

Estimates of Public Expenditure

2009

Minerals and Energy

**National Treasury
Republic of South Africa**



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Contents

| | |
|---------------------------------------------------------|----|
| Budget summary..... | 1 |
| Aim | 1 |
| Programme purposes | 1 |
| Strategic overview: 2005/06 – 2011/12..... | 2 |
| Selected performance and operations indicators..... | 4 |
| Expenditure estimates | 4 |
| Expenditure trends..... | 5 |
| Departmental receipts..... | 6 |
| Programme 1: Administration | 7 |
| Programme 2: Promotion of Mine Safety and Health | 9 |
| Programme 3: Mineral Regulation | 13 |
| Programme 4: Mineral Policy and Promotion | 15 |
| Programme 5: Hydrocarbons and Energy Planning | 18 |
| Programme 6: Electricity, Nuclear and Clean Energy..... | 21 |
| Programme 7: Associated Services..... | 24 |
| Public Entity | 42 |
| Additional tables..... | 43 |

Vote 28

Minerals and Energy

Budget summary

| R thousand | 2009/10 | | | | 2010/11 | 2011/12 |
|---------------------------------------|----------------------------------------------------|------------------|-------------------------|-----------------------------|------------------|------------------|
| | Total to be appropriated | Current payments | Transfers and subsidies | Payments for capital assets | Total | Total |
| MTEF allocation | | | | | | |
| Administration | 229 282 | 217 265 | 1 284 | 10 733 | 251 659 | 267 012 |
| Promotion of Mine Safety and Health | 133 027 | 127 453 | 5 118 | 456 | 142 690 | 151 171 |
| Mineral Regulation | 168 066 | 168 066 | – | – | 186 168 | 197 345 |
| Mineral Policy and Promotion | 62 363 | 37 305 | 25 058 | – | 67 084 | 71 037 |
| Hydrocarbons and Energy Planning | 55 285 | 55 285 | – | – | 60 522 | 64 130 |
| Electricity, Nuclear and Clean Energy | 338 363 | 73 210 | 265 153 | – | 458 034 | 563 860 |
| Associated Services | 3 660 810 | – | 3 660 810 | – | 3 940 331 | 4 124 454 |
| Total expenditure estimates | 4 647 196 | 678 584 | 3 957 423 | 11 189 | 5 106 488 | 5 439 009 |
| 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 overall minerals and energy policies, promote integrated planning, and regulate the sectors to support growth, transformation, safety and sustainability.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support and management services to the ministry and the department.

Programme 2: Promotion of Mine Safety and Health

Purpose: Protect the health and safety of mine employees and people affected by mining activities in the execution of the department's statutory mandate.

Programme 3: Mineral Regulation

Purpose: Regulate the minerals and mining sector in order to promote economic development, employment and ensure transformation and environmental compliance.

Programme 4: Mineral Policy and Promotion

Purpose: Develop relevant mineral policies that promote South Africa's mining and minerals industries in order to attract investment.

Programme 5: Hydrocarbons and Energy Planning

Purpose: Undertake integrated energy planning to promote the sustainable use of energy resources by developing appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas and renewable energy sources.

Programme 6: Electricity, Nuclear and Clean Energy

Purpose: Monitor developments in the electricity, nuclear and clean energy sectors and improve and implement appropriate policies governing these sectors and oversee relevant public entities. Promote universal access to electricity by the broader South African population.

Programme 7: Associated Services

Purpose: Transfer, manage and monitor funds in support of the department's mandates to funded and non-funded statutory bodies and organisations.

Strategic overview: 2005/06 – 2011/12

The Department of Minerals and Energy plays an important regulatory role in the mining and energy sectors, as well as promoting the development of the industries. Over the medium term, the department will prioritise interventions aimed at improving the security of energy supply, promoting mine health and safety and strengthening the regulatory framework within these sectors.

Energy

In January 2008, South Africans experienced rolling power outages as demand for electricity outstripped supply. With the electricity reserve margin declining to less than 8 per cent compared to a target of 19 per cent by the end of 2008, ensuring that there is a secure supply in the electricity sector is clearly a priority. In response to these challenges, the department has instituted a multi-pronged approach to deal with the electricity emergency.

Ensuring a secure supply of electricity

This includes short term interventions aimed at managing demand and improving energy efficiency. Among others, the department has set energy conservation targets, promulgated electricity regulations for the prohibition of certain practices in the electricity supply industry, and defined compulsory norms and standards for the prohibition of the use of incandescent light bulbs in certain circumstances. More long term measures include reforming the legislative and regulatory framework, as well as building new capacity for electricity generation.

The department is currently in the final stages of negotiations with an independent power producer for the construction of two peaking power plants of 1000MW capacity in Eastern Cape and KwaZulu-Natal. The power plants are scheduled for commissioning in the first quarter of 2011. All procurement of generation capacity will be done through Eskom's single buyer office, which means that Eskom is the sole buyer of power from independent power producers. A new regulation will be promulgated to define how the single buyer office will operate, including the oversight role of government and the National Energy Regulator of South Africa.

Electricity pricing

After the electricity pricing policy had been developed by the Department of Minerals and Energy in consultation with the National Energy Regulator of South Africa and other stakeholders, Cabinet approved the policy in November 2008. The electricity pricing policy sets a clear framework on the determination of electricity prices, creates the basis for cost effective tariffs, ensures the long term sustainability of the electricity industry and promotes the achievement of government's long term socioeconomic goals. This policy will guide the energy regulator in achieving a multi-year price determination (the wholesale tariff negotiation with Eskom) and support the long term sustainability of the electricity industry.

The department also developed a regulation allowing the energy regulator to deviate from the approved tariffs in certain circumstances. This regulation requires the system operator to declare that there is a deficit in electricity generation or a transmission constraint that requires extraordinary action. The energy regulator can then mitigate the electricity deficit or transmission constraint, by deviating from the approved tariff in one of three prescribed circumstances. First, when electricity demand is higher than supply, this threatens the sustainability of the electricity supply industry; second, when national savings targets of at least 10 per cent are not achieved, and third, when the sector saving targets is not achieved. This includes measures to be instituted if individuals and entities consume electricity more than their set quotas, where they are charged at a premium rate to discourage wasteful practices.

Restructuring the electricity distribution industry

The restructuring of the electricity distribution industry aims to restructure and consolidate the fragmented electricity distribution industry into regional electricity distributors to increase efficiencies, reduce disparities in tariffs, improve customer service, maintain infrastructure networks, and benefit from economies of scale. The department has drafted a constitutional amendment to allow for regional electricity distributors to be constituted as public entities. This amendment is required before the primary legislation establishing the regional electricity distributors can be passed. The constitutional amendment is due to be effected in the second half of 2009.

New energy legislation and policies

The National Energy Act was signed by the president in November 2008. The act aims to ensure that diverse energy resources are available, taking into account environmental management requirements and coordination among economic sectors. It also provides for energy planning, the increased generation and consumption of renewable energies, the establishment of a contingency energy supply and the holding of strategic energy feedstocks and carriers, and promotes adequate investment in and the maintenance of energy infrastructure. In addition, the act provides for the establishment of the South African National Energy Development Institute as a schedule 3A entity in line with the Public Finance Management Act (1999).

Petroleum pipeline regulations were promulgated in April 2008. The regulations provide guidance on the determination of tariffs for pipelines, storage and loading facilities, and establish the necessary systems and structures for the National Energy Regulator of South Africa to regulate the industry and promote investment in infrastructure in the pipeline industry.

Nuclear energy remains a possible option for power generation in South Africa. The nuclear energy policy and strategy was approved by Cabinet in June 2008. The policy provides a framework for the development of an expanded nuclear programme. Regulations on the format of application for a nuclear installation licence, or a certificate of registration or exemption, have also been published.

Minerals

The increase in the number of mine related fatalities has raised concerns about mine health and safety. The fatality rate per million hours worked increased from 0.20 in 2006 to 0.21 in 2007. Following a presidential request to undertake an audit of mine safety, the department completed audits of 333 high risk mines in 2007/08. Despite the increase in fatalities, there has been some improvement in the injury rate per million hours worked, which decreased from 4.14 in 2006 to 3.62 in 2007. To further enforce compliance, the department has introduced amendments to the Mine Health and Safety Act (1996). The amendments aim to establish the Mine Health and Safety Inspectorate as a juristic entity with greater investigative capacity and enforcement powers.

A downstream beneficiation strategy for the mineral sector was developed in 2008 with inputs from the interdepartmental task team. The team has been participating in the process since 2006 and its main role players are the departments of minerals and energy, trade and industry, science and technology and National Treasury.

Selected performance and operations indicators

Table 28.1 Minerals and Energy

| Indicator | Programme | Past | | | Current | Projections | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------|---------|---------|---------|-------------|---------|---------|
| | | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Number of occupational health and safety inspections and mine audits conducted each year | Promotion of Mine Safety and Health | 14 549 | 16 354 | 12 700 | 12 700 | 12 700 | 12 700 | 12 700 |
| Number of mining rights granted to historically disadvantaged South Africans each year | Mineral Regulation | – | – | 42 | 27 | 27 | 27 | 27 |
| Number of women led companies licensed each year | Mineral Regulation | – | 49 | 18 | 18 | 18 | 18 | 18 |
| Number of charter inspections conducted each year | Mineral Regulation | – | – | 160 | 140 | 140 | 140 | 140 |
| Number of small to medium mining enterprises supported each year | Mineral Policy and Promotion | 15 | 18 | 38 | 45 | 48 | 48 | 48 |
| Number of random site inspections conducted each year | Hydrocarbons and Energy Planning | – | – | 360 | 1 200 | 1 800 | 1 920 | 2 040 |
| Number of sites where fuel samples were taken each year | Hydrocarbons and Energy Planning | – | – | 60 | 120 | 120 | 120 | 120 |
| Number of compliance audit certificates issued each year | Hydrocarbons and Energy Planning | – | – | – | 4 | 4 | 4 | 4 |
| Number of operational integrated energy centres each year | Hydrocarbons and Energy Planning | 2 | 5 | 5 | 3 | 2 | 2 | 2 |
| Number of new households electrified each year | Associated Services | 185 833 | 122 711 | 187 925 | 150 000 | 150 000 | 200 000 | 250 000 |
| Number of new schools electrified each year | Associated Services | 1623 | 372 | 948 | 2 500 | 2 500 | 0 | 0 |
| Number of new bulk substations built each year | Associated Services | – | – | 9 | 10 | 10 | 10 | 10 |
| Number of temporary jobs created each year | Associated Services | 2 327 | 4 729 | 5 035 | 4 500 | 4 500 | 4 500 | 4 500 |
| Number of full time jobs created each year | Associated Services | 259 | 526 | 559 | 500 | 500 | 500 | 500 |
| Number of learners participating in electrification projects each year | Associated Services | 1 553 | 1 389 | 1 599 | 800 | 800 | 800 | 800 |
| Amount of broad based black economic empowerment (BEE) and black women-owned and small, medium and micro enterprise (SMME) expenditure generated by the integrated national electrification programme each year | Associated Services | R453.5m | R560m | R894m | R933m | R933m | R1.2bn | R1.2bn |
| Number of subsidised renewable energy projects each year | Electricity, Nuclear, Clean Energy | 0 | 0 | 3 | 3 | 4 | 6 | 8 |
| Number of green certificates issued each year | Electricity, Nuclear, Clean Energy | 0 | 0 | 0 | 0 | 0 | 2 | 5 |

Expenditure estimates

Table 28.2 Minerals and Energy

| Programme | Audited outcome | | | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|------------------------------------------|------------------|------------------|------------------|------------------------|------------------|----------------------------------|------------------|------------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | | |
| 1. Administration | 130 832 | 152 788 | 191 394 | 220 491 | 220 491 | 229 282 | 251 659 | 267 012 |
| 2. Promotion of Mine Safety and Health | 99 008 | 105 130 | 104 283 | 126 953 | 126 953 | 133 027 | 142 690 | 151 171 |
| 3. Mineral Regulation | 84 019 | 129 289 | 137 800 | 162 141 | 162 141 | 168 066 | 186 168 | 197 345 |
| 4. Mineral Policy and Promotion | 84 256 | 75 323 | 73 554 | 64 945 | 64 945 | 62 363 | 67 084 | 71 037 |
| 5. Hydrocarbons and Energy Planning | 20 576 | 31 205 | 35 632 | 45 911 | 45 911 | 55 285 | 60 522 | 64 130 |
| 6. Electricity, Nuclear and Clean Energy | 82 092 | 65 026 | 86 662 | 261 412 | 261 412 | 338 363 | 458 034 | 563 860 |
| 7. Associated Services | 1 690 830 | 2 048 914 | 2 318 042 | 2 904 388 | 2 803 130 | 3 660 810 | 3 940 331 | 4 124 454 |
| Total | 2 191 613 | 2 607 675 | 2 947 367 | 3 786 241 | 3 684 983 | 4 647 196 | 5 106 488 | 5 439 009 |
| Change to 2008 Budget estimate | | | | 190 818 | 89 560 | 328 971 | 517 300 | 671 188 |

Table 28.2 Minerals and Energy (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|--------------------------------------------------|------------------|------------------|------------------|------------------------|------------------|----------------------------------|------------------|------------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | | 2009/10 | 2010/11 | 2011/12 |
| Economic classification | | | | | | | | |
| Current payments | 417 899 | 500 954 | 573 385 | 654 329 | 654 329 | 678 584 | 756 201 | 801 454 |
| Compensation of employees | 217 070 | 246 154 | 290 561 | 349 098 | 349 098 | 394 280 | 426 113 | 451 339 |
| Goods and services | 200 785 | 254 665 | 277 222 | 305 231 | 305 231 | 284 304 | 330 088 | 350 115 |
| of which: | | | | | | | | |
| Administrative fees | 2 065 | 2 860 | 1 529 | 26 638 | 26 638 | 34 795 | 37 987 | 41 696 |
| Advertising | 2 666 | 11 309 | 18 287 | 18 714 | 18 714 | 16 073 | 17 209 | 18 018 |
| Assets less than R5 000 | 2 968 | 3 605 | 2 345 | 3 230 | 3 230 | 3 721 | 3 915 | 4 097 |
| Audit costs: External | 2 144 | 2 169 | 2 447 | 2 488 | 2 488 | 2 637 | 2 774 | 2 905 |
| Bursaries: Employees | 1 003 | 1 053 | 1 658 | 2 630 | 2 630 | 2 875 | 3 024 | 3 168 |
| Catering: Departmental activities | 566 | 2 346 | 2 486 | 3 251 | 3 251 | 2 433 | 2 559 | 2 679 |
| Communication | 11 027 | 11 720 | 12 911 | 7 542 | 7 542 | 12 028 | 14 055 | 14 716 |
| Computer services | 5 895 | 10 006 | 9 483 | 29 566 | 29 566 | 26 863 | 28 261 | 29 590 |
| Consultants and professional services: | 67 871 | 55 983 | 39 890 | 10 791 | 10 791 | 3 315 | 21 594 | 23 378 |
| Business and advisory services | | | | | | | | |
| Consultants and professional services: | 4 244 | 34 796 | 36 031 | 61 571 | 61 571 | 58 532 | 65 314 | 69 688 |
| Infrastructure and planning | | | | | | | | |
| Consultants and professional services: | 1 371 | 2 141 | 5 728 | 2 406 | 2 406 | 2 028 | 2 254 | 2 358 |
| Legal costs | | | | | | | | |
| Contractors | 1 338 | 2 903 | 8 265 | 11 087 | 11 087 | 7 499 | 7 783 | 8 133 |
| Agency and support / outsourced services | 33 | 324 | 11 | 13 565 | 13 565 | 15 366 | 17 918 | 18 741 |
| Entertainment | 1 262 | 270 | – | 365 | 365 | 396 | 416 | 436 |
| Inventory: Food and food supplies | 8 | 5 | – | – | – | – | – | – |
| Inventory: Fuel, oil and gas | 14 | 13 | 16 | 41 | 41 | 30 | 31 | 33 |
| Inventory: Learner and teacher support material | – | – | – | 739 | 739 | 679 | 714 | 748 |
| Inventory: Materials and supplies | 139 | 38 | 61 | 353 | 353 | 314 | 332 | 347 |
| Inventory: Medical supplies | 15 | 2 | 27 | 132 | 132 | 139 | 148 | 154 |
| Inventory: Other consumables | 191 | 224 | 115 | 449 | 449 | 488 | 516 | 539 |
| Inventory: Stationery and printing | 3 580 | 4 801 | 4 688 | 9 395 | 9 395 | 8 948 | 9 415 | 9 859 |
| Lease payments | 21 484 | 25 060 | 23 428 | 2 996 | 2 996 | 2 114 | 2 225 | 2 329 |
| Owned and leasehold property expenditure | 774 | 976 | 3 466 | 1 038 | 1 038 | 1 100 | 1 157 | 1 212 |
| Transport provided: Departmental activities | 13 | 3 | 26 | 53 | 53 | 56 | 59 | 62 |
| Travel and subsistence | 53 721 | 64 885 | 73 376 | 64 651 | 64 651 | 52 002 | 59 002 | 62 325 |
| Training and development | 2 930 | 2 083 | 4 966 | 7 307 | 7 307 | 7 757 | 8 161 | 8 545 |
| Operating expenditure | 9 750 | 10 996 | 15 164 | 14 657 | 14 657 | 14 025 | 14 753 | 15 445 |
| Venues and facilities | 3 713 | 4 094 | 10 818 | 9 576 | 9 576 | 8 091 | 8 512 | 8 914 |
| Financial transactions in assets and liabilities | 44 | 135 | 5 602 | – | – | – | – | – |
| Transfers and subsidies | 1 768 372 | 2 099 917 | 2 366 512 | 3 120 234 | 3 018 976 | 3 957 423 | 4 338 167 | 4 624 527 |
| Provinces and municipalities | 298 153 | 390 903 | 462 507 | 595 637 | 494 379 | 1 107 957 | 1 240 104 | 1 376 612 |
| Departmental agencies and accounts | 204 187 | 206 187 | 262 148 | 257 164 | 257 164 | 270 025 | 282 703 | 220 225 |
| Public corporations and private enterprises | 1 264 886 | 1 500 494 | 1 639 783 | 2 266 035 | 2 266 035 | 2 578 157 | 2 813 976 | 3 026 223 |
| Households | 1 146 | 2 333 | 2 074 | 1 298 | 1 298 | 1 284 | 1 384 | 1 467 |
| Payments for capital assets | 5 342 | 6 804 | 7 470 | 11 678 | 11 678 | 11 189 | 12 120 | 13 028 |
| Machinery and equipment | 4 266 | 6 446 | 5 272 | 9 380 | 9 380 | 9 689 | 10 545 | 11 358 |
| Software and other intangible assets | 1 076 | 130 | 2 198 | 1 500 | 1 500 | 1 500 | 1 575 | 1 670 |
| Land and subsoil assets | – | 228 | – | 798 | 798 | – | – | – |
| Total | 2 191 613 | 2 607 675 | 2 947 367 | 3 786 241 | 3 684 983 | 4 647 196 | 5 106 488 | 5 439 009 |

Expenditure trends

Expenditure increased from R2.2 billion in 2005/06 to R3.8 billion in 2008/09 at an average annual rate of 20 per cent. This increase is driven by transfers and subsidies in the *Associated Services* programme, which rises from R1.7 billion to R2.9 billion over the same period. In 2008/09, transfer payments to public entities,

municipalities and other organisations accounted for an average of 82 per cent of the department's total expenditure.

Spending on compensation of employees increased from R217.1 million in 2005/06 to R349.1 million in 2008/09 at an average annual rate of 17.2 per cent. Similarly, expenditure on goods and services increased from R201 million in 2005/06 to R305 million in 2008/09 at an average annual rate of 15 per cent. These increases are due to provisions for additional staff members and related expenditure.

Over the MTEF period, overall spending for the department is expected to grow from R3.8 billion in 2008/09 to an estimated R5.4 billion in 2011/12 at an average annual rate of 12.8 per cent. Growth in the budget is driven by payments to municipalities, public entities and other government agencies and is expected to increase from R3.1 billion in 2008/09 to an estimated R4.6 billion in 2011/12 at an average annual rate of 14 per cent. This is due to growth in the integrated national electrification programme for the electrification of households, schools and clinics.

Over the MTEF period, additional funding of R260 million, R55 million and R45 million is allocated for the demand side electricity management project, the renewable energy subsidy scheme and the renewable Working for Energy project.

Savings and reprioritisation

The department implemented cost containment initiatives over the MTEF period that produced total savings of R150.4 million (R45.3 million in 2009/10, R51.3 million in 2010/11 and R53.7 million in 2011/12) mainly from goods and services and transfers to departmental agencies.

In aggregate, savings amounting to R29.2 million in 2009/10, R26.2 million in 2010/11 and R27 million in 2011/12 have been identified in goods and services expenditure and transfer payments to public entities.

Infrastructure spending

The integrated national electrification programme consists of transfer payments to municipalities, Eskom and non-grid service providers for grid and non-grid electricity connections to schools, clinics and households. Transfer payments in relation to the programme accounted for an average of 51 per cent of the department's total expenditure between 2005/06 and 2008/09.

