

Vote 30

Minerals and Energy

	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	R2 117 585 000	R2 252 371 000		R134 786 000
Responsible minister	Minister of Minerals and Energy			
Administering department	Department of Minerals and Energy			
Accounting officer	Director-General of Minerals and Energy			

Aim

The aim of the Department of Minerals and Energy is to formulate and implement an overall minerals and energy policy in order to ensure the optimum utilisation of minerals and energy resources.

Changes to programme purposes and measurable objectives

There were no changes to programme purposes and measurable objectives.

Adjusted Estimates of National Expenditure 2005

Table 30.1: Minerals and Energy

Programme		2005/06					
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	111 364	–	–	100	–	100	111 464
2. Promotion of Mine Safety and Health	108 536	3 154	–	(50)	–	3 104	111 640
3. Mineral Development	185 156	–	–	(50)	–	(50)	185 106
4. Hydrocarbons and Energy Planning	34 340	–	–	–	–	–	34 340
5. Electricity and Nuclear	56 784	20 000	–	5 000	–	25 000	81 784
6. Associated Services	1 621 405	55 132	56 500	(5 000)	–	106 632	1 728 037
Total	2 117 585	78 286	56 500	–	–	134 786	2 252 371

Economic classification							
Current payments	462 700	23 154	–	(4 740)	–	18 414	481 114
Compensation of employees	241 131	–	–	–	–	–	241 131
Goods and services	221 569	23 154	–	(4 740)	–	18 414	239 983
Transfers and subsidies to:	1 647 942	55 132	56 500	4 740	–	116 372	1 764 314
Provinces and municipalities	258 636	55 132	–	–	–	55 132	313 768
Departmental agencies and accounts	154 934	–	–	25 565	–	25 565	180 499
Universities and technikons	–	–	–	100	–	100	100
Public corporations and private enterprises	1 233 235	–	56 500	(20 935)	–	35 565	1 268 800
Households	1 137	–	–	10	–	10	1 147
Payments for capital assets	6 943	–	–	–	–	–	6 943
Machinery and equipment	6 943	–	–	–	–	–	6 943
Total	2 117 585	78 286	56 500	–	–	134 786	2 252 371

Details of adjustments to Estimates of National Expenditure 2005

Roll-overs – R78,286 million

Programme 2: Promotion of Mine Health and Safety

R3,154 million has been rolled over for statutory investigations into mine accidents. The funds derive from under-spending under goods and services due to costs related to vacant posts and to investigations that were not finalised in 2004/05.

Programme 5: Electricity and Nuclear

R20 million has been rolled over to finalise the project to build a new power plant by 2008, when South Africa will require new generation capacity.

Programme 6: Associated Services

R55,132 million has been rolled over for municipal electrification programmes as part of the integrated national electrification programme (INEP). The funds derive from under-spending on conditional grants to local government mainly due to the slow delivery of housing, slow municipal approval processes, and the bulk infrastructure required before electrical connections can be made.

Unforeseeable and unavoidable expenditure - R56,500 million

Programme 6: Associated Services

R56,5 million has been allocated to the South African Nuclear Energy Corporation (NECSA) which is in a financial and operating crisis.

Virements

Table 30.2: Minerals and Energy (Net effect of all virements)

From	R thousand	To	R thousand
Programme			
2 Promotion of Mine Health and Safety	50	1 Administration	100
3 Mineral Development	50	5 Electricity and Nuclear	5 000
6 Associated Services	5 000		
Economic classification item			
Goods and services	4 740	Transfers to departmental agencies and accounts	25 565
Transfers to public corporations and private enterprises	20 935	Transfers to universities and technikons	100
		Transfers to households	10

Details of savings

Programme 2: Promotion of Mine Health and Safety

Savings of R50 000 are due to vacant posts.

Programme 3: Mineral Development

Savings of R50 000 are due to vacant posts.

Programme 6: Associated Services

Savings of R5 million under transfers and subsidies relate to non-grid electrification services that will not be implemented during 2005/06.

Utilisation of savings

Programme 1: Administration

R100 000 has been used for the ministerial gala dinner, hosted by the South African Women in Mining Association (SAWIMA) and which preceded SAWIMA's annual conference.

Programme 5: Electricity and Nuclear

Savings of R5 million have been allocated for a detailed financial impact assessment to determine the viability of the proposed new boundaries of REDs, which will be done by the EDI Holdings Company.

Virements within a programme

Programme 1: Administration

Savings of R140 000 on goods and services, from costs related to vacant posts, have been shifted to transfers to households for funeral costs (R40 000) and a contribution to the South African Women in Mining Association (R100 000) for operational costs.

