

Vote 31

Minerals and Energy

| | 2003/04 To be appropriated | 2004/05 | 2005/06 |
|--------------------------|---|----------------|----------------|
| MTEF allocations | R1 807 814 000 | R1 886 658 000 | R2 004 088 000 |
| Statutory amounts | – | – | – |
| 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 mineral and energy resources.

Programme purpose and measurable objectives

Programme 1: Administration

Purpose: Provide support to the Department and its management.

Programme 2: Promotion of Mine Safety and Health

Purpose: Has a statutory mandate to protect the health and safety of mine employees and people affected by mining activities.

Measurable objective: To establish national policy, legislation and systems to regulate, monitor, audit, train and provide technical support to ensure occupational health and safety in the mining industry.

Programme 3: Mineral Development

Purpose: Promote sustainable development through mineral resources for the benefit of all South Africans.

Measurable objective: To transform, promote and regulate the mineral resource industry to competitively contribute to the equitable and sustainable socio-economic development of the country.

Programme 4: Energy Management

Purpose: Take responsibility for national policy on the development of energy resources and their optimal use to maximise their contribution to economic growth and development.

Measurable objective: To develop national policy, for the management and optimal utilisation of energy resources, which ensures their effective contribution to sustained economic growth and development.

Programme 5: Associated Services

Purpose: Provide services related to the Department's aims, and provide support to various public entities.

Strategic overview and key policy developments: 1999/00 – 2005/06

The Department of Minerals and Energy covers two sectors that are vital to both the economic and social well being of the country. The minerals sector is an integral part of the economy: it accounts for a significant proportion of economic output and employment, and attracts much needed foreign investment. The energy sector provides both an important input to many industries, and a vital social good. The sector is helping to attract investment and to overcome the social inequalities of the past.

The Department is working to fundamentally transform both these sectors, and to ensure that they continue to be sources of economic development, that all South Africans can benefit from them, and that participation in these sectors is representative of society. It is these transformation processes, in both mining and energy, that have been the core work of the Department over the last three years, and will continue to be for several years to come.

The minerals sector

The minerals industry has been one of the cornerstones of the South African economy for approximately 115 years. However, the manner in which the utilisation of mineral resources was administered in terms of previous legislation allowed the distribution of benefits to be skewed in favour of the mine owners, and did not efficiently provide for the sustainable socio-economic development needs of the nation. The discriminatory practices of the previous political regime exacerbated the distorted distribution of benefits, and undermined the productivity of the nation by disempowering most of its people.

The Mineral Development Programme of the Department aims to redress these imbalances by transforming the industry, and in future, managing the utilisation of the country's mineral resources so that they effectively contribute to the equitable and sustainable socio-economic development of the country for the benefit of all South Africans.

The Mineral and Petroleum Resources Development Act (28 of 2002) (MPRDA) will be promulgated during 2003. Its provisions include the recognition of state sovereignty and custodianship over the country's mineral resources, provision for equitable access to mineral resources, and opportunities for historically disadvantaged citizens. They include provisions for economic growth, employment and socio-economic welfare, and security of tenure. They further provide for orderly and ecological sustainability, and the utilisation of mineral resources to contribute to local socio-economic development.

Also in 2002, Government and the mining industry agreed on a Broad-Based Socio-Economic Empowerment Charter to provide capacity for economic growth and alleviate poverty. The relevant targets include 15 per cent ownership of mines by historically disadvantaged South Africans (HDSA) within five years, 26 per cent ownership within 10 years, 10 per cent participation by women within five years and 40 per cent HDSA management within five years.

Alongside these shifts, the Department is continuing to pursue its objective of protecting employees and the public from the health and safety hazards associated with mining. Mine safety and health and environmental protection are the major areas of the Department's work. The main challenges in health and safety and the environment have been identified, and the focus is now on addressing both these challenges and the legacy of the past. In the coming three years, the Mine

Health and Safety Inspectorate will focus on addressing hazards related to mine falls, machinery and occupational health. Work will also continue on supporting human resource development in the industry through: the Mining Qualifications Authority; developing Regulations – which are expected to be completed by 2004/5 – to support the Mine Health and Safety Act (29 of 1996); inquiries into recent major accidents; developing and improving occupational health and safety databases to improve the communication of data and research results; and supporting work to bring about the integration of occupational health and inspectorates at the national level. Key events planned include convening the Mine Health and Safety Summit, which involves Government, employers and labour discussing concerns, trends and policy; hosting a conference of mine health and safety research organisations, and a series of workshops on implementing new legislation, particularly that related to occupational health.

The energy sector

In the energy sector, the Department of Minerals and Energy is focusing on efficiency improvements, transformation and social imperatives. The sector has been very successful in delivering low-cost electricity and meeting social needs. However, to deal with the challenges of the future, the Department has set out important policies for restructuring the electricity industry, while ensuring that progress on social issues continues.

The Department is continuing with the implementation of the Integrated National Electrification Programme, which aims at universal household access to basic electricity services within 10 years, and the electrification of all schools and clinics. The current estimated backlog for households is 33 per cent, and an estimated 10 000 schools and 500 clinics are still without electricity. The Department of Minerals and Energy has now taken over direct control of this programme, with electrification funds flowing through the Department since 2001/02 instead of being funded by the electricity supply industry (mainly Eskom). The Department is currently electrifying households at a rate of 250 000 a year.

As part of Government's commitment to delivering basic services, the Department is helping to put in place mechanisms to ensure the supply of free electricity to poor households. The funds for this will flow through the equitable share of local government from 2003/04, and should ensure that poor households receive free basic electricity. Total extra funding for the next MTEF period is R1,4 billion for free basic electricity. This should ensure the delivery of about 50kWh (kilowatt hours) each month free to poor households.

The electricity industry currently consists of a vertically integrated monopoly (Eskom), alongside a multitude of municipal distributors. This has worked well in the past, but it is increasingly clear that the structure is unsustainable, particularly at the distribution level. Distributors are often an inefficient size, and tariffs vary widely across the country. Coupled with this is a generation industry that faces few incentives to compete on price. Consequently the Department has, over the last three years, developed restructuring policies for both supply and distribution. They are beginning to be implemented now, and 2003/04 will see the Electricity Distribution Industry Holding Company starting to carry out the reform of the distribution industry, for which extra funds have been provided. Significant progress should also begin to be made in the supply industry over 2003/04.

The Department also covers the liquid fuels and nuclear industries and is responsible for the regulation of these industries. In the liquid fuels sector, the development of the Liquid Fuels Empowerment Charter was overseen by the Department. The 1998 White Paper on Energy Policy stipulates approximately 25 per cent historically disadvantaged South Africans ownership of the industry by 2010. By the end of 2001, 14 per cent of the industry was in the hands of companies owned or controlled by historically disadvantaged South Africans, and a monitoring and evaluating mechanism is already in place.

The Department oversees the nuclear energy industry and seeks to ensure that it works in a manner that is beneficial to the quality of life of the South African population, and that it is not detrimental to their health and environment. Following the significant progress made in improving the governance of the nuclear sector by the two new nuclear Acts (Nuclear Energy Act (46 of 1999) and the National Nuclear Regulator Act (47 of 1999)), the Department is now focusing on new nuclear regulations; drafting a policy and strategy for radioactive waste management in South Africa; the ongoing evaluation of possible new nuclear power generation; investigations into the restructuring of the South African Nuclear Energy Corporation (NECSA); and assessing South Africa's nuclear liabilities in order to manage these facilities properly.

