

# Vote 28

## Minerals and Energy

R thousand	2008/09			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>3 595 423</b>	<b>3 786 241</b>	-	190 818
<i>of which:</i>				
Current payments	645 584	654 329	-	8 745
Transfers and subsidies	2 939 959	3 120 234	-	180 275
Payments for capital assets	9 880	11 678	-	1 798
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.*

### Changes to programme purposes, objectives and measures

The Clean Energy Chief Directorate shifted from Programme 5: Hydrocarbons and Energy Planning to the Programme 6: Electricity and Nuclear, hence the change in name to Electricity, Nuclear and Clean Energy and the change in purpose. The shift did not impact on the objective, measures and selected indicators that were published in the 2008 ENE. The 2008 objectives for Programme 6: Electricity and Nuclear already reflected the objective and measures for clean energy.

#### Programme 5: Hydrocarbons and Energy Planning

**Changed purpose:** Promote the sustainable use of energy resources through integrated energy planning and appropriate promotion, including the development of policies and regulations for petroleum products, coal and gas sectors.

#### Programme 6: Electricity, Nuclear and Clean Energy

**Changed purpose:** Ensure that development in the electricity and nuclear sectors are monitored; policies governing the sectors are improved and implemented; there is oversight of relevant public entities; universal access to electricity is achieved; sustainable use of energy resources through energy efficiency and regulation of the renewable energy.

### Mid-year performance status

Indicators	Annual performance	
	Projected for 2008/09 as published in the 2008 ENE	Achieved in the first six months of 2008/09 (April to September)
As published in the 2008 ENE		
Number of occupational health and safety inspections and mine audits	12 700	7 873
Number of environmental inspections	1 380	407 <sup>1</sup>
Number of mine rehabilitation projects implemented	13	0
Number of charter inspections	160	34 <sup>1</sup>
Number of new rights granted to historically disadvantaged individuals	27	42 <sup>1</sup>
Number of women led companies licensed	18	15 <sup>1</sup>
Number of sustainable SMME and small scale mining projects	35	6

Indicators	Annual performance	
	2007/08	2008/09
Number of petroleum license applications	13 300	13 900
Number of petroleum facilities inspected	480	487
Number of clean development mechanism projects approved	30	22
Number of electricity connections made to households	150 000	0
Number of electricity connections made to schools	2 500	212
Number of bulk substations built	10	0

1. As at 31 July 2008

The number of sustainable and small scale mining projects is low because the Small Scale Mining Board was disbanded to form a new committee and because the late signing of a memorandum of understanding between the department and the Industrial Development Corporation of South Africa, as the new project manager for small-scale mining projects, resulted in delays.

The target for inspecting petroleum facilities has been revised to 620. The monitoring of fuel specifications has not been implemented, which allows for the reallocation of resources to inspections.

Most municipalities have just completed their 2007/08 contracts and are only starting to implement 2008/09 projects, therefore no connections to households have been reported for 2008/09. The contract with Eskom was signed in late September 2008. Eskom will start reporting on connections from the end of October 2008.

The target for the number of electricity connections made to schools could be revised to 2 000 due to the available data and impact of connection costs, which are subject to the location of schools and the materials required.

Due to long lead times for material and late approvals of the Environmental Impact Assessments only 8 substations will be completed in 2008/09.

## Adjusted Estimates of National Expenditure 2008

**Table 28.1: Adjusted estimates**

Programme	2008/09						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
1. Administration	209 498	-	-	4 993	6 000	10 993	220 491
2. Promotion of Mine Safety and Health	129 753	-	-	(2 800)	-	(2 800)	126 953
3. Mineral Regulation	167 161	-	-	(5 020)	-	(5 020)	162 141
4. Mineral Policy and Promotion	57 535	-	-	5 810	1 600	7 410	64 945
5. Hydrocarbons and Energy Planning	65 097	-	-	(3 013)	(16 173)	(19 186)	45 911
6. Electricity, Nuclear and Clean Energy	61 991	1 950	-	30	197 441	199 421	261 412
7. Associated Services	2 904 388	-	-	-	-	-	2 904 388
<b>Departmental Total</b>	<b>3 595 423</b>	<b>1 950</b>	<b>-</b>	<b>-</b>	<b>188 868</b>	<b>190 818</b>	<b>3 786 241</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>645 584</b>	<b>1 950</b>	<b>-</b>	<b>(2 073)</b>	<b>8 868</b>	<b>8 745</b>	<b>654 329</b>
Compensation of employees	360 221	-	-	(21 156)	11 768	(9 388)	350 833
Goods and services	285 363	1 950	-	19 083	(2 900)	18 133	303 496
<b>Transfers and subsidies</b>	<b>2 939 959</b>	<b>-</b>	<b>-</b>	<b>275</b>	<b>180 000</b>	<b>180 275</b>	<b>3 120 234</b>
Provinces and municipalities	595 637	-	-	-	-	-	595 637
Departmental agencies and accounts	257 164	-	-	-	-	-	257 164
Public corporations and private enterprises	2 085 935	-	-	200	180 000	180 200	2 266 135
Households	1 223	-	-	75	-	75	1 298
<b>Payments for capital assets</b>	<b>9 880</b>	<b>-</b>	<b>-</b>	<b>1 798</b>	<b>-</b>	<b>1 798</b>	<b>11 678</b>
Machinery and equipment	8 380	-	-	1 000	-	1 000	9 380
Software and other intangible assets	1 500	-	-	-	-	-	1 500
Land and subsoil assets	-	-	-	798	-	798	798
<b>Total</b>	<b>3 595 423</b>	<b>1 950</b>	<b>-</b>	<b>-</b>	<b>188 868</b>	<b>190 818</b>	<b>3 786 241</b>

