

Vote 28

Minerals and Energy

Budget summary

R thousand	2008/09				2009/10	2010/11
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	209 498	198 829	1 223	9 446	231 602	253 292
Promotion of Mine Safety and Health	129 753	124 410	4 909	434	135 407	146 254
Mineral Regulation	167 161	167 161	–	–	172 658	190 675
Mineral Policy and Promotion	57 535	33 502	24 033	–	60 193	64 735
Hydrocarbons and Energy Planning	65 097	59 691	5 406	–	72 915	79 057
Electricity and Nuclear	61 991	61 991	–	–	64 040	83 474
Associated Services	2 904 388	–	2 904 388	–	3 581 410	3 771 701
Total expenditure estimates	3 595 423	645 584	2 939 959	9 880	4 318 225	4 589 188
Executive authority	Minister of Minerals and Energy					
Accounting officer	Director-General of Minerals and Energy					
Website address	www.dme.gov.za					

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.

Programme purposes, objectives and measures

Programme 1: Administration

Purpose: Provide comprehensive administrative support to the ministry and the department.

Programme 2: Promotion of Mine Health and Safety

Purpose: Execute the department's statutory mandate to protect the health and safety of mine employees and people affected by mining activities.

Objectives and measures:

- Contribute to reducing mining related deaths, injuries and ill health by:
 - reviewing the Mine Health and Safety Act (1996) and aligning it with changes in the mining sector in 2008/09
 - monitoring compliance with mining safety and health standards by conducting 10 000 inspections and 700 audits a year.

Programme 3: Mineral Regulation

Purpose: Regulate the minerals and mining sector to achieve transformation.

Objectives and measures:

- Contribute to black economic empowerment (BEE) and transformation in the minerals and mining sector by issuing 27 new mining rights a year to historically disadvantaged South Africans.

- Contribute to sustainable development in the minerals and mining sector by conducting 1 380 environmental compliance inspections and 160 charter inspections a year.
- Promote investment and job creation in the minerals and mining sector by processing mining and prospecting rights applications within the specified timeframes.

Programme 4: Mineral Policy and Promotion

Purpose: Develop mineral related policies and promote South Africa's mining and minerals industry to attract investment.

Objectives and measures:

- Enhance value adding of South African minerals by reviewing and finalising amendments to the Mineral and Petroleum Resources Development Act (2002) in 2008/09 to attract new investment in the sectors which are less energy intensive.
- Promote the exploration of natural resources in South Africa by hosting 19 exhibitions and producing 112 publications on minerals and mining related issues by 2010/11.

Programme 5: Hydrocarbons and Energy Planning

Purpose: Promote the sustainable use of energy resources through integrated energy planning and appropriate promotion, including through developing policy and regulations for petroleum products, coal, gas, and renewable energy efficiency.

Objectives and measures:

- Ensure sustainable access to diverse and affordable energy resources by publishing energy demand and supply reviews, forecasts and plans annually.
- Promote international competitiveness in the energy market by enacting the Energy Bill (2004) by December 2008.

Programme 6: Electricity and Nuclear

Purpose: Ensure that: development in the electricity and nuclear sectors is monitored; policies governing the sectors are improved and implemented; there is oversight of relevant public entities; and universal access to electricity is achieved.

Objectives and measures:

- Ensure a well managed, efficient, safe and cost effective electricity and nuclear industry by:
 - developing the nuclear energy policy by the end of 2008
 - developing and implementing a demand side management policy to achieve electricity saving of 1 500 MW per day by 2010
 - regulating the security of nuclear material and facilities to reduce unauthorised access.
 - reducing electricity demand through campaigns, such as a campaign to promote the use of energy efficient appliances, achieving an energy saving of 3 000 MW per day by 2011
- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which will connect 3.2 million households by 2012.

Programme 7: Associated Services

Purpose: Provide related services in support of the department's mandate through funded and non-funded statutory bodies and organisations.

Objectives and measures:

- Improve corporate governance in government in line with the recommendations of King II Report by doing corporate governance reviews of all public entities before the beginning of every financial year.
- Monitor the operational performance of public entities by annually appraising performance against the targets that have been set out in business and investment plans.
- Contribute to improved financial management in government by ensuring that all public entities reporting to the Minister of Minerals and Energy receive unqualified annual audits from the auditor general.

Strategic overview and key policy developments: 2004/05 – 2010/11

The Department of Minerals and Energy will continue to focus on ensuring that minerals and energy policy objectives that support government's transformation agenda are effectively implemented and monitored by ensuring the security and quality of energy supply and strengthening the department's oversight role.

Key policy developments*Minerals*

The Precious Metals Act (2005) and the Diamonds Amendment Act (2005) were both proclaimed in 2006/07 and the supporting regulations promulgated in July 2007. The acts have created an enabling environment for the beneficiation of South Africa's mineral resources by broadening access to both rough diamonds and precious metals. Implementation plans for the State Diamond Trader (SDT) and the South African Diamonds and Precious Metals Regulator, including funding issues and their classification, were rolled out.

Amendments to the Mineral and Petroleum Resource Development Act (2002) were approved by Cabinet in November 2006, with the Department of Environmental Affairs and Tourism harmonising environmental impact assessment requirements in the bill with those of National Environmental Management Act (1998). The Mineral and Petroleum Resource Development Act aims to promote equitable access to mineral and petroleum resources.

Energy

The Electricity Regulation Act (2006) came into effect in August 2006. The Electricity Regulation Amendment Bill (2006) has gone through the Parliamentary process and will be implemented from the first quarter of 2008 to regulate the provision of reticulation services at distribution level. Regulations for the quality of electricity supply, new generation capacity and demand side management will be promulgated once the Electricity Regulation Act is in place. The draft National Energy Bill is currently being developed and will complement measures to promote the uptake of renewable energy, improve energy efficiency, address climate change, and increase the use of environmentally friendly technologies, thus aligning South Africa's energy sector with international best practice.

The lack of electricity infrastructure in some parts of the country has resulted in a policy on free basic alternative energy for providing energy to households other than electricity. This includes solar home systems and liquefied petroleum gas for households in deep rural areas. The policy was approved in 2007 and is being implemented by local authorities.

Nuclear regulations

Four regulations were promulgated in this reporting period, among them the regulation on safety standards and regulatory practices, which for the first time created certainty and transparency on nuclear safety standards in South Africa. The minister also appointed a new board for the National Nuclear Regulator. The implementation of the revised Cabinet approved nuclear liabilities management plan proceeded as planned.

Recent achievements

Mining rights

By the end of March 2007, the department received 11 447 prospecting and mining licence applications, of which 1 743 were rejected as they did not comply with legal requirements, 2 373 were refused as they were incomplete and 5 301 were granted. The rest of the applications (2 033) are under consideration. The process of converting old order mining rights has progressed slowly, with only 24 per cent of applications finalised. This is due to challenges in complying with the Broad Based Socioeconomic Charter for the Mining Industry (the Mining Charter). Monthly workshops with mining companies to improve compliance started in April 2006.

In 2006/07, the department licensed 49 women led companies and granted 50 per cent of mining rights to historically disadvantaged South African companies in a drive to deepen the transformation agenda in line with the Mineral and Petroleum Resource Development Act.

Rehabilitation

The department has developed a database for derelict and ownerless mines and a ranking system to assist in the prioritisation of those mines that need urgent attention. More than 30 per cent of the identified mines are ownerless and therefore become government's responsibility to close and rehabilitate in the interests of the neighbouring communities. In 2006/07, 86 per cent of the rehabilitation projects for the year were implemented at a cost of R42.9 million.

Small scale mining

In 2006/07, the department assisted 23 small medium and micro enterprise (SMME) projects with direct financial and technical assistance, which resulted in an estimated 100 jobs. The department held 16 small scale mining information sessions across South Africa, resulting in a considerable increase in new small scale mining project applications. The department also published a booklet which encourages potential investors to form joint ventures with small scale mining operations. Also in 2006/07, the first jewellery fabrication business was funded. The department is planning to increase funding support for the fabrication of value added products such as jewellery as they have a beneficial impact on communities.

Energy security

Proper plans, governance structures and appropriate infrastructure will ensure energy security. The proposed approach has been necessitated by, among other things, the continuous power shortages in the electricity supply industry coupled with the shortages in refined fuel in 2005.

The 2007-2025 energy security master plan for electricity was approved by Cabinet in 2007. It is aimed at: supporting economic growth and development; improving the reliability of electricity infrastructure; providing a reasonably priced electricity supply; ensuring the security of electricity supply as set by a security of supply standard; increasing access to affordable energy services; and reducing energy usage through energy efficiency interventions.

The 2007-2025 energy security master plan for liquid fuels was also approved by Cabinet in 2007. The plan focuses over the medium term on developing supply chain solutions to South Africa's liquid fuels supply challenges, managing liquid fuels demand, and emergency response tactics.

Independent power producers

Cabinet approved the principle of enabling the private sector to invest in the power generation business by agreeing to a 70:30 split in public to private electricity production.

Cabinet also approved that independent power producers build a 1 600 MW base load power plant in the Coega industrial development zone (IDZ) near Port Elizabeth. The CEF Group has been mandated to develop the infrastructure for this power plant, with Eskom acting as the buyer of the electricity.

Increasing electricity capacity

As part of the new generation capacity project, aimed at procuring peaking capacity, the department conducted a competitive tendering process to select an independent power producer. Facility 1 will be in the Coega IDZ area and facility 2 will be at the Avon Site (north of Durban). In August 2007, the department appointed the AES consortium as the preferred bidder for both power plants. Construction is expected to start by the end of February 2008 and the commercial operation date is December 2009.

Petroleum products and biofuel

The biofuel industrial strategy for South Africa was approved by Cabinet in December 2007. It has a short-term focus (five-year pilot) to achieve a 2 per cent penetration level of biofuels in the national liquid fuel supply, or 400 million litres a year.