Expenditure estimates

Table 31.1: Minerals and Energy

| Programme | Expenditure outcome | | | Adjusted appropriation | | Medium-term expenditure estimate | | |
|---------------------------------------|---------------------|---------|------------------------|---------------------------|-----------|----------------------------------|-----------|-----------|
| | Audited | Audited | Preliminary outcome | | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | | 2003/04 | 2004/05 | 2005/06 |
| 1 Administration | 42 659 | 46 157 | 54 799 | 72 963 | 72 963 | 91 575 | 84 168 | 90 524 |
| 2 Promotion of Mine Safety and Health | 62 238 | 67 549 | 69 229 | 86 361 | 85 361 | 92 085 | 99 433 | 106 695 |
| 3 Mineral Development | 55 721 | 60 795 | 77 826 | 94 219 | 90 219 | 114 883 | 121 338 | 135 351 |
| 4 Energy Management | 19 862 | 42 862 | 666 192 | 1 013 874 | 1 013 874 | 1 154 354 | 1 195 500 | 1 273 385 |
| 5 Associated Services | 430 976 | 374 717 | 365 350 | 605 201 | 605 201 | 354 917 | 386 219 | 398 133 |
| Total | 611 456 | 592 080 | 1 233 396 | 1 872 618 | 1 867 618 | 1 807 814 | 1 886 658 | 2 004 088 |
| Change to 2002 Budget Estimate | | | | 46 720 | 41 720 | 215 485 | 215 490 | |

Economic classification

| | | | | | | | | |
|-------------------------------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| Current | 562 883 | 565 131 | 597 675 | 655 430 | 650 430 | 731 153 | 779 634 | 848 594 |
| Personnel | 100 789 | 112 890 | 121 830 | 153 503 | 150 503 | 178 039 | 195 192 | 213 292 |
| Transfer payments | 398 035 | 381 489 | 377 066 | 374 056 | 374 056 | 420 928 | 441 324 | 473 630 |
| Other current | 64 059 | 70 752 | 98 779 | 127 871 | 125 871 | 132 186 | 143 118 | 161 672 |
| Capital | 48 573 | 26 949 | 635 721 | 1 217 188 | 1 217 188 | 1 076 661 | 1 107 024 | 1 155 494 |
| Transfer payments | 42 859 | 23 176 | 631 049 | 1 208 904 | 1 208 904 | 1 059 530 | 1 102 489 | 1 150 914 |
| Acquisition of capital assets | 5 714 | 3 773 | 4 672 | 8 284 | 8 284 | 17 131 | 4 535 | 4 580 |
| Total | 611 456 | 592 080 | 1 233 396 | 1 872 618 | 1 867 618 | 1 807 814 | 1 886 658 | 2 004 088 |

Standard items of expenditure

| | | | | | | | | |
|-----------------------------------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| Personnel | 100 789 | 112 890 | 121 830 | 153 503 | 150 503 | 178 039 | 195 192 | 213 292 |
| Administrative | 26 771 | 31 777 | 46 869 | 56 567 | 55 567 | 66 296 | 72 942 | 79 628 |
| Inventories | 3 062 | 3 123 | 4 736 | 5 165 | 5 165 | 5 001 | 5 352 | 5 684 |
| Equipment | 7 678 | 6 320 | 7 520 | 10 753 | 10 753 | 19 353 | 6 922 | 7 110 |
| Land and buildings | – | – | – | 1 | 1 | 1 | 1 | 1 |
| Professional and special services | 30 663 | 32 252 | 44 036 | 63 569 | 62 569 | 58 566 | 62 330 | 73 717 |
| Transfer payments | 440 894 | 404 665 | 1 008 115 | 1 582 960 | 1 582 960 | 1 480 458 | 1 543 813 | 1 624 544 |
| Miscellaneous | 1 599 | 1 053 | 290 | 100 | 100 | 100 | 106 | 112 |
| Total | 611 456 | 592 080 | 1 233 396 | 1 872 618 | 1 867 618 | 1 807 814 | 1 886 658 | 2 004 088 |

Expenditure trends

Total expenditure has been volatile, but the underlying trend has been one of significant increases. Expenditure rises from R611,5 million in 1999/00 to an expected R2,0 billion in 2005/06, an annual average increase of 21,9 per cent. Rather than being steady and smooth, most of this increase has come in two large step changes, in 2001/02 and 2002/03. The main increase is the

movement onto the Department's Vote in 2001/02 of funds spent on electrification, previously funded by Eskom. Allocations to the National Electrification Programme were R600 million in 2001/02, and are expected to increase to R1,1 billion in 2005/06.

Expenditure on personnel has also increased significantly, to enhance capacity and skills, rising from R100,8 million in 1999/00 to an expected R213,3 million in 2005/06, an annual average increase of 13,3 per cent

Transfer payments have increased in line with the funding for electrification. In addition to the electrification transfers there are also significant transfers to various associated institutions.

Departmental receipts

Departmental receipts have also been volatile, ranging from R88,8 million in 2000/01 to R583,9 million in 2001/02, but are expected to stabilise at around R96 million over the next three years. The volatility has come from dividends from the Central Energy Fund, which totalled R457 million in 2001/02 and R118 million in 1999/00. The remaining revenue mainly consists of royalties recovered in terms of the Minerals Act (50 of 1991) and Treasury Regulation 7.3.1 that amounts to R52 million, R116 million and R87 million over the period 2000/01 to 2002/03. Other income comes from mining lease payments and licence fees.

Table 31.2: Departmental receipts

| | Revenue outcome | | | Adjusted appropriation | Medium-term revenue estimate | | |
|---|-----------------|---------|---------------------|------------------------|------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Tax revenue | – | – | – | – | – | – | – |
| Non-tax revenue | 311 158 | 83 144 | 582 614 | 98 996 | 95 871 | 96 221 | 96 769 |
| Interest | 191 307 | 2 956 | 579 772 | 95 389 | 93 118 | 93 453 | 93 989 |
| Dividends | – | – | – | – | – | – | – |
| Rent | – | – | – | – | – | – | – |
| Sales of goods and services | 119 592 | 79 767 | 2 343 | 3 123 | 2 355 | 2 367 | 2 379 |
| Fines, penalties and forfeits | 14 | 132 | 40 | 164 | 40 | 41 | 41 |
| Miscellaneous | 245 | 289 | 459 | 320 | 358 | 360 | 360 |
| Sales of capital assets (capital revenue) | – | – | – | – | – | – | – |
| Financial transactions (recovery of loans and advances) | 3 424 | 5 693 | 1 329 | 374 | 141 | 91 | 92 |
| Total departmental receipts | 314 582 | 88 837 | 583 943 | 99 370 | 96 012 | 96 312 | 96 861 |

Programme 1: Administration

Administration conducts the overall management and support of the Department. It includes policy formulation by the Minister, the Deputy Minister and members of the Department's senior management, and provides for financial management, personnel and provisioning administration, and legal and other support services.

Expenditure estimates

Table 31.3: Administration

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--------------------------------|---------------------|---------|---------------------|------------------------|----------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Minister ¹ | 518 | 659 | 727 | 772 | 713 | 756 | 797 |
| Deputy Minister ² | 421 | 565 | 621 | 606 | 607 | 643 | 679 |
| Management | 3 520 | 4 899 | 6 050 | 5 937 | 7 035 | 7 146 | 7 662 |
| Corporate Services | 38 200 | 40 034 | 47 401 | 65 648 | 83 220 | 75 623 | 81 386 |
| Total | 42 659 | 46 157 | 54 799 | 72 963 | 91 575 | 84 168 | 90 524 |
| Change to 2002 Budget Estimate | | | | 6 248 | 21 270 | 10 749 | |

¹ Payable as from 1 April 2002. Salary: R527 856. Car allowance: R131 964.

² Payable as from 1 April 2002. Salary: R449 460. Car allowance: R112 365.

