

Vote 29

Minerals and Energy

R thousand	2007/08			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	2 966 113	2 974 937	–	8 824
<i>of which:</i>				
Current payments	574 130	582 271	–	8 141
Transfers and subsidies	2 382 824	2 383 507	–	683
Payments for capital assets	9 159	9 159	–	–
Executive authority	Minister 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 to ensure the optimum use of minerals and energy resources.

Adjusted Estimates of National Expenditure 2007

Table 29.1: Adjusted estimates

Programme	2007/08						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
R thousand		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	175 252	–	–	4 600	(250)	4 350	179 602
2. Promotion of Mine Safety and Health	124 845	–	–	(3 000)	–	(3 000)	121 845
3. Mineral Regulation	151 847	7 340	–	(2 100)	–	5 240	157 087
4. Mineral Policy and Promotion	70 140	–	–	–	–	–	70 140
5. Hydrocarbons and Energy Planning	52 600	1 734	–	(2 000)	–	(266)	52 334
6. Electricity and Nuclear	57 970	–	–	2 500	–	2 500	60 470
7. Associated Services	2 333 459	–	–	–	–	–	2 333 459
Total	2 966 113	9 074	–	–	(250)	8 824	2 974 937
Economic classification							
Current payments	574 130	8 391	–	–	(250)	8 141	582 271
Compensation of employees	323 503	–	–	(5 800)	(250)	(6 050)	317 453
Goods and services	250 627	8 391	–	5 800	–	14 191	264 818
Transfers and subsidies	2 382 824	683	–	–	–	683	2 383 507
Provinces and municipalities	467 827	–	–	–	–	–	467 827
Departmental agencies and accounts	247 721	–	–	14 427	–	14 427	262 148
Public corporations and private enterprises	1 666 111	683	–	(14 427)	–	(13 744)	1 652 367
Households	1 165	–	–	–	–	–	1 165
Payments for capital assets	9 159	–	–	–	–	–	9 159
Machinery and equipment	7 659	–	–	–	–	–	7 659
Software and other intangible assets	1 500	–	–	–	–	–	1 500
Total	2 966 113	9 074	–	–	(250)	8 824	2 974 937

Details of adjustments to Estimates of National Expenditure 2007

Roll-overs – R9.074 million

Programme 3: Mineral Regulation

R7.34 million has been rolled over for tender payments for rehabilitation projects and mine environmental management projects.

Programme 5: Hydrocarbons and Energy Planning

R1.051 million has been rolled over for projects investigating fuel and gas retail margins and fuel price smoothing techniques.

Programme 5: Hydrocarbons and Energy Planning

R683 000 has been rolled over for finalising the subsidised renewable energy project, Bethlehem Hydro.

Virements

Table 29.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(1 000)	5 600	
Current payments	(1 000)	5 600	
Compensation of employees	(1 000)	–	– Savings due to the number of existing vacancies and high staff turnover have been shifted to goods and services.
Goods and services	–	5 600	Funds shifted from compensation of employees in programmes 1 (R1 million), 2 (R500 000), 3 (R2.1 million) and 5 (R2 million) will be used for: projects for the economic empowerment of woman and the youth in the mining and energy sectors (R1.6 million), revamping the department's IT infrastructure and related maintenance (R2.2 million), higher than anticipated expenditure on inventory, operating leases and communication (R850 000), and higher than anticipated subsistence and travelling expenditure on foreign visits (R950 000).
2. Promotion of Mine Safety and Health	(3 000)	–	
Current payments	(3 000)	–	
Compensation of employees	(3 000)	–	– Savings due to the number of existing vacancies and high staff turnover have been shifted to goods and services in programme 1 (R500 000) and compensation of employees in programme 6 (R2.5 million).
3. Mineral Regulation	(2 100)	–	
Current payments	(2 100)	–	
Compensation of employees	(2 100)	–	– Savings due to the number of existing vacancies and high staff turnover of staff have been shifted to goods and services in programme 1.
4. Mineral Policy and Promotion	(640)	640	
Current payments	(200)	200	
Compensation of employees	(200)	–	– Savings due to the number of existing vacancies and high staff turnover have been shifted to goods and services.
Goods and services	–	200	Funds shifted from compensation of employees will be used for several information sessions to promote the beneficiation of minerals.
Transfers and Subsidies	(440)	440	
Departmental agencies and accounts	(440)	–	– Savings are due to adjustments in the project plan to include the development of the social and labour plan compliance tool in the Sustainable Development through Mining project. Funds have been shifted to public corporations and private enterprises.
Public corporations and private enterprises	–	440	Funds shifted from departmental agencies and accounts will be paid to the CSIR for developing the social and labour plan compliance tool in the department's Sustainable Development through Mining project.

Table 29.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
5. Hydrocarbons and Energy Planning	(2 000)	–	
Current payments	(2 000)	–	
Compensation of employees	(2 000)	–	Savings due to the number of existing vacancies and high staff turnover have been shifted to goods and services in programme 1.
6. Electricity and Nuclear	–	2 500	
Current payments	–	2 500	
Compensation of employees	–	2 500	Funds shifted from compensation of employees in programme 2 will be used for the internship programme in the integrated national electrification programme.
7. Associated Services	(14 867)	14 867	
Transfers and Subsidies	(14 867)	14 867	
Departmental agencies and accounts	–	14 867	Funds shifted from public corporations and private enterprises will be used for the construction of the Florida Canal as part of water ingress solutions in the central basin of the Witwatersrand and for completing the Witwatersrand water ingress project.
Public corporations and private enterprises	(14 867)	–	Savings arose due to a policy change to implement prevention of water ingress strategies to reduce pumping subsidies to mines Funds have been shifted to departmental agencies and accounts.
Total for Vote	(23 607)	23 607	

Other adjustments – (R250 000)**Shifting of funds between votes**

Programme 1: Administration

R250 000 will be transferred to Government Communication and Information System for the mass communications campaign on second economy interventions.