Additional allocations of R194 million for municipalities and R331 million for Eskom are reflected in the projected increase in capital infrastructure transfers for the implementation of the programme under the *Associated Services* programme over the MTEF period.

The total allocation for electrification was R1.6 billion for both grid and non-grid connections in 2007/08. The targets set for grid electrification were 150 000 household connections, 700 school connections and all clinics.

Departmental receipts

The main sources of receipts for the Department of Minerals and Energy are royalties, surface rental and prospecting fees collected from mining companies. Combined, these made up on average 92 per cent of total annual departmental revenue between 2004/05 and 2007/08. The exception was in 2006/07, when transfers received contributed 72 per cent of revenue because of non-departmental revenue of R466.5 million from the sale of assets from the Lebowa Mineral Trust. Actual revenue recoveries for 2007/08 were higher than anticipated, mainly due to an increase in royalty payments from individual mines. Royalties, surface rental, prospecting fees and petroleum licences are projected to continue to be the main source of receipts over the MTEF period, and departmental revenue is expected to increase from R217 million in 2009/10 to R247 million in 2011/12.

The Petroleum Products Amendment Act (2003) requires licensees to pay licence application and annual licence renewal fees, including amendment fees, for all licence types. To date, approximately 13 800 applications have been received and approximately 7 500 processed. Data from the petroleum product licensing system has been used as a benchmark to estimate the revenue to be collected by the end of 2008/09: R8.6 million for application

and renewal fees from previous years and about R3.7 million as annual fees. This amount is set to remain stable in future years.

Table 28.3 Departmental receipts

| R thousand | Audited outcome | | | Adjusted estimate | Revised estimate | Medium-term receipts estimate | | |
|----------------------------------------------------------|-----------------|----------------|----------------|-------------------|------------------|-------------------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | | 2009/10 | 2010/11 | 2011/12 |
| Departmental receipts | 133 611 | 191 027 | 268 305 | 198 120 | 199 875 | 203 132 | 209 234 | 215 519 |
| Sales of goods and services produced by department | 2 510 | 1 809 | 3 358 | 4 498 | 4 797 | 4 691 | 4 834 | 4 980 |
| Sales of scrap, waste, arms and other used current goods | 3 | 3 | 4 | 2 | 3 | 1 | 1 | 1 |
| Fines, penalties and forfeits | 276 | 458 | 218 | 120 | 142 | 140 | 144 | 149 |
| Interest, dividends and rent on land | 129 800 | 188 515 | 244 126 | 190 000 | 192 246 | 197 915 | 203 858 | 209 981 |
| Financial transactions in assets and liabilities | 1 022 | 242 | 20 599 | 3 500 | 2 687 | 385 | 397 | 408 |
| Extraordinary receipts | - | 466 511 | - | - | - | - | - | - |
| Lebowa Minerals trust abolition | - | 466 511 | - | - | - | - | - | - |
| Total | 133 611 | 657 538 | 268 305 | 198 120 | 199 875 | 203 132 | 209 234 | 215 519 |

Programme 1: Administration

Expenditure estimates

Table 28.4 Administration

| Subprogramme | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--------------------------------------------------|-----------------|----------------|----------------|------------------------|----------------------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | |
| Minister ¹ | 924 | 845 | 1 083 | 1 612 | 1 725 | 1 832 | 1 936 |
| Deputy Minister ¹ | 649 | 215 | - | 1 327 | 1 420 | 1 509 | 1 595 |
| Management | 10 234 | 12 401 | 14 480 | 16 765 | 18 287 | 19 115 | 20 261 |
| Corporate Services | 99 817 | 118 549 | 155 335 | 176 434 | 180 914 | 199 483 | 211 595 |
| Property Management | 19 208 | 20 778 | 20 496 | 24 353 | 26 936 | 29 720 | 31 625 |
| <i>Transport, facility and record management</i> | 19 208 | 20 778 | 20 496 | 24 353 | 26 936 | 29 720 | 31 625 |
| Total | 130 832 | 152 788 | 191 394 | 220 491 | 229 282 | 251 659 | 267 012 |
| Change to 2008 Budget estimate | | | | 10 993 | (2 320) | (1 633) | (1 600) |

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Economic classification

| | | | | | | | |
|-----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Current payments | 124 356 | 145 730 | 183 051 | 208 687 | 217 265 | 238 634 | 253 024 |
| Compensation of employees | 45 592 | 50 739 | 68 868 | 84 009 | 93 505 | 104 830 | 111 073 |
| Goods and services | 78 720 | 94 856 | 108 581 | 124 678 | 123 760 | 133 804 | 141 951 |
| <i>of which:</i> | | | | | | | |
| Administrative fees | 577 | 1 686 | 440 | 25 446 | 26 936 | 29 720 | 33 039 |
| Advertising | 541 | 891 | 1 220 | 1 586 | 1 407 | 1 480 | 1 549 |
| Assets less than R5 000 | 2 161 | 2 015 | 2 130 | 2 601 | 2 753 | 2 896 | 3 032 |
| Audit costs: External | 2 076 | 2 169 | 2 447 | 2 488 | 2 637 | 2 774 | 2 905 |
| Bursaries: Employees | 592 | 1 018 | 945 | 1 636 | 1 752 | 1 843 | 1 930 |
| Catering: Departmental activities | - | 1 274 | 1 407 | 1 465 | 1 413 | 1 486 | 1 556 |
| Communication | 5 567 | 6 087 | 6 537 | 1 718 | 5 809 | 7 111 | 7 445 |
| Computer services | 5 879 | 9 996 | 9 357 | 25 266 | 26 513 | 27 892 | 29 203 |
| Consultants and professional services: Business and advisory services | 7 128 | 6 066 | 7 558 | 3 144 | 1 712 | 3 467 | 3 630 |
| Consultants and professional services: Legal costs | 795 | 650 | 1 492 | 2 078 | 866 | 912 | 954 |
| Contractors | 737 | 2 528 | 7 911 | 7 653 | 6 954 | 7 209 | 7 532 |

Table 28.4 Administration (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|----------------------------------------------------|-----------------|----------------|----------------|------------------------|----------------------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Economic classification | | | | | | | |
| Current payments | 124 356 | 145 730 | 183 051 | 208 687 | 217 265 | 238 634 | 253 024 |
| Agency and support / outsourced services | – | 291 | – | 4 005 | 4 775 | 5 023 | 5 259 |
| Entertainment | 999 | 192 | – | 198 | 199 | 209 | 219 |
| Inventory: Food and food supplies | 8 | 5 | – | – | – | – | – |
| Inventory: Fuel, oil and gas | 12 | 6 | 14 | 38 | 28 | 29 | 31 |
| Inventory: Learner and teacher support material | – | – | – | 114 | 20 | 21 | 22 |
| Inventory: Materials and supplies | 95 | 19 | 39 | 72 | 16 | 17 | 18 |
| Inventory: Medical supplies | 14 | 2 | 26 | 121 | 128 | 135 | 141 |
| Inventory: Other consumables | 129 | 178 | 44 | 15 | 16 | 17 | 18 |
| Inventory: Stationery and printing | 2 878 | 4 403 | 4 085 | 7 511 | 7 067 | 7 434 | 7 784 |
| Lease payments | 21 105 | 24 409 | 22 939 | 1 498 | 1 588 | 1 671 | 1 749 |
| Owned and leasehold property expenditure | 463 | 888 | 3 348 | 948 | 1 005 | 1 057 | 1 107 |
| Transport provided: Departmental activities | 13 | – | – | – | – | – | – |
| Travel and subsistence | 19 939 | 23 500 | 25 416 | 23 201 | 18 145 | 18 755 | 19 587 |
| Training and development | 2 880 | 2 080 | 3 081 | 5 008 | 5 196 | 5 466 | 5 723 |
| Operating expenditure | 2 831 | 3 630 | 3 689 | 3 302 | 3 310 | 3 482 | 3 645 |
| Venues and facilities | 1 301 | 873 | 4 456 | 3 566 | 3 515 | 3 698 | 3 873 |
| Financial transactions in assets and liabilities | 44 | 135 | 5 602 | – | – | – | – |
| Transfers and subsidies | 1 383 | 1 179 | 982 | 1 358 | 1 284 | 1 384 | 1 467 |
| Provinces and municipalities | 137 | 35 | 15 | – | – | – | – |
| Public corporations and private enterprises | 100 | – | – | – | – | – | – |
| Non-profit institutions | – | – | – | 100 | – | – | – |
| Households | 1 146 | 1 144 | 967 | 1 258 | 1 284 | 1 384 | 1 467 |
| Payments for capital assets | 5 093 | 5 879 | 7 361 | 10 446 | 10 733 | 11 641 | 12 521 |
| Machinery and equipment | 4 017 | 5 521 | 5 163 | 8 946 | 9 233 | 10 066 | 10 851 |
| Software and other intangible assets | 1 076 | 130 | 2 198 | 1 500 | 1 500 | 1 575 | 1 670 |
| Land and subsoil assets | – | 228 | – | – | – | – | – |
| Total | 130 832 | 152 788 | 191 394 | 220 491 | 229 282 | 251 659 | 267 012 |
| Details of transfers and subsidies | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 137 | 35 | 15 | – | – | – | – |
| Regional Services Council levies | 137 | 35 | 15 | – | – | – | – |
| Public corporations and private enterprises | | | | | | | |
| Private enterprises | | | | | | | |
| Other transfers | | | | | | | |
| Current | 100 | – | – | – | – | – | – |
| Women in Oil and Energy South Africa | 100 | – | – | – | – | – | – |
| Non-profit institutions | | | | | | | |
| Current | – | – | – | 100 | – | – | – |
| Girls guide movement | – | – | – | 100 | – | – | – |
| Households | | | | | | | |
| Social benefits | | | | | | | |
| Current | 1 136 | 1 144 | 927 | 1 223 | 1 284 | 1 384 | 1 467 |
| Leave payments | 1 136 | 1 144 | 927 | 1 223 | 1 284 | 1 384 | 1 467 |
| Households | | | | | | | |
| Other transfers to households | | | | | | | |
| Current | 10 | – | 40 | 35 | – | – | – |
| Household: Act of grace | 10 | – | – | – | – | – | – |
| Donations | – | – | 40 | 35 | – | – | – |

Expenditure trends

Overall expenditure for the *Administration* programme increased from R130.8 million in 2005/06 to R220.5 million in 2008/09 at an average annual rate of 19 per cent. The increase is due to the restructuring of the department. As a result, expenditure on the *Corporate Services* subprogramme rose from R99.8 million in 2005/06 to R176.4 million in 2008/09 at an average annual rate of 20.9 per cent.

Expenditure is expected to rise over the MTEF period from R220.5 million in 2008/09 to an estimated R267 million in 2011/12 at an average annual rate of 6.6 per cent. Over the MTEF period, the major spending items within the programme are travel and subsistence, transport, inventory, computer services and accommodation lease payments.

Programme 2: Promotion of Mine Safety and Health

- *Governance Policy and Oversight* develops policy and legislation. Funding will mainly be used for compensation of employees and related expenditure on goods and services.
- *Mine Health and Safety (Regions)* is responsible for mine surveying, legal, engineering expertise and inspections services at regional offices. Funding will mainly be used for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Contribute to the reduction of mining related deaths, injuries and ill health by:
 - reviewing the Mine Health and Safety Act (1996) along with supporting regulations, and aligning it with changes in the mining sector each year
 - monitoring compliance with mining safety and health standards by increasing mine inspections from 10 000 to 12 700 and conducting 700 audits each year.

Service delivery and spending focus

Three new support units (the technical support unit, policy unit and support services unit) were established in April 2007 to strengthen the core functions of the Mine Health and Safety Inspectorate. The technical support unit will facilitate appeals in terms of section 20 of the Mine Health and Safety Act (1996) on the fitness of an employee in the mining sector to perform work, collate and disseminate results from occupational health and safety research, analyse and benchmark occupational health and safety statistics. The policy unit will develop internal enforcement guidelines, review legislation, and conduct policy studies. The support services unit provides support, training and advice to small scale miners on mining health and safety issues and raises awareness on mine health and safety standards for mines. The final restructuring of the Mine Health and Safety Inspectorate, which improves the department's ability to improve compliance with health and safety standards, was implemented in May 2007. This includes the services of the medical inspector to facilitate appeals against an employer's decision that an employee is unfit to perform work. The benefits include a simplified fines system, a stronger section for offences and penalties and more consistency with other legislation such as the Mineral Petroleum Resources Development Act (2002). The Mine Health and Safety Inspectorate is also empowered to grant health and safety permits.

23 learner inspectors (10 women and 13 men) have been appointed, and began their 2-year training internship at the Gold Fields Academy in August 2007. The department will fund 8 more engineering, surveying and mining bursaries, increasing the Mine Health and Safety Inspectorate's total number of bursary holders from the current 8 (5 women and 3 men) to 16, once new bursary holders have been selected.

Expenditure estimates

Table 28.5 Promotion of Mine Safety and Health

| Subprogramme | Audited outcome | | | Adjusted | Medium-term expenditure estimate | | |
|-----------------------------------------------------------------------|-----------------|----------------|----------------|----------------|----------------------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | |
| Governance Policy and Oversight | 38 495 | 52 702 | 36 259 | 50 187 | 51 627 | 57 647 | 61 106 |
| Support Service Unit | 14 189 | 36 137 | 16 958 | 16 228 | 17 006 | 21 216 | 22 463 |
| Technical Support Unit | 8 590 | 5 582 | 3 654 | 9 266 | 9 357 | 9 828 | 10 426 |
| Promotion of Mine Health and Safety: Management | 4 502 | 3 370 | 3 550 | 1 524 | 2 486 | 2 619 | 2 753 |
| Mine Surveying | 8 265 | 5 376 | 6 443 | 9 225 | 8 720 | 9 156 | 9 751 |
| Policy Unit | 2 949 | 2 237 | 5 654 | 8 749 | 8 809 | 9 268 | 9 850 |
| Mine Health and Safety: Internal Control | – | – | – | 1 973 | 3 226 | 3 417 | 3 603 |
| Mine Health and Safety: Legal Support | – | – | – | 3 222 | 2 023 | 2 143 | 2 260 |
| Mine Health and Safety: Regions | 60 513 | 52 428 | 68 024 | 76 766 | 81 400 | 85 043 | 90 065 |
| Total | 99 008 | 105 130 | 104 283 | 126 953 | 133 027 | 142 690 | 151 171 |
| Change to 2008 Budget estimate | | | | (2 800) | (2 380) | (3 564) | (3 858) |
| Economic classification | | | | | | | |
| Current payments | 94 331 | 100 195 | 99 452 | 121 610 | 127 453 | 136 853 | 144 984 |
| Compensation of employees | 75 346 | 77 246 | 79 604 | 97 254 | 103 938 | 108 832 | 115 284 |
| Goods and services | 18 985 | 22 949 | 19 848 | 24 356 | 23 515 | 28 021 | 29 700 |
| of which: | | | | | | | |
| Administrative fees | 477 | 283 | 249 | 721 | 764 | 804 | 842 |
| Advertising | 473 | 514 | 1 159 | 520 | 551 | 580 | 607 |
| Assets less than R5 000 | 54 | 34 | 69 | 211 | 223 | 235 | 246 |
| Bursaries: Employees | 118 | 21 | 491 | 450 | 477 | 501 | 525 |
| Catering: Departmental activities | 94 | 67 | 157 | 107 | 113 | 119 | 125 |
| Communication | 1 118 | 1 073 | 991 | 1 065 | 1 128 | 1 587 | 1 662 |
| Computer services | – | 10 | – | 15 | 15 | 16 | 17 |
| Consultants and professional services: Business and advisory services | 4 822 | 7 455 | 1 508 | 332 | 351 | 370 | 387 |
| Consultants and professional services: Legal costs | 42 | 45 | 27 | 120 | 127 | 133 | 139 |
| Contractors | 160 | 213 | 103 | 184 | 195 | 205 | 215 |
| Agency and support / outsourced services | 2 | 1 | – | 2 586 | 2 193 | 3 747 | 3 914 |
| Entertainment | – | 29 | – | 61 | 64 | 68 | 71 |
| Inventory: Fuel, oil and gas | 1 | – | – | – | – | – | – |
| Inventory: Learner and teacher support material | – | – | – | 26 | 27 | 29 | 30 |
| Inventory: Materials and supplies | 32 | 3 | 9 | 8 | 8 | 9 | 9 |
| Inventory: Medical supplies | – | – | – | 6 | 6 | 7 | 7 |
| Inventory: Other consumables | 5 | 2 | 19 | 62 | 65 | 69 | 72 |
| Inventory: Stationery and printing | 178 | 51 | 107 | 94 | 99 | 105 | 110 |
| Lease payments | 43 | 53 | 70 | 63 | 66 | 70 | 73 |
| Owned and leasehold property expenditure | 2 | – | – | – | – | – | – |
| Travel and subsistence | 10 831 | 12 399 | 13 032 | 15 401 | 14 581 | 16 777 | 17 937 |
| Training and development | 11 | 3 | 1 531 | 1 604 | 1 700 | 1 788 | 1 872 |
| Operating expenditure | 437 | 537 | 147 | 424 | 449 | 472 | 494 |
| Venues and facilities | 85 | 156 | 179 | 296 | 313 | 330 | 346 |
| Transfers and subsidies | 4 428 | 4 822 | 4 788 | 4 909 | 5 118 | 5 358 | 5 680 |
| Provinces and municipalities | 228 | 55 | – | – | – | – | – |
| Departmental agencies and accounts | 4 200 | 4 452 | 4 674 | 4 909 | 5 118 | 5 358 | 5 680 |
| Households | – | 315 | 114 | – | – | – | – |
| Payments for capital assets | 249 | 113 | 43 | 434 | 456 | 479 | 507 |
| Machinery and equipment | 249 | 113 | 43 | 434 | 456 | 479 | 507 |
| Total | 99 008 | 105 130 | 104 283 | 126 953 | 133 027 | 142 690 | 151 171 |

Table 28.5 Promotion of Mine Safety and Health (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|------------------------------------------------------|-----------------|---------|---------|------------------------|----------------------------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Details of transfers and subsidies | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 228 | 55 | - | - | - | - | - |
| Regional Services Council levies | 228 | 55 | - | - | - | - | - |
| Departmental agencies and accounts | | | | | | | |
| Departmental agencies (non-business entities) | | | | | | | |
| Current | 4 200 | 4 452 | 4 674 | 4 909 | 5 118 | 5 358 | 5 680 |
| Mine Health and Safety Council | 4 200 | 4 452 | 4 674 | 4 909 | 5 118 | 5 358 | 5 680 |
| Households | | | | | | | |
| Social benefits | | | | | | | |
| Current | - | 315 | 98 | - | - | - | - |
| Leave payments | - | 315 | 98 | - | - | - | - |
| Households | | | | | | | |
| Other transfers to households | | | | | | | |
| Current | - | - | 16 | - | - | - | - |
| Donations to private enterprises | - | - | 16 | - | - | - | - |

Expenditure trends

Expenditure increased from R99 million in 2005/06 to R127 million in 2008/09 at an average annual rate of 8.6 per cent. The increase relates to annual inflation and salary adjustments and the restructuring of the Mine Health and Safety Inspectorate. Compensation of employees increased from R75.3 million to R97.3 million between 2005/06 and 2008/09 at an average annual rate of 8.9 per cent. In 2008/09, compensation of employees accounted for 77 per cent of the programme's total annual expenditure, reflecting the labour intensive nature of many of the department's functions. These include mine surveying, engineering, and inspection and support functions.

Expenditure is projected to continue to rise over the MTEF period from R127 million in 2008/09 to an estimated R151.2 million in 2011/12, at an average annual rate of 6 per cent.

Public entity

Mine Health and Safety Council

Strategic overview: 2005/06 - 2011/12

The Mine Health and Safety Council was established in terms of the Mine Health and Safety Act (1996). The mandate of the council is to advise the Minister of Minerals and Energy on all occupational health and safety issues in the mining industry, develop legislation, conduct research, promote mine health and safety, and liaise with other institutions. The Mine Health and Safety Amendment Bill (2008) was approved by Parliament and is now awaiting the president's assent. Once enacted, this legislation will empower the council to enforce greater compliance and conduct appropriate audits of mines in relation to health and safety issues.

Selected performance and operations indicators

Table 28.6 Mine Health and Safety Council

| Indicator | Past | | | Current | Projections | | |
|-----------------------------------------------------------------------------------------|---------|---------|---------|---------|-------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Number of research programmes and reviews conducted each year | 50 | 47 | 27 | 18 | 18 | 18 | 18 |
| Number of scheduled advice processes with the Minister of Minerals and Energy each year | 10 | 14 | 10 | 5 | 10 | 10 | 10 |
| Number of skills development projects each year | 13 | 10 | 5 | 10 | 5 | 5 | 5 |

Service delivery and spending focus

In 2007/08, a budget of R39.7 million was recommended for research to support the 2013 milestones for health and safety in the mining industry. The main themes included the eradication of noise induced hearing loss, silicosis, rockfalls, rock bursts, fires and explosions. One of the results is a preliminary risk model for the rockfall elimination project, which makes it possible to quantify the likely occurrence of rockfalls under various conditions.