Economic classification

| | | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Current | 39 435 | 44 486 | 52 080 | 67 311 | 76 759 | 81 297 | 87 964 |
| Personnel | 17 500 | 21 083 | 22 982 | 30 457 | 38 576 | 40 350 | 44 103 |
| Transfer payments | – | – | – | – | – | – | – |
| Other current | 21 935 | 23 403 | 29 098 | 36 854 | 38 183 | 40 947 | 43 861 |
| Capital | 3 224 | 1 671 | 2 719 | 5 652 | 14 816 | 2 871 | 2 560 |
| Transfer payments | – | – | – | – | – | – | – |
| Acquisition of capital assets | 3 224 | 1 671 | 2 719 | 5 652 | 14 816 | 2 871 | 2 560 |
| Total | 42 659 | 46 157 | 54 799 | 72 963 | 91 575 | 84 168 | 90 524 |

Standard items of expenditure

| | | | | | | | |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Personnel | 17 500 | 21 083 | 22 982 | 30 457 | 38 576 | 40 350 | 44 103 |
| Administrative | 10 016 | 11 710 | 14 849 | 19 377 | 20 471 | 22 236 | 23 435 |
| Inventories | 2 191 | 2 138 | 3 468 | 3 069 | 3 168 | 3 452 | 3 663 |
| Equipment | 4 854 | 3 993 | 5 318 | 7 774 | 16 662 | 4 875 | 4 684 |
| Land and buildings | – | – | – | – | – | – | – |
| Professional and special services | 7 863 | 6 970 | 7 934 | 12 186 | 12 598 | 13 149 | 14 527 |
| Transfer payments | – | – | – | – | – | – | – |
| Miscellaneous | 235 | 263 | 248 | 100 | 100 | 106 | 112 |
| Total | 42 659 | 46 157 | 54 799 | 72 963 | 91 575 | 84 168 | 90 524 |

Expenditure trends

The programme budget has grown at an average rate of 19,6 per cent a year from 1999/00 to 2002/03, and is projected to increase by an average of 7,5 per cent a year over the next three years. This growth reflects the increase in personnel to increase capacity and give more effective support to line function programmes. Expenditure on the Corporate Services subprogramme is expected to increase from R65,6 million in 2002/03 to R81,4 million in 2005/06. This is mainly due to additional allocations for expenditure related to the expansion of the staff structure, and there is also a once-off allocation of R11,4 million in 2003/04 for the replacement of old computer systems.

Programme 2: Promotion of Mine Safety and Health

The *Promotion of Mine Safety and Health* programme protects the health and safety of mine employees and people affected by the activities of mines.

- Management is responsible for strategy, policy, developing legislation, overall planning, and guidance and control of the programme.
- Mine Safety and Health promotes health and safety, and assesses, monitors and enforces compliance by mines with safety and health standards. This subprogramme includes mine surveying and the inspection services provided from the regional offices.

Expenditure estimates

Table 31.4: Promotion of Mine Safety and Health

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--------------------------------|---------------------|---------|---------------------|------------------------|----------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Management | 2 570 | 2 615 | 3 204 | 3 542 | 4 280 | 4 597 | 4 862 |
| Mine Safety and Health | 59 668 | 64 934 | 66 025 | 82 819 | 87 805 | 94 836 | 101 833 |
| Total | 62 238 | 67 549 | 69 229 | 86 361 | 92 085 | 99 433 | 106 695 |
| Change to 2002 Budget Estimate | | | | 6 294 | 7 937 | 9 861 | |

Economic classification

| | | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|---------|
| Current | 61 111 | 66 475 | 68 541 | 85 693 | 91 388 | 98 866 | 106 030 |
| Personnel | 43 690 | 48 613 | 50 328 | 56 733 | 63 975 | 69 231 | 74 269 |
| Transfer payments | 3 431 | 2 800 | – | – | – | – | – |
| Other current | 13 990 | 15 062 | 18 213 | 28 960 | 27 413 | 29 635 | 31 761 |
| Capital | 1 127 | 1 074 | 688 | 668 | 697 | 567 | 665 |
| Transfer payments | – | – | – | – | – | – | – |
| Acquisition of capital assets | 1 127 | 1 074 | 688 | 668 | 697 | 567 | 665 |
| Total | 62 238 | 67 549 | 69 229 | 86 361 | 92 085 | 99 433 | 106 695 |

Standard items of expenditure

| | | | | | | | |
|-----------------------------------|--------|--------|--------|--------|--------|--------|---------|
| Personnel | 43 690 | 48 613 | 50 328 | 56 733 | 63 975 | 69 231 | 74 269 |
| Administrative | 8 140 | 9 691 | 12 260 | 15 620 | 17 646 | 19 098 | 20 429 |
| Inventories | 286 | 258 | 304 | 579 | 354 | 400 | 425 |
| Equipment | 1 162 | 1 098 | 713 | 716 | 748 | 610 | 711 |
| Land and buildings | – | – | – | – | – | – | – |
| Professional and special services | 4 820 | 4 640 | 5 624 | 12 713 | 9 362 | 10 094 | 10 861 |
| Transfer payments | 3 431 | 2 800 | – | – | – | – | – |
| Miscellaneous | 709 | 449 | – | – | – | – | – |
| Total | 62 238 | 67 549 | 69 229 | 86 361 | 92 085 | 99 433 | 106 695 |

Transfer payments per subprogramme

| | | | | | | | |
|--------------------------------|-------|-------|---|---|---|---|---|
| Mine Safety and Health | | | | | | | |
| Mining Qualification Authority | 3 431 | 2 800 | – | – | – | – | – |
| Total | 3 431 | 2 800 | – | – | – | – | – |

Expenditure trends

Promotion of Mine Safety and Health is projected to account for an average of 5,2 per cent of the Vote over the medium term. Spending on the programme increased by an average of 11,5 per cent a year between 1999/00 and 2002/03, taking expenditure from R62,2 million to R86,4 million. Expenditure is expected to grow by an average of 7,3 per cent a year over the next three years, reaching R106,7 million in 2005/06. This is mainly due to increased personnel expenditure, which is expected to increase from R43,7 million in 1999/00 to R74,3 million in 2005/06, an annual

average growth rate of 9,3 per cent. Personnel expenditure accounts for approximately 69 per cent of the programme budget, and reflects the labour-intensive nature of mine inspections and audits.

In terms of the Mine Health and Safety Act (29 of 1996) the Department is responsible for the administration of various bodies, resulting in the funding of these bodies now being included as professional and special services. Excluding inflation-related adjustments, the programme's baseline has been adjusted by R0,9 million, R1,0 million and R1,2 million over the respective MTEF years to make provision for the following:

- Tripartite Mining Industry HIV/Aids Committee and programmes in the mining industry
- Receipt and storage of medical records when mines close
- Exit medical examinations for employees of liquidated mines.

Service delivery objectives and indicators

Recent outputs

The fatality rate for 2002 is 0,74 per 1 000 people at work per year and corresponds to 288 deaths during the year. This is a small improvement on the previous year's rate of 0,75 (also 288 deaths). Note that the number of people employed in the mining industry rose in 2002. The reportable injury rate for 2002 is 11,5 corresponding to 4 453 injuries. The corresponding figures for 2001 are 12,34 and 4 728. Against a backdrop of expansion in the gold, platinum and small mining areas, and particularly serious capacity problems in the platinum and small mining sector, these results reflect considerable effort on the part of the Inspectorate and certain industry stakeholders to halt deterioration in safety performance. (In May 2002, 50 per cent deterioration in accidents rates was anticipated if poor performance could not be curbed).

Current capacity enables the Mine Health and Safety Inspectorate to conduct approximately 3 000 accident investigations, 14 000 inspections, and 3 500 audits. Audits and inspections will be apportioned to various mines according to their risk profile. The Inspectorate had performed 11 791 audits and inspections by the end of November 2002.

Medium-term output targets

Promotion of Mine Safety and Health

Measurable objective: To establish national policy, legislation and systems to regulate, monitor, audit, train and provide technical support to ensure health and safety in the mining industry.

| Subprogrammes | Output | Measure/Indicator | Target |
|---------------|--|--|--|
| Management | Comprehensive policy and legislative framework to support the Mine Health and Safety Act (MHSA) | National policy and legislative framework to support the MHSA and to reduce workplace injury and disease | Promulgate 15 new chapters of regulations within 2 years. Policy and guidelines on post-mortems, HIV/Aids and occupational health and safety, small scale mining in 2003/04 |
| | Implementation of strategy to address current occupational health and safety concerns (in major commodity areas) | Regular assessment of implementation and appropriateness of strategy | Annual strategy update by all Chief Directorates by June 2003, and monthly assessment thereafter |
| | | Alignment between Inspectorate's capacity and strategy | Capacity constraints addressed as necessary |

| Subprogrammes | Output | Measure/Indicator | Target |
|---------------------------|--|--|---|
| Management (continued) | Mining Qualifications Authority (MQA) outputs support health and safety, human resource development, and transformation of the mining sector | Alignment between MQA outputs (unit standards, skill programmes, qualifications, accreditation) the Mining Charter and the legislative programme of the Inspectorate | Alignment achieved by March 2004 |
| Mine Safety and Health | Improved health and safety in the mining sector | Improvement in fatality and injury rates | 3,5% reduction in reportable injuries and fatalities rates per year |
| | | Mines with effective OHS management systems, and plans to address concerns and hot spots | 80% of registered mines |
| | | Planned number of inspections and audits completed (barring contingencies) | 14 000 inspections 3 500 audits |
| | | Accident and incident reports available within specified time | Within 3 months of occurrence |
| | OHS information and statistics | Reconciliation and communication of data | Monthly |
| | | Improved occupational health data | June 2003 |
| | Technical support | Research programmes designed to address OHS concerns and results communicated | Approval and funding, April 2003 |
| | | | At least 4 workshops on research results by March 2004 |
| | | Technical advice and support to regional offices, the industry and departmental principals | Timely and high-quality advice provided |

Programme 3: Mineral Development

The aim of the *Mineral Development* programme is to effectively promote, manage, transform and regulate a locally and regionally integrated, globally competitive, mineral resource industry to achieve equitable and sustainable development for the benefit of all South Africans.

