

Vote 28

Minerals and Energy

Adjusted budget summary

2009/10				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	4 647 196	4 682 004	–	34 808
of which:				
Current payments	678 584	703 390	–	24 806
Transfers and subsidies	3 957 423	3 967 356	–	9 933
Payments for capital assets	11 189	11 258	–	69
Executive authority	Minister of Energy			
Executive authority	Minister of Mineral Resources			
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.

Reorganisation of department

In terms of the revised government structure the Department of Minerals and Energy will be split into two departments: the Ministry of Mineral Resources and the Ministry of Energy.

Mid-year performance status

Indicator	Programme	Annual performance		
		Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September)	Change in estimate for 2009/10
As published in the 2009 ENE	Programme linked to the indicator			
Number of occupational health and safety inspections and mine audits conducted each year	Promotion of Mine Safety and Health	12 700	2 880 ¹	9 100
Number of rights granted to historically disadvantaged South Africans each year	Mineral Regulation	27	0	–
Number of women led companies licensed each year	Mineral Regulation	18	0	–
Number of charter inspections conducted each year	Mineral Regulation	140	0	–
Number of small to medium mining enterprises supported each year	Mineral Policy and Promotion	48	49	–
Number of random site inspections conducted each year	Hydrocarbons and Energy Planning	1 800	678	1 200
Number of sites where fuel samples were taken each year	Hydrocarbons and Energy Planning	120	0	60
Number of compliance audit certificates issued each year	Hydrocarbons and Energy Planning	4	0	1
Number of operational integrated energy centres each year	Hydrocarbons and Energy Planning	2	0	–
Number of new households electrified each year	Associated Services	150 000	12 040	–
Number of new schools electrified each year	Associated Services	2 500	196	1 600

Indicator	Programme	Annual performance		
As published in the 2009 ENE	Programme linked to the indicator	Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September)	Change in estimate for 2009/10
Number of bulk substations built	Associated Services	10	5	–
Number of temporary jobs created each year	Associated Services	4 500	2 061	–
Number of full time jobs created each year	Associated Services	500	1 812	–
Number of learners participating in electrification projects each year	Associated Services	800	795	–
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	R933m	R261m	–
Number of subsidised renewable energy projects each year	Electricity, Nuclear and Clean Energy	4	2	–

1. End of August 2009

The estimated number of occupational health and safety inspections and mine audits conducted in 2009/10 has been decreased, because the definition of an audit changed.

The estimated number of random site inspections in 2009/10 has been decreased, due to reprioritisation in the department's budgetary allocations.

The estimated number of sites where fuel samples are taken in 2009/10 has been decreased, due to reprioritisation in the department's budgetary allocations.

The estimated number of compliance audit certificates issued in 2009/10 has been decreased, due to reprioritisation in the department's budgetary allocations.

The estimated number of new schools electrified in 2009/10 has been decreased, because of incorrect data on what the backlog is.

The indicator "Number of full time jobs created" is in the process of being reviewed.

Adjusted Estimates of National Expenditure 2009

Programme		2009/10						Adjusted appropriation
		Additional appropriation					Total additional appropriation	
R thousand	Main appropriation	Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
1. Administration	229 282	4 015	18 060	–	–	–	22 075	251 357
2. Promotion of Mine Safety and Health	133 027	–	–	–	–	–	–	133 027
3. Mineral Regulation	168 066	–	–	–	–	–	–	168 066
4. Mineral Policy and Promotion	62 363	2 200	–	–	–	–	2 200	64 563
5. Hydrocarbons and Energy Planning	55 285	–	–	–	–	–	–	55 285
6. Electricity, Nuclear and Clean Energy	338 363	–	1 600	–	–	–	1 600	339 963
7. Associated Services	3 660 810	–	8 933	–	–	–	8 933	3 669 743
Total	4 647 196	6 215	28 593	–	–	–	34 808	4 682 004