## Details of adjustments to Estimates of National Expenditure 2008

### Roll-over of funds – R1.95 million

Programme 6: Electricity, Nuclear and Clean Energy

R1.95 million has been rolled over for completing the technical audit of electrification projects which is outsourced to Eskom.

### Virements

Table 28.2: Virements

Programme / Economic classification	R thousand		Details and motivation
	From	To	
<b>1. Administration</b>	<b>(4 015)</b>	<b>9 008</b>	
<b>Current payments</b>	<b>(4 015)</b>	<b>7 873</b>	
Compensation of employees	(4 015)		<b>High turnover and financial inability to retain staff resulted in several vacancies:</b> - R2.98 million to goods and services in this programme R35 000 to households in this programme R1 million to machinery and equipment in this programme
Goods and services	-	7 873	R2.98 million from compensation of employees in this programme R2.8 million from compensation of employees in programme 2 R2.093 million from compensation of employees in programme 5 For legal fees, vetting field unit, gender empowerment and special projects, assessment of the mining charter, and hosting international events
<b>Transfers and Subsidies</b>	<b>-</b>	<b>135</b>	
Public corporations & private enterprises	-	100	From compensation of employees in programme 3 for a donation to the Girl Guide Movement
Households	-	35	From compensation of employees in this programme for a payment as an act of grace to remunerate staff who incurred damages while on official duty
<b>Payments for capital assets</b>	<b>-</b>	<b>1 000</b>	
Machinery and equipment	-	1 000	From compensation of employees in this programme for security risk officers equipment at Centurion
<b>2. Promotion of Mine Safety and Health</b>	<b>(2 800)</b>	<b>-</b>	
<b>Current payments</b>	<b>(2 800)</b>	<b>-</b>	
Compensation of employees	(2 800)		<b>High turnover and financial inability to retain staff resulted in several vacancies:</b> To goods and services in programme 1
<b>3. Mineral Regulation</b>	<b>(5 020)</b>	<b>-</b>	
<b>Current payments</b>	<b>(5 020)</b>	<b>-</b>	
Compensation of employees	(5 020)		<b>High turnover and financial inability to retain staff resulted in several vacancies:</b> R100 000 to public corporations and private enterprises in programme 1 R4.92 million to goods and services in programme 4
<b>4. Mineral Policy and Promotion</b>	<b>(5 500)</b>	<b>11 310</b>	
<b>Current payments</b>	<b>(5 500)</b>	<b>11 310</b>	
Compensation of employees	(5 500)		<b>High turnover and financial inability to retain staff resulted in several vacancies:</b> To goods and services in this programme
Goods and services	-	11 310	R4.92 million from compensation of employees in programme 3 R5.5 million from compensation of employees in this programme R890 000 from compensation of employees in programme 5 For maintaining and developing the SAMINDEX-system and for leasing printing and CD writing equipment
<b>5. Hydrocarbons and Energy Planning</b>	<b>(3 013)</b>	<b>-</b>	
<b>Current payments</b>	<b>(3 013)</b>	<b>-</b>	
Compensation of employees	(3 013)		<b>High turnover and financial inability to retain staff resulted in several vacancies:</b> R2.093 million to compensation of employees in programme 1 R890 000 to goods and services in programme 4 R30 000 to land and subsoil assets in programme 6

Table 28.2: Virements (continued)