The *Mineral Development* programme has four key strategic objectives:

- Research and provide relevant information that will enhance global competitiveness and attract new investment into the South African mineral and mineral processing industry.
- Effectively manage and control mineral resource utilisation to contribute to the sustainable socio-economic development of the country
- Transform and regulate the industry to achieve a better life for all
- Facilitate local, regional and continental integration.

Mineral Development is divided into three main subprogrammes, each with specific objectives:

- Mineral Resource Management has the immediate priority of successfully implementing the Mineral and Petroleum Resources Development Act (MPRDA). Its core function, however, is to effectively manage and control mineral resource utilisation to contribute to the sustainable socio-economic development of the country, by ensuring that the exploration and exploitation of these resources takes place within the context of the socio-economic and environmental requirements of the law. This subprogramme is essentially the risk management control system of the *Mineral Development* programme. It ensures that the environmental management programmes, social and labour plans, economic performance requirements and legal aspects of all rights granted are adequately aligned with the state's objectives and the requirements of the law.

- Mineral Policy and Investment promotes the competitive development, and beneficiation, of a wider basket of mineral development opportunities. In order to achieve this objective it researches the local and global economic environment and provides relevant information that will enhance global competitiveness and attract new investment into the South African mineral industry. The subprogramme also includes structures for the development of the underdeveloped SMME and junior mining sectors, for geographic information based national mining promotion, and the intended beneficiation-economics research and advisory capability.
- Mineral Development and Administration, through regional management, transforms and regulates the industry to achieve a better life for all, and facilitates local, regional and continental integration. It transforms the industry by integrating the targets of the Broad-Based Socio-Economic Empowerment Charter with the regulatory process. It co-ordinates all the urban renewal, rural development, social and labour planning, job-creation, and poverty alleviation initiatives related to mineral resource utilisation. It regulates the allocation of rights, and ensures that the necessary social, environmental, economic, and legal requirements are incorporated into all rights granted, as approved and in terms of the Act.

Expenditure estimates

Table 31.5: Mineral Development

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|---------------------|---------|---------------------|------------------------|----------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Management | 1 739 | 2 070 | 3 080 | 4 044 | 5 824 | 5 967 | 6 386 |
| Mineral Resource Management | 13 425 | 15 176 | 25 782 | 31 151 | 39 657 | 42 052 | 44 589 |
| Mineral Policy and Investment | 13 671 | 14 657 | 17 382 | 25 481 | 32 127 | 33 560 | 42 258 |
| Mineral Development and Administration | 26 886 | 28 892 | 31 582 | 33 543 | 37 275 | 39 759 | 42 118 |
| Total | 55 721 | 60 795 | 77 826 | 94 219 | 114 883 | 121 338 | 135 351 |
| Change to 2002 Budget Estimate | | | | 194 | 13 302 | 10 536 | |

Economic classification

| | | | | | | | |
|-------------------------------|--------|--------|--------|--------|---------|---------|---------|
| Current | 55 007 | 60 464 | 77 006 | 93 690 | 114 077 | 120 897 | 134 884 |
| Personnel | 33 321 | 36 105 | 39 085 | 51 948 | 58 790 | 62 875 | 68 991 |
| Transfer payments | 3 400 | 4 000 | 5 100 | 5 100 | 15 100 | 15 250 | 20 565 |
| Other current | 18 286 | 20 359 | 32 821 | 36 642 | 40 187 | 42 772 | 45 328 |
| Capital | 714 | 331 | 820 | 529 | 806 | 441 | 467 |
| Transfer payments | – | – | – | – | – | – | – |
| Acquisition of capital assets | 714 | 331 | 820 | 529 | 806 | 441 | 467 |
| Total | 55 721 | 60 795 | 77 826 | 94 219 | 114 883 | 121 338 | 135 351 |

Standard items of expenditure

| | | | | | | | |
|-----------------------------------|--------|--------|--------|--------|---------|---------|---------|
| Personnel | 33 321 | 36 105 | 39 085 | 51 948 | 58 790 | 62 875 | 68 991 |
| Administrative | 6 243 | 7 244 | 9 780 | 11 997 | 15 597 | 16 868 | 17 725 |
| Inventories | 540 | 704 | 717 | 967 | 1 148 | 1 182 | 1 256 |
| Equipment | 1 013 | 532 | 1 044 | 828 | 1 131 | 781 | 827 |
| Land and buildings | – | – | – | 1 | 1 | 1 | 1 |
| Professional and special services | 10 654 | 11 934 | 22 058 | 23 378 | 23 116 | 24 381 | 25 986 |
| Transfer payments | 3 400 | 4 000 | 5 100 | 5 100 | 15 100 | 15 250 | 20 565 |
| Miscellaneous | 550 | 276 | 42 | – | – | – | – |
| Total | 55 721 | 60 795 | 77 826 | 94 219 | 114 883 | 121 338 | 135 351 |

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|---------------------|---------|---------------------|------------------------|----------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Transfer payments per subprogramme | | | | | | | |
| Mineral Policy and Investment | | | | | | | |
| Industrial Development Corporation of SA Ltd | 3 400 | 4 000 | 5 100 | 5 100 | 15 100 | 15 250 | 20 565 |
| Total | 3 400 | 4 000 | 5 100 | 5 100 | 15 100 | 15 250 | 20 565 |

Expenditure trends

Expenditure on this programme has increased steadily, rising from R55,7 million in 1999/00 to R94,2 million in 2002/03, and is expected to increase to R135,4 million in 2005/06, an annual average growth rate of 15,9 per cent.

All four subprogrammes have seen steady growth in expenditure, with most of the increase being spent on personnel, and professional and special services. Personnel spending increases from R33,3 million in 1999/00 to an expected R69,0 million in 2005/06, an annual average increase of 12,9 per cent. Expenditure on professional and special services is expected to rise from R10,7 million in 1999/00 to R26,0 million in 2005/06, an annual average increase of 16 per cent. The increases in the programme's capacity are linked to the implementation of the Mineral and Petroleum Resources Development Act, and the increased role it gives Government in the minerals sector.

Service delivery objectives and indicators

Recent outputs

The programme has developed a social plan programme for mines, and the necessary capacity to manage this is in place. Similarly, the environmental management plans are also in place.

Medium-term output targets

Mineral Development

Measurable objective: To transform, promote and regulate the mineral resource industry to competitively contribute to the equitable and sustainable socio-economic development of the country.

| Subprogramme | Output | Measure/Indicator | Target |
|-------------------------------|---|--|---|
| Mineral Resource Management | Governance | Successful implementation of the new legislative and regulatory regime Successful co-ordination of economic social and physical environments with mineral resource administration to ensure the sustainable development of mineral resource based economies | By end 2003/04 |
| Mineral Policy and Investment | Promotion of the competitive development and beneficiation of a wider basket of mineral development opportunities | Increased access to the mining industry by small and junior sector exploration | Within equity targets as determined by Department |
| | Implementation of a national mining promotion system | Funded organisational structure for beneficiation economic research and advisory services Mineral information management capability and information linkages installed | By end 2003/4 By end 2003/4 |

| Subprogramme | Output | Measure/Indicator | Target |
|--|---|---|--|
| Mineral Development and Administration | Successful implementation of legislation and mineral policies and the monitoring of legal, economic, social and environmental compliance Transformed mining industry | Date of implementation Industry transformation | 2003/04 According to predetermined departmental targets |

Programme 4: Energy Management

Energy Management develops energy resources and promotes their optimal use. Programme activities are organised into four subprogrammes:

- Management and Energy Planning promotes integrated energy planning through policy development, in support of environmental objectives and renewable energy technology, manages an energy data base and provides administrative services.
- Electricity develops, implements and monitors electricity policy and programmes. The functions of the subprogramme include: managing, developing and implementing the National Electrification Programme and Fund; restructuring the electricity industry; researching national and international trends that impact on the electricity industry; and oversight of the National Electricity Regulator.
- The Nuclear subprogramme manages Government's obligations related to the governance of the nuclear sector in the three areas of nuclear safety, nuclear non-proliferation and nuclear technology as provided for in the Nuclear Energy Act (46 of 1999) and the National Nuclear Regulator Act (47 of 1999).
- The Hydrocarbons subprogramme is responsible for policy development, and the regulatory aspects of coal, crude oil, petroleum and natural gas.