In 2006/07, which was the first year of licensing operations under the new Petroleum Products Amendment Act (2003), 12 400 manufacturing and distribution and retail licence applications were received (including applications for conversions of licences issued prior to the act). The backlog was caused by applicants, particularly major oil companies, which collected and brought their retailers' applications in bulk. More than 200 licences have been issued to date, and the target is 1 000 licences a month.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Number of occupational health and safety inspections and mine audits	12 434	14 549	16 354	12 700	12 700	12 700	12 700
Number of environmental inspections	–	–	110	1 380	1 380	1 380	1 380
Number of mine rehabilitation projects implemented	–	7	13	13	13	11	11
Number of charter inspections	–	–	110	160	160	160	160
Number of new rights granted to historically disadvantaged individuals	–	–	1 200	27	27	27	27
Number of women led companies licensed	–	–	49	18	18	18	18
Number of sustainable SMME and small scale mining projects	15	15	18	30	35	35	35
Number of petroleum licence applications	–	–	12 400	13 300	13 300	13 300	13 300
Number of petroleum facilities inspected	–	–	–	360	480	480	480
Number of clean development mechanism projects approved	–	–	–	–	30	30	30
Number of electricity connections made to households	241 703	172 139	144 012	150 000	150 000	250 000	300 000
Number of electricity connections made to schools	1 094	498	269	1 500	2 500	2 800	–
Number of electricity connections made to clinics	19	28	10	400	–	–	–
Number of bulk substations built	–	–	13	13	10	10	10

Expenditure estimates

Table 28.1 Minerals and Energy

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
R thousand								
1. Administration	112 436	130 832	152 788	179 602	179 477	209 498	231 602	253 292
2. Promotion of Mine Safety and Health	87 566	99 008	105 130	121 845	101 970	129 753	135 407	146 254
3. Mineral Regulation	126 131	84 019	129 289	157 087	127 087	167 161	172 658	190 675
4. Mineral Policy and Promotion	31 344	84 256	75 323	70 140	70 140	57 535	60 193	64 735
5. Hydrocarbons and Energy Planning	17 355	31 362	40 365	52 334	52 334	65 097	72 915	79 057
6. Electricity and Nuclear	45 582	71 306	55 866	60 470	60 470	61 991	64 040	83 474
7. Associated Services	1 456 014	1 690 830	2 048 914	2 333 459	2 333 459	2 904 388	3 581 410	3 771 701
Total	1 876 428	2 191 613	2 607 675	2 974 937	2 924 937	3 595 423	4 318 225	4 589 188
Change to 2007 Budget estimate				8 824	(41 176)	187 411	171 147	194 255

Economic classification

	343 625	417 899	500 954	582 271	532 271	645 584	688 706	766 935
Current payments								
Compensation of employees	190 783	217 070	246 154	317 453	292 453	360 221	388 946	414 788
Goods and services	152 638	200 785	254 665	264 818	239 943	285 363	299 760	352 147
<i>of which:</i>								
Communication	8 395	11 027	11 719	11 939	11 939	12 641	13 399	14 067
Computer services	7 018	5 895	10 006	6 407	6 407	6 728	7 132	7 489
Consultants, contractors and special services	58 484	70 395	90 961	117 440	102 440	116 354	118 986	136 649
Inventory	3 691	3 915	5 100	4 986	4 986	5 026	5 327	5 593
Maintenance, repairs and running costs	717	949	2 558	778	778	817	866	909
Operating leases	1 095	2 276	4 281	2 093	2 093	1 357	1 580	1 659
Travel and subsistence	33 444	53 551	64 869	52 058	47 058	50 918	51 080	57 010
Training and staff development	2 896	2 930	2 083	5 213	5 213	5 474	5 963	6 269
Property Management	15 550	16 771	20 778	19 491	19 491	21 129	23 689	24 935
Municipal services	2 210	2 385	–	3 033	3 033	3 224	3 545	3 722
Professional bodies and membership fees	–	5 120	5 975	–	–	–	–	–
Financial transactions in assets and liabilities	204	44	135	–	(125)	–	–	–
Transfers and subsidies	1 527 719	1 768 372	2 099 917	2 383 507	2 383 507	2 939 959	3 618 761	3 810 956
Provinces and municipalities	196 102	298 153	390 903	467 827	467 827	595 637	897 008	950 828
Departmental agencies and accounts	174 743	204 187	206 187	247 721	247 721	257 164	269 613	283 094
Public corporations and private enterprises	1 156 058	1 264 886	1 500 494	1 666 794	1 666 794	2 085 935	2 450 856	2 575 650
Non-profit institutions	37	–	–	–	–	–	–	–
Households	779	1 146	2 333	1 165	1 165	1 223	1 284	1 384
Payments for capital assets	5 084	5 342	6 804	9 159	9 159	9 880	10 758	11 297
Machinery and equipment	4 294	4 266	6 446	7 659	7 659	8 380	9 258	9 722
Software and other intangible assets	790	1 076	130	1 500	1 500	1 500	1 500	1 575
Land and subsoil assets	–	–	228	–	–	–	–	–
Total	1 876 428	2 191 613	2 607 675	2 974 937	2 924 937	3 595 423	4 318 225	4 589 188

Expenditure trends

Expenditure increased from R1.9 billion in 2004/05 to R3 billion in 2007/08, at an average annual rate of 16.6 per cent. The restructuring of the department and its subsequent expansion to align its resources with strategic objectives contributed to a significant increase in expenditure on compensation of employees and related expenditure on goods and services. Spending on compensation of employees increased from R190.8 million in 2004/05 to R317.5 million in 2007/08, at an average annual rate of 18.5 per cent. Similarly, expenditure on goods and services increased from R152.6 million to R264.8 million in the same period, growing at an average annual rate of 20.2 per cent.

Over the MTEF period, overall spending for the department is projected to grow from R3 billion in 2007/08 to an estimated R4.6 billion in 2010/11, at an average annual rate of 15.5 per cent. Additional funding allocated in previous budget cycles towards capacity building in the department contributes to the increase in spending over the MTEF period. Additional funding allocated to the integrated national electrification programme and new transfers to the Diamond and Precious Metals Regulator in 2007/08 are also evident in the increase in transfers over the MTEF period, from R2.4 billion in 2007/08 to R3.8 billion in 2010/11, at an average annual rate of 16.9 per cent. Departmental expenditure is mostly influenced by transfers to public entities, municipalities and other institutions, which represent 78.5 per cent of the total departmental budget allocation for 2006/07.

Efficiency savings of R12 million (2008/09) R20.1 million (2009/10) and R12.4 million (2010/11) have been identified in relation to travel and subsistence and consulting and professional services in all programmes, with the exception of the *Associated Services* programme, which only makes transfer payments.

Infrastructure spending

Transfers to public entities and other government agencies for implementing the integrated national electrification programme (under the *Associated Services* programme) increased from R1 billion in 2004/05 to R2.3 billion in 2007/08 and will continue to increase over the MTEF period to an estimated R4.4 billion in 2010/11. This programme consists of transfer payments to Eskom, municipalities and non-grid service providers for grid and non-grid electricity connections to schools, clinics and households.

Over the MTEF period, the department received additional funding in the form of a conditional grant of R90 million for 2008/09 and R150 million for 2009/10 to address the backlog in the electrification of schools and clinics.

In 2006/07, electricity was provided to 144 012 households, 269 schools and 10 clinics. In 2007/08, connections were planned for 150 000 households, 1 500 schools and 400 clinics. By October 2007, 81 279 households, 218 schools and 17 clinics had been connected to the national grid. A further 110 schools and 7 clinics have been connected using non-grid (mainly solar) technology. The department is committed to the electrification of all clinics by the end of 2007/8 and all schools with formal structures by the end of 2009/10.

In 2005/06, R113 million was used for bulk infrastructure and R282 million in 2006/07. A further R45 million (2007/08), R90 million (2008/09) and R150 million (2009/10) has been allocated to address the backlogs in the electrification of schools and clinics.

Departmental receipts

The main sources of receipts for the department are royalties and surface rental and prospecting fees collected from mining companies, representing on average approximately 95 per cent of total departmental revenue. Projected revenue over the MTEF period is expected to increase from R133.2 million in 2007/08 to R155.6 million in 2010/11.

Revenue increased sharply in 2007/08: R466 million in non-departmental revenue was received from the sale of assets from the Lebowa Minerals Trust. This once-off receipt surrendered to the National Revenue Fund via the usual South African Revenue Service process of surrendering monthly revenue funds.

Table 28.2 Departmental receipts

R thousand	Audited outcome			Estimate	Medium-term receipts estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Departmental receipts	113 773	133 611	191 027	133 214	199 875	216 802	235 610
Sales of goods and services produced by department	8 823	2 511	1 812	2 497	2 621	2 752	2 917
Sales of scrap, waste and other used current goods	–	2	–	1	1	1	1
Fines, penalties and forfeits	229	276	458	61	64	–	–
Interest, dividends and rent on land	102 262	129 800	188 515	130 477	197 002	213 853	232 484
Financial transactions in assets and liabilities	2 459	1 022	242	178	187	196	208
Direct exchequer receipts							
Special restructuring proceeds	–	–	466 511	–	–	–	–
Total	113 773	133 611	657 538	133 214	199 875	216 802	235 610

Programme 1: Administration

Purpose: Provide comprehensive administrative support to the ministry and the department.