The project on rock bolt condition monitoring using ultrasonic guided waves has been completed and the results have been well received. Potential for further research has been identified. This is an important safety area since more than 16 million rock bolts are installed each year in South African mines.

In 2008/09, the council was involved in developing a number of publications that promote mine health and safety. These include handbooks on occupational hygiene measures, nutrition and safety practice. A comic was published in English, Zulu, Xhosa and Sotho aimed at raising awareness about eliminating silicosis.

To improve mine health and safety, regulations or legislation are amended according to recommendations made by mining regulations committees. The recommendations are based on research done by the council and others. Regulations for safety measures for conveyor belts, general machinery, hazardous locations, chairlifts, lifts and vessels under pressure were forwarded for the minister's approval.

Expenditure estimates

Table 28.7 Mine Health and Safety Council: Financial information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|------------------------------------------------------|-----------------|---------------|---------------|------------------|----------------------|---------------|---------------|
| Statement of financial performance | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Revenue | | | | | | | |
| Non-tax revenue | 44 186 | 47 376 | 51 386 | 59 913 | 61 015 | 64 676 | 68 556 |
| Sale of goods and services other than capital assets | 40 614 | 42 208 | 44 916 | 54 680 | 56 192 | 59 564 | 63 137 |
| <i>of which:</i> | | | | | | | |
| Administrative fees | – | 194 | 516 | 6 000 | 11 214 | 11 887 | 12 600 |
| Sales by market establishments | 40 614 | 42 014 | 44 400 | 48 680 | 44 978 | 47 677 | 50 537 |
| Other non-tax revenue | 3 572 | 5 168 | 6 470 | 5 233 | 4 823 | 5 112 | 5 419 |
| Transfers received | 4 200 | 4 453 | 4 674 | 4 909 | 5 118 | 5 358 | 5 680 |
| Total revenue | 48 386 | 51 829 | 56 060 | 64 822 | 66 133 | 70 034 | 74 236 |
| Expenses | | | | | | | |
| Current expense | 43 973 | 46 160 | 37 862 | 64 822 | 66 133 | 70 034 | 74 236 |
| Compensation of employees | 5 641 | 5 729 | 5 807 | 11 510 | 12 873 | 13 645 | 14 464 |
| Goods and services | 37 405 | 39 194 | 31 385 | 52 369 | 50 871 | 55 193 | 58 965 |
| Depreciation | 813 | 1 237 | 670 | 943 | 2 389 | 1 196 | 807 |
| Interest, dividends and rent on land | 114 | – | – | – | – | – | – |
| Total expenses | 43 973 | 46 160 | 37 862 | 64 822 | 66 133 | 70 034 | 74 236 |
| Surplus / (Deficit) | 4 413 | 5 669 | 18 198 | – | – | – | – |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 3 208 | 2 912 | 2 403 | 3 443 | 2 126 | 1 812 | 1 887 |
| <i>of which: Acquisition of assets</i> | 194 | 226 | 191 | 1 983 | 1 072 | 882 | 882 |
| Receivables and prepayments | 9 825 | 14 081 | 14 672 | 14 400 | 15 040 | 16 000 | 16 500 |
| Cash and cash equivalents | 46 180 | 48 139 | 59 836 | 57 007 | 54 576 | 52 830 | 51 255 |
| Total assets | 59 213 | 65 132 | 76 911 | 74 850 | 71 742 | 70 642 | 69 642 |
| Accumulated surplus / deficit | 42 650 | 48 953 | 67 150 | 67 150 | 65 142 | 65 142 | 65 142 |
| Post-retirement benefits | 1 272 | 688 | 667 | 700 | 600 | 500 | 500 |
| Trade and other payables | 14 701 | 13 048 | 7 349 | 7 000 | 6 000 | 5 000 | 4 000 |
| Provisions | 590 | 566 | 148 | – | – | – | – |
| Liabilities not classified elsewhere | – | 1 877 | 1 597 | – | – | – | – |
| Total equity and liabilities | 59 213 | 65 132 | 76 911 | 74 850 | 71 742 | 70 642 | 69 642 |

Expenditure trends

The Mine Health and Safety Council's revenue comes from transfers from the department, levies and interest received. Between 2005/06 and 2008/09, total revenue increased from R48.4 million to R64.8 million at an average annual rate of 10.2 per cent. Over this period, transfers received increased from R4.2 million in 2005/06 to R4.9 million in 2008/09 at an average annual rate of 5.3 per cent.

The Mine Health and Safety Act was amended to empower government to further enforce greater compliance with mine health and safety regulations. The council had to engage more inspectors to conduct safety inspections at mines, which is reflected in the 98.2 per cent increase in compensation of employees in 2008/09 and the related increase in goods and services of 66.9 per cent.

The council's accumulated surplus is because it operates in an uncertain environment and needs to have reserves to serve as buffer cash.

Over the MTEF period, total revenue is expected to increase to R74.2 million in 2011/12, at an average annual rate of 4.6 per cent. Transfers received from the department are set to increase to R5.7 million in 2011/12 at an average annual rate of 5 per cent.

Programme 3: Mineral Regulation

- *Management*. Funding will mainly be used for compensation of employees and related expenditure on goods and services.
- *Mineral Regulation and Administration* is responsible for the administration of prospecting and mining rights, licensing, and compliance with the Mineral and Petroleum Resources Development Act (2002), including mine environmental compliance. Funding will mainly be used for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Contribute to broad based 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 140 charter inspections a year. (The target of the latter is lower than the previous year, but is more realistic because of the available capacity in the department to effectively conduct the inspections.)
- Promote investment and job creation in the minerals and mining sector by processing mining and prospecting rights applications within the specified timeframes.

Service delivery and spending focus

The *Mineral Regulation* programme primarily processes applications for prospecting and mining rights to achieve economic transformation and sustainable development within the mining sector. The more applications that are processed, the more prospecting is able to happen. The department's national mining promotion system, implemented in 2005/06, will make processing more efficient. New applications are entered into the system at regional offices and spatial information is loaded before a decision to accept or reject an application can be taken. This ensures that new rights are not granted on existing rights. The mining titles office also validates new titles against information in the system before any rights are registered.

Promoting economic transformation within the sector is key to ensuring South Africans benefit from mining activities. By the end of March 2008, 12 844 prospecting and mining rights of the 15 884 applications received were accepted. Of the 12 844 accepted applications, 6 949 were processed. Of the 6 949 processed applications 4 529 were issued and 2 420 were refused. Of the 4 529 issued 3 893 were granted after financial provisioning for rehabilitation in terms of the Mineral and Petroleum Resources Development Act (2002).

The department is also committed to reducing government's environmental liability and minimising the pollution impact of the mining sector. The programme regulates the sector by encouraging compliance with sound environmental practices. In 2008/09, 407 environmental inspections were conducted against the planned

1 380. Of the 160 planned charter inspections, 34 were completed by July 2008. In both cases, the deviation between target and performance was because of a lack of capacity.

The department exceeded its target by issuing 42 new rights to historically disadvantaged individuals and 15 licences to women led companies by July 2008. The conversion of old order mining rights remains a challenge, mainly due to non-compliance with the Mining Charter, with only 24 per cent of applications received being finalised. This situation arose because the legislation does not empower the department to cancel existing mining rights in instances where there is non-compliance with the Mineral and Petroleum Resources Development Act (2002).

Expenditure estimates

Table 28.8 Mineral Regulation

| Subprogramme | Audited outcome | | | Adjusted appropriation 2008/09 | Medium-term expenditure estimate | | |
|-----------------------------------------------------------------------|-----------------|----------------|----------------|-----------------------------------|----------------------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | |
| Management | 3 883 | 13 423 | 7 102 | 5 529 | 5 619 | 5 882 | 6 235 |
| <i>of which:</i> | | | | | | | |
| Mineral Regulation management | 3 883 | 13 423 | 7 102 | 5 529 | 2 366 | 2 447 | 2 616 |
| Mineral Regulation and Administration | 80 136 | 115 866 | 130 698 | 156 612 | 162 447 | 180 286 | 191 110 |
| Total | 84 019 | 129 289 | 137 800 | 162 141 | 168 066 | 186 168 | 197 345 |
| Change to 2008 Budget estimate | | | | (5 020) | (4 592) | (4 507) | (4 771) |
| Economic classification | | | | | | | |
| Current payments | 83 881 | 128 181 | 136 867 | 162 141 | 168 066 | 186 168 | 197 345 |
| Compensation of employees | 53 495 | 59 941 | 66 512 | 76 025 | 85 224 | 93 300 | 98 796 |
| Goods and services | 30 386 | 68 240 | 70 355 | 86 116 | 82 842 | 92 868 | 98 549 |
| <i>of which:</i> | | | | | | | |
| Administrative fees | 539 | 15 | 81 | 254 | 269 | 283 | 297 |
| Advertising | 729 | 7 517 | 13 408 | 14 147 | 12 496 | 13 146 | 13 763 |
| Assets less than R5 000 | 556 | 1 316 | 77 | 354 | 375 | 395 | 413 |
| Bursaries: Employees | 212 | 4 | 26 | 157 | 166 | 175 | 183 |
| Catering: Departmental activities | 344 | 132 | 187 | 367 | 389 | 409 | 428 |
| Communication | 3 528 | 3 783 | 4 549 | 3 476 | 3 685 | 3 876 | 4 058 |
| Computer services | 1 | – | 1 | 51 | 54 | 57 | 60 |
| Consultants and professional services: Business and advisory services | 5 982 | 8 071 | 2 | 2 | 2 | 2 | 2 |
| Consultants and professional services: Infrastructure and planning | 4 244 | 34 796 | 35 131 | 53 936 | 52 499 | 58 967 | 63 072 |
| Consultants and professional services: Legal costs | 534 | 1 358 | 3 793 | 158 | 167 | 295 | 309 |
| Contractors | 218 | 92 | 210 | 252 | 267 | 281 | 294 |
| Agency and support / outsourced services | 18 | 29 | 11 | 9 | 10 | 10 | 11 |
| Entertainment | – | – | – | 65 | 69 | 72 | 76 |
| Inventory: Fuel, oil and gas | – | – | – | 2 | 2 | 2 | 2 |
| Inventory: Learner and teacher support material | – | – | – | 12 | 13 | 13 | 14 |
| Inventory: Materials and supplies | 10 | 12 | 12 | 41 | 43 | 46 | 48 |
| Inventory: Medical supplies | – | – | – | 5 | 5 | 6 | 6 |
| Inventory: Other consumables | 35 | 43 | 52 | 241 | 255 | 269 | 281 |
| Inventory: Stationery and printing | 419 | 90 | 50 | 124 | 131 | 138 | 145 |
| Lease payments | 300 | 519 | 413 | 433 | 459 | 483 | 506 |
| Owned and leasehold property expenditure | 309 | 88 | 118 | 90 | 95 | 100 | 105 |
| Transport provided: Departmental activities | – | 3 | – | 50 | 53 | 56 | 58 |
| Travel and subsistence | 11 380 | 9 504 | 11 552 | 9 883 | 9 210 | 11 550 | 12 074 |
| Training and development | 18 | – | – | 29 | 31 | 32 | 34 |
| Operating expenditure | 691 | 341 | 56 | 786 | 833 | 876 | 918 |
| Venues and facilities | 319 | 527 | 626 | 1 192 | 1 264 | 1 329 | 1 392 |
| Transfers and subsidies | 138 | 858 | 902 | – | – | – | – |
| Provinces and municipalities | 138 | 40 | – | – | – | – | – |
| Households | – | 818 | 902 | – | – | – | – |
| Payments for capital assets | – | 250 | 31 | – | – | – | – |
| Machinery and equipment | – | 250 | 31 | – | – | – | – |
| Total | 84 019 | 129 289 | 137 800 | 162 141 | 168 066 | 186 168 | 197 345 |

Table 28.8 Mineral Regulation (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|-------------------------------------------|-----------------|---------|---------|------------------------|----------------------------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Details of transfers and subsidies | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 138 | 40 | - | - | - | - | - |
| Regional Services Council levies | 138 | 40 | - | - | - | - | - |
| Households | | | | | | | |
| Social benefits | | | | | | | |
| Current | - | - | 3 | - | - | - | - |
| Donations to private enterprises | - | - | 3 | - | - | - | - |
| Households | | | | | | | |
| Other transfers to households | | | | | | | |
| Current | - | 818 | 899 | - | - | - | - |
| Leave payments | - | 818 | 899 | - | - | - | - |

Expenditure trends

Overall expenditure for the *Mineral Regulation* programme increased from R84 million in 2005/06 to an estimated R162.1 million in 2008/09 at an average annual rate of 24.5 per cent. The increase is due to the expansion of administrative and regulatory services as a result of the ongoing implementation of the Minerals and Petroleum Resources Development Act (2002).

Expenditure is projected to rise over the MTEF period from R162.1 million in 2008/09 to an estimated R197.3 million in 2011/12 at an average annual rate of 6.8 per cent, taking into account inflation and annual salary increases. Consulting services and contractors associated with the rehabilitation of derelict and ownerless mines account for an average annual 32 per cent of expenditure in the programme. Expenditure on goods and services over the medium term is projected to grow at an average annual rate of 4.6 per cent, from R86.1 million in 2008/09 to R98.5 million 2011/12.

Programme 4: Mineral Policy and Promotion

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

Funding for all subprogrammes is mainly for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Promote South Africa's mining and mineral industry to attract investment across the commodities value chain by:
 - disseminating meaningful information on the South African mining industry to prospective investors and industry stakeholders by producing 23 publications in 2009/10, 28 in 2010/11 and 28 in 2011/12
 - participating in at least 11 exhibitions as well as local and international conferences per year over the MTEF period

- establishing and supporting 144 small scale mining and minerals beneficiation projects by assisting them with business plans, marketing strategies, product development and positioning by 2011/12
- promulgating the amended Minerals and Petroleum Resource Development Act (2002) and assessing the socioeconomic impact of the Mining Charter by 2009/10.

Service delivery and spending focus

The South African Diamonds and Precious Metals Regulator and the State Diamond Trader were launched in February 2008. An average of 20 enquiries per week were received about diamond cutting and polishing projects, indicating an increased awareness of the benefits of minerals beneficiation, partly as a result of the department's promotional efforts. The Mineral and Petroleum Resources Development Amendment Bill was approved by the National Council of Provinces in October 2008 and aims to align the act with the provisions of the National Environmental Management Act (1998), to promote sound environmental practices in the mining sector.

The Department of Minerals and Energy has continued to support the small, medium and micro enterprise (SMME) sector through small scale mining and beneficiation projects. In 2007/08, 38 SMMEs were given financial and technical assistance. Feasibility studies were concluded for 16 viable beneficiation projects, including the Olifantsfontein jewellery cluster, a public private partnership project. The cluster will comprise a profit driven jewellery design and manufacturing facility, internship training for postgraduates and an incubation system for SMME development. The cluster will provide a secure environment with the necessary infrastructure and technical support, where trainees and SMMEs will benefit from the centralised services.

In support of its mine rehabilitation efforts, the department has developed two draft strategies: the first is for the management of derelict and ownerless mines, which includes an implementation plan; the second outlines the process and conditions for mine closures in the gold mining areas of the Witwatersrand and Klerksdorp, Orkney, Stilfontein and Hartbeesfontein.

Expenditure estimates

Table 28.9 Mineral Policy and Promotion

| Subprogramme | Audited outcome | | | Adjusted appropriation 2008/09 | Medium-term expenditure estimate | | |
|------------------------------------------------------------------------------|-----------------|---------------|---------------|-----------------------------------|----------------------------------|---------------|---------------|
| | 2005/06 | 2006/07 | 2007/08 | | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | |
| Management | 4 779 | 7 645 | 5 330 | 7 157 | 5 445 | 5 750 | 6 055 |
| Mineral Policy | 47 495 | 23 704 | 20 391 | 5 926 | 8 389 | 9 127 | 9 620 |
| Mineral Promotion | 31 982 | 43 974 | 47 833 | 51 862 | 48 529 | 52 207 | 55 362 |
| <i>Small Scale Mining</i> | 18 976 | 24 003 | 27 914 | 29 266 | 30 433 | 31 922 | 33 812 |
| <i>Beneficiation Economics</i> | 694 | 4 305 | 6 261 | 6 973 | 3 369 | 3 812 | 4 023 |
| <i>Mineral Economics</i> | 12 312 | 15 666 | 13 658 | 15 623 | 14 727 | 16 473 | 17 527 |
| Total | 84 256 | 75 323 | 73 554 | 64 945 | 62 363 | 67 084 | 71 037 |
| Change to 2008 Budget estimate | | | | 7 410 | 2 170 | 2 349 | 2 418 |
| Economic classification | | | | | | | |
| Current payments | 17 933 | 31 463 | 35 080 | 40 912 | 37 305 | 40 852 | 43 231 |
| Compensation of employees | 15 587 | 20 020 | 22 084 | 24 211 | 29 346 | 30 954 | 32 740 |
| Goods and services | 2 346 | 11 443 | 12 996 | 16 701 | 7 959 | 9 898 | 10 491 |
| <i>of which:</i> | | | | | | | |
| <i>Administrative fees</i> | – | 278 | 283 | 65 | 42 | 44 | 46 |
| <i>Advertising</i> | – | 688 | 436 | 261 | 235 | 248 | 260 |
| <i>Assets less than R5 000</i> | – | 85 | 23 | 13 | 353 | 371 | 388 |
| <i>Bursaries: Employees</i> | – | – | 71 | 317 | 384 | 405 | 424 |
| <i>Catering: Departmental activities</i> | – | 301 | 113 | 374 | 87 | 92 | 96 |
| <i>Communication</i> | 272 | 227 | 217 | 558 | 707 | 744 | 779 |
| <i>Computer services</i> | – | – | 125 | 1 749 | 4 | 4 | 4 |
| <i>Consultants and professional services: Business and advisory services</i> | 667 | 2 953 | 3 042 | 2 000 | 212 | 223 | 233 |
| <i>Consultants and professional services: Legal costs</i> | – | – | 365 | – | – | – | – |
| <i>Contractors</i> | 17 | 63 | 24 | 2 917 | 2 | 2 | 2 |
| <i>Agency and support / outsourced services</i> | – | 1 | – | 640 | 521 | 531 | 554 |

Table 28.9 Mineral Policy and Promotion (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|------------------------------------------------------------------------------------------|-----------------|---------------|---------------|------------------------|----------------------------------|---------------|---------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Economic classification | | | | | | | |
| Current payments | 17 933 | 31 463 | 35 080 | 40 912 | 37 305 | 40 852 | 43 231 |
| <i>Entertainment</i> | – | – | – | 33 | 46 | 48 | 50 |
| <i>Inventory: Fuel, oil and gas</i> | – | 7 | 1 | 1 | – | – | – |
| <i>Inventory: Learner and teacher support material</i> | – | – | – | 205 | 217 | 228 | 239 |
| <i>Inventory: Materials and supplies</i> | – | 2 | – | 226 | 240 | 252 | 264 |
| <i>Inventory: Other consumables</i> | – | 1 | – | – | – | – | – |
| <i>Inventory: Stationery and printing</i> | 33 | 126 | 264 | 1 125 | 1 247 | 1 312 | 1 374 |
| <i>Lease payments</i> | 23 | 15 | 6 | 1 000 | – | – | – |
| <i>Travel and subsistence</i> | 879 | 4 898 | 6 401 | 3 542 | 2 365 | 4 029 | 4 349 |
| <i>Training and development</i> | 2 | – | 3 | 332 | 321 | 338 | 354 |
| <i>Operating expenditure</i> | 351 | 383 | 210 | 190 | 231 | 243 | 254 |
| <i>Venues and facilities</i> | 102 | 1 415 | 1 412 | 1 153 | 745 | 784 | 821 |
| Transfers and subsidies | 66 323 | 43 826 | 38 462 | 24 033 | 25 058 | 26 232 | 27 806 |
| Provinces and municipalities | 71 | 14 | – | – | – | – | – |
| Departmental agencies and accounts | 44 252 | 31 099 | 30 889 | – | – | – | – |
| Public corporations and private enterprises | 22 000 | 12 657 | 7 490 | 24 033 | 25 058 | 26 232 | 27 806 |
| Households | – | 56 | 83 | – | – | – | – |
| Payments for capital assets | – | 34 | 12 | – | – | – | – |
| Machinery and equipment | – | 34 | 12 | – | – | – | – |
| Total | 84 256 | 75 323 | 73 554 | 64 945 | 62 363 | 67 084 | 71 037 |
| Details of transfers and subsidies | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 71 | 14 | – | – | – | – | – |
| Regional Services Council levies | 71 | 14 | – | – | – | – | – |
| Departmental agencies and accounts | | | | | | | |
| Departmental agencies (non-business entities) | | | | | | | |
| Current | 44 252 | 31 099 | 30 889 | – | – | – | – |
| Council for Geoscience: Unsafe shafts and holdings | 15 637 | – | – | – | – | – | – |
| Council for Geoscience: Mine environmental research and development | 8 050 | 9 300 | 8 000 | – | – | – | – |
| 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 | – | – | – | 24 033 | 25 058 | 26 232 | 27 806 |
| Industrial Development Corporation of South Africa: Small scale mining | – | – | – | 24 033 | 25 058 | 26 232 | 27 806 |
| Public corporations and private enterprises | | | | | | | |
| Public corporations | | | | | | | |
| Other transfers | | | | | | | |
| Current | 22 000 | 10 700 | 7 490 | – | – | – | – |
| Council for Science and Industrial Research: Mine environmental research and development | 14 000 | 5 335 | 3 800 | – | – | – | – |
| Council for Mineral Technology Research: Mine environmental research and development | 8 000 | 5 365 | 3 690 | – | – | – | – |
| Public corporations and private enterprises | | | | | | | |
| Private enterprises | | | | | | | |
| Other transfers | | | | | | | |
| Current | – | 1 957 | – | – | – | – | – |
| Chamber of Mines of South Africa | – | 1 957 | – | – | – | – | – |
| Households | | | | | | | |
| Social benefits | | | | | | | |
| Current | – | 56 | 83 | – | – | – | – |
| Leave payments | – | 56 | 83 | – | – | – | – |

Expenditure trends

Overall expenditure for the *Mineral Policy and Promotion* programme decreased at an average annual rate of 8.3 per cent from R84.3 million in 2005/06 to R65 million in 2008/09. The higher expenditure in 2005/06 of R84.3 million was due to funds being shifted from the *Minerals Regulation* programme to the *Mineral Policy and Promotion* programme to cater for a three-year mine environmental research and development project. The project was subsequently completed in 2007/08, with a resultant decrease in expenditure in 2008/09.