Expenditure estimates

Table 31.6: Energy Management

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--------------------------------|---------------------|---------|---------------------|------------------------|----------------------------------|-----------|-----------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Management and Energy Planning | 10 450 | 11 269 | 18 496 | 9 427 | 15 429 | 21 747 | 31 673 |
| Electricity | 5 511 | 25 772 | 641 298 | 984 577 | 1 121 219 | 1 154 332 | 1 218 560 |
| Nuclear | 2 061 | 2 815 | 1 743 | 10 992 | 9 945 | 10 771 | 13 582 |
| Hydrocarbons | 1 840 | 3 006 | 4 655 | 8 878 | 7 761 | 8 650 | 9 570 |
| Total | 19 862 | 42 862 | 666 192 | 1 013 874 | 1 154 354 | 1 195 500 | 1 273 385 |
| Change to 2002 Budget Estimate | | | | 28 234 | 166 568 | 177 039 | |
| Economic classification | | | | | | | |
| Current | 19 223 | 42 796 | 65 847 | 66 469 | 114 152 | 128 510 | 149 259 |
| Personnel | 6 278 | 7 089 | 9 435 | 14 365 | 16 698 | 22 736 | 25 929 |
| Transfer payments | 3 300 | 24 000 | 38 000 | 27 000 | 71 400 | 76 400 | 83 040 |
| Other current | 9 645 | 11 707 | 18 412 | 25 104 | 26 054 | 29 374 | 40 290 |
| Capital | 639 | 66 | 600 345 | 947 405 | 1 040 202 | 1 066 990 | 1 124 126 |
| Transfer payments | – | – | 600 000 | 946 895 | 1 039 600 | 1 066 556 | 1 123 473 |
| Acquisition of capital assets | 639 | 66 | 345 | 510 | 602 | 434 | 653 |
| Total | 19 862 | 42 862 | 666 192 | 1 013 874 | 1 154 354 | 1 195 500 | 1 273 385 |

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|-----------------------------------|---------------------|---------------|---------------------|------------------------|----------------------------------|------------------|------------------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Standard items of expenditure | | | | | | | |
| Personnel | 6 278 | 7 089 | 9 435 | 14 365 | 16 698 | 22 736 | 25 929 |
| Administrative | 2 372 | 3 132 | 9 980 | 9 573 | 12 582 | 14 740 | 18 039 |
| Inventories | 45 | 23 | 247 | 550 | 331 | 318 | 340 |
| Equipment | 639 | 66 | 345 | 510 | 602 | 434 | 653 |
| Land and buildings | – | – | – | – | – | – | – |
| Professional and special services | 7 123 | 8 487 | 8 185 | 14 981 | 13 141 | 14 316 | 21 911 |
| Transfer payments | 3 300 | 24 000 | 638 000 | 973 895 | 1 111 000 | 1 142 956 | 1 206 513 |
| Miscellaneous | 105 | 65 | – | – | – | – | – |
| Total | 19 862 | 42 862 | 666 192 | 1 013 874 | 1 154 354 | 1 195 500 | 1 273 385 |

Transfer payments per subprogramme

| | | | | | | | |
|---|--------------|---------------|----------------|----------------|------------------|------------------|------------------|
| Electricity | | | | | | | |
| National Electricity Regulator | 3 300 | 4 000 | 4 000 | 4 000 | 4 000 | 4 000 | 4 240 |
| Electricity Distribution Industry | – | 20 000 | 13 000 | – | 45 000 | 50 000 | 55 000 |
| National Electrification Programme | | | | | | | |
| National | – | – | 600 000 | 738 882 | 822 000 | 843 956 | 889 273 |
| Local Government | – | – | – | 228 013 | 240 000 | 245 000 | 258 000 |
| Electricity Basic Services Support Tariff | – | – | 21 000 | 3 000 | – | – | – |
| Total | 3 300 | 24 000 | 638 000 | 973 895 | 1 111 000 | 1 142 956 | 1 206 513 |

Expenditure trends

Expenditure on the programme is dominated by the National Electrification Programme, which has been funded through the Department of Minerals and Energy since 2001/02. Allocations to the National Electrification Programme are expected to increase from R600 million in 2001/02 to R1,1 billion in 2005/06. This includes an increase of R117 million for each of the next three years to cover the VAT that needs to be paid by the programme.

Expenditure on both personnel and professional and special services is expected to increase significantly, with expected expenditure on personnel rising from R6,3 million in 1999/00 to R25,9 million in 2005/06, an annual average increase of 26,7 per cent. Expenditure on professional and special services is expected to increase from R7,1 million in 1999/00 to R21,9 million in 2005/06, an annual average increase of 20,6 per cent.

The programme is also responsible for restructuring the electricity distribution industry, and an increased allocation has been made for this purpose. Expenditure on the Electricity Distribution Industry Holding Company is expected to rise from R45 million in 2003/04 to R55 million in 2005/06.

Service delivery objectives and indicators

Recent outputs

During the 2002/03 financial year the Gas Bill, which provides for the establishment of a Gas Regulator, was approved by Cabinet. The draft Gas Infrastructure Plan, which outlines how gas resources will be developed to produce energy for South Africa, was drafted, the Cross-Border Gas Trade Agreement with Mozambique was established, and the South Africa/Mozambique Cross-Border Gas Commission was brought into operation. The text of the Cross-Border Gas Trade Agreement with Namibia was also agreed. The first Integrated Energy Plan was produced.

The fuel pricing methodology was revised during the year.

Progress was made on electrification, service delivery for the poor, and the restructuring of the industry. In total almost 300 000 households and 1 000 schools and clinics will have been connected in the year to March 2003. Coupled with this is the development of policy on free basic electricity, and a significant increase in the equitable share allocation for the provision of free electricity to the poor. Work on the restructuring of both the electricity distribution and supply industries is continuing, and the Electricity Distribution Industry Holding Company was approved in early 2003.

Medium-term output targets

Energy Management

Measurable objective: To develop national policy, for the management and optimal utilisation of energy resources, which ensures their effective contribution to sustained economic growth and development.

| Subprogramme | Output | Measure/Indicator | Target |
|--------------------------------|---|--|---|
| Management and Energy Planning | Renewable energy and energy efficiency strategies and action plans | Renewable energy strategy and action plan | August 2003 |
| | | Energy efficiency strategy and action plan | June 2003 |
| Electricity | Restructured electricity distribution industry (EDI) | Establishment of the EDI Holding Company and Regional Electricity Distributors (REDs) | EDI Holding Company in June 2003 REDs in 2005 |
| | Restructured electricity supply industry (ESI) | ESI Restructuring Act | Enacted September 2003 and regulations issued by March 2004 |
| | Integrated National Electrification Programme (INEP) | Effective administration and control of INEP and achievement of targets | 243 000 grid and 13 900 non-grid household connections 1 349 schools and clinics electrified by March 2004 |
| Nuclear | Radioactive waste policy | Radioactive waste policy consistent with objectives for safe management of nuclear industry and optimal energy use | March 2004 |
| Hydrocarbons | Amended statutory and regulatory framework for the petroleum industry | The promulgation of the Petroleum Products Amendment Bill and the Petroleum Pipeline Bill | June 2003 |
| | Petroleum Pipeline Regulator | Establishment of regulatory authority | January 2004 |
| | Gas Regulator | Establishment of regulatory authority | June 2003 |

Programme 5: Associated Services

The aim of the programme is to provide services related to the Department's aims, through the funding of statutory bodies and organisations.