Expenditure 2006/07 and preliminary expenditure 2007/08**Table 29.3: Expenditure trends**

Programme	2006/07				2007/08		
	Expenditure outcome				Preliminary expenditure		
	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
R thousand							
1. Administration	155 843	65 375	152 788	98.0	179 602	84 379	29.1
2. Promotion of Mine Safety and Health	108 995	48 024	105 130	96.5	121 845	53 135	10.6
3. Mineral Regulation	132 861	41 091	129 289	97.3	157 087	61 410	49.4
4. Mineral Policy and Promotion	76 555	13 478	75 323	98.4	70 140	31 126	130.9
5. Hydrocarbons and Energy Planning	50 289	18 411	40 365	80.3	52 334	20 847	13.2
6. Electricity and Nuclear	59 270	17 512	55 866	94.3	60 470	30 589	74.7
7. Associated Services	2 051 287	862 222	2 048 914	99.9	2 333 459	1 240 243	43.8
Total	2 635 100	1 066 113	2 607 675	99.0	2 974 937	1 521 729	42.7

Table 29.3: Expenditure trends (continued)

R thousand	2006/07				2007/08		
	Expenditure outcome				Preliminary expenditure		
	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
Current payments	515 594	199 030	500 954	97.2	582 271	260 037	30.7
Compensation of employees	251 431	118 355	246 154	97.9	317 453	145 020	22.5
Goods and services	264 028	80 634	254 665	96.5	264 818	115 017	42.6
Financial transactions in assets and liabilities	135	41	135	100.0	-	-	(100.0)
Transfers and subsidies	2 111 583	865 108	2 099 917	99.4	2 383 507	1 260 400	45.7
Provinces and municipalities	391 524	60 776	390 903	99.8	467 827	134 378	121.1
Departmental agencies and accounts	206 187	90 184	206 187	100.0	262 148	122 265	35.6
Public corporations and private enterprises	1 511 579	713 545	1 500 494	99.3	1 652 367	1 002 477	40.5
Households	2 293	603	2 333	101.7	1 165	1 280	112.3
Payments for capital assets	7 923	1 975	6 804	85.9	9 159	1 292	(34.6)
Machinery and equipment	7 923	1 975	6 446	81.4	7 659	1 292	(34.6)
Software and other intangible assets	-	-	130	-	1 500	-	(100.0)
Land and subsoil assets	-	-	228	-	-	-	(100.0)
Total	2 635 100	1 066 113	2 607 675	99.0	2 974 937	1 521 729	42.7

Selected expenditure trends for the first half of 2007/08

Expenditure in the first six months of 2007/08 was R1.522 billion or 51.2 per cent of the adjusted appropriation of R2.975 billion. Expenditure in the first six months of 2007/08 increased by 42.7 per cent compared to the first six months of 2006/07. This represents an increase of R455.616 million above expenditure during the first six months of 2006/07.

The main increases are related to transfer payments to public entities, municipalities and the integrated national electrification programme (INEP). The earlier signing of INEP agreements resulted in earlier payments to municipalities and Eskom for the implementation of electrification projects. Transfer payments to municipalities increased by R73.602 million and payments to Eskom by R175 million. New transfer payments of R20 million to the South African Diamond and Precious Metals Regulator also contributed to the increase.

Expenditure in 2006/07 was 99 per cent of the adjusted appropriation for that year.

Changes to transfers and subsidies

Table 29.4: Summary of changes to transfers and subsidies per programme

R thousand	Main appropriation	2007/08 Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
4. Mineral Policy and Promotion	38 379	-	-	-	-	-	38 379
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	31 329	-	-	(440)	-	(440)	30 889
Council for Geoscience (Mine environmental research and development)	8 440	-	-	(440)	-	(440)	8 000
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	7 050	-	-	440	-	440	7 490
Council for Science and Industrial Research (CSIR) - (Mine environmental research and development)	3 335	-	-	465	-	465	3 800
Council for Mineral Technology Research - (Mine environmental research and development)	3 715	-	-	(25)	-	(25)	3 690

Table 29.4: Summary of changes to transfers and subsidies per programme (continued)

R thousand	2007/08						
	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
5. Hydrocarbons and Energy Planning	5 147	683	-	-	-	683	5 830
Public corporations and private enterprises							
Private enterprises							
Subsidies on products and production							
Current	5 147	683	-	-	-	683	5 830
Renewable Energy Subsidy Scheme	5 147	683	-	-	-	683	5 830
7. Associated Services	2 333 459	-	-	-	-	-	2 333 459
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	200 399	-	-	14 867	-	14 867	215 266
Council for Geoscience	97 447	-	-	14 867	-	14 867	112 314
Public corporations and private enterprises							
Private enterprises							
Subsidies on products and production							
Current	151 777	-	-	(14 867)	-	(14 867)	136 910
Assistance to Mines	39 006	-	-	(14 867)	-	(14 867)	24 139