Expenditure is projected to grow over the MTEF period from R65 million in 2008/09 to an estimated R71 million in 2011/12, at an average annual rate of 3 per cent, in line with inflationary increases.

Programme 5: Hydrocarbons and Energy Planning

- *Hydrocarbons and Energy Planning Management* provides overall management of the programme.
- *Energy Planning* promotes the sustainable use of energy resources through integrated energy planning.
- *Hydrocarbons* develops policies and regulations to manage the petroleum, coal, and natural gas sectors. The Controller of Petroleum Products administers and issues petroleum licenses, and monitors and enforces license conditions.

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Ensure sustainable supply and demand of energy, while taking into account macroeconomic factors, environmental considerations and energy infrastructural development issues, by developing the integrated energy plan by March 2011.
- Improve the security of energy supply by fostering investments in storage for liquid fuels through the development of the strategic stocks policy by March 2009.
- Promote gas as an alternative source of energy in South Africa by developing a pricing policy and licensing regulations for the supply and distribution of liquid petroleum gas by October 2009, which will enable fuel switching as a demand management mechanism for electricity.
- Encourage research and development for energy related technologies with a key focus on energy efficiency and mitigation of greenhouse gases by establishing the South African National Energy Development Institute by September 2009.
- Ensure access to affordable energy sources and services by increasing the number of operational integrated energy centres from 6 to 9 before March 2010.
- Strengthen the regulatory framework in the petroleum products industry by ringfencing regulated products by implementing the regulatory accounting system before March 2010.
- Create an enabling environment for the diversification of fuel sources by developing and implementing a predictable and stable regulatory regime by introducing maximum pricing for petrol, diesel, paraffin, liquid petroleum gas and biofuels revised magisterial district zones by December 2009.
- Improve the security of energy supply through integrated planning by developing and implementing a national integrated energy modelling system by March 2011.

Service delivery and spending focus

The National Energy Act (2008) represents a major step towards improving integrated planning and energy efficient utilisation and promoting investment in the sector. The act provides for integrated planning with the energy sector. The department aims to improve its modelling and analytical capacity by implementing a national integrated energy modelling system. Over the past year, work has been done on calibrating the national integrated energy modelling system and building specialised skills in the field of energy modelling. Information from the system will be collated, consolidated and published as the first integrated energy plan by the end of 2010/11.

Implementation of the 2007 energy security master plan for liquid fuels has started. As part of the inception process, a project inception report has been approved by all relevant stakeholders. The report will guide the industry's implementation of the master plan for liquid fuels. Over the medium term, the department will develop a number of enabling policies including the security of supply strategy, and a regulatory accounting framework for the industry.

Effective petroleum licensing system is a prerequisite for the department to effectively regulate prices along with health, safety and environmental compliance with the petroleum sector. The Petroleum Products Amendment Act (2003) requires licensees to pay licence application and annual licence renewal fees, including amendment fees, for all licence types. Approximately 13 800 applications have been received, and approximately 7 500 processed. Data from the petroleum product licensing system has been used as a benchmark to estimate the revenue to be collected by the end of 2008/09: R8.6 million for application and renewal fees from previous years and about R3.7 million as annual fees. This amount is envisaged to remain constant for the foreseeable future.

The Ratlou Integrated Energy Centre was launched in August 2008 in Makgobistad, North West. It is aimed at providing access to energy sources and other basic services to surrounding villages. Petroleum products are sourced directly from the oil company, thus cutting intermediary costs. 5 new integrated energy centres are at different stages of development.

Since the approval of the biofuels industrial strategy in December 2007, the department has developed a licensing criteria framework for prospective licensees. The first biofuels licence was issued during 2008. A financing mechanism to promote the production of biofuels will also be finalised in 2009/10.

Expenditure estimates

Table 28.10 Hydrocarbons and Energy Planning

| Subprogramme | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|------------------------------------------------------------------------------|-----------------|---------------|---------------|------------------------|----------------------------------|---------------|---------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | |
| Hydrocarbons and Energy Planning Management | 3 735 | 4 833 | 5 218 | 4 551 | 4 477 | 4 669 | 4 949 |
| Energy Planning | 5 746 | 6 475 | 8 655 | 10 647 | 14 867 | 17 867 | 18 940 |
| <i>Energy Planning and Development</i> | 5 746 | 6 475 | 8 655 | 10 647 | 14 867 | 17 867 | 18 940 |
| Hydrocarbons | 11 095 | 19 897 | 21 759 | 30 713 | 35 941 | 37 986 | 40 241 |
| Total | 20 576 | 31 205 | 35 632 | 45 911 | 55 285 | 60 522 | 64 130 |
| Change to 2008 Budget estimate | | | | (19 186) | (17 630) | (267) | (307) |
| Economic classification | | | | | | | |
| Current payments | 20 542 | 30 757 | 35 604 | 45 911 | 55 285 | 60 522 | 64 130 |
| Compensation of employees | 10 201 | 14 147 | 20 400 | 34 457 | 46 957 | 50 894 | 53 924 |
| Goods and services | 10 341 | 16 610 | 15 204 | 11 454 | 8 328 | 9 628 | 10 206 |
| <i>of which:</i> | | | | | | | |
| <i>Administrative fees</i> | 201 | 210 | 52 | 20 | 21 | 22 | 23 |
| <i>Advertising</i> | 375 | 381 | 350 | 583 | 318 | 634 | 665 |
| <i>Assets less than R5 000</i> | 75 | 139 | 26 | 2 | 2 | 2 | 2 |
| <i>Bursaries: Employees</i> | 46 | – | 2 | – | – | – | – |
| <i>Catering: Departmental activities</i> | 80 | 145 | 253 | 304 | 298 | 314 | 328 |
| <i>Communication</i> | 139 | 119 | 261 | 370 | 358 | 377 | 395 |
| <i>Computer services</i> | – | – | – | 192 | 203 | 214 | 224 |
| <i>Consultants and professional services: Business and advisory services</i> | 4 727 | 9 204 | 2 333 | 880 | 772 | 922 | 965 |
| <i>Consultants and professional services: Infrastructure and planning</i> | – | – | 900 | 835 | 685 | 921 | 964 |
| <i>Consultants and professional services: Legal costs</i> | – | – | – | – | 815 | 858 | 898 |
| <i>Contractors</i> | 112 | 4 | 12 | 72 | 76 | 80 | 84 |
| <i>Agency and support / outsourced services</i> | 13 | 2 | – | 1 875 | 780 | 1 151 | 1 197 |
| <i>Entertainment</i> | – | – | – | 2 | 2 | 2 | 2 |
| <i>Inventory: Learner and teacher support material</i> | – | – | – | 364 | 386 | 406 | 425 |
| <i>Inventory: Materials and supplies</i> | – | – | 1 | – | 7 | 8 | 8 |

Table 28.10 Hydrocarbons and Energy Planning (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|----------------------------------------------------|-----------------|---------------|---------------|------------------------|----------------------------------|---------------|---------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Economic classification | | | | | | | |
| Current payments | 20 542 | 30 757 | 35 604 | 45 911 | 55 285 | 60 522 | 64 130 |
| <i>Inventory: Medical supplies</i> | 1 | – | 1 | – | – | – | – |
| <i>Inventory: Other consumables</i> | – | – | – | 130 | 137 | 145 | 152 |
| <i>Inventory: Stationery and printing</i> | 46 | 124 | 3 | 293 | 310 | 327 | 342 |
| <i>Lease payments</i> | – | – | – | 1 | 1 | 1 | 1 |
| <i>Transport provided: Departmental activities</i> | – | – | – | 3 | 3 | 3 | 4 |
| <i>Travel and subsistence</i> | 3 431 | 5 359 | 6 030 | 3 599 | 1 609 | 1 615 | 1 826 |
| <i>Training and development</i> | – | – | 171 | 40 | 42 | 45 | 47 |
| <i>Operating expenditure</i> | 979 | 567 | 4 044 | 641 | 680 | 715 | 748 |
| <i>Venues and facilities</i> | 116 | 356 | 765 | 1 248 | 823 | 866 | 906 |
| Transfers and subsidies | 34 | 9 | 5 | – | – | – | – |
| Provinces and municipalities | 34 | 9 | – | – | – | – | – |
| Households | – | – | 5 | – | – | – | – |
| Payments for capital assets | – | 439 | 23 | – | – | – | – |
| Machinery and equipment | – | 439 | 23 | – | – | – | – |
| Total | 20 576 | 31 205 | 35 632 | 45 911 | 55 285 | 60 522 | 64 130 |
| Details of transfers and subsidies | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 34 | 9 | – | – | – | – | – |
| Regional Services Council levies | 34 | 9 | – | – | – | – | – |
| Public corporations and private enterprises | | | | | | | |
| Households | | | | | | | |
| Social benefits | | | | | | | |
| Current | – | – | 5 | – | – | – | – |
| Leave payments | – | – | 5 | – | – | – | – |

Expenditure trends

Overall expenditure for the *Hydrocarbons and Energy Planning* programme increased from R20.6 million in 2005/06 to R45.9 million in 2008/09 at an average annual rate of 30.7 per cent. The increase can be attributed to the restructuring of the programme in order to implement the Petroleum Products Amendment Act (2003). The consequent expansion of the petroleum and gas operations directorate to include the Petroleum Controller to issue licences for the liquid fuels industry resulted in increased expenditure in compensation of employees between 2005/06 and 2008/09, at an average annual rate of 50 per cent.

Expenditure is projected to continue to increase over the MTEF period, from R45.9 million in 2008/09 to R64.1 million in 2011/12, at an average annual rate of 11.8 per cent. This increase is driven by rising expenditure on compensation of employees, which grows at an average annual rate of 16.1 per cent over the MTEF period, as the *Energy Planning* subprogramme builds human resource capacity for implementation of the National Energy Act (2008).

Programme 6: Electricity, Nuclear and Clean Energy

- *Electricity and Nuclear Management* provides overall management of the programme.
- *Electricity* develops, implements and monitors electricity policy and programmes. The integrated national electrification business planning unit manages the electrification planning, funding and implementation process with the aim of addressing electrification backlogs.
- *Nuclear* aims to improve governance of the nuclear sector, specifically nuclear safety, nuclear non-proliferation and nuclear technology.
- *Clean Energy* facilitates the implementation of renewable energy technologies, regulates and promotes clean development mechanism activities.

Funding for all subprogrammes is mainly used for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Ensure a well managed, efficient, safe and cost effective electricity and nuclear industry by:
 - implementing the nuclear energy policy over the MTEF period
 - developing and implementing a demand side management policy to save at least 1.5 TWh of electricity per year by 2010
 - regulating the security of nuclear material and facilities to reduce unauthorised access.
- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which plans to connect 3.2 million households by 2012.
- Facilitate the implementation of new and renewable energy technologies to meet the 2013 target of 10 000 GWh generation from clean energy sources by promoting the role of renewables in the overall energy mix
- Implement the renewable energy strategies by providing increased support through the renewable energy finance and subsidy scheme to at least four projects in 2009/10.

Service delivery and spending focus

As part of implementing the energy security master plan for electricity, the Department of Minerals and Energy developed a power conservation plan in March 2008 to deal with the electricity supply challenges. An external programme management unit was established to assist with various interventions during 2008. The unit houses all projects implemented under the power conservation plan, monitors progress, challenges and institutes corrective measures.

The department has issued 30 authorisations related to nuclear material and equipment. The design basis threat document is used as a minimum security standard for nuclear installations and nuclear material to limit sabotage attempts and the removal of nuclear material. The International Atomic Energy Agency provided several nuclear security training workshops in consultation with the department in 2008, increasing nuclear safety awareness.

In 2007/08, the Designated National Authority received and reviewed 40 clean development mechanism project proposals, of which 13 were registered with the clean development mechanism executive board. The projects have the potential to reduce emissions by the equivalent of 43 631 mega tonnes of carbon dioxide per year and provide 221 MW to the energy efficiency target. In 2008/09, 90 clean development mechanism projects were reviewed by the Designated National Authority, of which 15 have been registered.

The national energy efficiency strategy was published in 2005, targeting savings of 24.8 petajoules by 2008. Savings of 12.1 petajoules from completed projects were achieved by 2007. Projects in the pipeline will provide additional savings of 59 petajoules over the MTEF period.

In 2007/08, the renewable energy finance and subsidy office subsidised 4 projects amounting to R3.6 million with a total capacity of 9.6 MW. In 2008/09, the office subsidised a capacity of 14.3 MW, and it is projected that an estimated installed capacity of 20 MW will be subsidised in 2009/10.

The Department of Minerals and Energy aims to introduce tradable renewable energy certificates to provide an additional, market based revenue stream to renewable energy project developers. The national tradable renewable energy committee team was formed to facilitate establishing an issuing body for these certificates.

Expenditure estimates

Table 28.11 Electricity, Nuclear and Clean Energy

| Subprogramme | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|------------------------------------------------------------------------------|-----------------|---------------|---------------|------------------------|----------------------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | |
| Electricity and Nuclear Management | 3 886 | 4 386 | 5 148 | 4 679 | 6 226 | 6 388 | 6 828 |
| Electricity | 59 677 | 41 781 | 53 633 | 41 847 | 36 509 | 54 663 | 58 163 |
| <i>Electricity Policy Analysis and Regulation</i> | 1 866 | 2 327 | 3 617 | 2 874 | 2 813 | 2 960 | 3 117 |
| <i>Electrification</i> | 3 581 | 4 068 | 4 592 | 11 552 | 9 645 | 10 090 | 10 584 |
| <i>Integrated National Electrification Programme: Business Planning Unit</i> | 15 927 | 20 749 | 24 969 | 25 177 | 21 338 | 22 430 | 23 586 |
| <i>Electricity Supply</i> | 38 303 | 14 637 | 20 455 | 2 244 | 2 713 | 19 183 | 20 876 |
| Nuclear | 7 743 | 9 699 | 11 060 | 18 213 | 17 204 | 18 124 | 19 019 |
| Clean Energy | 10 786 | 9 160 | 16 821 | 196 673 | 278 424 | 378 859 | 479 850 |
| <i>New and Renewable</i> | 2 107 | 4 542 | 7 813 | 11 239 | 21 643 | 42 250 | 72 932 |
| <i>Energy Environment and Efficiency</i> | 7 918 | 2 892 | 6 808 | 183 465 | 253 759 | 333 417 | 403 555 |
| <i>Designated National Authority</i> | 761 | 1 726 | 2 200 | 1 969 | 3 022 | 3 192 | 3 363 |
| Total | 82 092 | 65 026 | 86 662 | 261 412 | 338 363 | 458 034 | 563 860 |
| Change to 2008 Budget estimate | | | | 199 421 | 274 323 | 356 292 | 456 015 |

Economic classification

| Current payments | 76 856 | 64 628 | 83 331 | 75 068 | 73 210 | 93 172 | 98 740 |
|------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Compensation of employees | 16 849 | 24 061 | 33 093 | 33 142 | 35 310 | 37 303 | 39 522 |
| Goods and services | 60 007 | 40 567 | 50 238 | 41 926 | 37 900 | 55 869 | 59 218 |
| <i>of which:</i> | | | | | | | |
| <i>Administrative fees</i> | 271 | 388 | 424 | 132 | 6 763 | 7 114 | 7 449 |
| <i>Advertising</i> | 548 | 1 318 | 1 714 | 1 617 | 1 066 | 1 121 | 1 174 |
| <i>Assets less than R5 000</i> | 122 | 16 | 20 | 49 | 15 | 16 | 16 |
| <i>Audit costs: External</i> | 68 | – | – | – | – | – | – |
| <i>Bursaries: Employees</i> | 35 | 10 | 123 | 70 | 96 | 100 | 106 |
| <i>Catering: Departmental activities</i> | 48 | 427 | 369 | 634 | 133 | 139 | 146 |
| <i>Communication</i> | 403 | 431 | 356 | 355 | 341 | 360 | 377 |
| <i>Computer services</i> | 15 | – | – | 2 293 | 74 | 78 | 82 |
| <i>Consultants and professional services: Business and advisory services</i> | 44 545 | 22 234 | 25 447 | 4 433 | 266 | 16 610 | 18 161 |
| <i>Consultants and professional services: Infrastructure and planning</i> | – | – | – | 6 800 | 5 348 | 5 426 | 5 652 |
| <i>Consultants and professional services: Legal costs</i> | – | 88 | 51 | 50 | 53 | 56 | 58 |
| <i>Contractors</i> | 94 | 3 | 5 | 9 | 5 | 6 | 6 |
| <i>Agency and support / outsourced services</i> | – | – | – | 4 450 | 7 087 | 7 456 | 7 806 |
| <i>Entertainment</i> | 263 | 49 | – | 6 | 16 | 17 | 18 |
| <i>Inventory: Fuel, oil and gas</i> | 1 | – | 1 | – | – | – | – |
| <i>Inventory: Learner and teacher support material</i> | – | – | – | 18 | 16 | 17 | 18 |
| <i>Inventory: Materials and supplies</i> | 2 | 2 | – | 6 | – | – | – |
| <i>Inventory: Other consumables</i> | 22 | – | – | 1 | 15 | 16 | 16 |
| <i>Inventory: Stationery and printing</i> | 26 | 7 | 179 | 248 | 94 | 99 | 104 |
| <i>Lease payments</i> | 13 | 64 | – | 1 | – | – | – |
| <i>Transport provided: Departmental activities</i> | – | – | 26 | – | – | – | – |
| <i>Travel and subsistence</i> | 7 261 | 9 225 | 10 945 | 9 025 | 6 092 | 6 276 | 6 552 |
| <i>Training and development</i> | 19 | – | 180 | 294 | 467 | 492 | 515 |
| <i>Operating expenditure</i> | 4 461 | 5 538 | 7 018 | 9 314 | 8 522 | 8 965 | 9 386 |
| <i>Venues and facilities</i> | 1 790 | 767 | 3 380 | 2 121 | 1 431 | 1 505 | 1 576 |

Table 28.11 Electricity, Nuclear and Clean Energy (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---------------------------------------------------------------------|-----------------|---------------|---------------|------------------------|----------------------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Economic classification | | | | | | | |
| Transfers and subsidies | 5 236 | 309 | 3 331 | 185 546 | 265 153 | 364 862 | 465 120 |
| Provinces and municipalities | 48 | 16 | – | – | 175 000 | 220 000 | 280 000 |
| Departmental agencies and accounts | 5 000 | – | – | – | – | – | – |
| Public corporations and private enterprises | 188 | 293 | 3 328 | 185 506 | 90 153 | 144 862 | 185 120 |
| Households | – | – | 3 | 40 | – | – | – |
| Payments for capital assets | – | 89 | – | 798 | – | – | – |
| Machinery and equipment | – | 89 | – | – | – | – | – |
| Land and subsoil assets | – | – | – | 798 | – | – | – |
| Total | 82 092 | 65 026 | 86 662 | 261 412 | 338 363 | 458 034 | 563 860 |
| Details of transfers and subsidies | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Current | 48 | 16 | – | – | 175 000 | 220 000 | 280 000 |
| Regional Services Council levies | 48 | 16 | – | – | – | – | – |
| Electricity Demand Side Management Programme | – | – | – | – | 175 000 | 220 000 | 280 000 |
| Departmental agencies and accounts | | | | | | | |
| Departmental agencies (non-business entities) | | | | | | | |
| Current | 5 000 | – | – | – | – | – | – |
| Electricity Distribution Industry Holdings Company | 5 000 | – | – | – | – | – | – |
| Public corporations and private enterprises | | | | | | | |
| Public corporations | | | | | | | |
| Other transfers | | | | | | | |
| Capital | – | – | – | 180 000 | 74 475 | 108 900 | 118 800 |
| National Energy Efficiency and Demand Side Management (Eskom) Grant | – | – | – | 180 000 | 74 475 | 108 900 | 118 800 |
| Public corporations and private enterprises | | | | | | | |
| Private enterprises | | | | | | | |
| Other transfers | | | | | | | |
| Current | 188 | 293 | 3 328 | 5 506 | 15 678 | 35 962 | 66 320 |
| Donations to private enterprises | 88 | – | 20 | – | – | – | – |
| Energy Research Centre: University of Cape Town | 100 | – | – | – | – | – | – |
| Renewable Energy Subsidy Scheme | – | 293 | 3 308 | 5 406 | 10 678 | 20 962 | 41 320 |
| Darling Wind Energy Project | – | – | – | 100 | – | – | – |
| Renewable Energy: Working for Energy | – | – | – | – | 5 000 | 15 000 | 25 000 |
| Households | | | | | | | |
| Other transfers to households | | | | | | | |
| Current | – | – | 3 | 40 | – | – | – |
| Gifts and donations | – | – | 3 | 40 | – | – | – |

Expenditure trends

Overall expenditure for the *Electricity, Nuclear and Clean Energy* programme increased from R82.1 million in 2005/06 to R261.4 million in 2008/09 at an average annual rate of 47.1 per cent. The substantive increase is due to R180 million allocated in 2008/09 in the *Clean Energy* subprogramme to cover costs related to the electricity demand side management project. The funds are earmarked for transfer to Eskom to implement the rollout of compact fluorescent light bulbs.