Expenditure estimates

Table 28.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Minister ¹	755	924	845	908	973	1 023	1 075
Deputy Minister ²	616	649	215	738	790	832	874
Management	7 757	10 234	12 401	15 529	16 765	19 071	20 025
Corporate Services	85 548	99 817	118 549	139 903	166 617	183 740	201 598
Property Management	17 760	19 208	20 778	22 524	24 353	26 936	29 720
Total	112 436	130 832	152 788	179 602	209 498	231 602	253 292
Change to 2007 Budget estimate				4 350	21 894	31 571	42 229

1. Payable as from 1 April 2007. Salary: R726 465. Car allowance: R181 616.

2. Payable as from 1 April 2007. Salary: R590 459. Car allowance: R147 614.

Economic classification

Current payments	107 618	124 356	145 731	169 692	198 829	220 016	241 090
Compensation of employees	39 841	45 592	50 740	70 662	82 024	92 213	102 592
Goods and services	67 573	78 720	94 856	99 030	116 805	127 803	138 498
of which:							
Communication	5 665	5 567	6 087	5 636	6 023	6 384	6 703
Computer services	6 640	5 879	9 996	6 374	6 693	7 095	7 450
Consultants, contractors and special services	6 669	7 128	6 341	11 767	8 592	8 796	9 602
Inventory	2 795	3 136	4 613	2 969	3 118	3 305	3 470
Maintenance, repairs and running costs	621	646	2 391	565	593	629	661
Operating leases	958	1 897	3 631	1 577	814	1 004	1 054
Travel and subsistence	15 194	19 938	23 500	17 104	17 038	16 905	19 110
Training and staff development	2 695	2 880	2 080	4 327	4 543	4 976	5 233
Property management	15 550	16 771	20 778	19 491	21 129	23 689	24 935
Municipal services	2 210	2 385	–	3 033	3 224	3 545	3 722
Professional bodies and membership fees	–	16	29	–	–	–	–
Financial transactions in assets and liabilities	204	44	135	–	–	–	–
Transfers and subsidies	924	1 383	1 179	1 165	1 223	1 284	1 384
Provinces and municipalities	120	137	35	–	–	–	–
Public corporations and private enterprises	100	100	–	–	–	–	–
Non-profit institutions	35	–	–	–	–	–	–
Households	669	1 146	1 144	1 165	1 223	1 284	1 384
Payments for capital assets	3 894	5 093	5 878	8 745	9 446	10 302	10 818
Machinery and equipment	3 343	4 017	5 520	7 245	7 946	8 802	9 243
Software and other intangible assets	551	1 076	130	1 500	1 500	1 500	1 575
Land and subsoil assets	–	–	228	–	–	–	–
Total	112 436	130 832	152 788	179 602	209 498	231 602	253 292

Expenditure trends

Overall expenditure in the *Administration* programme increased from R112.4 million in 2004/05 to R179.6 million in 2007/08 at an average annual rate of 16.9 per cent. The increase was due to the expansion of support functions in line with the restructuring of the department and the consequent increase in expenditure for compensation of employees and administrative services.

Expenditure in this programme is expected to continue to increase, in line with the continued restructuring of the department over the MTEF period, from R179.6 million in 2007/08 to an estimated R253.3 million in 2010/11, at an average annual rate of 12.1 per cent.

Programme 2: Promotion of Mine Health and Safety

Purpose: Execute the department's statutory mandate to protect the health and safety of mine employees and people affected by mining activities.

- *Governance Policy and Oversight* develops policy and legislation.
- *Mine Health and Safety (Regions)* is responsible for mine surveying and providing legal engineering expertise and inspection services from the regional offices.

Expenditure estimates

Table 28.4 Promotion of Mine Safety and Health

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Governance Policy and Oversight	33 809	38 495	52 702	46 173	50 187	52 679	58 881
Mine Health and Safety (Regions)	53 757	60 513	52 428	75 672	79 566	82 728	87 373
Total	87 566	99 008	105 130	121 845	129 753	135 407	146 254
Change to 2007 Budget estimate				(3 000)	(1 700)	(2 568)	–
Economic classification							
Current payments	83 183	94 331	100 194	116 757	124 410	129 797	140 363
Compensation of employees	66 972	75 346	77 246	92 372	100 054	104 783	109 681
Goods and services	16 211	18 985	22 948	24 385	24 356	25 014	30 682
<i>of which:</i>							
<i>Communication</i>	1 204	1 118	1 073	1 190	1 249	1 324	1 390
<i>Computer services</i>	–	–	10	11	12	13	14
<i>Consultants, contractors and special services</i>	3 235	4 791	7 432	4 591	4 197	4 065	4 719
<i>Inventory</i>	356	216	56	618	649	688	722
<i>Maintenance, repairs and running costs</i>	56	67	65	75	79	84	88
<i>Operating leases</i>	25	43	53	56	59	63	66
<i>Travel and subsistence</i>	9 707	10 831	12 399	13 372	13 050	13 223	14 601
<i>Training and staff development</i>	86	11	3	163	171	181	190
<i>Professional bodies and membership fees</i>	–	32	25	–	–	–	–
Transfers and subsidies	4 047	4 428	4 822	4 674	4 909	5 154	5 412
Provinces and municipalities	200	228	55	–	–	–	–
Departmental agencies and accounts	3 816	4 200	4 452	4 674	4 909	5 154	5 412
Households	31	–	315	–	–	–	–
Payments for capital assets	336	249	114	414	434	456	479
Machinery and equipment	293	249	114	414	434	456	479
Software and other intangible assets	43	–	–	–	–	–	–
Total	87 566	99 008	105 130	121 845	129 753	135 407	146 254
Details of major transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3 816	4 200	4 452	4 674	4 909	5 154	5 412
Mine Health and Safety Council	3 816	4 200	4 452	4 674	4 909	5 154	5 412

Expenditure trends

Overall spending on the *Promotion of Mine Health and Safety* programme increased from R87.6 million in 2004/05 to R121.8 million in 2007/08 at an average annual rate of 11.6 per cent. The increase is attributable to the restructuring of the inspectorate and the related expansion of support services and related resources.

Spending is expected to continue to increase, from R121.8 million in 2007/08 to an estimated R146.3 million in 2010/11, at an average annual rate of 6.3 per cent. The inspectorate's functions involve mine surveying, legal engineering expertise and inspection services, which is why compensation of employees takes up an average annual 76.5 per cent of total programme expenditure over the medium term.

Programme 3: Mineral Regulation

Purpose: Regulate the minerals and mining sector to achieve transformation.

Expenditure estimates

Table 28.5 Mineral Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Management	4 069	3 883	13 423	5 266	5 529	5 790	6 080
Mineral Regulation and Administration	122 062	80 136	115 866	151 821	161 632	166 868	184 595
Total	126 131	84 019	129 289	157 087	167 161	172 658	190 675
Change to 2007 Budget estimate				5 240	(4 544)	(7 225)	-
Economic classification							
Current payments	74 058	83 881	128 181	157 087	167 161	172 658	190 675
Compensation of employees	48 852	53 495	59 940	75 430	81 045	84 854	88 853
Goods and services	25 206	30 386	68 241	81 657	86 116	87 804	101 822
<i>of which:</i>							
Communication	1 089	3 528	3 782	3 912	4 108	4 354	4 572
Computer services	-	1	-	-	-	-	-
Consultants, contractors and special services	21 002	8 629	42 892	66 329	70 686	72 819	85 539
Inventory	116	432	145	419	440	466	489
Maintenance, repairs and running costs	30	218	97	110	116	123	129
Operating leases	96	300	518	345	362	384	403
Travel and subsistence	2 415	11 380	9 504	8 681	8 357	8 391	9 360
Training and staff development	-	18	-	-	-	-	-
Professional bodies and membership fees	-	71	4	-	-	-	-
Transfers and subsidies	51 456	138	858	-	-	-	-
Provinces and municipalities	123	138	40	-	-	-	-
Departmental agencies and accounts	31 254	-	-	-	-	-	-
Public corporations and private enterprises	20 000	-	-	-	-	-	-
Households	79	-	818	-	-	-	-
Payments for capital assets	617	-	250	-	-	-	-
Machinery and equipment	617	-	250	-	-	-	-
Total	126 131	84 019	129 289	157 087	167 161	172 658	190 675
Details of major transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	31 254	-	-	-	-	-	-
Council for Geoscience: Mine rehabilitation projects	13 254	-	-	-	-	-	-
National Nuclear Regulator: Mine rehabilitation projects	18 000	-	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	20 000	-	-	-	-	-	-
Council for Scientific and Industrial Research (CSIR): Mine rehabilitation	20 000	-	-	-	-	-	-

Expenditure trends

Overall spending on the *Mineral Regulation* programme increased from R126.1 million in 2004/05 to R157.1 million in 2007/08 at an average annual rate of 7.6 per cent. The increase is attributable to the expansion of administrative and regulatory services as a result of the ongoing implementation of the Minerals and Petroleum Resources Development Act (2002).

The increase in expenditure on consulting services and contractors is due to outsourcing the rehabilitation of derelict and ownerless mines.

Spending on this programme is expected to continue to increase, from R157.1 million in 2007/08 to an estimated R190.7 million in 2010/11, at an average annual rate of 6.7 per cent, to take into account inflationary adjustments.

Programme 4: Mineral Policy and Promotion

Purpose: Develop mineral related policies and promote South Africa's mining and minerals industry to attract investment.

- *Management*.
- *Mineral Policy* develops new policies, reviews existing policies and amends legislation to achieve transformation.
- *Mineral Promotion* promotes mineral development and gives advice on trends in the mining industry to attract investment.