R thousand	2009/10							Adjusted appropriation
	Main appropriation	Additional appropriation					Total additional appropriation	
		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
Economic classification								
Current payments	678 584	5 215	19 660	(69)	–	–	24 806	703 390
Compensation of employees	394 280	–	11 160	(4 756)	–	–	6 404	400 684
Goods and services	284 304	5 215	8 500	4 687	–	–	18 402	302 706
Transfers and subsidies	3 957 423	1 000	8 933	–	–	–	9 933	3 967 356
Provinces and municipalities	1 107 957	–	–	–	–	–	–	1 107 957
Departmental agencies and accounts	270 025	1 000	3 191	–	–	–	4 191	274 216
Public corporations and private enterprises	2 578 157	–	5 742	–	–	–	5 742	2 583 899
Households	1 284	–	–	–	–	–	–	1 284
Payments for capital assets	11 189	–	–	69	–	–	69	11 258
Machinery and equipment	9 689	–	–	69	–	–	69	9 758
Software and other intangible assets	1 500	–	–	–	–	–	–	1 500
Total	4 647 196	6 215	28 593	–	–	–	34 808	4 682 004

Details of adjustments to Estimates of National Expenditure 2009

Roll-overs – R6.215 million

Programme 1: Administration

R4.015 million has been rolled over for existing and new IT infrastructure services.

Programme 4: Mineral Policy and Promotion

R1.2 million has been rolled over for the review of the Mineral and Petroleum Resources Development Act (2002).

R1 million has been rolled over for a transfer payment to the State Diamond Trader for operational costs.

Unforeseeable and unavoidable expenditure – R28.593 million

An additional R28.593 million is allocated for unforeseeable and unavoidable expenditure, of which R18.593 million is for higher salary increases than the main budget provided for.

Programme 1: Administration

An additional R10 million is allocated for the division of the department into two separate ministries and departments.

An additional R8.06 million is allocated for higher salary increases than the main budget provided for.

Programme 6: Electricity, Nuclear and Clean Energy

An additional R1.6 million is allocated for higher salary increases than the main budget provided for.

Programme 7: Associated Services

An additional R8.933 million is allocated for higher salary increases than the main budget provided for, of which R3.191 million is for the Council for Geoscience and R5.742 million for the Council for Mineral Technology.

Virements

Programmes					
1. Administration 2. Promotion of Mine Safety and Health 3. Mineral Regulation					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(31)	Programme 1		31
Compensation of employees	Reduction due to vacant post	(16)	Goods and services	For venues and facilities	16
Goods and services	Reduction in cell phone costs	(15)	Machinery and equipment	For buying IT equipment.	15
Programme 2		(4 740)	Programme 2		4 740
Compensation of employees	Reduction due to vacant post	(4 740)	Goods and services	For a new electronic business system	4 740
Programme 3		(54)	Programme 3		54
Goods and services	Reduction in cleaning contracts	(54)	Machinery and equipment	For buying IT equipment	54
Total		(4 825)			4 825

Expenditure 2008/09 and preliminary expenditure 2009/10

Programme	2008/09 Expenditure outcome					2009/10 Preliminary expenditure		
	Adjusted appropriation	Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted appropriation	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted appropriation	Adjusted appropriation	Apr 09 - Sep 09	Apr 09 - Sep 09 % of adjusted appropriation
R thousand								
1. Administration	220 491	100 315	45.5	226 022	102.5	251 357	142 296	56.6
2. Promotion of Mine Safety and Health	126 953	61 904	48.8	118 821	93.6	133 027	62 756	47.2
3. Mineral Regulation	162 141	61 145	37.7	125 179	77.2	163 066	54 403	33.4
4. Mineral Policy and Promotion	64 945	39 508	60.8	58 318	89.8	69 563	44 005	63.3
5. Hydrocarbons and Energy Planning	45 911	23 880	52.0	44 199	96.3	55 285	22 670	41.0
6. Electricity, Nuclear and Clean Energy	261 412	40 934	15.7	262 575	100.4	339 963	38 923	11.4
7. Associated Services	2 904 388	790 413	27.2	2 894 889	99.7	3 669 743	2 220 316	60.5
Total	3 786 241	1 118 099	29.5	3 730 003	98.5	4 682 004	2 585 369	55.2
Economic classification								
Current payments	654 329	293 367	44.8	629 137	96.1	703 390	322 129	45.8
Compensation of employees	349 098	160 903	46.1	330 088	94.6	400 684	188 611	47.1
Goods and services	305 231	132 463	43.4	298 456	97.8	302 706	133 393	44.1
Financial transactions in assets and liabilities	–	1	0.0	593	0.0	–	125	0.0
Transfers and subsidies	3 120 234	821 719	26.3	3 085 990	98.9	3 967 356	2 254 442	56.8
Provinces and municipalities	595 637	53 554	9.0	589 138	98.9	1 107 957	402 832	36.4
Departmental agencies and accounts	257 164	136 396	53.0	257 164	100.0	274 216	144 740	52.8
Public corporations and private enterprises	2 266 135	631 015	27.8	2 237 863	98.8	2 583 899	1 706 608	66.0
Households	1 298	754	58.1	1 825	140.6	1 284	262	20.4
Payments for capital assets	11 678	3 013	25.8	14 876	127.4	11 258	8 798	78.1
Machinery and equipment	9 380	2 215	23.6	12 564	133.9	9 758	7 555	77.4
Software and other intangible assets	1 500	–	0.0	2 312	154.1	1 500	1 243	82.9
Land and subsoil assets	798	798	100.0	–	0.0	–	–	0.0
Total	3 786 241	1 118 099	29.5	3 730 003	98.5	4 682 004	2 585 369	55.2