- Mineral Technology Research contributes to the Council for Mineral Technology (Mintek).
- The South African Nuclear Energy Corporation (NECSA), which falls under the Nuclear Energy subprogramme, maintains, develops, and utilises nuclear and related technology in terms of the Nuclear Energy Act (46 of 1999).
- The National Nuclear Regulator subprogramme provides for the protection of persons, property and the environment against nuclear damage in terms of the National Nuclear Regulator Act (47 of 1999).
- Geoscience provides for a contribution to the Council for Geoscience.

- Assistance to Mines assists marginal mines with the costs of pumping water originating from defunct gold mines.
- Energy Provision contributes towards audit fees for the Cahora Bassa project.
- Government Motor Transport purchases vehicles for departmental use.

Expenditure estimates

Table 31.7: Associated Services

| Subprogramme | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--------------------------------|---------------------|---------|---------------------|------------------------|----------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Mineral Technology Research | 81 773 | 78 007 | 76 872 | 76 410 | 82 439 | 87 632 | 93 019 |
| Nuclear Energy | 249 814 | 200 245 | 180 256 | 424 947 | 161 190 | 179 901 | 179 296 |
| National Nuclear Regulator | 6 088 | 6 762 | 7 002 | 7 282 | 7 610 | 8 067 | 8 551 |
| Geoscience | 63 794 | 60 856 | 65 946 | 66 384 | 72 019 | 76 606 | 81 375 |
| Assistance to Mines | 29 012 | 27 990 | 34 939 | 28 915 | 31 100 | 33 401 | 35 225 |
| Loans to Mines | – | – | – | 1 | – | – | – |
| Energy Provision | 203 | 221 | 235 | 312 | 349 | 390 | 432 |
| Government Motor Transport | 292 | 636 | 100 | 950 | 210 | 222 | 235 |
| Total | 430 976 | 374 717 | 365 350 | 605 201 | 354 917 | 386 219 | 398 133 |
| Change to 2002 Budget Estimate | | | | 5 750 | 6 408 | 7 305 | |

Economic classification

| | | | | | | | |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Current | 388 107 | 350 910 | 334 201 | 342 267 | 334 777 | 350 064 | 370 457 |
| Personnel | – | – | – | – | – | – | – |
| Transfer payments | 387 904 | 350 689 | 333 966 | 341 956 | 334 428 | 349 674 | 370 025 |
| Other current | 203 | 221 | 235 | 311 | 349 | 390 | 432 |
| Capital | 42 869 | 23 807 | 31 149 | 262 934 | 20 140 | 36 155 | 27 676 |
| Transfer payments | 42 859 | 23 176 | 31 049 | 262 009 | 19 930 | 35 933 | 27 441 |
| Acquisition of capital assets | 10 | 631 | 100 | 925 | 210 | 222 | 235 |
| Total | 430 976 | 374 717 | 365 350 | 605 201 | 354 917 | 386 219 | 398 133 |

Standard items of expenditure

| | | | | | | | |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Personnel | – | – | – | – | – | – | – |
| Administrative | – | – | – | – | – | – | – |
| Inventories | – | – | – | – | – | – | – |
| Equipment | 10 | 631 | 100 | 925 | 210 | 222 | 235 |
| Land and buildings | – | – | – | – | – | – | – |
| Professional and special services | 203 | 221 | 235 | 311 | 349 | 390 | 432 |
| Transfer payments | 430 763 | 373 865 | 365 015 | 603 965 | 354 358 | 385 607 | 397 466 |
| Miscellaneous | – | – | – | – | – | – | – |
| Total | 430 976 | 374 717 | 365 350 | 605 201 | 354 917 | 386 219 | 398 133 |

Table 31.7: Associated Services

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|---------------------|---------|---------------------|------------------------|----------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| Transfer payments per subprogramme | | | | | | | |
| Mineral Technology Research | 81 773 | 78 007 | 76 872 | 76 410 | 82 439 | 87 632 | 93 019 |
| Nuclear Energy | | | | | | | |
| SA Nuclear Energy Corporation Ltd. | 183 548 | 142 190 | 129 054 | 139 863 | 140 233 | 148 647 | 157 566 |
| SA Nuclear Energy Corporation Ltd.: Decommissioning Projects | – | 15 578 | 16 191 | 19 536 | 19 550 | 20 500 | 21 730 |
| SA Nuclear Energy Corporation Ltd.: Strategic Loans | 62 042 | 37 619 | 35 011 | 265 548 | 1 407 | 10 754 | – |
| SA Nuclear Energy Corporation Ltd.: IAEA Membership Fees | 4 224 | 4 858 | – | – | – | – | – |
| National Nuclear Regulator | 6 088 | 6 762 | 7 002 | 7 282 | 7 610 | 8 067 | 8 551 |
| Geoscience | | | | | | | |
| Council for Geoscience | 63 794 | 60 856 | 65 946 | 66 384 | 72 019 | 76 606 | 81 375 |
| Assistance to Mines | | | | | | | |
| Pumping of Water | 29 012 | 27 990 | 34 939 | 28 914 | 31 100 | 33 401 | 35 225 |
| Subsidising Interest on Loans | – | – | – | 1 | – | – | – |
| Loans to Mines | – | – | – | 1 | – | – | – |
| Energy Provision | | | | | | | |
| Cahora Bassa: Distribution of Electricity | – | – | – | 1 | – | – | – |
| Government Motor Transport | | | | | | | |
| Subsidised | 282 | 5 | – | 25 | – | – | – |
| Total | 430 763 | 373 865 | 365 015 | 603 965 | 354 358 | 385 607 | 397 466 |

Expenditure trends

Spending on *Associated Services* has declined by 15,2 per cent between 1999/00 and 2001/02. This is mainly due to the curtailment of the operations of the South African Nuclear Energy Corporation (NECSA) as well as a drive to commercialise its activities, such as its fluorine chemical and radiation technology divisions. Operational expenditure for NECSA declines from R183,5 million in 1999/00 to R129 million in 2001/02, and increases to R157,6 million in 2005/06.

Expenditure on the decommissioning and decontamination projects are projected to be stable at an average of about R20 million a year between 2003/04 and 2005/06. The process to redeem the loans of NECSA will culminate with payments of R265,5 million in 2002/03, R1,4 million in 2003/04, and R10,8 million in 2004/05.

Expenditure on Assistance to Mines declined from R29 million to R28,9 million between 1999/00 and 2002/03, but is projected to increase by an average of 6,8 per cent a year over the medium term. Following a decision made by the Interdepartmental Committee, Cabinet approved that funds allocated for the pumping of water may also be used to close ingress holdings to prevent surface water to flow into underground workings.

Transfers to science councils (Council for Geoscience and Mineral Technology Research) declined by about 0,6 per cent a year in the period between 1999/2000 and 2002/03, but is expected to grow by an annual average of 7,0 per cent over the medium term. Allocations for individual councils are based on the recommendations of the National Advisory Council on Innovation, which seeks to rationalise funding between science councils and also to direct resources to areas of relative priority.

Public entities reporting to the Minister

The National Electricity Regulator

The National Electricity Regulator (NER) was established in terms of the Electricity Act (41 of 1987), as amended. The role of the Regulator is to regulate the electricity industry to meet the requirements of existing and future customers. Its key functions are to approve the prices at which electricity is sold, and to set standards for the quality of supply and service and monitor these. It has licensed all generators, transmitters and distributors of electricity in South Africa. It approves their electricity prices on an annual basis, and arbitrates in a range of disputes between licensees and their customers. The Regulator is currently funded through a levy on electricity, which is determined by the Minister of Minerals and Energy in consultation with the Minister of Finance. The projected revenue of the National Electricity Regulator over the medium term is about R50 million per year.

The South African Nuclear Energy Corporation

The vision of the South African Nuclear Energy Corporation (Pty) Ltd is to pursue excellence in nuclear technology for sustained social and economic development. NECSA's mission is to develop, use and manage nuclear technology for national and regional socio-economic development, through:

- Applied research and development
- The commercial application of nuclear and associated technology
- Fulfilling the state's nuclear obligations
- Contributing to the development of skills in science and technology
- Total commitment to health and safety, and care for the environment
- Developing and empowering our human resource base
- Satisfying stakeholder expectations.

