------|--------------------------|------------------------|--|
| | | Additional appropriation | | | | Total | Adjusted appropriation | |
| R thousand | Main appropriation | Roll-overs | Unforeseeable /unavoidable | Virement | Other adjustments | additional appropriation | | |
| 6. Associated Services | | | | | | | | |
| National Electrification Programme | | | | | | | | |
| Electrification of households, schools and clinics | 258 000 | 55 132 | - | - | - | 55 132 | 313 132 | |
| Total | 258 000 | 55 132 | - | - | - | 55 132 | 313 132 | |

¹ Main appropriation detail provided in the Division of Revenue Act, 2005