Expenditure estimates

Table 28.6 Mineral Policy and Promotion

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Management	3 060	4 779	7 645	5 102	5 357	5 609	5 889
Mineral Policy	3 161	47 495	23 704	21 134	5 926	6 203	6 513
Mineral Promotion	25 123	31 982	43 974	43 904	46 252	48 381	52 333
Total	31 344	84 256	75 323	70 140	57 535	60 193	64 735
Change to 2007 Budget estimate				–	153	66	1 000
Economic classification							
Current payments	16 180	17 933	31 463	31 761	33 502	34 958	38 238
Compensation of employees	14 234	15 587	20 020	23 447	25 211	26 396	27 640
Goods and services	1 946	2 346	11 443	8 314	8 291	8 562	10 598
<i>of which:</i>							
<i>Communication</i>	97	272	227	367	385	408	428
<i>Consultants, contractors and special services</i>	13	667	2 866	50	53	56	59
<i>Inventory</i>	73	33	136	474	288	305	320
<i>Maintenance, repairs and running costs</i>	2	17	3	6	6	6	6
<i>Operating leases</i>	10	23	15	36	38	40	42
<i>Travel and subsistence</i>	512	879	4 898	1 930	2 027	2 149	2 229
<i>Training and staff development</i>	61	2	–	229	241	255	268
<i>Professional bodies and membership fees</i>	–	5	7	–	–	–	–
Transfers and subsidies	15 164	66 323	43 826	38 379	24 033	25 235	26 497
Provinces and municipalities	64	71	14	–	–	–	–
Departmental agencies and accounts	–	44 252	31 099	31 329	–	–	–
Public corporations and private enterprises	15 100	22 000	12 657	7 050	24 033	25 235	26 497
Households	–	–	56	–	–	–	–
Payments for capital assets	–	–	34	–	–	–	–
Machinery and equipment	–	–	34	–	–	–	–
Total	31 344	84 256	75 323	70 140	57 535	60 193	64 735

Table 28.6 Mineral Policy and Promotion (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Details of major transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	-	44 252	31 099	31 329	-	-	-
Council for Geoscience: Unsafe shafts and holdings	-	15 637	-	-	-	-	-
Council for Geoscience: Mine environmental research and development	-	8 050	9 300	8 440	-	-	-
Council for Geoscience: Small scale mining	-	20 565	21 799	22 889	-	-	-
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	15 100	-	-	-	24 033	25 235	26 497
Industrial Development Corporation of SA: Small scale mining	15 100	-	-	-	24 033	25 235	26 497
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	22 000	10 700	7 050	-	-	-
Council for Science and Industrial Research (CSIR): Mine environmental research and development	-	14 000	5 335	3 335	-	-	-
Council for Mineral Technology Research: Mine environmental research and development	-	8 000	5 365	3 715	-	-	-
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	-	-	1 957	-	-	-	-
Chamber of Mines of South Africa	-	-	1 957	-	-	-	-

Expenditure trends

Overall spending in the *Mineral Policy and Promotion* programme increased from R31.3 million in 2004/05 to R70.1 million in 2007/08, at an average annual rate of 30.8 per cent. This increase is the result of a shift in funds from the *Mineral Regulation* programme to cover the increased expenditure on a three-year mine environmental research and development project which started in 2005/06. Transfer payments to science councils consequently increased from R15.2 million in 2004/05 to R38.4 million in 2007/08. Spending is expected to decrease from R70.1 million in 2007/08 to R64.7 million in 2010/11, at an average annual rate of 2.6 per cent, with the research and development project due to end in 2007/08.

Programme 5: Hydrocarbons, Energy Planning and Clean Energy

Purpose: Promote the sustainable use of energy resources through integrated energy planning and appropriate promotion, including through developing policy and regulations for petroleum products, coal, gas, and renewable energy efficiency.

- *Hydrocarbons and Energy Planning Management* provides management and administrative support to the other subprogrammes.
- *Energy Planning* promotes: the sustainable use of energy resources through integrated energy planning; the development of sustainable and environmentally friendly energy sources and technologies; and the optimal utilisation of energy.
- *Hydrocarbons* develops policy and regulations to manage petroleum, coal, natural gas and renewable energy.

Expenditure estimates

Table 28.7 Hydrocarbons and Energy Planning

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Hydrocarbons and Energy Planning Management	3 559	3 735	4 833	4 231	4 551	4 774	5 013
Energy Planning	7 903	16 532	15 635	25 340	26 520	32 528	36 528
Hydrocarbons	5 893	11 095	19 897	22 763	34 026	35 613	37 516
Total	17 355	31 362	40 365	52 334	65 097	72 915	79 057
Change to 2007 Budget estimate				(266)	4 236	9 012	11 320

Economic classification

Current payments	17 071	31 222	39 598	46 504	59 691	67 237	73 095
Compensation of employees	9 969	13 285	18 909	30 830	45 510	53 083	57 103
Goods and services	7 102	17 937	20 689	15 674	14 181	14 154	15 992
<i>of which:</i>							
Communication	134	151	172	360	378	401	420
Computer services	378	15	–	22	23	24	25
Consultants, contractors and special services	2 137	8 995	11 375	10 446	8 957	8 935	10 040
Inventory	245	62	131	243	255	270	284
Maintenance, repairs and running costs	–	–	1	–	–	–	–
Operating leases	3	4	–	68	72	76	80
Travel and subsistence	2 763	4 164	6 160	3 627	3 342	3 255	3 756
Training and staff development	42	–	–	105	110	117	122
Professional bodies and membership fees	–	905	575	–	–	–	–
Transfers and subsidies	81	140	305	5 830	5 406	5 678	5 962
Provinces and municipalities	29	40	12	–	–	–	–
Public corporations and private enterprises	50	100	293	5 830	5 406	5 678	5 962
Non-profit institutions	2	–	–	–	–	–	–
Payments for capital assets	203	–	462	–	–	–	–
Machinery and equipment	24	–	462	–	–	–	–
Software and other intangible assets	179	–	–	–	–	–	–
Total	17 355	31 362	40 365	52 334	65 097	72 915	79 057

Details of major transfers and subsidies

Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	50	100	293	5 830	5 406	5 678	5 962
NESTAR: Landelani Nala	50	–	–	–	–	–	–
Energy Research Centre: UCT	–	100	–	–	–	–	–
Renewable energy subsidy scheme	–	–	293	5 830	5 406	5 678	5 962

Expenditure trends

Overall spending increased sharply from R17.4 million in 2004/05 to R52.3 million in 2007/08 at an average annual rate of 44.5 per cent. The increase is attributable to the restructuring of the programme in order to implement the Petroleum Products Amendment Act (2005). The consequent expansion of the Petroleum and Gas Operations Inspectorate (under the *Hydrocarbons* subprogramme), including setting up a petroleum controller to issue licences for the liquid fuel industry, resulted in increased expenditure in compensation of employees and goods and services.

Spending in this programme is expected to continue to increase over the medium term from R52.3 million in 2007/08 to an estimated R79.1 million in 2010/11, at an average annual rate of 14.7 per cent. This is attributable to the ongoing implementation of the act, including the employment of more inspectors and the increase in operational expenses for licensing activities.

Programme 6: Electricity and Nuclear

Purpose: Ensure that: development in the electricity and nuclear sectors is monitored; policies governing the sectors are improved and implemented; there is oversight of relevant public entities; and universal access to electricity is achieved.

- *Electricity and Nuclear Management.*
- *Electricity* develops, implements and monitors electricity policy and programmes in relation to the integrated national electrification programme.
- *Nuclear* aims to improve governance of the nuclear sector, specifically nuclear safety, nuclear non-proliferation and nuclear technology.

Expenditure estimates

Table 28.8 Electricity and Nuclear

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Electricity and Nuclear Management	3 444	3 886	4 386	4 666	4 679	4 896	5 140
Electricity	35 136	59 677	41 781	39 799	41 267	42 317	60 666
Nuclear	7 002	7 743	9 699	16 005	16 045	16 827	17 668
Total	45 582	71 306	55 866	60 470	61 991	64 040	83 474
Change to 2007 Budget estimate				2 500	(2 928)	(14 709)	–

Economic classification

Current payments	45 515	66 176	55 787	60 470	61 991	64 040	83 474
Compensation of employees	10 915	13 765	19 299	24 712	26 377	27 617	28 919
Goods and services	34 600	52 411	36 488	35 758	35 614	36 423	54 555
<i>of which:</i>							
Communication	206	391	378	474	498	528	554
Consultants, contractors and special services	25 428	40 185	20 055	24 257	23 869	24 315	26 690
Inventory	106	36	19	263	276	293	308
Maintenance, repairs and running costs	8	1	1	22	23	24	25
Operating leases	4	9	64	11	12	13	14
Travel and subsistence	2 853	6 359	8 408	7 344	7 104	7 157	7 954
Training and staff development	12	19	–	389	409	434	456
Professional bodies and membership fees	–	4 091	5 335	–	–	–	–
Transfers and subsidies	33	5 130	13	–	–	–	–
Provinces and municipalities	33	42	13	–	–	–	–
Departmental agencies and accounts	–	5 000	–	–	–	–	–
Public corporations and private enterprises	–	88	–	–	–	–	–
Payments for capital assets	34	–	66	–	–	–	–
Machinery and equipment	17	–	66	–	–	–	–
Software and other intangible assets	17	–	–	–	–	–	–
Total	45 582	71 306	55 866	60 470	61 991	64 040	83 474

Details of major transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	5 000	–	–	–	–	–
Electricity Distribution Industry Holdings Company	–	5 000	–	–	–	–	–

Expenditure trends

Spending increased from R45.6 million in 2004/05 to R60.5 million in 2007/08 at an average annual rate of 9.9 per cent. The increase is due to the expansion of personnel and concomitant goods and services expenditure for implementing and monitoring the new generation capacity project, including conducting environmental impact assessment studies, site assessments and selection studies, and issuing a tender to shortlist candidates for the project. Expenditure is expected to continue to increase over the MTEF period, from R60.5 million in

2007/08 to an estimated R83.5 million in 2010/11, at an average annual rate of 11.3 per cent, due to the strengthening of the integrated national electrification programme's business planning unit.

Programme 7: Associated Services

Purpose: Provide related services in support of the department's mandate through funded and non-funded statutory bodies and organisations.

The following are the main subprogrammes:

- *Council for Mineral Technology Research* contributes core funding to the Council for Mineral Technology Research (Mintek). The council provides research, development and technology transfers that foster the development of businesses in the mineral and mineral products industries.
- The *NECSA* subprogrammes provide funding to the South African Nuclear Energy Corporation (NECSA), which maintains, develops and uses nuclear and related technology in terms of the Nuclear Energy Act (1999).
- *National Nuclear Regulator* provides for the protection of persons, property and the environment against nuclear damage, through the establishment of safety standards and regulatory practices.
- *Council for Geoscience* is primarily responsible for systematic geoscientific mapping of South Africa, and interpreting and compiling data, maps and map explanations.
- *Electricity Distribution Industry Holdings Company* facilitates the restructuring of the electricity distribution industry and the establishment of regional energy distributors.
- *National Electrification Programme* is aimed at providing support in the form of transfer payments and conditional grants to achieve universal access to electricity. The subprogramme makes transfer payments to Eskom, municipalities and non-grid service providers for grid and non-grid electricity connections at schools, clinics and households.
- *Assistance to Mines* provides assistance to marginal mines for pumping extraneous water from underground holdings, and provides research on and strategic solutions for the ingress of water into underground holdings in the Witwatersrand area.
- *South African Diamonds and Precious Metals Regulator* is tasked with issuing licences and permits related to the trade in diamonds, gold and platinum, and monitoring activities related to the trade.