Expenditure is projected to continue to rise over the MTEF period from R261.4 million in 2008/09 to an estimated R563.9 million in 2011/12, at an average annual rate of 29.2 per cent. The expected growth in expenditure in this programme relates to additional funding of R260 million in 2009/10, R55 million in 2010/11

and R45 million in 2011/12 for the demand side management project, the renewable energy subsidy scheme and the Working for Energy project.

Programme 7: Associated Services

- *The Council for Mineral Technology and Research* provides research, development and technology that foster the development of businesses in the mineral and mineral products industries.
- *The Nuclear Energy Corporation of South Africa* is mandated to undertake and promote research and development in the field of nuclear energy and radiation science, and is also responsible for various institutional obligations on behalf of the state.
- *The National Nuclear Regulator* provides for the protection of persons, property and the environment against nuclear damage, by establishing safety standards and regulatory practices.
- *The Council for Geoscience* is a national agency tasked with the systematic development and maintenance of the national geosciences knowledge infrastructure for both the onshore (land) and offshore (oceans) environments.
- *The Electricity Distribution Industry Holdings* company's sole purpose is restructuring the electricity distribution industry as outlined in the 1998 White Paper on Energy Policy. It is expected to restructure the existing electricity distribution entities into six financially viable regional electricity distribution companies.
- *The Integrated National Electrification Programme* manages the electrification planning, funding and implementation process with the aim of addressing the electrification backlog to increase access to electricity.
- *Assistance to Mines* aims to prevent the uncontrollable movement of water in and out of underground mine openings or holdings in the Witwatersrand area by providing pumping subsidies to marginal mines and to undertake research to develop and implement strategic solutions for mine water management, including contaminated water.
- *The South African Diamond and Precious Metals Regulator* is responsible for issuing licences and permits to trade in diamonds, gold and platinum, and for monitoring related activities in the sector.

Expenditure estimates

Table 28.12 Associated Services

| Subprogramme | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|-----------------------------------------------------|------------------|------------------|------------------|------------------------|----------------------------------|------------------|------------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | |
| Council for Mineral Technology Research | 108 880 | 118 664 | 124 569 | 135 834 | 155 366 | 162 072 | 170 958 |
| South African Nuclear Energy Corporation | 256 796 | 356 353 | 388 256 | 554 726 | 564 144 | 595 374 | 628 100 |
| National Nuclear Regulator | 5 417 | 14 742 | 18 029 | 20 333 | 23 793 | 24 954 | 18 624 |
| Council for Geoscience | 86 078 | 93 100 | 122 622 | 122 672 | 129 486 | 135 365 | 105 384 |
| Electricity Distribution Industry Holdings Company | 59 240 | 62 794 | 65 934 | 69 250 | 72 214 | 75 595 | 58 511 |
| Integrated National Electrification Programme | 1 139 194 | 1 365 922 | 1 554 493 | 1 920 395 | 2 633 272 | 2 860 084 | 3 062 941 |
| Assistance to Mines | 35 225 | 37 339 | 24 139 | 41 178 | 43 121 | 45 456 | 47 910 |
| South African Diamond and Precious Metals Regulator | – | – | 20 000 | 40 000 | 39 414 | 41 431 | 32 026 |
| Total | 1 690 830 | 2 048 914 | 2 318 042 | 2 904 388 | 3 660 810 | 3 940 331 | 4 124 454 |
| Change to 2008 Budget estimate | | | | – | 79 400 | 168 630 | 223 291 |
| Economic classification | | | | | | | |
| Transfers and subsidies | 1 690 830 | 2 048 914 | 2 318 042 | 2 904 388 | 3 660 810 | 3 940 331 | 4 124 454 |
| Provinces and municipalities | 297 497 | 390 734 | 462 492 | 595 637 | 932 957 | 1 020 104 | 1 096 612 |
| Departmental agencies and accounts | 150 735 | 170 636 | 226 585 | 252 255 | 264 907 | 277 345 | 214 545 |
| Public corporations and private enterprises | 1 242 598 | 1 487 544 | 1 628 965 | 2 056 496 | 2 462 946 | 2 642 882 | 2 813 297 |
| Total | 1 690 830 | 2 048 914 | 2 318 042 | 2 904 388 | 3 660 810 | 3 940 331 | 4 124 454 |

Table 28.12 Associated Services (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|-------------------------------------------------------------------------------------------|-----------------|----------------|------------------|------------------------|----------------------------------|------------------|------------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Details of transfers and subsidies | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Municipalities | | | | | | | |
| Municipal bank accounts | | | | | | | |
| Capital | 297 497 | 390 734 | 462 492 | 595 637 | 932 957 | 1 020 104 | 1 096 612 |
| Integrated national electrification programme grant | 297 497 | 390 734 | 462 492 | 595 637 | 932 957 | 1 020 104 | 1 096 612 |
| Departmental agencies and accounts | | | | | | | |
| Departmental agencies (non-business entities) | | | | | | | |
| Current | 140 222 | 159 733 | 215 266 | 240 367 | 248 701 | 260 964 | 200 271 |
| Council for Geoscience | 76 817 | 83 283 | 112 314 | 111 846 | 114 597 | 120 337 | 92 243 |
| Electricity Distribution Industry Holdings Company | 58 518 | 62 393 | 65 513 | 68 808 | 71 750 | 75 103 | 58 130 |
| National Nuclear Regulator | 4 887 | 14 057 | 17 439 | 19 713 | 22 940 | 24 093 | 17 872 |
| South African Diamond and Precious Metals Regulator | – | – | 20 000 | 40 000 | 39 414 | 41 431 | 32 026 |
| Capital | 10 513 | 10 903 | 11 319 | 11 888 | 16 206 | 16 381 | 14 274 |
| Council for Geoscience | 9 261 | 9 817 | 10 308 | 10 826 | 14 889 | 15 028 | 13 141 |
| Electricity Distribution Industry Holdings Company | 722 | 401 | 421 | 442 | 464 | 492 | 381 |
| National Nuclear Regulator | 530 | 685 | 590 | 620 | 853 | 861 | 752 |
| Public corporations and private enterprises | | | | | | | |
| Public corporations | | | | | | | |
| Subsidies on production or products | | | | | | | |
| Current | 249 747 | 312 474 | 379 323 | 545 395 | 551 311 | 582 422 | 613 867 |
| Nuclear Energy Corporation of South Africa: Activities | 208 607 | 261 203 | 277 464 | 438 570 | 447 340 | 473 145 | 498 690 |
| Nuclear Energy Corporation of South Africa: Decommissioning Projects | 20 140 | 24 391 | 78 019 | 81 949 | 78 780 | 82 800 | 87 270 |
| Nuclear Energy Corporation of South Africa: SAFARI reactor conversion | 12 000 | 15 360 | 13 623 | 14 217 | 14 398 | 15 133 | 15 950 |
| Nuclear Energy Corporation of South Africa: Security | 9 000 | 11 520 | 10 217 | 10 659 | 10 793 | 11 344 | 11 957 |
| Capital | 790 518 | 937 044 | 1 027 015 | 1 250 089 | 1 629 148 | 1 764 732 | 1 887 599 |
| Eskom: Integrated national electrification programme | 783 469 | 893 165 | 973 082 | 1 150 758 | 1 467 365 | 1 751 780 | 1 873 366 |
| Nuclear Energy Corporation of South Africa: Activities | 5 459 | 38 970 | 6 919 | 7 227 | 9 939 | 10 031 | 11 024 |
| Nuclear Energy Corporation of South Africa: Decommissioning projects | 1 590 | 4 909 | 2 014 | 2 104 | 2 894 | 2 921 | 3 209 |
| Eskom: Integrated national electrification programme (backlogs) | – | – | 45 000 | 90 000 | 148 950 | – | – |
| Public corporations and private enterprises | | | | | | | |
| Private enterprises | | | | | | | |
| Subsidies on production or products | | | | | | | |
| Current | 133 505 | 144 767 | 136 910 | 164 621 | 181 444 | 190 327 | 204 536 |
| Assistance to Mines | 35 225 | 37 339 | 24 139 | 41 178 | 43 121 | 45 456 | 47 910 |
| Council for Mineral Technology Research | 98 280 | 107 428 | 112 771 | 123 443 | 138 323 | 144 871 | 156 626 |
| Capital | 68 828 | 93 259 | 85 717 | 96 391 | 101 043 | 105 401 | 107 295 |
| Council for Mineral Technology Research | 10 600 | 11 236 | 11 798 | 12 391 | 17 043 | 17 201 | 14 332 |
| Integrated national electrification programme: Non-grid electrification service providers | 58 228 | 82 023 | 73 919 | 84 000 | 84 000 | 88 200 | 92 963 |

Expenditure trends

Overall expenditure for the *Associated Services* programme increased from R1.7 billion in 2005/06 to R2.9 billion in 2008/09 at an average annual rate of 19.8 per cent. Expenditure is mostly in the form of transfers and subsidies to municipalities and departmental agencies. The increase between 2005/06 and 2008/09 was due to the integrated national electrification programme for the rehabilitation of electricity infrastructure and new connections. Transfers to the programme grew from R1.1 billion in 2005/06 to R1.9 billion in 2008/09. Other factors influencing this increase include inflation adjustments for capital and additional allocations to the South African Nuclear Energy Corporation of R256.7 million over the MTEF period, growing expenditure from R554.7 million in 2008/09 to R628.1 million in 2011/12.

Expenditure continues to increase over the MTEF period, from R2.9 billion in 2008/09 to an estimated R4.1 billion in 2011/12, at an average annual rate of 12.4 per cent. Transfer payments to Eskom are projected to rise from R1.2 billion in 2008/09 to R1.9 billion in 2011/12. Transfer payments to municipalities are also projected to grow from R595.6 million in 2008/09 to an estimated R1.1 billion in 2011/12, reflecting the urgency to meet the electrification targets.

Public entities

Council for Mineral Technology and Research

Strategic overview: 2005/06 – 2011/12

The ongoing development and application of innovative and knowledge intensive technologies is essential for socioeconomic growth purposes. The Council for Mineral Technology and Research develops technologies aimed at strengthening the competitiveness of the traditional mineral processing cluster and fostering new opportunities.

Over the MTEF period, the council will focus on:

- **Improved investment in the undergraduate and graduate bursary programmes and rigorous human resource development:** the council's capacity is being constrained by the high turnover of experienced scientists and engineers, who move to higher paying positions in the private sector. The salaries of these professionals are being adjusted to close the gap and the council has initiated a programme to recruit a small number of experienced engineers from abroad. The council aims to reach a professional staff turnover rate of 16 per cent or less in 2009/10.
- **Uranium research and development:** following the upswing in the uranium market, the council has re-established itself as one of the foremost uranium laboratories in the country. Systematic research is carried out on the processing of different types of uranium mineralisation found in South Africa to provide enabling technology for the beneficiation of these deposits.
- **Titanium research and development:** there is a growing need and pressure to establish a South African titanium industry. Developing key primary and downstream technologies will enable a competitive world scale titanium metal industry to be established concurrently, allowing South Africa to capture the benefits of an emerging international light metals industry.

Selected performance and operations indicators

Table 28.13 Council for Mineral Technology and Research

| Indicator | Past | | | Current | Projections | | |
|--------------------------------------------------------------------------|---------|---------|---------|---------|-------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Number of new or improved technologies developed each year | 1 | 4 | 5 | 5 | 5 | 6 | 6 |
| Number of new or improved products and services developed each year | 4 | 11 | 16 | 13 | 14 | 14 | 15 |
| Number of demonstrations for council products and technologies each year | 6 | 3 | 5 | 2 | 3 | 3 | 6 |
| Number of water and energy efficient flow sheets developed each year | – | – | – | 1 | 2 | 1 | 2 |
| Number of junior resource companies supported each year | 12 | 13 | 40 | 22 | 25 | 28 | 40 |
| Number of technologies relevant to SMMEs developed each year | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Number of bursaries granted each year | 75 | 78 | 80 | 85 | 85 | 90 | 90 |
| Number of trainees employed each year | 41 | 50 | 41 | 46 | 53 | 58 | 58 |
| Number of interns each year | 7 | 15 | 5 | 8 | 12 | 15 | 15 |
| Number of strategies developed to support regional development each year | 12 | 4 | 6 | 5 | 5 | 6 | 7 |

Service delivery and spending focus

South Africa and other resource rich African countries will only benefit from the strong global demand for commodities if raw material extraction is channelled into sustainable economic activity. Such favourable

conditions increase the need for core funding for research and for people development to generate innovations in mineral processing that will put South Africa in a position both to supply commodity demands as well as to beneficiate raw materials, as called for by the Department of Minerals and Energy.

The Council for Mineral Technology and Research continues to build capacity in the mining sector. In 2007/08, the council granted 80 bursaries, and employed 41 trainees and 5 interns. Through its research and development programmes, it supported 40 junior resource companies. A recent Department of Science and Technology survey concluded that the council was an excellent point of contact with university based centres of excellence and showed that cooperation between the council and universities is a viable and affordable way of doing cutting edge research.

In 2007/08, the council carried out research on recovering platinum group metals from effluent streams and on the technology for separating platinum and palladium from other platinum group metals in 2007/08. The council is also a centre of excellence in cyanide monitoring: extensive work is being done on cyanide monitoring in gold plants in Africa, and the new cynroprobe instrument for measuring cyanide concentrations in gold plant and environmental samples has been rapidly accepted by the industry.

Expenditure estimates

Table 28.14 Council for Mineral Technology and Research: Project information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|-----------------------------------------------------------------------------------------------------|-----------------|----------------|----------------|------------------|----------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Develop efficient mineral processing technologies and sustainable value added products and services | 130 552 | 202 898 | 199 479 | 239 370 | 263 307 | 289 638 | 318 602 |
| Second economy interventions | 8 959 | 13 924 | 13 689 | 17 479 | 19 227 | 21 150 | 23 265 |
| Support regional interventions | 8 229 | 12 789 | 12 574 | 8 971 | 9 868 | 10 855 | 11 941 |
| Human and organisational development | 15 272 | 23 735 | 23 335 | 17 532 | 19 285 | 21 214 | 23 335 |
| Quality, Environment and Safety | 1 082 | 1 681 | 1 653 | 1 968 | 2 165 | 2 382 | 2 620 |
| Other projects | 118 254 | 83 741 | 128 511 | 70 011 | 81 719 | 88 174 | 104 869 |
| Total expense | 282 349 | 338 768 | 379 241 | 355 331 | 395 571 | 433 413 | 484 632 |

Table 28.15 Council for Mineral Technology and Research: Financial information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|------------------------------------------------------|-----------------|----------------|----------------|------------------|----------------------|----------------|-----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Statement of financial performance | | | | | | | |
| Revenue | | | | | | | |
| Non-tax revenue | 191 631 | 247 694 | 276 570 | 286 132 | 307 277 | 303 587 | 300 028 |
| Sale of goods and services other than capital assets | 161 787 | 200 358 | 244 896 | 260 574 | 287 177 | 282 177 | 277 177 |
| <i>of which:</i> | | | | | | | |
| <i>Sales by market establishments</i> | 161 787 | 200 358 | 244 896 | 260 574 | 287 177 | 282 177 | 277 177 |
| <i>Other non-tax revenue</i> | 29 844 | 47 336 | 31 674 | 25 558 | 20 100 | 21 410 | 22 851 |
| Transfers received | 95 509 | 104 120 | 118 131 | 135 834 | 155 366 | 162 072 | 170 958 |
| Total revenue | 287 140 | 351 814 | 394 701 | 421 966 | 462 643 | 465 659 | 470 986 |
| Expenses | | | | | | | |
| Current expense | 269 521 | 327 463 | 357 074 | 355 331 | 395 571 | 433 413 | 484 632 |
| Compensation of employees | 156 365 | 196 478 | 214 244 | 213 262 | 234 361 | 257 797 | 283 577 |
| Goods and services | 102 200 | 112 680 | 127 328 | 126 392 | 142 928 | 156 732 | 181 058 |
| Depreciation | 10 619 | 14 884 | 15 333 | 15 477 | 17 982 | 18 584 | 19 697 |
| Interest, dividends and rent on land | 337 | 3 421 | 169 | 200 | 300 | 300 | 300 |
| Transfers and subsidies | 12 828 | 4 890 | 21 134 | - | - | - | - |
| Total expenses | 282 349 | 338 768 | 379 241 | 355 331 | 395 571 | 433 413 | 484 632 |
| Surplus / (Deficit) | 4 791 | 13 046 | 15 460 | 66 635 | 67 072 | 32 246 | (13 646) |

Table 28.15 Council for Mineral Technology and Research: Financial information (continued)

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|----------------------------------------|-----------------|----------------|----------------|------------------|----------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 147 068 | 155 768 | 210 104 | 216 708 | 223 726 | 235 142 | 250 445 |
| <i>of which: Acquisition of assets</i> | 21 819 | 19 274 | 19 549 | 22 081 | 25 000 | 30 000 | 35 000 |
| Investments | 115 116 | 89 491 | 96 621 | 96 621 | 105 000 | 15 488 | 25 488 |
| Inventory | 2 744 | 3 279 | 2 948 | 2 948 | 2 500 | 2 500 | 2 500 |
| Loans | 1 152 | 25 143 | 4 174 | – | – | – | – |
| Receivables and prepayments | 46 488 | 84 224 | 105 370 | 90 000 | 90 000 | 90 000 | 90 000 |
| Cash and cash equivalents | 30 938 | 30 523 | 49 031 | 127 358 | 198 239 | 224 069 | 185 120 |
| Assets not classified elsewhere | 4 147 | – | – | – | – | – | – |
| Total assets | 347 653 | 388 428 | 468 248 | 533 635 | 619 465 | 567 199 | 553 553 |
| Accumulated surplus / deficit | 218 836 | 236 028 | 300 746 | 367 381 | 434 453 | 466 699 | 453 053 |
| Borrowings | 1 792 | 1 352 | 79 921 | 1 350 | – | – | – |
| Post-retirement benefits | 61 235 | 62 700 | 1 025 | 79 921 | 89 512 | – | – |
| Trade and other payables | 48 998 | 66 554 | 51 664 | 50 000 | 45 000 | 45 000 | 45 000 |
| Provisions | 12 645 | 482 | 409 | 500 | 500 | 500 | 500 |
| Liabilities not classified elsewhere | 4 147 | 21 312 | 34 483 | 34 483 | 50 000 | 55 000 | 55 000 |
| Total equity and liabilities | 347 653 | 388 428 | 468 248 | 533 635 | 619 465 | 567 199 | 553 553 |

Expenditure trends

Transfers received by the Council for Mineral Technology and Research increased from R95.5 million in 2005/06 to R135.8 million in 2008/09 at an average annual rate of 12.5 per cent. The council's own revenue from sales of services and technologies over this period increased at an average annual rate of 14.3 per cent.

Over the MTEF period, transfers received increase from R135.8 million in 2008/09 to an expected R171 million in 2011/12, an average annual rate of 8 per cent. The council's own revenue from sales of services and technologies over this period is expected to increase at an average annual rate of 2.1 per cent, though at a slower rate than the previous three financial years.