Main expenditure trends for the first half of 2009/10

Total expenditure for 2008/09 was 98.5 per cent of the 2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 was R2.585 billion, or 55.2 per cent of the adjusted appropriation of R4.682 billion for the year as a whole. In comparison, mid-year expenditure in 2008/09 was R1.118 billion, or 29.5 per cent of the

2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 increased by R1.467 billion or 131.2 per cent, compared to spending in the first six months of 2008/09.

The main expenditure increases compared to 2008/09 are mainly due to the establishment of the new Ministry for Energy and to higher than anticipated disbursements to municipalities and Eskom for the integrated national electrification programme.

Departmental receipts

R thousand	2008/09					2009/10			
	Adjusted estimate	Audited outcome		Apr 08 - Mar 09		Actual receipts			Apr 09 - Sep 09 % of adjusted estimate
		Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted estimate	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 09 - Sep 09	
Departmental receipts	194 620	69 031	35.5	261 839	134.5	203 132	165 357	68 826	41.6
Sales of goods and services produced by department	4 500	2 492	55.4	5 638	125.3	4 691	4 687	2 292	48.9
Sales of scrap, waste, arms and other used current goods						1			
Fines, penalties and forfeits	120	60	50.0	112	93.3	140	169	98	58.0
Interest, dividends and rent on land	190 000	66 479	35.0	256 089	134.8	197 915	160 172	66 213	41.3
Transactions in financial assets and liabilities	–	–	–	–	–	385	329	223	67.8
Total	194 620	69 031	35.5	261 839	134.5	203 132	165 357	68 826	41.6

Main departmental revenue trends for the first half of 2009/10

Departmental revenue collection in the first six months of 2009/10 was R68.8 million, or 41.6 per cent of the adjusted revenue estimate of R165.4 million for the year as a whole. In comparison, mid-year revenue collection in 2008/09 was R69.0 million, or 35.5 per cent of the 2008/09 adjusted estimate. Departmental revenue collection in the first six months of 2009/10 decreased by R205 000 or 0.3 per cent compared to revenue collected in the first six months of 2008/09.

The main revenue decrease compared to 2008/09 is due to less royalties.

Changes to transfers and subsidies, and conditional grants

Summary of changes to transfers and subsidies

Summary of changes to transfers and subsidies								
2009/10								
		Additional appropriation					Total additional appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
4. Mineral Policy and Promotion								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	–	1 000	–	–	–	–	1 000	1 000
State Diamond Trader	–	1 000	–	–	–	–	1 000	1 000

Summary of changes to transfers and subsidies

2009/10								
R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
7. Associated Services								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Capital	14 889	–	3 191	–	–	–	3 191	18 080
Council for Geosciences	14 889	–	3 191	–	–	–	3 191	18 080
Public corporations and private enterprises								
Private enterprises								
Subsidies on production or products								
Capital	17 043	–	5 742	–	–	–	5 742	22 785
Council for Mineral Technology Research	17 043	–	5 742	–	–	–	5 742	22 785