Programme / Economic classification	R thousand		Details and motivation
	From	To	
<b>6. Electricity, Nuclear and Clean Energy</b>	<b>(908)</b>	<b>938</b>	
<b>Current payments</b>	<b>(908)</b>	<b>-</b>	
Compensation of employees	(808)	-	- <b>High turnover and financial inability to retain staff resulted in several vacancies:</b> R40 000 to household in this programme R768 000 land and subsoil assets in this programme
Goods and services	(100)	-	- <b>Savings on operational expenditure, such as subsistence and transport and membership fees:</b> To public corporations and private enterprises in this programme
<b>Transfers and Subsidies</b>	<b>-</b>	<b>140</b>	
Public corporations and private enterprises	-	100	From compensation of employees in programme 1 for the launch of the Darling wind energy project
Households	-	40	From compensation of employees in this programme 6 as an act of grace to assist the families of employees who passed away
<b>Payments for capital assets</b>	<b>-</b>	<b>798</b>	
Land and subsoil assets	-	798	R30 000 from compensation of employees in programme 5 R768 000 from compensation of employees in programme 6 For retaining the land option agreement for the peaking power project at the Avon site in KwaZulu-Natal
<b>Total for Vote</b>	<b>(21 256)</b>	<b>21 256</b>	

### Other adjustments – R188.868 million

#### ***Expenditure already announced in the budget speech of the Minister of finance but not allocated at that stage***

Programme 6: Electricity, Nuclear and Clean Energy

Additional funding of R180 million has been allocated for the roll-out by Eskom of the energy demand side management programme. The principal focus is replacing incandescent light bulbs with compact fluorescent light bulbs as part of the strategy to mitigate against the current electricity emergency situation.

#### ***Adjustments due to significant and unforeseeable economic and financial events***

Additional funding of R11.768 million has been allocated to cover costs related to the higher than budgeted wage increase made by the Minister for Public Service and Administration.

Programme 1: Administration

R6 million

Programme 4: Mineral Policy and Promotion

R4.5 million

Programme 5: Hydrocarbons and Energy Planning

R500 000

Programme 6: Electricity, Nuclear and Clean Energy

R768 000

#### ***Funds shifted between votes or to follow the transfer of functions in terms of section 42 of the PFMA***

Programme 4: Mineral Policy and Promotion

R2.9 million will be transferred to the Department of Trade and Industry for the presentation of three South African trade expositions in the China.

**Funds shifted within a vote**

Programme 5: Hydrocarbons and Energy Planning

R16.673 million will be transferred to programme 6 following the shift of the Clean Energy chief directorate.

**Gifts, donations and sponsorships – R275 000**

The department will make a donation of R100 000 to the Girl Guide movement for hosting the international Girl Guides conference in South Africa.

The department will make a donation of R100 000 to the Darling wind farm project for the official launch of the Darling National Demonstration Wind Energy Project.

The department approved payments of R20 000 each as an act of grace for the families of three employees who passed away, to assist with funeral arrangements and associated costs.

The department approved payments of R5 000 each for three employees who sustained losses on duty.

**Expenditure 2007/08 and preliminary expenditure 2008/09****Table 28.3: Expenditure trends**

Programme	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 – Sep 07 % of adjusted appropriation	Apr 2007- Mar 2008	Apr 07 – Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 – Sep 08 % of adjusted appropriation
1. Administration	179 602	84 379	47.0	191 394	106.6	220 491	100 315	45.5
2. Promotion of Mine Safety and Health	121 845	53 135	43.6	104 283	85.6	126 953	61 904	48.8
3. Mineral Regulation	157 087	61 410	39.1	137 800	87.7	162 141	61 145	37.7
4. Mineral Policy and Promotion	70 140	31 126	44.4	73 554	104.9	64 945	39 508	60.8
5. Hydrocarbons and Energy Planning	52 334	20 847	39.8	35 633	68.1	45 911	23 880	52.0
6. Electricity, Nuclear and Clean Energy	60 470	30 589	50.6	86 661	143.3	261 412	40 934	15.7
7. Associated Services	2 333 459	1 240 243	53.2	2 318 042	99.3	2 904 388	790 413	27.2
<b>Total</b>	<b>2 974 937</b>	<b>1 521 729</b>	<b>51.2</b>	<b>2 947 367</b>	<b>99.1</b>	<b>3 786 241</b>	<b>1 118 099</b>	<b>29.5</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>582 271</b>	<b>260 037</b>	<b>44.7</b>	<b>573 385</b>	<b>98.5</b>	<b>654 329</b>	<b>293 367</b>	<b>44.8</b>
Compensation of employees	317 453	145 020	45.7	290 561	91.5	350 833	160 902	45.9
Goods and services	264 818	115 017	43.4	277 222	104.7	303 496	132 464	43.6
Financial transactions in assets and liabilities	-	-	-	5 602	-	-	1	-
<b>Transfers and subsidies</b>	<b>2 383 507</b>	<b>1 260 400</b>	<b>52.9</b>	<b>2 366 512</b>	<b>99.3</b>	<b>3 120 234</b>	<b>821 719</b>	<b>26.3</b>
Provinces and municipalities	467 827	134 378	28.7	462 506	98.9	595 637	53 554	9.0
Departmental agencies and accounts	262 148	122 265	46.6	262 148	100.0	257 164	136 395	53.0
Public corporations and private enterprises	1 652 367	1 002 477	60.7	1 639 784	99.2	2 266 135	631 016	27.8
Households	1 165	1 280	109.9	2 074	178.0	1 298	754	58.1
<b>Payments for capital assets</b>	<b>9 159</b>	<b>1 292</b>	<b>14.1</b>	<b>7 470</b>	<b>81.6</b>	<b>11 678</b>	<b>3 013</b>	<b>25.8</b>
Machinery and equipment	7 659	1 292	16.9	5 272	68.8	9 380	2 215	23.6
Software and other intangible assets	1 500	-	-	2 198	146.5	1 500	-	-
Land and subsoil assets	-	-	-	-	-	798	798	100.0
<b>Total</b>	<b>2 974 937</b>	<b>1 521 729</b>	<b>51.2</b>	<b>2 947 367</b>	<b>99.1</b>	<b>3 786 241</b>	<b>1 118 099</b>	<b>29.5</b>