Nuclear Energy Corporation of South Africa

Strategic overview: 2005/06 – 2011/12

The Nuclear Energy Corporation of South Africa was established in terms of the Nuclear Energy Act (1999) to undertake and promote research on nuclear energy and radiation sciences and technology, process source material, special nuclear material, restricted material including uranium enrichment, and cooperate with other entities. In addition to its legislative mandate, the corporation is also responsible for decommissioning and decontaminating past strategic nuclear facilities, managing nuclear waste disposal nationally, applying radiation technology for scientific and medical purposes, operating the SAFARI-1 nuclear reactor and the Pelindaba site, as well as executing the safeguard function.

The Nuclear Energy Corporation of South Africa supports the development of viable nuclear fuel cycle options for the Eskom new build programme, which has the potential to open up important opportunities for the nuclear and manufacturing industry to secure the energy supply, contribute to minerals beneficiation, develop the manufacturing industry and train technically skilled people.

Priorities over the MTEF period include:

- responding to the new build programme by establishing fuel cycle capabilities, localising nuclear manufacturing and building key partnerships
- expanding the corporation's commercial revenue and developing appropriate products
- developing the corporation's nuclear facilitation capacity, including licensing, promoting safeguards, and nuclear security
- collaborating more closely with the Pebble Bed Modular Reactor programme
- intensifying human resource development activities.

Selected performance and operations indicators

Table 28.16 Nuclear Energy Corporation of South Africa

| Indicator | Past | | | Current | Projections | | |
|--------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-----------------------|-------------------|------------------------|-------------------|-------------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Number of innovations (3-year moving average) | 2 | 3 | 4 | 4 | 4 | 5 | 5 |
| Number of published scientific articles per researcher each year | 0.1 | 0.2 | 0.3 | 0.4 | 0.5 | 0.7 | 1 |
| Amount of sales of radiochemical products and services each year | R195m | R257m | R313m | R370m | R478m | R510m | R545m |
| SAFARI-1 operational availability (days available out of days scheduled) | 307/310 (99%) | 286/310 (92%) | 305/308 days (99%) | 304/304 (100%) | 305/305 days (100%) | 307/307 (100%) | 304/304 (100%) |
| Total amount spent on decommissioning and decontamination closed down nuclear plants and facilities | R20.7m | R19.8m | R59.1m | R73.6m | R72.1m | R75.7m | R80.2m |
| Total number of security system update projects completed | 10 | 87 | 148 | 236 | 287 | 321 | 338 |
| Percentage of security system update projects completed expressed as a ratio of total of 338 projects planned | (3%) | (26%) | (44%) | (70%) | (85%) | (95%) | (100%) |
| Percentage of annual safeguards plan activities achieved as per agreed plan with the International Atomic Energy Agency | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Percentage of audited compliance in terms of the safety, health, environment and quality system and related legal requirements | 60% | 65% | 76% | 80% | 80% | 80% | 80% |

Service delivery and spending focus

The Nuclear Energy Corporation of South Africa's role over the medium term is expected to expand, based on results from engineering feasibility studies which have confirmed that there are viable options for establishing a nuclear fuel cycle production facilities in South Africa. The corporation has established the National Nuclear Manufacturing Centre with ASME VIII accreditation and N-Stamp certification, which allows the centre to design, manufacture and export industrial vessels.

The corporation was invited as one of 28 members from 11 different countries to join a consortium that will undertake the CarboWaste project on the treatment and disposal of irradiated graphite and other carbonaceous waste under the European Atomic Energy Community's seventh framework programme during 2008.

The nuclear skills development centre for training artisans for the nuclear industry opened in January 2008. It was accredited by the relevant sector education and training authority and 130 students were trained in 2008/09. The aim is to train up to 600 students in the nuclear sector each year, thus capacitating South Africa to play a greater role in global nuclear technology.

NTP Radioisotopes, a subsidiary of the Nuclear Energy Corporation of South Africa, made sales of R370 million, exceeding its target for 2008/09 by 12 per cent. The company is now the third largest global producer of radio chemicals, and its main product, fission Mo-99, is used in approximately 6 million nuclear medicine imaging scans and other medical procedures across the world every year. This performance emphasises the importance of research and development in the nuclear sector.

Expenditure estimates

Table 28.17 Nuclear Energy Corporation of South Africa: Financial information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|------------------------------------------------------|-----------------|----------------|----------------|------------------|----------------------|------------------|------------------|
| Statement of financial performance | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Revenue | | | | | | | |
| Non-tax revenue | 401 765 | 479 786 | 569 307 | 667 252 | 712 817 | 788 750 | 850 596 |
| Sale of goods and services other than capital assets | 369 117 | 437 204 | 515 631 | 608 435 | 668 395 | 739 222 | 799 631 |
| <i>of which:</i> | | | | | | | |
| <i>Sales of isotopes and related products</i> | 369 117 | 437 204 | 515 631 | 608 435 | 668 395 | 739 222 | 799 631 |
| <i>Other non-tax revenue</i> | 32 648 | 42 582 | 53 676 | 58 817 | 44 422 | 49 528 | 50 965 |
| Transfers received | 221 740 | 326 589 | 345 215 | 533 479 | 564 144 | 595 374 | 628 100 |
| Total revenue | 623 505 | 806 375 | 914 522 | 1 200 731 | 1 276 961 | 1 384 124 | 1 478 696 |
| Expenses | | | | | | | |
| Current expense | 603 112 | 675 693 | 825 426 | 1 132 974 | 1 174 779 | 1 274 447 | 1 345 059 |
| Compensation of employees | 322 716 | 335 330 | 379 948 | 492 648 | 532 025 | 568 234 | 603 525 |
| Goods and services | 252 192 | 301 658 | 403 723 | 586 328 | 586 105 | 644 522 | 685 008 |
| Depreciation | 22 801 | 29 309 | 31 679 | 51 806 | 49 570 | 52 116 | 47 159 |
| Interest, dividends and rent on land | 5 403 | 9 396 | 10 076 | 2 192 | 7 079 | 9 575 | 9 367 |
| Transfers and subsidies | 13 379 | 13 947 | 15 223 | 16 260 | 17 113 | 17 969 | 19 047 |
| Total expenses | 626 229 | 704 891 | 866 540 | 1 176 554 | 1 224 367 | 1 324 537 | 1 396 706 |
| Surplus / (Deficit) | (2 724) | 101 484 | 47 982 | 24 177 | 52 594 | 59 587 | 81 990 |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 170 111 | 212 640 | 242 807 | 301 813 | 341 974 | 431 959 | 456 479 |
| <i>of which: Acquisition of assets</i> | 34 857 | 58 916 | 63 671 | 110 813 | 89 731 | 142 101 | 71 679 |
| Investments | 45 728 | 43 279 | 45 015 | 80 404 | 95 964 | 111 816 | 224 143 |
| Inventory | 44 682 | 63 844 | 62 533 | 82 631 | 86 306 | 89 633 | 91 401 |
| Receivables and prepayments | 88 723 | 94 766 | 150 683 | 169 855 | 183 375 | 195 674 | 203 140 |
| Cash and cash equivalents | 101 716 | 134 237 | 167 237 | 147 990 | 189 563 | 241 069 | 196 160 |
| Assets not classified elsewhere | – | – | 76 | 76 | 76 | 76 | 76 |
| Total assets | 450 960 | 548 766 | 668 351 | 782 769 | 897 258 | 1 070 227 | 1 171 399 |
| Accumulated surplus / deficit | (108 902) | (5 067) | 40 994 | 111 525 | 186 431 | 260 960 | 340 311 |
| Capital and reserves | 11 263 | 21 403 | 23 572 | 23 679 | 23 676 | 23 679 | 23 677 |
| Borrowings | 16 607 | 14 795 | 10 571 | 16 143 | 35 189 | 114 891 | 132 507 |
| Post-retirement benefits | 310 346 | 312 230 | 329 555 | 330 557 | 331 073 | 331 589 | 332 304 |
| Trade and other payables | 198 585 | 177 465 | 225 131 | 238 015 | 248 004 | 255 688 | 259 180 |
| Provisions | 23 061 | 27 940 | 38 528 | 62 850 | 72 885 | 83 420 | 83 420 |
| Total equity and liabilities | 450 960 | 548 766 | 668 351 | 782 769 | 897 258 | 1 070 227 | 1 171 399 |

Expenditure trends

The allocation to the Nuclear Energy Corporation of South Africa increased from R221.7 million in 2005/06 to R533.5 million in 2008/09, an average annual rate of 34 per cent. This increase is due to additional allocations for increased personnel expenditure, site and infrastructure maintenance and refurbishment, the upgrading of the corporation's security system, and carrying out engineering feasibility studies to determine the viability of establishing the nuclear fuel cycle production facilities in South Africa. Revenue from the sale of products and innovations increases from R369.1 million to R608.4 million at an average annual rate of 18.1 per cent. Over the medium term, transfers received are expected to grow at a slower average annual rate of 5.6 per cent.

Council for Geoscience

Strategic overview: 2005/06 - 2011/12

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 mapping of South Africa, and to compile and publish this information. The council also conducts basic geoscience research to understand present and past geological processes, curates all geoscience data for South Africa and facilitates public access to this data, and manages a number of geoscience facilities, including the National Geoscience Library, the National Geoscience Museum and a national seismological network. The council is also mandated to provide commercial geoscientific services.

Selected performance and operations indicators

Table 28.18 Council for Geoscience

| Indicator | Past | | | Current | Projections | | |
|-----------------------------------------------------------------------------------------------|---------|---------|---------|---------|-------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Percentage completion of annual technical programme | 79.9% | 84.9% | 89.3% | 85% | 85% | 85% | 85% |
| Number of maps and publications published each year | 28 | 50 | 32 | 35 | 38 | 42 | 44 |
| Number of papers and articles published each year | 57 | 62 | 90 | 60 | 65 | 70 | 75 |
| Number of small scale mining investigations completed each year | – | – | – | 35 | 35 | 40 | 40 |
| Number of rural development projects in progress per year | 21 | 33 | 38 | 20 | 22 | 25 | 25 |
| Number of regional and African development projects in progress each year | 14 | 36 | 30 | 15 | 18 | 20 | 22 |
| Number of projects with external collaborators per year | 34 | 57 | 57 | 30 | 50 | 52 | 55 |
| Percentage of satisfied customers (of total customers completing satisfaction questionnaires) | 82.1% | 85.7% | 84.6% | 80% | 80% | 80% | 80% |

Service delivery and spending focus

In 2008/09, the Council for Geoscience worked on predictive mineral-deposit mapping to identify potential mining areas with the aim of creating new opportunities for the small scale mining sector and other mineral industries. A copper potential map has been completed for the copper rich district in Limpopo. The project will continue to study the gold potential of the greenstone belts.

Together with the Geological Society of South Africa, the council won the bid to host the 35th international geological congress in Cape Town in 2016.

The building of the near shore marine vessel, its registration with the South African Maritime Safety Authority, and its sea trials in terms of handling and data acquisition should be completed in 2009/10.

Summaries were completed for all the research work in mine water ingress and decant management under the Department of Minerals and Energy's strategic water management plan for the prevention of water ingress into the underground workings of the Witwatersrand mining basins. Gaps have been identified and future research work has been recommended for the seven basin areas.

The contract to assess the carbon dioxide storage potential of South Africa in all on- and offshore basins was signed. The work commissioned by Eskom, Sasol, PetroSA, Anglocoal and the National Energy Research Institute should be completed by September 2010. South Africa is facing an increasing demand for energy and it is imperative that government ensure a secure supply. The availability and security of coal is being assessed and quantified to enable government ensure its future availability.

Expenditure estimates

Table 28.19 Council for Geoscience: Financial information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|------------------------------------------------------|-----------------|----------------|----------------|------------------|----------------------|----------------|----------------|
| Statement of financial performance | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Revenue | | | | | | | |
| Non-tax revenue | 77 763 | 111 117 | 112 204 | 123 870 | 135 607 | 145 936 | 159 316 |
| Sale of goods and services other than capital assets | 70 421 | 97 701 | 89 070 | 116 590 | 128 290 | 138 560 | 152 416 |
| <i>of which:</i> | | | | | | | |
| <i>Sales by market establishments</i> | 70 421 | 97 701 | 89 070 | 116 590 | 128 290 | 138 560 | 152 416 |
| <i>Other non-tax revenue</i> | 7 342 | 13 416 | 23 134 | 7 280 | 7 317 | 7 376 | 6 900 |
| Transfers received | 86 078 | 95 949 | 110 511 | 122 672 | 129 486 | 135 365 | 105 384 |
| Total revenue | 163 841 | 207 066 | 222 715 | 246 542 | 265 093 | 281 301 | 264 700 |
| Expenses | | | | | | | |
| Current expense | 147 065 | 190 839 | 200 167 | 243 912 | 265 093 | 281 301 | 264 700 |
| Compensation of employees | 94 825 | 22 767 | 18 645 | 122 144 | 130 798 | 139 813 | 153 794 |
| Goods and services | 41 115 | 154 560 | 170 009 | 106 656 | 126 504 | 133 695 | 103 110 |
| Depreciation | 11 118 | 13 462 | 11 487 | 15 112 | 7 759 | 7 757 | 7 756 |
| Interest, dividends and rent on land | 7 | 50 | 26 | – | 32 | 36 | 40 |
| Transfers and subsidies | – | – | – | 2 630 | – | – | – |
| Total expenses | 147 065 | 190 839 | 200 167 | 246 542 | 265 093 | 281 301 | 264 700 |
| Surplus / (Deficit) | 16 776 | 16 227 | 22 548 | – | – | – | – |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 68 396 | 162 177 | 181 895 | 202 783 | 225 023 | 224 966 | 224 911 |
| <i>of which: Acquisition of assets</i> | 17 319 | 111 107 | 31 233 | 36 000 | 30 000 | 7 700 | 7 700 |
| Investments | 5 200 | – | – | – | – | – | – |
| Receivables and prepayments | 52 591 | 72 141 | 78 139 | 81 678 | 89 857 | 96 992 | 106 691 |
| Cash and cash equivalents | 144 841 | 157 238 | 171 259 | 72 324 | 73 168 | 98 512 | 108 363 |
| Assets not classified elsewhere | – | 1 062 | – | – | – | – | – |
| Total assets | 271 028 | 392 618 | 431 293 | 356 785 | 388 048 | 420 470 | 439 965 |
| Accumulated surplus / deficit | 175 175 | 183 972 | 206 520 | 206 520 | 206 520 | 183 972 | 183 972 |
| Post-retirement benefits | – | – | 54 | 54 | 54 | – | – |
| Trade and other payables | 86 725 | 107 493 | 125 161 | 142 372 | 173 086 | 227 523 | 250 275 |
| Provisions | 9 128 | 4 055 | 5 216 | 7 839 | 8 388 | 8 975 | 5 718 |
| Liabilities not classified elsewhere | – | 97 098 | 94 342 | – | – | – | – |
| Total equity and liabilities | 271 028 | 392 618 | 431 293 | 356 785 | 388 048 | 420 470 | 439 965 |

Expenditure trends

The Council for Geoscience's main sources of revenue are fees for geological service contracts and transfers from the department. Between 2005/06 and 2008/09, total revenue increased from R163.8 million to R246.5 million at an average annual rate of 14.6 per cent. Over this period, transfers received increased from R86.1 million in 2005/06 to R122.7 million in 2008/09, at an average annual rate of 12.5 per cent.

Restructuring of the council is reflected in compensation of employees, which decreases from R94.8 million in 2005/06 to R22.8 million in 2006/07, and further to R18.6 million in 2007/08, and then increased to R122.1 million in 2008/09. This is also reflected in goods and services. Expenditure of R111.1 million in acquisition of assets in 2006/07 is for buying a building, repairs and maintenance to the existing building, and buying drilling machinery.

The large accumulated surplus is because the council operates in an uncertain environment and needs to have reserves to serve as buffer cash.

Over the MTEF period, total revenue is expected to increase to R264.7 million in 2011/12, at an average annual rate of 2.4 per cent. Transfers received decrease to an expected R105.4 million in 2011/12 at an average annual rate of 4.9 per cent, due to required departmental savings of approximately R150 million over this period.

South African Diamond and Precious Metals Regulator

Strategic overview: 2007/08 - 2011/12

The South African Diamond Board ceased to exist in June 2007 and the South African Diamond and Precious Metals Regulator was established in terms of the Diamond Amendment Act (2005) and the Precious Metals Act (2005), came into effect in July 2007. The Diamond Bourse of South Africa was incorporated into the regulator. The acts mandate the regulator to regulate the diamond, platinum and gold industries, and have broadened its mandate in order to accelerate beneficiation in the jewellery industry.

Selected performance and operations indicators

Table 28.20 South African Diamond and Precious Metals Regulator

| Indicator | Past | | | | Current | Projections | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|-------------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Percentage implemented versus planned: legal opinions and advice drafted, contracts reviewed and negotiated, and legislation managed and implemented | - | - | 80% | 100% | 100% | 100% | 100% |
| Percentage of diamond beneficiation and diamond dealing licences evaluated | - | - | 20% | 30% | 30% | 50% | 50% |
| Percentage of precious metals beneficiation licences evaluated | - | - | 20% | 40% | 60% | 80% | 80% |
| Percentage of licences granted to BEE and women owned companies in beneficiation industries | - | - | 20% | 40% | 60% | 80% | 80% |
| Number of diamond beneficiation licences issued each year | - | - | 1 050 | 1 100 | 1 200 | 1 250 | 1 300 |
| Number of precious metals beneficiation licences issued each year | - | - | 3 600 | 3 650 | 3 700 | 3 750 | 3 800 |
| Number of diamond evaluators trained each year | - | - | 3 | 3 | 3 | 3 | 3 |
| Rating by industry on trained precious metals specialist inspectors | - | - | - | 70% | 80% | 85% | 90% |
| Number of initiatives mentored and paired with sustainable business (small businesses) each year | - | - | 4 | 7 | 10 | 15 | 18 |
| Percentage of licensees which do not comply with conditions or which receive exception reports | - | - | 75% | 65% | 50% | 35% | 35% |

Service delivery and spending focus

In 2007/08, as part of its broader mandate, the South African Diamond and Precious Metals Regulator established the Diamond Export Exchange Centre, which is where diamond traders sell and buy diamonds. The centre hosts diamond tenders for different mines and from independent licensees for the export and local markets. Established in January 2008, by the end of March 2008 the centre had handled 396 parcels, 526 viewers and 93 197 carats of rough diamonds.

The Diamond Export Levy Act (2008) became effective from September 2008 and consultations with the South African Revenue Service are under way to put mechanisms in place to collect the diamond export levies.

According to the new Diamond Amendment Act (2005), all diamond licences and permits issued before the Minerals and Resources Development Act (2002) had to be converted by June 2008. 70 per cent of these have been processed and the remaining 30 per cent are awaiting clearance certificates from the police and the South African Revenue Service.

The transaction based prescribed registers to be submitted by precious metal licensees and permit holders (in terms of the Precious Metals Act (2005)) are being distributed. The deadline for the conversion of these licences and permits is June 2009.

In 2008/09, the regulator also initiated a joint research project with the Council of Mineral Technology and Research on the fingerprinting of diamonds, a project which will be of added value to the Kimberley process certification scheme.