Government policy and legislation provide the framework within which NECSA operates. The Nuclear Energy Act (46 of 1999) mandates NECSA to develop and utilise nuclear technology as part of the National System of Innovation, and to serve the state's nuclear institutional obligations.

NECSA's main functions are as follows:

- The Pelindaba Nuclear Institute (PNI) is responsible for selected nuclear activities, and for fulfilling institutional and international obligations on behalf of the state.
- Nuclear Technology (NT) is responsible for maintaining, developing, and applying NECSA's core competence of nuclear and radiation science and technology through market-driven research and development and advanced training.
- Facilities and Technical Services is responsible for the management and physical protection of the site, facilities and infrastructure, and the provision of services for all Pelindaba tenants.
- Nuclear Technology Products (Pty) Ltd (NTP) is a global supplier, on a commercial basis, of radio-pharmaceuticals, radio chemicals, radioactive sources, irradiation services and radiation technology products.
- High Technology Products (Pty) Ltd (HTP) is responsible for the commercial exploitation of: non-nuclear products and services, including fluorine-based chemical products and services; the commercial development of fluorine-based products and development technology; and the manufacturing and provision of specialised engineering products, systems and services.

Mineral Technology Research (Mintek)

The Council for Mineral Technology (Mintek) was established in terms of the Mineral Technology Act (30 of 1989). Mintek provides research, development and technology transfers that foster the development of businesses in the mineral and mineral products industries. Mintek strives to be a global leader in the field of mineral and metallurgical research and development and technology transfer. It achieves these objectives through the transfer of technology to industry and promoting the optimal supply and efficient use of mineral resources, and by ensuring that its expertise and technology is world class.

The National Nuclear Regulator

The National Nuclear Regulator (NNR) was established in terms of the National Nuclear Regulator Act (47 of 1999). The purpose of the Regulator is to provide for the protection of persons, property and the environment against nuclear damage, through the establishment of safety standards and regulatory practices.

The Regulator exercises safety regulatory control over:

- The siting, design, construction, operation and manufacturing of component parts, and the decontamination, decommissioning and closure of nuclear installations
- Vessels propelled by nuclear power or having radioactive material on board which is capable of causing nuclear damage, through the granting of nuclear authorisations.

The Regulator also:

- Exercises regulatory control over actions to which its Act applies through the granting of nuclear authorisations
- Provides assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections
- Fulfils national obligations related to international instruments concerning nuclear safety
- Ensures that provisions for nuclear emergency planning are in place.

Council for Geoscience

The Council for Geoscience was established in terms of the Geoscience Act (100 of 1993). The Council is responsible for:

- Systematic geoscientific mapping of South Africa, and the interpretation and compilation of data, maps and map explanations
- Geological research to improve the understanding of geological processes
- Collecting and compiling all geoscience data for South Africa in the National Geoscience Archives
- Maintaining the National Borehole Core depository, the National Geoscience Library, and the National Geoscience Museum
- Providing Geoscience knowledge services to the Department of Minerals and Energy and the private sector.

The Central Energy Fund

The Central Energy Fund (Pty) Ltd (CEF), incorporated in terms of the Central Energy Fund Act (38 of 1997), is mandated by the state to engage in the acquisition, exploration, generation, marketing and distribution of any energy form, and to engage in research relating to the energy sector.

The vision of the Central Energy Fund is to be the leading commercially viable energy development company in Africa. CEF's mission is to actively pursue economically viable

opportunities in oil, gas, coal and renewable energy resources, and to provide access to sustainable and affordable energy.

The CEF group of companies focuses on a number of areas:

- Exploration and production
- Petroleum products and services
- Promoting and marketing offshore and onshore exploration
- Oil trading and tank terminal management
- Renewable energy
- Energy efficiency and climate change
- Low-smoke fuels
- Research and development
- Gas infrastructure development.

The Fund's activities are housed in four active subsidiaries – PetroSA, Petroleum Agency SA, iGAS and the Strategic Fuel Fund Association.

Annexure

Vote 31: Minerals and Energy

Table 31.8: Summary of expenditure trends and estimates per programme

Table 31.9: Summary of expenditure trends and estimates per economic classification

Table 31.10: Summary of expenditure trends and estimates per standard item

Table 31.11: Summary of personnel numbers and costs

Table 31.12: Summary of expenditure on training

Table 31.13: Summary of information and communications technology expenditure

Table 31.14: Summary of conditional grants to local government (municipalities)

Table 31.15: Summary of expenditure on infrastructure

Table 31.8: Summary of expenditure trends and estimates per programme

| | Expenditure outcome | | | Main appropriation | Additional appropriation | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|---------------------------------------|---------------------|---------|---------------------|--------------------|--------------------------|------------------------|------------------|----------------------------------|-----------|-------|
| | Audited | Audited | Preliminary outcome | | | | | Current | Capital | Total |
| | 1999/00 | 2000/01 | 2001/02 | | | | | | | |
| R thousand | | | | | 2002/03 | 2003/04 | | 2004/05 | 2005/06 | |
| 1 Administration | 42 659 | 46 157 | 54 799 | 66 715 | 6 248 | 72 963 | 76 759 | 14 816 | 91 575 | |
| 2 Promotion of Mine Safety and Health | 62 238 | 67 549 | 69 229 | 80 067 | 6 294 | 86 361 | 91 388 | 697 | 92 085 | |
| 3 Mineral Development | 55 721 | 60 795 | 77 826 | 94 025 | 194 | 94 219 | 114 077 | 806 | 114 883 | |
| 4 Energy Management | 19 862 | 42 862 | 666 192 | 985 640 | 28 234 | 1 013 874 | 114 152 | 1 040 202 | 1 154 354 | |
| 5 Associated Services | 430 976 | 374 717 | 365 350 | 599 451 | 5 750 | 605 201 | 334 777 | 20 140 | 354 917 | |
| Total | 611 456 | 592 080 | 1 233 396 | 1 825 898 | 46 720 | 1 872 618 | 731 153 | 1 076 661 | 1 807 814 | |
| Change to 2002 Budget Estimate | | | | | | 41 720 | | 41 720 | | |

Table 31.9: Summary of expenditure trends and estimates per economic classification

| | Expenditure outcome | | | | Medium-term expenditure estimate | | | |
|---|---------------------|---------|---------------------|------------------|----------------------------------|-----------|-------|-----------|
| | Audited | | Preliminary outcome | Revised estimate | Capital | | Total | |
| | 1999/00 | 2000/01 | | | 2002/03 | 2003/04 | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | | 2002/03 | 2003/04 | | 2004/05 |
| Current | 562 883 | 565 131 | 597 675 | | 637 814 | 731 153 | | 779 634 |
| | 100 789 | 112 890 | 121 830 | | 148 175 | 178 039 | | 195 192 |
| Personnel | | | | | | | | |
| Salaries and wages | 77 539 | 82 136 | 101 377 | | 113 344 | 133 018 | | 145 653 |
| Other | 23 250 | 30 754 | 20 453 | | 34 831 | 45 021 | | 49 539 |
| Transfer payments | 398 035 | 381 489 | 377 066 | | 376 056 | 420 928 | | 441 324 |
| Subsidies to business enterprises | | | | | (2 000) | | | |
| Other levels of government | 323 565 | 290 697 | 274 218 | | 306 890 | 301 079 | | 311 888 |
| social security funds | - | - | - | | - | - | | - |
| universities and technicians | - | - | - | | - | - | | - |
| extra-budgetary institutions | 74 470 | 70 792 | 68 848 | | 69 166 | 74 849 | | 79 436 |
| provincial government | - | - | - | | - | - | | - |
| local government | - | - | - | | - | - | | - |
| Households and non-profit institutions | - | 20 000 | 34 000 | | - | 45 000 | | 50 000 |
| Foreign countries and international credit institutions | - | - | - | | - | - | | - |
| Other | 64 059 | 70 752 | 98 779 | | 113 583 | 132 186 | | 143 118 |
| Capital | 48 573 | 26 949 | 635 721 | | 1 188 084 | 1 076 661 | | 1 107 024 |
| Transfer payments | 42 859 | 23 176 | 631 049 | | 1 182 009 | 1 059 530 | | 1 102 489 |
| Other levels of government | - | - | - | | 228 013 | 240 000 | | 245 000 |
| Other capital transfers | 42 859 | 23 176 | 631 049 | | 953 996 | 819 530 | | 857 489 |
| Movable capital | 5 714 | 3 773 | 4 672 | | 6 075 | 17 131 | | 4 535 |
| Motor vehicles (transport) | 10 | 631 | 100 | | 175 | 210 | | 222 |
| Equipment - Computers | 4 557 | 2 176 | 3 601 | | 2 741 | 14 235 | | 2 374 |
| Equipment - Other office equipment | 459 | 409 | 605 | | 2 793 | 1 837 | | 1 503 |
| Other | 688 | 557 | 366 | | 366 | 849 | | 436 |
| Fixed capital | - | - | - | | - | - | | - |
| Land | - | - | - | | - | - | | - |
| Buildings | - | - | - | | - | - | | - |
| Infrastructure | - | - | - | | - | - | | - |
| Other | - | - | - | | - | - | | - |
| Total | 611 456 | 592 080 | 1 233 396 | | 1 825 898 | 1 807 814 | | 1 886 658 |
| | | | | | 1 872 618 | 1 807 814 | | 2 004 088 |