Expenditure estimates

Table 28.9 Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Council for Mineral Technology Research	88 632	108 880	118 664	124 569	135 834	152 379	159 248
South African Nuclear Energy Corporation	179 901	256 796	356 353	388 256	554 726	569 356	600 824
<i>NECSA: activities</i>	148 647	214 066	300 173	284 383	445 797	461 584	487 663
<i>NECSA: decommissioning projects</i>	20 500	21 730	29 300	80 033	84 053	82 212	86 323
<i>NECSA: strategic Loans</i>	10 754	–	–	–	–	–	–
<i>NECSA: security</i>	–	9 000	11 520	10 217	10 659	10 951	11 499
<i>NECSA: SAFARI reactor conversion</i>	–	12 000	15 360	13 623	14 217	14 609	15 339
National Nuclear Regulator	8 067	5 417	14 742	18 029	20 333	23 915	25 111
Council for Geoscience	77 606	86 078	93 100	122 622	122 672	127 821	134 212
Electricity Distribution Industry Holdings Company	54 000	59 240	62 794	65 934	69 250	72 723	76 359
National electrification programme	1 015 278	1 139 194	1 365 922	1 569 910	1 920 395	2 551 778	2 688 337
<i>Conditional grants to local governments</i>	195 533	297 497	390 734	467 827	595 637	897 008	950 828
<i>National portion (Eskom)</i>	797 329	783 469	893 165	1 018 083	1 240 758	1 570 770	1 649 309
<i>Non-grid electrification service providers</i>	22 416	58 228	82 023	84 000	84 000	84 000	88 200
Assistance to mines	32 530	35 225	37 339	24 139	41 178	43 438	45 610
South African Diamond and Precious Metals Regulator	–	–	–	20 000	40 000	40 000	42 000
Total	1 456 014	1 690 830	2 048 914	2 333 459	2 904 388	3 581 410	3 771 701
Change to 2007 Budget estimate				–	170 300	155 000	139 706

Table 28.9 Associated Services (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Economic classification							
Transfers and subsidies	1 456 014	1 690 830	2 048 914	2 333 459	2 904 388	3 581 410	3 771 701
Provinces and municipalities	195 533	297 497	390 734	467 827	595 637	897 008	950 828
Departmental agencies and accounts	139 673	150 735	170 636	211 718	252 255	264 459	277 682
Public corporations and private enterprises	1 120 808	1 242 598	1 487 544	1 653 914	2 056 496	2 419 943	2 543 191
Total	1 456 014	1 690 830	2 048 914	2 333 459	2 904 388	3 581 410	3 771 701
Details of major transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	195 533	297 497	390 734	467 827	595 637	897 008	950 828
Integrated national electrification programme grant	195 533	297 497	390 734	467 827	595 637	897 008	950 828
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	126 424	140 222	159 733	200 399	240 367	251 977	264 576
Council for Geoscience	68 869	76 817	83 283	97 447	111 846	116 454	122 277
Electricity Distribution Industry Holdings Company	49 988	58 518	62 393	65 513	68 808	72 259	75 872
National Nuclear Regulator	7 567	4 887	14 057	17 439	19 713	23 264	24 427
South African Diamond and Precious Metals Regulator	–	–	–	20 000	40 000	40 000	42 000
Capital	13 249	10 513	10 903	11 319	11 888	12 482	13 106
Council for Geoscience	8 737	9 261	9 817	10 308	10 826	11 367	11 935
Electricity Distribution Industry Holdings Company	4 012	722	401	421	442	464	487
National Nuclear Regulator	500	530	685	590	620	651	684
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	163 205	249 747	312 474	379 323	545 395	559 559	590 538
NECSA: Activities	143 497	208 607	261 203	277 464	438 570	453 996	479 696
NECSA: Decommissioning projects	19 000	20 140	24 391	78 019	81 949	80 003	84 004
NECSA: SAFARI reactor conversion	–	12 000	15 360	13 623	14 217	14 609	15 339
NECSA: Security	–	9 000	11 520	10 217	10 659	10 951	11 499
NECSA: Strategic loans	708	–	–	–	–	–	–
Capital	814 025	790 518	937 044	1 027 016	1 250 089	1 580 567	1 659 595
ESKOM: Integrated national electrification programme	797 329	783 469	893 165	973 083	1 150 758	1 420 770	1 649 309
NECSA: Activities	5 150	5 459	38 970	6 919	7 227	7 588	7 967
NECSA: Decommissioning projects	1 500	1 590	4 909	2 014	2 104	2 209	2 319
NECSA : Strategic loans	10 046	–	–	–	–	–	–
ESKOM: Integrated national electrification programme (Backlogs)	–	–	–	45 000	90 000	150 000	–
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	111 162	133 505	144 767	151 777	164 621	182 806	191 196
Assistance to Mines	32 530	35 225	37 339	39 006	41 178	43 438	45 610
Council for Mineral Technology Research	78 632	98 280	107 428	112 771	123 443	139 368	145 586
Capital	10 000	10 600	11 236	11 798	12 391	13 011	13 662
Council for Mineral Technology Research	10 000	10 600	11 236	11 798	12 391	13 011	13 662
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Capital	22 416	58 228	82 023	84 000	84 000	84 000	88 200
Integrated National Electrification Programme: Non-grid electrification service providers	22 416	58 228	82 023	84 000	84 000	84 000	88 200

Expenditure trends

Spending in this programme increased from R1.5 billion in 2004/05 to R2.3 billion in 2007/08, at an average annual rate of 17 per cent. The increase is attributable to additional funds transferred to public entities to cater for changes in VAT legislation and for the integrated national electrification programme. Most transfers under this programme are made to municipalities, non-grid services providers and Eskom in terms of the integrated national electrification programme. Transfer payments to Eskom increased from R797.3 million in 2004/05 to R973.1 million in 2007/08 at an average annual rate of 6.9 per cent. Transfers continue to grow at an average annual rate of 19.2 per cent to R1.6 billion in 2010/11. Conditional grants paid to local governments are expected to increase from R467.8 million in 2007/08 to R950.8 million in 2010/11.

Programme expenditure is set to increase over the MTEF period, from R2.3 billion in 2007/08 to an estimated R3.8 billion in 2010/11, at an average annual rate of 17.4 per cent. Additional allocations for the rehabilitation of electricity infrastructure and the introduction of new transfer payments to the South African Diamond and Precious Metals Regulator from 2007/08 contribute to the anticipated increase in spending over the MTEF period.

Public entities and other agencies

Central Energy Fund

The objective of the Central Energy Fund (CEF) is to pursue economically viable opportunities in oil, gas, coal and renewable energy resources and to provide access to sustainable and affordable energy. The CEF group consists of a holding company and six active subsidiaries: the Petroleum Oil and Gas Corporation of South Africa (PetroSA); the South African Agency for the Promotion of Petroleum Exploration and Exploitation (Petroleum Agency SA); the South African Gas Development Company (iGas); Oil Pollution Control South Africa (OPCSA); the South African National Energy Research Institute (SANERI); and the Strategic Fuel Fund Association (SFF).

Over the MTEF period, the Central Energy Fund will continue to ensure the secure supply of various energy sources; pursue regional and international co-operation on energy related projects; build capacity in science and technology; and stimulate a culture of innovation in the energy sector. Priority projects over the medium term include: upgrading the gas pipeline in Mozambique to increase the supply of gas to South Africa; completing the financial sustainability study for the Mossel Bay refinery; and assessing the viability of future NEPAD liquid natural gas trade opportunities.

The Central Energy Fund does not receive any revenue from the fiscus. Revenue required for infrastructure development and operations is raised through debt funding, dividends from its subsidiaries, and fuel levies, and from reserves.

National Energy Regulator of South Africa

The National Energy Regulator of South Africa's (NERSA) mandate is derived from four primary acts: the National Energy Regulator Act (2004), the Electricity Regulation Act (2006), the Gas Act (2001) and the Petroleum Pipelines Act (2003).

NERSA receives revenues from prescribed levies on the regulated industries, charges from dispute resolutions, licences, and other services it provides. NERSA's key functions involve: issuing licences with conditions; monitoring and enforcing compliance with licence conditions; setting and approving tariffs and prices; and resolving disputes. NERSA took on the regulation of the electricity industry in July 2006, as legislated.

2007/08 highlights

- submission of the Western Cape power outages report to the Minister of Minerals and Energy

- a submission to the parliamentary portfolio committee on minerals and energy on the viability of establishing a national regional electricity distributor
- conclusion and approval of the technical and economical evaluation of the MethCap licence application for a cogeneration plant with send out capacity of 3.86 MW
- finalisation of the first consultation paper for the next multi-year price determination process for 2009 to 2012
- submission of the final report of the independent technical audits of the first 11 electricity distributors.

Piped gas

NERSA developed rules for processing licence applications. 195 gas distribution, 2 gas transmission, and 196 gas trading licence applications were received. NERSA issued its first piped gas licence in September 2006: a gas distribution construction licence for the Roodekop area, issued to Sasol Gas Ltd. 7 other gas distribution construction licences were issued, increasing Sasol's gas sales by 10 million gigajoules at a capital investment of approximately R40 million.