Expenditure estimates

Table 28.21 South African Diamond and Precious Metals Regulator: Financial information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|------------------------------------------------------|-----------------|---------------|---------------|------------------|----------------------|----------------|-----------------|
| Statement of financial performance | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Revenue | | | | | | | |
| Non-tax revenue | 23 812 | 28 060 | 23 650 | 24 082 | 11 233 | 11 066 | 10 554 |
| Sale of goods and services other than capital assets | 22 573 | 25 356 | 19 989 | 19 670 | 5 736 | 6 828 | 7 988 |
| <i>of which:</i> | | | | | | | |
| <i>Administrative fees</i> | 1 914 | 2 398 | 691 | 2 128 | 2 588 | 3 589 | 4 589 |
| <i>Sales by market establishments</i> | 20 659 | 22 958 | 19 298 | 17 542 | 3 148 | 3 239 | 3 399 |
| <i>Other non-tax revenue</i> | 1 239 | 2 704 | 3 661 | 4 412 | 5 497 | 4 238 | 2 566 |
| Transfers received | – | – | 20 000 | 40 000 | 39 414 | 41 431 | 32 026 |
| Total revenue | 23 812 | 28 060 | 43 650 | 64 082 | 50 647 | 52 497 | 42 580 |
| Expenses | | | | | | | |
| Current expense | 18 158 | 19 100 | 29 091 | 41 464 | 52 567 | 59 450 | 65 514 |
| Compensation of employees | 7 053 | 7 786 | 13 436 | 24 168 | 30 959 | 34 023 | 36 831 |
| Goods and services | 9 648 | 9 879 | 14 299 | 15 930 | 17 533 | 19 689 | 21 268 |
| Depreciation | 1 189 | 1 098 | 1 167 | 1 167 | 3 867 | 5 508 | 7 150 |
| Interest, dividends and rent on land | 268 | 337 | 189 | 199 | 208 | 230 | 265 |
| Transfers and subsidies | – | – | – | 51 | 66 | 73 | 79 |
| Total expenses | 18 158 | 19 100 | 29 091 | 41 515 | 52 633 | 59 523 | 65 593 |
| Surplus / (Deficit) | 5 654 | 8 960 | 14 559 | 22 567 | (1 986) | (7 026) | (23 013) |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 2 795 | 2 749 | 8 186 | – | 24 010 | 25 074 | 26 139 |
| <i>of which: Acquisition of assets</i> | 612 | 235 | 7 338 | – | 13 500 | 8 207 | 8 208 |
| Receivables and prepayments | 370 | 523 | 494 | 543 | 597 | 656 | 722 |
| Cash and cash equivalents | 23 746 | 32 199 | 49 771 | 62 255 | 63 462 | 69 811 | 75 002 |
| Total assets | 26 911 | 35 471 | 58 451 | 62 798 | 88 069 | 95 541 | 101 863 |
| Accumulated surplus / deficit | 24 508 | 33 431 | 54 728 | 58 716 | 81 776 | 88 373 | 93 768 |
| Borrowings | 902 | – | – | – | – | – | – |
| Trade and other payables | 1 501 | 1 291 | 2 931 | 3 210 | 4 632 | 5 095 | 5 605 |
| Liabilities not classified elsewhere | – | 749 | 792 | 872 | 1 661 | 2 073 | 2 490 |
| Total equity and liabilities | 26 911 | 35 471 | 58 451 | 62 798 | 88 069 | 95 541 | 101 863 |

Expenditure trends

The South African Diamond and Precious Metals Regulator's revenue comes from transfers from the Department of Minerals and Energy. From 2007/08 to 2008/09, total revenue increased by 46.8 per cent from R43.7 million to R64.1 million. Transfers received increased by 100 per cent, from R20 million in 2007/08 to R40 million in 2008/09, to accommodate the regulator's expanded mandate due to the inclusion of the Diamond Bourse of South Africa.

The average annual increases of 50.8 per cent between 2005/06 and 2008/09 in compensation of employees 15.1 per cent increase over MTEF period are due to the inclusion of the bourse, as is the 44.7 per cent increase in goods and services in 2007/08.

The increase of 45.2 per cent in carrying value of assets over the seven-year period is due to the Diamond Bourse of South Africa's assets.

Over the MTEF period, total revenue is expected to decrease to an expected R42.6 million in 2011/12 at an average annual rate of 12.7 per cent. Transfers received from the department are set to decrease to R32 million in 2011/12, at an average annual rate of 7.1 per cent.

Over the MTEF period transfers decrease but expenditure increases, therefore the corresponding deficit in the budget. The decrease in transfers is the decision of the Department of Minerals and Energy.

National Nuclear Regulator

Strategic overview: 2005/06 - 2011/12

The National Nuclear Regulator was established in terms of the National Nuclear Regulator Act (1999), which came into effect in February 2000. The act mandates the regulator to regulate diverse activities in the nuclear sector, including the operation of nuclear power plants, power reactors, research reactors, nuclear fuel fabrication, nuclear technology applications, and the mining and processing of uranium and other radioactive ores.

The mandate of the regulator encompasses the provision of protection to persons, property and the environment against nuclear damage by establishing safety standards and regulatory practices, exercising regulatory oversight and control over any action that may cause nuclear damage, and over nuclear installations including vessels propelled by nuclear power or that contain radioactive material. The regulator issues nuclear authorisations and enforces compliance. It has to ensure that provisions for nuclear emergency planning are in place, and ensure compliance with the International Atomic Energy Agency's regulations for safe transport. The regulator is also mandated to advise the Minister of Minerals and Energy on all nuclear related matters.

The National Nuclear Regulator's strategic objectives over the MTEF period are to:

- develop, review and implement regulatory policies and practices and enforce compliance by strengthening the analytical verification capability and capacity of the regulator's laboratory and conducting research that will contribute to strengthening the regulatory regime
- improve the sourcing and talent management of technical experts
- establish partnerships with institutions with credible technical expertise
- optimise resource utilisation in line with the regulator's expansion plans
- improve international cooperation and liaison to enable professionals and specialists from the regulator to extend their knowledge by participating in international forums and technical visits
- strengthen corporate governance by developing and maintaining sound policies and instituting appropriate control.

Selected performance and operations indicators

Table 28.22 National Nuclear Regulator

| Indicator | Past | | | Current | Projections | | |
|-----------------------------------------------------------------------------|---------|---------|---------|---------|-------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Percentage reduction in nuclear related accidents | - | - | - | - | 80% | 90% | 100% |
| Percentage of reporting compliance by regulated operating organisations | - | - | 100% | 100% | 100% | 100% | 100% |
| Percentage of research projects completed against plan | - | - | 100% | 100% | 100% | 100% | 100% |
| Percentage implementation of process based licensing | - | - | 30% | 100% | - | - | - |
| Percentage of authorisation licence holders assessed for safety performance | - | - | 100% | 100% | 100% | 100% | 100% |
| Percentage participation in International Atomic Energy Agency requests | - | - | 100% | 100% | 100% | 100% | 100% |
| Percentage implementation of National Nuclear Regulator's ICT strategy | - | - | - | 50% | 75% | 100% | 100% |

Service delivery and spending focus

For the most part, National Nuclear Regulator authorisation holders complied with the conditions of their authorisation, and in particular with the dose limits for workers and members of the public. Where there was non-compliance, the regulator took enforcement action. Enforcement actions are matched to the extent of non-compliance, and may take the form of written warnings, penalties, the curtailment of operations, the suspension of the authorisation, or, ultimately, the withdrawal of the authorisation.

Communicating with its stakeholders and the public are important and ongoing priorities. To this end, cooperative governance agreements between the regulator and several government departments were concluded in 2008/09. The regulator also conducted numerous public outreach programmes.

Expenditure estimates

Table 28.23 National Nuclear Regulator: Financial information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|------------------------------------------------------|-----------------|---------------|---------------|------------------|----------------------|----------------|-----------------|
| Statement of financial performance | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Revenue | | | | | | | |
| Non-tax revenue | 50 596 | 57 817 | 59 892 | 69 962 | 88 536 | 98 352 | 110 622 |
| Sale of goods and services other than capital assets | 47 825 | 53 456 | 53 247 | 65 444 | 84 167 | 94 119 | 106 311 |
| <i>of which:</i> | | | | | | | |
| Administrative fees | 47 647 | 53 272 | 52 663 | 65 444 | 84 167 | 94 119 | 106 311 |
| Sales by market establishments | 178 | 184 | 584 | – | – | – | – |
| Other non-tax revenue | 2 771 | 4 361 | 6 645 | 4 518 | 4 369 | 4 233 | 4 311 |
| Transfers received | 5 417 | 14 742 | 18 029 | 20 333 | 23 793 | 24 954 | 18 624 |
| Total revenue | 56 013 | 72 559 | 77 921 | 90 295 | 112 329 | 123 306 | 129 246 |
| Expenses | | | | | | | |
| Current expense | 48 591 | 51 940 | 70 635 | 89 253 | 115 431 | 130 041 | 146 052 |
| Compensation of employees | 31 613 | 33 255 | 38 492 | 53 454 | 74 221 | 83 870 | 94 773 |
| Goods and services | 16 168 | 17 904 | 30 675 | 34 044 | 37 340 | 42 194 | 47 229 |
| Depreciation | 810 | 781 | 1 310 | 1 755 | 3 870 | 3 977 | 4 050 |
| Interest, dividends and rent on land | – | – | 158 | – | – | – | – |
| Transfers and subsidies | 3 666 | 1 809 | 1 972 | 2 149 | 2 343 | 2 554 | 2 784 |
| Total expenses | 52 257 | 53 749 | 72 607 | 91 402 | 117 774 | 132 595 | 148 835 |
| Surplus / (Deficit) | 3 756 | 18 810 | 5 314 | (1 107) | (5 445) | (9 289) | (19 589) |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 2 303 | 2 151 | 5 193 | 5 213 | 14 158 | 46 556 | 69 134 |
| <i>of which: Acquisition of assets</i> | 1 009 | 629 | 4 352 | 1 775 | 12 815 | 36 374 | 26 628 |
| Receivables and prepayments | 2 412 | 7 854 | 7 076 | 6 160 | 6 714 | 7 318 | 2 300 |
| Cash and cash equivalents | 50 984 | 65 808 | 75 503 | 83 123 | 54 508 | 30 490 | 29 173 |
| Total assets | 55 699 | 75 813 | 87 772 | 94 496 | 75 380 | 84 364 | 100 607 |
| Accumulated surplus / deficit | 5 280 | 24 121 | 29 412 | 32 714 | 30 620 | 39 458 | 71 782 |
| Post-retirement benefits | 27 937 | 29 718 | 28 500 | 33 280 | 18 000 | 19 080 | 20 225 |
| Trade and other payables | 1 884 | 1 568 | 6 406 | 7 560 | 5 600 | 4 500 | 5 400 |
| Provisions | 2 598 | 2 406 | 4 516 | 2 942 | 3 160 | 3 326 | 3 200 |
| Liabilities not classified elsewhere | 18 000 | 18 000 | 18 938 | 18 000 | 18 000 | 18 000 | – |
| Total equity and liabilities | 55 699 | 75 813 | 87 772 | 94 496 | 75 380 | 84 364 | 100 607 |

Expenditure trends

The National Nuclear Regulator's revenue comprises government transfers and service fees, including administration fees for nuclear installations licence applications. Transfer payments to the National Nuclear Regulator increased from R5.4 million in 2005/06 to R20.3 million in 2008/09, at an average annual rate of 55.4 per cent. Over the MTEF period, transfers received decline from R23.8 million in 2009/10 to R18.6 million in 2011/12, at an average annual rate of 11.5 per cent.

Increasing its staff complement to strengthen its regulatory capacity is one of the regulator's main cost drivers. This is reflected in the increase in compensation of employees of 38.9 per cent in both 2008/09 and 2009/10.

Central Energy Fund

Strategic overview: 2005/06 - 2011/12

The Central Energy Fund is a state owned entity classified under schedule 2 of the Public Finance Management Act (1999), and also governed by the Companies Act (1973) and the Central Energy Fund Act (1977).

The objectives of the Central Energy Fund are to promote the acquisition of coal, the exploitation of coal deposits, the manufacture of liquid fuel, oil and other products from coal, and to market these products, and to promote the acquisition, generation, manufacture, marketing or distribution of any other forms of energy, and related research.

South Africa has locational advantages compared to other African countries due to its established infrastructure networks, which enable and drive investment interests in both renewable energy and energy efficiency. The multiple studies undertaken by the Department of Minerals and Energy have stimulated investor and private developer interests.

The fund's organisational objectives for 2008/09 were to ensure the security of the supply of liquid fuels, contribute to meeting the renewable energy targets in the 2003 White Paper on Renewable Energy, diversify its objectives and activities to include alternative forms of energy, manage its business to the benefit of all South Africans, and manage government strategic stocks.

Service delivery and spending focus

During 2008/09, the most noticeable achievement was the launch of the Philips joint venture to construct an assembly line to manufacture compact fluorescent light bulbs in Lesotho. The Cradock ethanol project has also been approved by the board, signalling the potential for the first industrial fuel grade ethanol plant in South Africa. Two projects are under way in Western Cape: the Darling wind power project, which was switched on in May 2008, and the photovoltaic project, which was brought to financial closure. Sasol, the Industrial Development Corporation and the National Empowerment Fund, together with Central Energy Fund, are deliberating on how to take this forward.

The fund's development projects include the paraffin safety project, which is investigating the safer use of illuminating paraffin in low income households. The rollout of the top down coal fire ignition technique, which reduces emission levels by up to 60 per cent, has progressed on schedule in both Soweto and Alexandra. A closer collaboration has been established with the Department of Environmental Affairs and Tourism, which is primarily responsible for monitoring air quality.

The current investigations into long term investment options in the energy sector, particularly in biofuels, are anticipated to be concluded during 2009/10.

The Johannesburg stock exchange has recently expressed interest in developing a carbon trading note, following other developed countries which are already promoting carbon trading. A carbon hub has been established as a joint venture between Norwegian based GreenStream Network based and CEF Carbon. CEF Carbon has also established an office in London.

The low smoke fuel project remains the flagship project, and the project is on target to deliver the final bankable report in the first quarter of 2009/10. Low smoke fuel is due to supply 1.5 per cent of South Africa's oil requirements.

Landfill gas opportunities are a priority because of their financial relationship with the carbon business. Landfill gas projects will remain the second main thrust for the Central Energy Fund during 2009/10.

The solar water heating pilot project sponsored by the Central Energy Fund and the United Nations Development Programme was completed last year. The Central Energy Fund aims to deliver 60 000 solar water heaters to the Nelson Mandela municipality over the next few years.

Expenditure estimates

Table 28.24 Central Energy Fund: Financial information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|------------------------------------------------------|-------------------|-------------------|-------------------|--------------------|----------------------|-------------------|-------------------|
| Statement of financial performance | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Revenue | | | | | | | |
| Non-tax revenue | 8 596 394 | 11 756 632 | 14 926 019 | 13 302 763 | 12 911 814 | 17 247 120 | 16 063 652 |
| Sale of goods and services other than capital assets | 7 553 189 | 8 951 756 | 11 020 476 | 10 475 061 | 11 043 259 | 15 318 603 | 14 599 652 |
| <i>of which:</i> | | | | | | | |
| Administrative fees | – | – | – | 310 880 | 1 505 719 | 5 116 902 | 4 272 115 |
| Sales by market establishments | 7 553 189 | 8 951 756 | 11 020 476 | 10 164 181 | 9 537 540 | 10 201 701 | 10 327 537 |
| Other non-tax revenue | 1 043 205 | 2 804 876 | 3 905 543 | 2 827 702 | 1 868 555 | 1 928 517 | 1 464 000 |
| Total revenue | 8 596 394 | 11 756 632 | 14 926 019 | 13 302 763 | 12 911 814 | 17 247 120 | 16 063 652 |
| Expenses | | | | | | | |
| Current expense | 5 675 754 | 8 403 927 | 11 835 532 | 18 071 353 | 13 788 925 | 13 887 901 | 12 828 566 |
| Compensation of employees | 849 164 | 124 445 | 201 386 | 193 523 | 194 649 | 199 116 | 203 055 |
| Goods and services | 3 943 650 | 7 023 996 | 10 379 727 | 17 855 250 | 13 570 141 | 13 530 579 | 12 554 811 |
| Depreciation | 749 880 | 924 095 | 935 568 | 22 580 | 24 135 | 23 312 | 23 622 |
| Interest, dividends and rent on land | 133 060 | 331 391 | 318 851 | – | – | 134 894 | 47 078 |
| Total expenses | 5 768 555 | 8 747 599 | 12 761 576 | 18 072 169 | 13 789 784 | 13 888 760 | 12 829 419 |
| Surplus / (Deficit) | 2 827 839 | 3 009 033 | 2 164 443 | (4 769 406) | (877 970) | 3 358 360 | 3 234 233 |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 3 601 122 | 4 607 639 | 5 270 189 | 3 339 932 | 13 455 975 | 18 738 115 | 21 505 666 |
| <i>of which: Acquisition of assets</i> | 503 471 | 1 253 647 | 1 573 601 | – | 10 140 178 | 5 305 452 | 2 791 173 |
| Investments | 667 364 | 738 601 | 736 484 | 4 300 | 3 563 | 2 972 | 2 495 |
| Inventory | 2 867 779 | 3 024 552 | 3 947 908 | 2 702 906 | 3 113 065 | 3 118 540 | 3 123 891 |
| Loans | 62 304 | 82 028 | 133 407 | – | – | – | – |
| Receivables and prepayments | 1 234 411 | 1 698 726 | 2 658 422 | 2 129 747 | 1 785 591 | 1 813 663 | 1 915 230 |
| Cash and cash equivalents | 12 227 212 | 14 975 177 | 16 949 062 | 15 315 178 | 10 120 317 | 4 531 580 | 5 745 726 |
| Assets not classified elsewhere | – | 87 167 | 78 423 | 1 348 062 | 2 678 496 | 5 649 525 | 10 292 269 |
| Total assets | 20 660 192 | 25 213 890 | 29 773 895 | 24 840 125 | 31 157 007 | 33 854 395 | 42 585 277 |
| Accumulated surplus / deficit | 15 826 366 | 18 802 861 | 20 967 304 | – | – | – | – |
| Capital and reserves | – | 39 646 | 57 726 | 19 436 864 | 20 193 839 | 19 315 009 | 22 672 511 |
| Borrowings | 734 584 | 674 500 | 517 467 | 891 752 | 5 307 207 | 8 569 037 | 13 410 276 |
| Trade and other payables | 1 228 556 | 1 258 281 | 2 589 666 | 1 652 754 | 1 859 806 | 1 903 003 | 2 027 993 |
| Provisions | 2 870 686 | 3 522 587 | 4 103 087 | 2 857 983 | 3 795 383 | 4 066 574 | 4 473 725 |
| Liabilities not classified elsewhere | – | 916 015 | 1 538 645 | 772 | 772 | 772 | 772 |
| Total equity and liabilities | 20 660 192 | 25 213 890 | 29 773 895 | 24 840 125 | 31 157 007 | 33 854 395 | 42 585 277 |

Expenditure trends

The Central Energy Fund is self financing, mainly from income generated from operations, especially dividends received from its subsidiary PetroSA. However, the depletion of the gas reserves places the Central Energy Fund group of companies at risk, and it is imperative that the Central Energy Fund explore other sources of gas to sustain its financial position and strengthen its cash reserves.

Electricity Distribution Industry Holdings Company

Strategic overview: 2005/06 - 2011/12

The Electricity Distribution Industry Holdings Company was established to assist government to address the challenges in the electricity distribution industry and thus facilitate the restructuring process of the industry. The aim of the restructuring is to provide all South Africans, including the poorest, with affordable, reliable and sustainable electricity, which will lead to an improved standard of living. The restructuring is being facilitated

by an interdepartmental task team comprising the departments of minerals and energy, public enterprises, and provincial and local government, and National Treasury, and the Electricity Distribution Industry Holdings Company.

In October 2006, Cabinet approved the establishment of six wall-to-wall regional electricity distributors, and that they should be public entities. The Electricity Distribution Industry Holdings Company was tasked to model the financial viability of the distributors. However, there are challenges stalling progress in institutionalising the regional electricity distributors. One of the remaining challenges is the lack of an approved legislative framework. For instance, the Regional Electricity Distributors Establishment Bill was sent back by Cabinet with a directive for further consultations in the last quarter of 2008/09. Transitional arrangements among the sector government departments have not been finalised and endorsed by the key players, leading to further delays.

Selected performance and operations indicators

Table 28.25 Electricity Distribution Industry Holdings

| Indicator | Past | | | Current | Projections | | |
|----------------------------------------------------------------------------|---------|---------|---------|---------|-------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Number of accession agreements signed by local municipalities (out of 187) | - | - | - | 137 | 50 | - | - |

Service delivery and spending focus

In 2007/08, the Municipal Fiscal Powers and Functions Act (2007) was enacted. Its aim is to outline the roles and functions of local government within government's delivery machinery, and in particular to regulate the powers of municipalities by outlining how service surcharges should be levied.