Table 31.10: Summary of expenditure trends and estimates per standard item

| | Expenditure outcome | | | Main appropriation | Additional appropriation | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|-----------------------------------|---------------------|---------|---------------------|--------------------|--------------------------|------------------------|------------------|----------------------------------|-----------|-----------|
| | Audited | Audited | Preliminary outcome | | | | | Current | Capital | Total |
| | 1999/00 | 2000/01 | 2001/02 | | 2002/03 | | | 2003/04 | 2004/05 | 2005/06 |
| R thousand | | | | | | | | | | |
| Personnel | 100 789 | 112 890 | 121 830 | 148 175 | 5 328 | 153 503 | 150 503 | 178 039 | 195 192 | 213 292 |
| Administrative | 26 771 | 31 777 | 46 869 | 52 895 | 3 672 | 56 567 | 55 567 | 66 296 | 72 942 | 79 628 |
| Inventories | 3 062 | 3 123 | 4 736 | 4 624 | 541 | 5 165 | 5 165 | 5 001 | 5 352 | 5 684 |
| Equipment | 7 678 | 6 320 | 7 520 | 8 244 | 2 509 | 10 753 | 10 753 | 17 131 | 6 922 | 7 110 |
| Land and buildings | – | – | – | 1 | – | 1 | 1 | – | 1 | 1 |
| Professional and special services | 30 663 | 32 252 | 44 036 | 53 794 | 9 775 | 63 569 | 62 569 | 58 566 | 62 330 | 73 717 |
| Transfer payments | 440 894 | 404 665 | 1 008 115 | 1 558 065 | 24 895 | 1 582 960 | 1 582 960 | 1 059 530 | 1 543 813 | 1 624 544 |
| Miscellaneous | 1 599 | 1 053 | 290 | 100 | – | 100 | 100 | 100 | 106 | 112 |
| Total | 611 456 | 592 080 | 1 233 396 | 1 825 898 | 46 720 | 1 872 618 | 1 867 618 | 731 153 | 1 076 661 | 1 807 814 |
| | | | | | | | | | 1 886 658 | 2 004 088 |

Table 31.11: Summary of personnel numbers and costs¹

| Personnel numbers | Personnel numbers | | | | Personnel numbers | | | |
|---------------------------------------|-------------------|---------|---------|---------|-------------------|---------|---------|---------|
| | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
| 1 Administration | 172 | 173 | 187 | 239 | 255 | 255 | 255 | 255 |
| 2 Promotion of Mine Safety and Health | 301 | 301 | 281 | 302 | 310 | 310 | 310 | 310 |
| 3 Mineral Development | 350 | 349 | 343 | 324 | 353 | 353 | 353 | 353 |
| 4 Energy Management | 48 | 48 | 68 | 86 | 99 | 99 | 99 | 99 |
| Total | 871 | 871 | 879 | 951 | 1 017 | 1 017 | 1 017 | 1 017 |
| Total personnel cost (R thousand) | 100 789 | 112 890 | 121 830 | 153 503 | 178 039 | 178 039 | 178 039 | 178 039 |
| Unit cost (R thousand) | 115.7 | 129.6 | 138.6 | 161.4 | 175.1 | 175.1 | 175.1 | 175.1 |

¹ Full-time equivalent

Table 31.12: Summary of expenditure on training

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---------------------------------------|---------------------|---------|---------------------|------------------------|----------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | 2003/04 | 2004/05 | 2005/06 |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| 1 Administration | 415 | 807 | 1 426 | 1 513 | 1 542 | 1 680 | 1 781 |
| 2 Promotion of Mine Safety and Health | 836 | 944 | 1 269 | 1 046 | 1 083 | 1 134 | 1 148 |
| 3 Mineral Development | 445 | 479 | 576 | 764 | 807 | 849 | 900 |
| 4 Energy Management | 201 | 237 | 479 | 460 | 550 | 665 | 705 |
| Total | 1 897 | 2 467 | 3 750 | 3 783 | 3 982 | 4 328 | 4 534 |

Table 31.13: Summary of information and communications technology expenditure

| | Expenditure outcome | Adjusted appropriation | | Medium-term expenditure estimate | | |
|---------------------------------------|---------------------|------------------------|---------|----------------------------------|---------|--|
| | | 2002/03 | 2003/04 | 2004/05 | 2005/06 | |
| R thousand | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | |
| 1 Administration | 4 927 | 9 408 | 20 295 | 9 226 | 9 659 | |
| Technology | 2 248 | 2 710 | 13 520 | 2 080 | 2 084 | |
| IT services | 2 679 | 6 698 | 6 775 | 7 146 | 7 575 | |
| 2 Promotion of Mine Safety and Health | 446 | - | 152 | 60 | 105 | |
| Technology | 446 | - | 152 | 60 | 105 | |
| IT services | - | - | - | - | - | |
| 3 Mineral Development | 491 | - | 266 | - | - | |
| Technology | 491 | - | 266 | - | - | |
| IT services | - | - | - | - | - | |
| 4 Energy Management | 238 | - | 247 | 120 | 252 | |
| Technology | 238 | - | 247 | 120 | 252 | |
| IT services | - | - | - | - | - | |
| Total | 6 102 | 9 408 | 20 960 | 9 406 | 10 016 | |

Table 31.14: Summary of conditional grants to local government (municipalities) ¹

| | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|------------------------------------|---------------------|---------|---------------------|------------------------|----------------------------------|---------|---------|
| | Audited | Audited | Preliminary outcome | | | | |
| R thousand | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 |
| 4 Energy Management | | | | | | | |
| National Electrification Programme | - | - | - | 228 013 | 240 000 | 245 000 | 258 000 |
| Total | - | - | - | 228 013 | 240 000 | 245 000 | 258 000 |

¹ Detail provided in the Division of Revenue Act, 2003.

Table 31.15: Summary of expenditure on infrastructure

| Projects | Description | Expenditure outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|--|---------------------|---------|---------|------------------------|----------------------------------|-----------|-----------|
| | | 1999/00 | 2000/01 | 2001/02 | | 2003/04 | 2004/05 | 2005/06 |
| R thousand | | | | | | | | |
| Infrastructure programmes or large infrastructure projects | | - | - | - | - | - | - | - |
| Small project groups | | - | - | - | - | - | - | - |
| Infrastructure transfers | | - | - | 600 000 | 946 895 | 1 039 600 | 1 066 556 | 1 123 473 |
| - Integrated National Electrification Programme (National) | Electrification of households, schools and clinics | - | - | 600 000 | 718 882 | 799 600 | 821 556 | 865 473 |
| - Integrated National Electrification Programme (Local) | Electrification of households, schools and clinics | - | - | - | 228 013 | 240 000 | 245 000 | 258 000 |
| Sub-total | | - | - | 600 000 | 946 895 | 1 039 600 | 1 066 556 | 1 123 473 |
| Fixed installations transferred to households | | - | - | - | - | - | - | - |
| Maintenance on infrastructure | | - | - | - | - | - | - | - |
| Total | | - | - | 600 000 | 946 895 | 1 039 600 | 1 066 556 | 1 123 473 |