Petroleum pipelines industry

NERSA developed rules for processing licence applications, and received 60 licence applications. Petroleum pipeline construction licences were awarded to Chevron Alrode and Chevron Waltloo. The following licences were approved: the Petroline licence for the construction of a new petroleum pipeline from Maputo to Kendall, and storage facilities; 1 Petronet pipeline system; 1 Petronet storage facility; 3 Sasol oil storage facilities; 13 Shell storage facilities; and 19 BP storage facilities. Petronet tariffs were set at the prevailing level taking into account the 8 per cent volume growth.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Number of technical audits completed	–	–	11	17	17	17	17
Number of compliance audits completed	–	–	19	20	20	20	20

Expenditure estimates

Table 28.10 National Energy Regulator SA (NERSA)

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	64 071	69 950	167 529	138 761	112 875	136 721	145 223
Sale of goods and services other than capital assets	62 166	66 238	165 270	138 761	112 875	136 721	145 223
of which:							
Admin fees	62 166	66 238	165 270	138 761	112 875	136 721	145 223
Other non-tax revenue	1 905	3 712	2 259	–	–	–	–
Total revenue	64 071	69 950	167 529	138 761	112 875	136 721	145 223
Expenses							
Current expense	59 949	73 222	86 359	112 892	148 529	151 133	159 646
Compensation of employees	31 023	36 150	41 004	39 923	54 201	58 158	62 346
Goods and services	26 220	34 767	42 813	71 498	90 692	87 970	92 245
Depreciation	2 706	2 305	2 270	1 471	3 636	5 005	5 055
Interest, dividends and rent on land	–	–	272	–	–	–	–
Total expenses	59 949	73 222	86 359	112 892	148 529	151 133	159 646
Surplus / (Deficit)	4 122	(3 272)	81 170	25 869	(35 654)	(14 412)	(14 423)

Table 28.10 National Energy Regulator SA (NERSA) (continued)

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Balance sheet data							
Carrying value of assets	11 803	25 738	27 811	42 517	43 528	42 548	41 558
<i>of which: Acquisition of assets</i>	1 333	6 633	4 391	4 636	4 647	4 025	4 065
Inventory	–	–	263	280	290	298	301
Receivables and prepayments	292	725	43 008	14 006	–	–	–
Cash and cash equivalents	32 178	22 727	63 182	93 958	66 603	82 386	96 990
Total assets	44 273	49 190	134 264	150 761	110 421	125 232	138 849
Capital and reserves	37 501	34 350	115 520	141 388	105 734	122 888	137 675
Trade and other payables	2 642	9 914	18 744	9 373	4 687	2 344	1 174
Provisions	4 130	4 926	–	–	–	–	–
Total equity and liabilities	44 273	49 190	134 264	150 761	110 421	125 232	138 849

National Nuclear Regulator

The National Nuclear Regulator (NNR) regulates nuclear activities and, among other things, provides for safety standards and regulatory practices against nuclear damage. During the reporting period, the NNR board approved the proposed structure of the NNR as part of its overall restructuring process, geared to enable the regulator to exercise its oversight function and build and maintain its technical capacity, notwithstanding competition for skills within the industry.

Key milestones in 2007/08 included:

- signing a bilateral agreement with the Argentine Nuclear Regulatory Authority (ARN), which allows for the exchange of technical information and personnel
- a self assessment on the NNR's regulatory infrastructure and practices, based on the International Atomic Energy Agency's guidelines
- closing two mines that did not comply with regulatory requirements and the conditions of their authorisation.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Percentage of reporting compliance by regulated operating organisations	–	–	–	100%	100%	100%	100%
Percentage of research projects completed against plan	–	–	–	100%	100%	100%	100%
Percentage of process based licensing implementation	–	–	–	30%	100%	–	–
Percentage of reports on safety performance of authorisation holders provided to stakeholders	–	–	–	100%	100%	100%	100%
Percentage of participation in response to International Atomic Energy Agency requests	–	–	–	100%	100%	100%	100%
Percentage of implementation of NNR's ICT strategy	–	–	–	50%	75%	100%	100%
Percentage of implementation of knowledge based systems organisation wide	–	–	–	–	50%	75%	100%

Expenditure estimates

Table 28.11 National Nuclear Regulator

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	45 424	50 596	57 817	62 953	69 852	74 019	80 517
Sale of goods and services other than capital assets	44 531	47 825	53 456	59 483	65 652	69 648	75 884
<i>of which:</i>							
Admin fees	44 513	47 647	53 272	58 983	65 334	69 311	75 527
Sales by market establishments	18	178	184	500	318	337	357
Other non-tax revenue	893	2 771	4 361	3 470	4 200	4 371	4 633
Transfers received	8 067	5 417	14 742	18 029	20 333	23 915	25 111
Total revenue	53 491	56 013	72 559	80 982	90 185	97 934	105 628
Expenses							
Current expense	47 053	48 591	51 940	74 116	87 804	95 467	103 580
Compensation of employees	30 482	31 613	33 255	44 047	52 856	57 613	62 799
Goods and services	15 877	16 168	17 904	26 431	31 178	33 984	36 804
Depreciation	694	810	781	3 638	3 770	3 870	3 977
Transfers and subsidies	3 530	3 666	1 809	1 972	2 149	2 343	2 554
Total expenses	50 583	52 257	53 749	76 088	89 953	97 810	106 133
Surplus / (Deficit)	2 908	3 756	18 810	4 894	232	124	(505)
Balance sheet data							
Carrying value of assets	2 104	2 200	2 016	2 061	2 001	1 966	1 931
<i>of which: Acquisition of assets</i>	<i>846</i>	<i>1 009</i>	<i>629</i>	<i>657</i>	<i>717</i>	<i>781</i>	<i>851</i>
Receivables and prepayments	9 734	2 515	7 854	5 651	6 160	6 714	7 318
Cash and cash equivalents	37 818	50 984	65 943	55 203	59 191	63 473	67 903
Total assets	49 656	55 699	75 813	62 915	67 351	72 153	77 153
Capital and reserves	1 421	5 177	23 986	7 058	7 693	8 386	9 140
Post-retirement benefits	25 315	27 937	29 718	31 499	33 280	35 061	36 842
Trade and other payables	20 124	19 884	19 568	21 501	23 436	25 546	27 845
Provisions	2 796	2 701	2 541	2 857	2 942	3 160	3 326
Total equity and liabilities	49 656	55 699	75 813	62 915	67 352	72 153	77 153

Council for Mineral Technology and Research

The Council for Mineral Technology and Research (Mintek) was established as a science council in terms of the Mineral Technology Act (1989). Its primary objective is research, development and technology transfer to promote mineral technology and foster the establishment and expansion of minerals industries and their derived products.

As a result of the unprecedented global commodities boom, Mintek is seeing a strong demand for its technologies and services. Africa remains a major producer of the world's most strategic minerals, and although relatively under-explored, accounts for a significant portion of the world's reserves, making it a highly attractive destination for exploration and mining investment.

Key achievements in 2007/08 include:

- playing a significant role in the Dominion uranium project, South Africa's first new uranium producer in 25 years, and the Langer Heinrich project in Namibia
- undertaking work on other uranium projects in South Africa, and in Namibia, Malawi, the Democratic Republic of the Congo (DRC), and West African countries
- contributing to the development of the cyanide code, which is now being maintained by the International Cyanide Management Institute
- piloting a plant in Limpopo to manufacture soil ameliorant

- training 800 artisan and small scale operators in aspects of mining and beneficiation, at Mintek and at nationwide satellite sites
- setting up jewellery workshops at Steelpoort, Botha's Hill, Mapumulo, Mafikeng, Kuruman, Klerksdorp, Hoedspruit, and Groblersdal, and upgrading eight existing workshops
- facilitating a platinum casting exhibition, in conjunction with the Department of Minerals and Energy and Lonmin Platinum, at the biannual Electra Mining exhibition.

Expenditure trends

Transfers to Mintek increased from R88.6 million in 2004/05 to R327.2 million in 2007/08. Between 2007/08 and 2010/2011, they are expected to increase from R119.2 million to R139.7 million at an average annual rate of 8.5 per cent. Mintek's own revenue from the sale of services and technologies amounts to 66.6 per cent of total revenue for 2007/08.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Number of new or improved technologies developed	7	1	4	5	5	5	6
Number of new or improved products and services developed	8	4	11	13	13	14	14
Number of downstream businesses developed	–	–	1	–	1	–	–
Number of demonstrations for Mintek developed products and technologies	7	6	3	2	2	3	3
Number of water and energy efficient flow sheets developed	–	–	–	–	1	2	1
Number of junior resource companies supported	13	12	13	22	22	25	28
Number of technologies relevant to SMMEs developed	1	2	2	2	2	2	3
Number of bursaries granted	78	75	78	78	85	85	90
Number of trainees	45	41	50	42	46	53	58
Number of interns	21	7	15	8	8	12	15
Number of strategies to support regional development developed	4	4	4	5	5	5	6

Expenditure estimates

Table 28.12 Council for Mineral Technology (Mintek)

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	165 585	178 260	229 716	202 602	211 114	236 792	267 072
Sale of goods and services other than capital assets	143 738	95 729	180 482	191 502	199 459	224 557	254 103
<i>of which:</i>							
<i>Sales by market establishments</i>	143 738	95 729	180 482	191 502	199 459	224 557	254 103
Other non-tax revenue	21 847	82 531	49 234	11 100	11 655	12 235	12 969
Transfers received	88 632	108 880	118 664	124 569	135 834	152 379	159 248
Total revenue	254 217	287 140	348 380	327 171	346 948	389 171	426 320
Expenses							
Current expense	243 487	269 191	316 412	316 481	341 704	359 192	396 897
Compensation of employees	144 099	156 365	180 064	186 781	205 486	217 544	239 298
Goods and services	88 401	101 588	120 937	115 000	120 750	126 788	142 637
Depreciation	10 987	10 641	14 885	14 700	15 468	14 860	14 962
Interest, dividends and rent on land	–	597	526	–	–	–	–
Transfers and subsidies	3 460	12 828	4 890	–	–	–	–
Total expenses	246 947	282 349	327 717	316 481	341 704	359 192	396 897
Surplus / (Deficit)	7 270	4 791	20 663	10 690	5 244	29 979	29 423