Expenditure estimates

Table 28.26 Electricity Distribution Industry Holdings: Financial information

| R thousand | Audited outcome | | | Revised estimate | Medium-term estimate | | |
|----------------------------------------|-----------------|---------|---------|------------------|----------------------|---------|----------|
| Statement of financial performance | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Revenue | | | | | | | |
| Non-tax revenue | 1 157 | 1 385 | 17 975 | 950 | 550 | 578 | 606 |
| <i>Other non-tax revenue</i> | 1 157 | 1 385 | 17 975 | 950 | 550 | 578 | 606 |
| Transfers received | 64 776 | 67 794 | 81 878 | 69 250 | 72 214 | 75 595 | 58 511 |
| Total revenue | 65 933 | 69 179 | 99 853 | 70 200 | 72 764 | 76 173 | 59 117 |
| Expenses | | | | | | | |
| Current expense | 65 837 | 71 125 | 97 220 | 76 861 | 70 568 | 75 634 | 79 476 |
| Compensation of employees | 32 908 | 33 183 | 44 219 | 55 826 | 58 617 | 61 548 | 64 626 |
| Goods and services | 29 352 | 34 465 | 49 955 | 17 588 | 8 676 | 10 975 | 11 895 |
| Depreciation | 3 577 | 3 477 | 3 046 | 3 447 | 3 275 | 3 111 | 2 955 |
| Transfers and subsidies | 167 | - | - | - | - | - | - |
| Total expenses | 66 004 | 71 125 | 97 220 | 76 861 | 70 568 | 75 634 | 79 476 |
| Surplus / (Deficit) | (71) | (1 946) | 2 633 | (6 661) | 2 196 | 538 | (20 359) |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 10 398 | 7 069 | 9 377 | 6 880 | 7 297 | 6 525 | 5 966 |
| <i>of which: Acquisition of assets</i> | 309 | 190 | 4 413 | 950 | 998 | 1 047 | 1 100 |
| Investments | 14 191 | - | - | - | - | - | - |
| Receivables and prepayments | - | 799 | 409 | - | - | - | - |
| Cash and cash equivalents | 1 269 | 91 051 | 269 732 | 2 433 | 4 796 | 6 950 | 8 901 |
| Total assets | 25 858 | 98 919 | 279 518 | 9 313 | 12 093 | 13 475 | 14 867 |
| Accumulated surplus / deficit | 13 400 | 11 454 | 14 087 | 7 426 | 7 426 | 7 426 | 7 426 |
| Trade and other payables | 6 452 | 5 436 | 18 012 | 1 887 | 4 667 | 6 050 | 7 440 |
| Provisions | 6 006 | 3 517 | 2 932 | - | - | - | - |
| Liabilities not classified elsewhere | - | 78 512 | 244 487 | - | - | - | - |
| Total equity and liabilities | 25 858 | 98 919 | 279 518 | 9 313 | 12 093 | 13 476 | 14 866 |

Expenditure trends

The Electricity Distribution Industry Holdings Company derives its revenue from: transfers from the Department of Minerals and Energy, funding provided by the National Energy Regulator of South Africa from the tariff (as part of the electricity distribution restructuring process), donor funding, and the sale of capital goods. Transfer payments increased from R64.8 million in 2005/06 to R69.3 million in 2008/09, at an average annual rate of 2.3 per cent. Over the MTEF period, expenditure will increase from R70.6 million in 2009/10 to R79.5 million in 2011/12, at an average annual rate of 6.1 per cent, while transfers received will decrease to R58.5 million, at an average annual rate of 5.5 per cent

National Energy Regulator of South Africa

Strategic overview: 2005/06 - 2011/12

The National Energy Regulator of South Africa is a regulatory authority established in terms of the National Energy Regulator Act (2004).

Its regulatory functions include: issuing licences with conditions; setting and approving tariffs and prices; monitoring and enforcing compliance with licence conditions; dispute resolution including mediation, arbitration and the handling of complaints; setting rules, guidelines and codes for the regulation of the three industries (electricity, piped gas and petroleum pipelines); determining the conditions of supply and applicable standards; promoting BEE and competition in the three industries; promoting the improved efficiency of the energy industry; and consulting with government departments and other bodies on developments in the industry.

Its strategic priorities are to: implement energy policy, law and regulations; identify, develop and implement energy rules; establish the credibility, legitimacy and sustainability of the regulator as independent and transparent; create an effective organisation that delivers on its mandate and purpose; and evaluate the regulator's effectiveness.

Recent policy and legislative developments that impact on the regulator are the electricity pricing policy and the National Energy Act (2008).

Selected performance and operations indicators

Table 28.27 National Energy Regulator of South Africa

| Indicator | Past | | | Current | Projections | | |
|---------------------------------------|---------|---------|---------|---------|-------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Number of technical audits completed | – | 11 | 17 | 17 | 17 | 17 | 17 |
| Number of compliance audits completed | – | 19 | 20 | 20 | 20 | 20 | 20 |

Service delivery and spending focus

In 2008/09, the National Energy Regulator of South Africa approved Eskom's generation licence application for the Medupi power station and the return to service applications for the Komati and Grootvlei power stations. Although the third national integrated resource plan has not yet been completed, the electricity resource needs analysis for the third and fourth stages has been undertaken. The regulator announced its final determination on Eskom's electricity price increase application and municipal electricity tariff guideline and benchmarks for 2008/09 by granting Eskom an overall tariff increase of 27.5 per cent. The regulator commissioned an enquiry into Eskom's load shedding strategy and compiled a report with its findings. The regulator approved 147 municipal tariff applications that were part of the July 2008 implementation process.

In the piped gas industry, the pricing provisions of schedule 1 of the agreements between government and Sasol concerning the gas pipeline from Mozambique were concluded. The price capping mechanism was also completed. Public hearings were held on Sasol Gas's application to operate existing gas distribution facilities in 84 areas in Gauteng, Mpumalanga and Free State and the trading in gas in these areas. 10 gas construction licences were awarded, 6 distribution construction licences and 7 construction licences.

In the petroleum pipeline industry, the regulator awarded Transnet Pipelines a licence to construct the new R12.7 billion multiple product pipeline from Durban to Johannesburg, following a public hearing. The backlog

in licensing existing facilities has been substantially reduced: only small and complex storage facilities licences are outstanding. A construction licence was awarded to the Airports Company of South Africa for constructing storage facilities for the King Shaka International Airport in Durban. The petroleum pipelines regulations were gazetted in April 2008 and the Petroline tariff was approved in July 2008.

Expenditure estimates

Table 28.28 National Energy Regulator of South Africa: Financial information

| R thousand | | | | | | | |
|------------------------------------------------------|-----------------|----------------|----------------|-----------------------------|----------------------|-----------------|----------------|
| Statement of financial performance | Audited outcome | | | Revised estimate 2008/09 | Medium-term estimate | | |
| | 2005/06 | 2006/07 | 2007/08 | | 2009/10 | 2010/11 | 2011/12 |
| Revenue | | | | | | | |
| Non-tax revenue | 69 950 | 167 529 | 142 435 | 117 737 | 143 980 | 187 426 | 216 983 |
| Sale of goods and services other than capital assets | 66 238 | 165 270 | 137 193 | 112 876 | 139 054 | 182 091 | 210 951 |
| <i>of which:</i> | | | | | | | |
| <i>Administrative fees</i> | 66 238 | – | – | – | – | – | – |
| <i>Sales by market establishments</i> | – | 165 270 | 137 193 | 112 876 | 139 054 | 182 091 | 210 951 |
| <i>Other non-tax revenue</i> | 3 712 | 2 259 | 5 242 | 4 861 | 4 926 | 5 335 | 6 032 |
| Total revenue | 69 950 | 167 529 | 142 435 | 117 737 | 143 980 | 187 426 | 216 983 |
| Expenses | | | | | | | |
| Current expense | 73 222 | 87 007 | 106 083 | 112 879 | 182 743 | 199 419 | 210 512 |
| Compensation of employees | 36 150 | 41 004 | 45 926 | 49 166 | 71 186 | 76 881 | 81 341 |
| Goods and services | 34 767 | 39 551 | 53 624 | 56 956 | 102 143 | 108 007 | 114 270 |
| Depreciation | 2 305 | 3 219 | 3 631 | 3 864 | 9 142 | 14 114 | 14 572 |
| Interest, dividends and rent on land | – | 3 233 | 2 902 | 2 893 | 272 | 417 | 329 |
| Total expenses | 73 222 | 87 007 | 106 083 | 112 879 | 182 743 | 199 419 | 210 512 |
| Surplus / (Deficit) | (3 272) | 80 522 | 36 352 | 4 858 | (38 763) | (11 993) | 6 471 |
| Statement of financial position | | | | | | | |
| Carrying value of assets | 25 738 | 27 822 | 41 272 | 41 982 | 44 868 | 43 503 | 42 421 |
| <i>of which: Acquisition of assets</i> | 6 633 | 5 350 | 4 547 | 4 654 | 12 028 | 12 749 | 13 490 |
| Inventory | – | 263 | 319 | 400 | 350 | 367 | 360 |
| Receivables and prepayments | 725 | 42 762 | 19 726 | 15 781 | 12 624 | 10 010 | 8 080 |
| Cash and cash equivalents | 22 727 | 63 147 | 117 804 | 120 814 | 78 948 | 69 040 | 77 140 |
| Total assets | 49 190 | 133 994 | 179 121 | 178 977 | 136 790 | 122 920 | 128 001 |
| Accumulated surplus / deficit | 34 350 | 103 656 | 140 276 | 145 134 | 106 371 | 94 378 | 100 849 |
| Capital and reserves | – | 9 205 | 21 590 | 21 590 | 21 590 | 21 590 | 21 590 |
| Borrowings | – | 2 387 | 1 737 | 1 390 | 139 | – | – |
| Trade and other payables | 14 840 | 18 746 | 15 518 | 10 863 | 8 690 | 6 952 | 5 562 |
| Total equity and liabilities | 49 190 | 133 994 | 179 121 | 178 977 | 136 790 | 122 920 | 128 001 |

Expenditure trends

The National Energy Regulator of South Africa's revenue is derived from levies paid by the three regulated sectors, and from the sale of goods and services other than capital assets. Between 2005/06 and 2008/09, total revenue increased from R70 million to R117.7 million, at an average annual rate of 19 per cent. Over the MTEF period, total revenue is expected to increase to R217 million in 2011/12, at an average annual rate of 22.6 per cent.

The increase in compensation of employees of 44.8 per cent in 2009/10 is due to expanding the regulator's establishment. The increase in goods and services of 79.3 per cent in the same year is to increase the regulator's regulatory scope.

Public Entity

State Diamond Trader

Strategic overview: 2005/06 - 2011/12

The State Diamond Trader was established in terms of the Diamond Act (1986), as amended, as a government intervention in the diamond market. It began its operations in September 2007.

It promotes equitable access to and beneficiation of diamond resources, addresses distortions in the diamond industry, and corrects historical market failures to develop and grow South Africa's diamond cutting and polishing industry. Big mining companies export almost all diamonds mined in South Africa. The trader has a legislated mandate to buy up to 10 per cent of all rough diamonds from each mining company each year, and then sell those diamonds to local manufacturers to be locally beneficiated. This will improve both skills and the beneficiation industry in South Africa and therefore contribute to GDP growth.

Service delivery and spending focus

In January 2008, the State Diamond Trader's first cycle of rough diamonds was valued at R19.9 million. It took 5 weeks to sell all the diamonds. The second cycle, bought in February 2008, was sold in 4 weeks. The third cycle was bought in March 2008.

By the end of 2007/08, the trader had achieved sales of R48 million and had an inventory of R23 million.

A key target is to buy up to 10 per cent of rough diamonds from each mining company. Currently, the relatively new trader is only buying from De Beers. The trader has limited borrowing powers and this directly affects its ability to buy diamonds. The trader will first demonstrate that it is feasible and viable on a small scale, and its borrowing powers will increase gradually. The trader will reinvest profits to work towards achieving the 10 per cent target.

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 | 2007/08 | | 2007/08 | 2008/09 | | | 2008/09 |
| 1. Administration | 175 252 | 179 602 | 191 394 | 209 498 | 10 993 | 220 491 | 220 491 |
| 2. Promotion of Mine Safety and Health | 124 845 | 121 845 | 104 283 | 129 753 | (2 800) | 126 953 | 126 953 |
| 3. Mineral Regulation | 151 847 | 157 087 | 137 800 | 167 161 | (5 020) | 162 141 | 162 141 |
| 4. Mineral Policy and Promotion | 70 140 | 70 140 | 73 554 | 57 535 | 7 410 | 64 945 | 64 945 |
| 5. Hydrocarbons and Energy Planning | 52 600 | 52 334 | 35 632 | 65 097 | (19 186) | 45 911 | 45 911 |
| 6. Electricity, Nuclear and Clean Energy | 57 970 | 60 470 | 86 662 | 61 991 | 199 421 | 261 412 | 261 412 |
| 7. Associated Services | 2 333 459 | 2 333 459 | 2 318 042 | 2 904 388 | – | 2 904 388 | 2 803 130 |
| Total | 2 966 113 | 2 974 937 | 2 947 367 | 3 595 423 | 190 818 | 3 786 241 | 3 684 983 |

| Economic classification | | | | | | | |
|--------------------------------------------------|------------------|------------------|------------------|------------------|----------------|------------------|------------------|
| Current payments | 574 130 | 582 271 | 573 385 | 645 584 | 8 745 | 654 329 | 654 329 |
| Compensation of employees | 323 503 | 317 453 | 290 561 | 360 221 | (11 123) | 349 098 | 349 098 |
| Goods and services | 250 627 | 264 818 | 277 222 | 285 363 | 19 868 | 305 231 | 305 231 |
| Financial transactions in assets and liabilities | – | – | 5 602 | – | – | – | – |
| Transfers and subsidies | 2 382 824 | 2 383 507 | 2 366 512 | 2 939 959 | 180 275 | 3 120 234 | 3 018 976 |
| Provinces and municipalities | 467 827 | 467 827 | 462 507 | 595 637 | – | 595 637 | 494 379 |
| Departmental agencies and accounts | 247 721 | 262 148 | 262 148 | 257 164 | – | 257 164 | 257 164 |
| Public corporations and private enterprises | 1 666 111 | 1 652 367 | 1 639 783 | 2 085 935 | 180 100 | 2 266 035 | 2 266 035 |
| Non-profit institutions | – | – | – | – | 100 | 100 | 100 |
| Households | 1 165 | 1 165 | 2 074 | 1 223 | 75 | 1 298 | 1 298 |
| Payments for capital assets | 9 159 | 9 159 | 7 470 | 9 880 | 1 798 | 11 678 | 11 678 |
| Machinery and equipment | 7 659 | 7 659 | 5 272 | 8 380 | 1 000 | 9 380 | 9 380 |
| Software and intangible assets | 1 500 | 1 500 | 2 198 | 1 500 | – | 1 500 | 1 500 |
| Land and subsoil assets | – | – | – | – | 798 | 798 | 798 |
| Total | 2 966 113 | 2 974 937 | 2 947 367 | 3 595 423 | 190 818 | 3 786 241 | 3 684 983 |

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

| | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---------------------------------------------------|-----------------|----------------|----------------|------------------------|----------------------------------|----------------|----------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Permanent and full time contract employees | | | | | | | |
| Compensation (R thousand) | 213 026 | 239 103 | 273 053 | 330 696 | 374 958 | 405 825 | 429 895 |
| Unit cost (R thousand) | 215 | 216 | 205 | 232 | 257 | 275 | 291 |
| Personnel numbers (head count) | 992 | 1 107 | 1 331 | 1 428 | 1 459 | 1 475 | 1 476 |
| Part time and temporary contract employees | | | | | | | |
| Compensation (R thousand) | 2 628 | 1 879 | 1 992 | 2 111 | 2 217 | 2 328 | 2 461 |
| Unit cost (R thousand) | 38 | 37 | 39 | 41 | 43 | 46 | 48 |
| Personnel numbers (head count) | 70 | 51 | 51 | 51 | 51 | 51 | 51 |
| Interns | | | | | | | |
| Compensation of interns (R thousand) | 1 416 | 5 172 | 15 516 | 16 291 | 17 105 | 17 960 | 18 983 |
| Unit cost (R thousand) | 24 | 18 | 56 | 58 | 61 | 64 | 68 |
| Number of interns | 59 | 284 | 279 | 280 | 280 | 280 | 280 |
| Total for department | | | | | | | |
| Compensation (R thousand) | 217 070 | 246 154 | 290 561 | 349 098 | 394 280 | 426 113 | 451 339 |
| Unit cost (R thousand) | 194 | 171 | 175 | 198 | 220 | 236 | 250 |
| Personnel numbers (head count) | 1 121 | 1 442 | 1 661 | 1 759 | 1 790 | 1 806 | 1 807 |

Table 28.C Summary of expenditure on training

| | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|-------------------------------------------------|-----------------|---------|---------|------------------------|----------------------------------|---------|---------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Compensation of employees (R thousand) | 217 070 | 246 154 | 317 453 | 360 221 | 394 280 | 426 113 | 451 339 |
| Training expenditure (R thousand) | 2 930 | 2 082 | 2 441 | 5 474 | 10 632 | 11 185 | 11 713 |
| Training as percentage of compensation | 1.3% | 0.8% | 0.8% | 1.5% | 2.7% | 2.6% | 2.6% |
| Total number trained in department (head count) | 455 | 623 | 279 | – | | | |
| <i>of which:</i> | | | | | | | |
| Employees receiving bursaries (head count) | 76 | 117 | 67 | – | | | |
| Internships trained (head count) | 59 | 284 | 279 | – | | | |

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

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|-----------------------------------------------------|-----------------|----------------|----------------|------------------------|----------------------------------|------------------|------------------|
| | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 |
| Conditional grants to municipalities | | | | | | | |
| 6. Electricity, Nuclear and Clean Energy | | | | | | | |
| Electricity demand side management programme | – | – | – | – | 175 000 | 220 000 | 280 000 |
| 7. Associated Services | | | | | | | |
| Integrated national electrification programme grant | 297 497 | 390 734 | 462 492 | 595 637 | 932 957 | 1 020 104 | 1 096 612 |
| Total | 297 497 | 390 734 | 462 492 | 595 637 | 1 107 957 | 1 240 104 | 1 376 612 |

1. Detail provided in the Division of Revenue Act (2009)

Table 28.E Summary of donor funding

| Donor | Project | Departmental programme name | Amount committed | Main economic classification | Spending focus | Audited outcome | | | Estimate 2008/09 | Medium-term expenditure estimate | | |
|-----------------|-----------------------------------------------------------------------------------------|---------------------------------------|------------------|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------|--------------|------------------|----------------------------------|----------|----------|
| | | | | | | 2005/06 | 2006/07 | 2007/08 | | 2009/10 | 2010/11 | 2011/12 |
| R thousand | | | | | | | | | | | | |
| Foreign In cash | | | | | | | | | | | | |
| Norway | Petroleum sector policy capacity building | Hydrocarbons and Energy Planning | - | Goods and services | Petroleum sector policies developed, research conducted and capacity building provided | 7 253 | 3 000 | 2 515 | - | - | - | - |
| | Electricity sector policy capacity | Electricity, Nuclear and Clean Energy | - | Goods and services | Training and capacity building in nuclear fields | 584 | 1 | 89 | - | - | - | - |
| | RSA-3001 South African energy sector policy research and capacity development programme | Electricity, Nuclear and Clean Energy | 9 058 | Departmental agencies and accounts | Compiled and published quality of electricity supply policy and regulations. Also developed national electricity pricing policy | - | - | - | 6 109 | 2 848 | - | - |
| | RSA-3001 South African energy sector policy research and capacity development programme | Hydrocarbons and Energy Planning | 20 366 | Compensation of employees | Training of petroleum controller staff, review of the petroleum pricing policy, and development of energy security master plan | - | - | - | 7 901 | 11 153 | - | - |
| Denmark | Designated national authority | Electricity, Nuclear and Clean Energy | - | Goods and services | Designated national authority established | 272 | 19 | 716 | 661 | - | - | - |
| | Cabeere project support | Electricity, Nuclear and Clean Energy | - | Goods and services | Renewable energy and energy efficiency service providers database established | - | 262 | - | - | - | - | - |
| | Darling wind farm project | Electricity, Nuclear and Clean Energy | - | Public corporations and private enterprises | Development of Darling wind farm as part of a pilot project in the fields of renewable energy | - | 17 049 | - | 2 527 | - | - | - |
| Total | | | 29 424 | | | 8 109 | 20 331 | 3 320 | 17 198 | 14 001 | - | - |

Table 28.F Summary of expenditure on infrastructure

| R thousand | Type of infrastructure | Service delivery outputs | Current project stage | Total project cost | Audited outcome | | | Adjusted appropriation | | | Medium-term expenditure estimate | |
|--------------|---------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------|------------------|------------------|------------------------|------------------|------------------|----------------------------------|---|
| | | | | | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | |
| | Mega projects or programmes (over R300 million per year for a minimum of three years or R300 million total project cost) | | | | | | | | | | | |
| | National electrification programme: Eskom | Electrification backlog of permanently occupied residential | To implement the integrated national electrification programme by providing capital subsidies to Eskom to address the electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation of infrastructure | - | 783 469 | 893 165 | 973 083 | 1 150 758 | 1 467 365 | 1 751 780 | 1 873 367 | |
| | National electrification programme: Municipalities | Electrification backlog of permanently occupied residential | To implement the integrated national electrification programme by providing capital subsidies to municipalities to address the electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation and refurbishment of electricity infrastructure in order to improve quality of electrification infrastructure | - | 297 497 | 390 734 | 467 827 | 595 637 | 932 957 | 1 020 104 | 1 096 612 | |
| | Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period) | | | | | | | | | | | |
| | Integrated national electrification programme: Eradication of backlogs in electrification on schools and clinics | Electrification backlog of schools and clinics | To implement the programme integrated national electrification programme by providing capital subsidies to Eskom in order to address the electrification backlogs of schools and clinics | - | - | - | 45 000 | 90 000 | 148 950 | - | - | - |
| | Demand side management: Municipalities | Rollout of compact fluorescent light bulbs | To provide for the replacement of light bulbs in the rural areas as trained workers from the Working for Water campaign could be used | - | - | - | - | - | 175 000 | 220 000 | 280 000 | |
| | Demand side Management: Eskom | Rollout of compact fluorescent light bulbs | To provide for the replacement of light bulbs in the rural areas as trained workers from the Working for Water campaign could be used | - | - | - | - | 180 000 | 74 475 | 108 900 | 118 800 | |
| Total | | | | - | 1 080 966 | 1 283 899 | 1 485 910 | 2 016 395 | 2 798 747 | 3 100 784 | 3 368 779 | |