## Selected expenditure trends for the first half of 2008/09

Expenditure in the first six months of 2008/09 was R1.118 billion, or 29.5 per cent of the adjusted appropriation of R3.786 billion for the year as a whole. Expenditure in the first six months of 2008/09 decreased by R403.6 million, or 26.5 per cent compared to spending in the first six months of 2007/08 which amounted to R1.522 billion, or 51.2 per cent of the 2007/08 adjusted appropriation.

The main decrease compared to 2007/08 is related to the transfer payments to Eskom for the integrated national electrification programme that did not realise as anticipated. The expenditure delay was due to the late approval of Eskom projects by the Department. This was due to over expenditure from Eskom for the 2007/08 financial year not being explained in detail by project to the Department. During regazetting all the project allocations will be aligned and corrected to give a true picture of actual expenditure.

Expenditure for 2007/08 was 99.1 per cent of the adjusted appropriation for that year.

## Departmental receipts

Table 28.4: Receipts

R thousand	2008/09			
	Budget estimate	Adjusted estimate	Actual receipts Apr 08 - Sep 08	% of Adjusted estimate
<b>Departmental receipts</b>				
Sales of goods and services other than capital assets	2 622	4 500	2 492	55.4
Fines, penalties and forfeits	64	120	60	50.0
Interest, dividends and rent on land	197 002	190 000	66 479	35.0
Financial transactions in assets and liabilities	187	3 500	2 482	70.9
<b>Total</b>	<b>199 875</b>	<b>198 120</b>	<b>71 513</b>	<b>36.1</b>

Actual departmental revenue collections for the first six months of 2008/09 were R71.5 million or 36.1 per cent of the adjusted estimate of R198.1 million.

## Changes to transfers and subsidies, and conditional grants

Table 28.5: Summary of changes to transfers and subsidies per programme

R thousands	2008/09						
	Main appropriation	Additional Appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virements	Other adjustments		
<b>1. Administration</b>	<b>1 223</b>	-	-	<b>135</b>	-	<b>135</b>	<b>1 358</b>
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	-	-	-	<b>100</b>	-	<b>100</b>	<b>100</b>
Girl Guide Movement	-	-	-	100	-	100	100
<b>Households</b>							
<b>Other transfers</b>							
<b>Current</b>	-	-	-	<b>35</b>	-	<b>35</b>	<b>35</b>
Donations	-	-	-	35	-	35	35

Table 28.5: Summary of changes to transfers and subsidies per programme (continued)

2008/09							
R thousands	Main appropriation	Additional Appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virements	Other adjustments		
<b>5. Hydrocarbons and Energy Planning</b>	<b>5 406</b>	-	-	-	<b>(5 406)</b>	<b>(5 406)</b>	-
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	<b>5 406</b>	-	-	-	<b>(5 406)</b>	<b>(5 406)</b>	-
Renewable Energy Subsidy Scheme	5 406	-	-	-	(5 406)	(5 406)	-
<b>6. Electricity, Nuclear and Clean Energy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140</b>	<b>185 406</b>	<b>185 546</b>	<b>185 546</b>
Public corporations and private enterprises							
Public corporations							
Subsidies on products and production							
Capital	-	-	-	-	<b>180 000</b>	<b>180 000</b>	<b>180 000</b>
Eskom: Electricity Demand Side Management Programme	-	-	-	-	180 000	180 000	180 000
Private enterprises							
Subsidies on production or products							
Current	-	-	-	<b>100</b>	<b>5 406</b>	<b>5 506</b>	<b>5 506</b>
Renewable Energy Subsidy Scheme	-	-	-	-	5 406	5 406	5 406
Darling Wind Energy Project	-	-	-	100	-	100	100
Households							
Other transfers							
Current	-	-	-	<b>40</b>	-	<b>40</b>	<b>40</b>
Gifts and Donations	-	-	-	40	-	40	40