Table 28.12 Council for Mineral Technology (Mintek) (continued)

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Balance sheet data							
Carrying value of assets	70 500	151 476	158 377	164 577	165 109	166 249	171 287
<i>of which: Acquisition of assets</i>	9 220	21 818	19 274	20 900	16 000	16 000	20 000
Investments	129 625	115 115	89 490	108 433	108 433	108 433	108 433
Inventory	2 073	2 744	3 279	3 279	3 279	3 279	3 279
Loans	1 273	1 152	25 143	–	–	–	–
Receivables and prepayments	39 016	46 228	84 226	84 226	84 226	84 226	84 226
Cash and cash equivalents	20 400	30 938	30 523	35 013	39 725	68 564	92 949
Total assets	262 887	347 653	391 038	395 528	400 772	430 751	460 174
Capital and reserves	150 717	222 982	243 645	248 135	253 379	283 358	312 781
Borrowings	795	1 793	1 352	1 352	1 352	1 352	1 352
Post retirement benefits	51 429	61 235	62 700	62 700	62 700	62 700	62 700
Trade and other payables	41 518	48 998	65 771	65 771	65 771	65 771	65 771
Provisions	18 428	12 645	17 570	17 570	17 570	17 570	17 570
Total equity and liabilities	262 887	347 653	391 038	395 528	400 772	430 751	460 174

Electricity Distribution Holdings Company

The Electricity Distribution Holdings Company (EDIH) was created as a vehicle to facilitate the restructuring of electricity distribution following the recommendations in the 1998 White Paper on Energy. In 2003, the organisation was incorporated as EDI Holdings (Pty) Ltd in terms of the Public Finance Management Act (1999) and the Companies Act (1973). In 2006, Cabinet approved the proposal to establish six wall to wall regional electricity distributors.

Key priorities for the coming MTEF period are: facilitating affordable and reliable electricity distribution to the poor and improving universal access to electricity by 2010. Key challenges faced by the electricity distribution industry are the lack of enabling legislation and inadequate funding for restructuring programmes and projects.

As part of the process to restructure the electricity industry, transaction advisors have been identified and will be appointed when required. Over the MTEF period, EDI Holdings will be working closely with municipalities, Eskom, SALGA and other stakeholders in preparation for RED 'Day 1'. The funding framework for restructuring activities such as ring-fencing and legal due diligence has been concluded.

Expenditure trends

EDIH's expenditure decreased from R103.3 million in 2004/05 to R74.7 million 2007/08 due to the completion of the incorporation of EDI Holdings. Over the medium term, expenditure grows slowly, from R74.7 million in 2007/08 to R81.6 million in 2010/11, at an average annual rate of 3.2 per cent.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Percentage of all service delivery agreements with municipalities and Eskom drafted	–	–	2%	–	100%	–	–
Percentage of all sale or transfer of business agreements concluded for Eskom to ring-fence the Eskom distribution network	–	–	5%	15%	100%	–	–
Percentage of all shareholder agreements within the compensation framework concluded	–	–	2%	2%	100%	–	–
Percentage of REDs incorporated as public entities under the Companies Act	–	15%	7%	42%	100%	–	–
Percentage of all financial modeling for REDs concluded	–	–	–	15%	80%	100%	–

South African Nuclear Energy Corporation

The South African Nuclear Energy Corporation (NECSA) was incorporated in terms of the Nuclear Energy Act (1999). Its main functions are: to undertake and promote research and development in the field of nuclear energy and radiation sciences and technology, subject to the safeguards agreement, and to make these generally available; to process source material, special nuclear material and restricted material, and to reprocess and enrich source material and nuclear material; and to co-operate with any person or institution on these matters.

In addition to its research mandate, NECSA is also responsible for the following institutional obligations on behalf of the state: decommissioning and decontaminating past strategic nuclear facilities; managing nuclear waste disposal nationally; applying radiation technology for science and medicine; operating the SAFARI-1 nuclear reactor; operating the Pelindaba site and accompanying services; and executing safeguards.

During 2007/08, NECSA gave attention to its strategic positioning in the revived nuclear industry. Having assessed the extent of South Africa's potential involvement in the nuclear fuel cycle industry, NECSA provided government with technical advice on the new nuclear energy and technology strategy. NECSA also refocused on its nuclear research and development mandate and reinvested in this capacity. To initiate the regeneration of its research and development activities, NECSA was reconfigured according to best international practice. NECSA also expanded its portfolio of research and development activities by re-establishing a nuclear fuel cycle development group and a biosciences programme.

NECSA entered into a number of agreements with other local and foreign science and technology institutions aimed at leveraging research and development output, including: an agreement with the Joint Institute of Nuclear Research (JINR), Dubna, Russia, for collaboration in the fields of neutron scattering and neutron activation analysis; and an agreement with the Pebble Bed Modular Reactor (PBMR) to co-ordinate and prioritise nuclear fuel research and development projects as well as to establish expertise to run sustainable research and development programmes.

A strategy to retain core technical staff brought more stability to the technical programmes and the turnover of technical staff declined from 22 per cent in 2005/06 to 3 per cent in 2006/07. NECSA's technical staff increased by 14 per cent. In 2007/08 NECSA will focus on enrolling additional high level nuclear researchers and engineers.

The progress and sustainability of NECSA and the local nuclear industry requires developing a new generation of core nuclear scientists and skilled technical professionals. In the past year, NECSA achieved its corporate target to spend 3.5 per cent of personnel budget on training and studies. NECSA also continued its involvement with learnerships and postdoctoral schemes, and took over the management of the South African nuclear human asset research programme. This bursary scheme provides for the training of science and engineering students and 175 students were enrolled by the end of 2006/07.

Expenditure trends

Total revenue over the MTEF period grows from R865.1 million to R1.1 billion, of which transfers from the department grow from R353.1 million to R404.1 million.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Number of successful innovations which led to the development of new products or systems (measured per 3 year moving average)	2	2	2	3	4	4	5
Number of scientific journal articles published	10	10	12	13	15	23	30
Number of international patents registered for NECSA group (measured per 6 year moving average)	2	2	2	3	4	4	4
Percentage of irradiation service requirements achieved	100%	100%	90%	100%	100%	100%	100%

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Percentage of SAFARI-1 LEU conversion programme	2%	3%	5%	10%	30%	50%	100%
Percentage of research and development programme annual plan objectives achieved	80%	80%	80%	85%	90%	100%	100%
Percentage of site and infrastructure management and maintenance annual targets achieved	>80%	>80%	>80%	>80%	>80%	>80%	>80%
Percentage of provision of utilities annual targets achieved	>80%	>80%	>80%	>80%	>90%	>90%	>90%
Percentage of safeguard activities annual plan achieved	>95%	>95%	>95%	>95%	>95%	>95%	>95%
Percentage of security upgrade annual objectives achieved	>80%	>80%	>80%	>80%	>80%	>80%	>80%
Percentage of SHEQ regulatory compliance	>60%	>60%	>65%	>65%	>70%	>75%	>80%

Expenditure estimates

Table 28.13 SA Nuclear Energy Corporation

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	386 141	366 709	449 921	476 875	378 287	454 520	488 165
Sale of goods and services other than capital assets	361 583	334 061	407 440	429 750	346 031	420 172	449 726
<i>of which:</i>							
<i>Sale of isotopes and related products</i>	361 583	334 061	407 440	429 750	346 031	420 172	449 726
Other non-tax revenue	24 558	32 648	42 481	47 125	32 256	34 348	38 439
Transfers received	179 907	256 796	356 353	388 256	554 724	569 356	600 824
Total revenue	566 048	623 505	806 274	865 131	933 011	1 023 876	1 088 989
Expenses							
Current expense	575 104	603 112	677 047	838 182	863 362	937 233	1 056 835
Compensation of employees	260 972	322 716	335 330	415 453	437 443	482 202	513 887
Goods and services	289 137	251 596	301 914	386 525	374 053	399 457	486 695
Depreciation	24 463	23 397	30 407	35 035	51 081	55 152	56 196
Interest, dividends and rent on land	532	5 403	9 396	1 170	785	422	57
Transfers and subsidies	14 769	13 379	13 947	15 302	15 298	15 298	15 298
Total expenses	593 433	626 229	706 245	872 198	896 503	972 639	1 095 508
Surplus / (Deficit)	(27 385)	(2 724)	100 029	(7 067)	36 508	51 237	(6 519)
Acquisition of assets	8 728	42 809	65 906	127 094	65 278	72 677	47 523

South African Diamond and Precious Metals Regulator

South Africa's deposits of gold, platinum, diamonds and other various mineral commodities have been exploited by big mining companies and exported as raw materials, thus denying local manufacturing industries an opportunity to participate in the value chain. Both the Diamond Amendment Act (2005) and the Precious Metals Act (2005) have fundamentally changed the regulation of the mineral industry by widening access to rough diamonds and precious metals to create an enabling environment for the beneficiation of South Africa's mineral resources. The establishment of the South African Diamond and Precious Metals Regulator, encompassing diamonds, platinum, group metals and gold, will result in the delisting of the South African Diamond Board.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Percentage implemented versus planned: legal opinions and advice drafted, contracts reviewed and negotiated and legislation managed and implemented	–	–	–	80%	100%	100%	100%
Percentage of diamond beneficiation and diamond dealing licensees evaluated	–	–	–	20%	30%	50%	50%
Percentage of precious metals beneficiation licensees evaluated	–	–	–	20%	40%	60%	80%
Percentage increase in licences granted to BEE and women in beneficiation industries	–	–	–	20%	40%	60%	80%
Number of diamond beneficiation licenses issued	–	–	–	1 050	1 100	1 200	1 250
Number of precious metals beneficiation licences issued	–	–	–	3 600	3 650	3 700	3 750
Number of diamond evaluators trained	–	–	–	3	3	3	3
Rating by industry on trained precious metals specialist inspectors	–	–	–	–	70%	80%	85%
Number of initiatives mentored and paired with sustainable business (small businesses)	–	–	–	4	7	10	15
Percentage of licences issued which do not comply with conditions or which receive exception reports	–	–	–	75%	65	50%	35%

Mine Health and Safety Council

The Mine Health and Safety Council's responsibilities are governed by the Mine Health and Safety Act (1996). Its functions are to advise the minister on all occupational health and safety issues in the mining industry, and to develop legislation, do research, promote mine health and safety issues, and liaise with other bodies. The council's operational plan allows for ongoing monitoring and evaluation of its progress against identified priorities.

The long-term challenge is to stop fatalities, injuries, and occupational diseases, in the context of factors such as changes in the labour market, the growth of small scale and emerging mines, skill and capacity development requirements, HIV and Aids and TB, and the need to build an occupational health and safety culture. Opportunities include the legislative framework, research findings, industry resources for improving compliance, and mine planning processes.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Number of research programmes and reviews conducted	43	50	47	27	18	18	16
Number of scheduled advice processes with the minister	9	10	14	10	5	10	10
Number of skills development projects	6	13	10	5	10	5	5

Council for Geosciences

The Council for Geoscience was established in terms of the Geoscience Act (1993), which mandates the council to: carry out systematic geological, geophysical, geochemical, marine geoscience, metallogenic and engineering-geological mappings of South Africa, and to compile and publish this information; conduct basic geoscience research to understand present and past geological processes; curate all geoscience data for South Africa, and facilitate public access to this data; manage a number of geoscience facilities, including the National Geoscience Library, the National Geoscience Museum and a national seismological network; and to provide commercial geoscientific services.

Key achievements during the reporting period include:

- completing the SADC Geological Map
- upgrading the national seismic network system, part of which will be linked to the international Indian Ocean tsunami early warning system

- starting a collaborative geological programme with the Botswana and Namibian geological surveys to examine the Karoo rocks, which might host a variety of minerals
- correlating the Karoo-Gondwana strata, which will assist in identifying new exploration opportunities for other commodities, such as uranium and heavy minerals, and improve the understanding of southern hemisphere coal
- establishing an interlinked African seismic network in collaboration with Pennsylvania State University and Wits university, which will provide an opportunity to train young South Africans in the field of geophysics.

Expenditure trends

The council has two primary sources of funding: revenue from geological service contracts and allocations from the department. In 2007/08, approximately 49 per cent of its revenue will be derived from contracts. Transfers from the department increased from R77.6 million in 2004/05 to R107.7 million in 2007/08. Over the MTEF period, transfers increase to R134.2 million.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Percentage completion of annual technical programme	79.4%	79.9%	84.9%	70%	85%	85%	85%
Number of maps and publications published	24	28	50	32	35	38	42
Number of papers and articles published	44	57	62	60	65	70	75
Number of small scale mining investigations completed	–	–	–	–	35	35	40
Number of rural development projects in progress	–	21	33	20	20	22	25
Number of regional and African development projects in progress	–	14	36	10	15	18	20
Number of projects with external collaborators	–	34	57	30	50	52	54
Percentage satisfied customers	93.8%	82.1%	85.7%	80%	80%	80%	80%

Expenditure estimates

Table 28.14 Council for Geoscience

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	29 919	33 510	76 787	82 649	123 870	135 607	145 936
Sale of goods and services other than capital assets	22 219	26 168	68 633	74 958	116 605	128 290	138 560
<i>of which:</i>							
<i>Geological service contracts</i>	22 219	26 168	68 633	74 958	116 605	128 290	138 560
Other non-tax revenue	7 700	7 342	8 154	7 691	7 265	7 317	7 376
Transfers received	90 860	130 331	125 017	139 084	122 672	127 821	134 212
Total revenue	120 779	163 841	201 804	221 733	246 542	263 428	280 148
Expenses							
Current expense	112 602	147 065	185 577	221 733	246 542	263 428	280 148
Compensation of employees	79 113	94 825	125 178	115 991	122 109	130 798	139 813
Goods and services	27 072	41 115	46 887	87 244	99 440	105 933	112 411
Depreciation	6 409	11 118	13 462	18 462	24 963	26 665	27 888
Interest, dividends and rent on land	8	7	50	36	30	32	36
Transfers and subsidies	1 120	–	–	–	–	–	–
Total expenses	113 722	147 065	185 577	221 733	246 542	263 428	280 148
Surplus / (Deficit)	7 057	16 776	16 227	–	–	–	–

Table 28.14 Council for Geoscience (continued)

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Balance sheet data							
Carrying value of assets	69 903	68 396	162 177	184 205	210 442	213 777	193 589
<i>of which: Acquisition of assets</i>	16 760	17 319	111 107	40 490	51 200	30 000	7 700
Investments	3 480	5 200	1 062	1 062	–	–	–
Receivables and prepayments	23 579	45 820	72 141	77 209	81 624	89 803	96 992
Cash and cash equivalents	139 491	144 841	157 238	120 353	72 324	73 168	98 512
Total assets	236 453	264 257	392 618	382 829	364 390	376 748	389 093
Capital and reserves	166 107	175 175	183 972	183 972	183 972	183 972	183 972
Trade and other payables	60 970	79 954	203 276	191 531	172 579	184 388	196 146
Provisions	9 376	9 128	5 370	7 326	7 839	8 388	8 975
Total equity and liabilities	236 453	264 257	392 618	382 829	364 390	376 748	389 093

Additional tables

Table 28.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2006/07		2006/07	2007/08			2007/08
1. Administration	151 106	151 106	152 788	175 252	4 350	179 602	179 477
2. Promotion of Mine Safety and Health	117 210	117 210	105 130	124 845	(3 000)	121 845	101 970
3. Mineral Regulation	160 044	139 944	129 289	151 847	5 240	157 087	127 087
4. Mineral Policy and Promotion	51 359	71 459	75 323	70 140	–	70 140	70 140
5. Hydrocarbons and Energy Planning	37 475	43 289	40 365	52 600	(266)	52 334	52 334
6. Electricity and Nuclear	55 090	60 805	55 866	57 970	2 500	60 470	60 470
7. Associated Services	1 975 988	2 051 287	2 048 914	2 333 459	–	2 333 459	2 333 459
Total	2 548 272	2 635 100	2 607 675	2 966 113	8 824	2 974 937	2 924 937
Economic classification							
Current payments	534 923	520 952	500 954	574 130	8 141	582 271	532 271
Compensation of employees	290 389	289 389	246 154	323 503	(6 050)	317 453	292 453
Goods and services	244 534	231 563	254 665	250 627	14 191	264 818	239 943
Financial transactions in assets and liabilities	–	–	135	–	–	–	(125)
Transfers and subsidies	2 008 633	2 109 432	2 099 917	2 382 824	683	2 383 507	2 383 507
Provinces and municipalities	391 524	391 524	390 903	467 827	–	467 827	467 827
Departmental agencies and accounts	196 887	206 187	206 187	247 721	–	247 721	247 721
Public corporations and private enterprises	1 419 122	1 510 621	1 500 494	1 666 111	683	1 666 794	1 666 794
Households	1 100	1 100	2 333	1 165	–	1 165	1 165
Payments for capital assets	4 716	4 716	6 804	9 159	–	9 159	9 159
Machinery and equipment	4 716	4 716	6 446	7 659	–	7 659	7 659
Software and intangible assets	–	–	130	1 500	–	1 500	1 500
Land and subsoil assets	–	–	228	–	–	–	–
Total	2 548 272	2 635 100	2 607 675	2 966 113	8 824	2 974 937	2 924 937

Table 28.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
A. Permanent and full-time contract employees							
Compensation (R thousand)	187 726	213 026	239 103	299 945	341 819	369 624	394 500
Unit cost (R thousand)	202	215	216	219	239	253	267
Personnel numbers (head count)	928	992	1 107	1 369	1 428	1 459	1 475
B. Part-time and temporary contract employees							
Compensation (R thousand)	2 202	2 628	1 879	1 992	2 111	2 217	2 328
Unit cost (R thousand)	37	38	37	39	41	43	46
Personnel numbers (head count)	59	70	51	51	51	51	51
C. Interns							
Compensation of interns	855	1 416	5 172	15 516	16 291	17 105	17 960
Unit cost (R thousand)	19	24	18	56	58	61	64
Number of interns	45	59	284	279	280	280	280
Total for department							
Compensation (R thousand)	190 783	217 070	246 154	317 453	360 221	388 946	414 788
Unit cost (R thousand)	185	194	171	187	205	217	230
Personnel numbers (head count)	1 032	1 121	1 442	1 699	1 759	1 790	1 806

Table 28.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Compensation of employees (R thousand)	190 783	217 070	246 154	317 453	360 221	388 946	414 788
Training expenditure (R thousand)	2 896	2 930	2 082	2 441	5 474	5 963	6 269
Training as percentage of compensation	2%	1%	1%	1%	2%	2%	2%
Total number trained in department (head count)	155	455	623	279			
<i>of which:</i>							
Employees receiving bursaries (head count)	72	76	117	67			
Internships trained (head count)	45	59	284	279			

Table 28.D Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Conditional grants to provinces							
Conditional grants to municipalities							
7. Associated Services							
Integrated national electrification programme grant	195 533	297 497	390 734	467 827	595 637	897 008	950 828
Total	195 533	297 497	390 734	467 827	595 637	897 008	950 828

1. Detail provided in the Division of Revenue Act (2008).

Table 28.E Summary of expenditure on infrastructure

Description	Service delivery outputs			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Infrastructure transfers to other spheres, agencies and departments							
National electrification programme: Eskom	797 329	783 469	893 165	973 083	1 150 758	1 420 770	1 649 309
National electrification programme: municipalities	195 533	297 497	390 734	467 827	595 637	897 008	950 828
National electrification programme: Eradication of backlogs in electrification on schools and clinics	–	–	–	45 000	90 000	150 000	–
Total	992 862	1 080 966	1 283 899	1 485 910	1 836 395	2 467 778	2 600 137