Programme 3: Mineral Development

R20,565 million has been shifted from the transfer to the Industrial Development Corporation of South Africa (IDC) to the transfer to the Council for Geoscience for small-scale mining projects, as a result of the department's new financing model.

Programme 4: Hydrocarbons and Energy Planning

Savings of R4,5 million on goods and services have been reclassified as transfers and subsidies to public corporations and private enterprises following a decision to implement the renewal energy subsidy scheme via once-off capital subsidies.

In the Energy Planning subprogramme, savings of R100 000 under goods and services, due to costs related to vacant posts, have been shifted to transfers to the Energy Research Centre at the University of Cape Town to assist with publishing costs for an energy journal.

Programme 6: Associated Services

R258 million payable to licensed municipalities to implement electrification programmes has been reclassified as capital transfers to municipalities from current transfers, due to a classification mistake in the 2005 Estimates of National Expenditure process.

Expenditure 2004/05 and preliminary expenditure 2005/06

Table 30.3: Minerals and Energy

Programme	2004/05				2005/06		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2004 - Sep 2004	Apr 2004 - Mar 2005	Apr 04 - Mar 05 % of adjusted appropriation	Adjusted appropriation	Apr 2005 - Sep 2005	% change 04/05 - 05/06 Apr - Sep
1. Administration	100 337	40 625	94 676	94,4	111 464	45 982	13,2
2. Promotion of Mine Safety and Health	100 533	42 462	87 566	87,1	111 640	47 680	12,3
3. Mineral Development	161 253	44 138	157 475	97,7	185 106	46 790	6,0
4. Hydrocarbons and Energy Planning	25 871	7 688	17 355	67,1	34 340	11 635	51,3
5. Electricity and Nuclear	44 980	14 652	45 583	101,3	81 784	23 217	58,5
6. Associated Services	1 512 169	570 156	1 456 013	96,3	1 728 037	887 369	55,6
Total	1 945 143	719 721	1 858 668	95,6	2 252 371	1 062 673	47,7
Current payments	405 658	144 095	325 705	80,3	481 114	171 459	19,0
Compensation of employees	206 102	92 778	190 783	92,6	241 131	105 719	13,9
Goods and services	199 556	51 235	134 718	67,5	239 983	65 724	28,3
Financial transactions in assets and liabilities	-	82	204	-	-	16	(80,5)
Transfers and subsidies to:	1 533 588	572 826	1 527 719	99,6	1 764 314	890 838	55,5
Provinces and municipalities	251 286	48 638	196 102	78,0	313 768	37 387	(23,1)
Departmental agencies and accounts	143 489	81 337	174 743	121,8	180 499	83 364	2,5
Universities and technikons	-	-	-	-	100	-	-
Public corporations and private enterprises	1 137 013	442 554	1 156 108	101,7	1 268 800	769 508	73,9
Households	1 800	297	766	42,6	1 147	579	94,9
Payments for capital assets	5 897	2 800	5 244	88,9	6 943	376	(86,6)
Machinery and equipment	5 897	2 800	5 244	88,9	6 943	293	(89,5)
Software and other intangible assets	-	-	-	-	-	83	(100,0)
Total	1 945 143	719 721	1 858 668	95,6	2 252 371	1 062 673	47,7

Selected expenditure trends for first half of 2005/06 financial year

Expenditure in the first six months of 2005/06 was R1,062 billion, or 47,7 per cent of the adjusted appropriation of R2,252 billion for the whole year.

Payments to Eskom for the Integrated National Electrification Programme only started in August 2005, with initial large payments of R232 million and R259 million in August 2005 and September 2005 respectively. These payments are expected to reduce to an average of approximately R48 million a month for the remainder of the financial year.

Summary of transfers and subsidies and conditional grants

Table 30.4 Summary of transfers and subsidies per programme

Table 30.5 Summary of conditional grants to local government

Table 30.4: Summary of transfers and subsidies per programme

2005/06							
		Additional appropriation					
	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation
R thousand							
1. Administration	1 313	–	–	140	–	140	1 453
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	176	–	–	–	–	–	176
Regional Services Council levies	176	–	–	–	–	–	176
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	–	–	–	130	–	130	130
South African Woman in mining	–	–	–	100	–	100	100
Ticor SA Ltd - children's conference	–	–	–	30	–	30	30
Households							
Social benefits							
Current	1 137	–	–	–	–	–	1 137
Leave payments	1 137	–	–	–	–	–	1 137
Other transfers							
Current	–	–	–	10	–	10	10
Donations and gifts households cash	–	–	–	10	–	10	10
2. Promotion of Mine Safety and Health	4 396	–	–	–	–	–	4 396
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	197	–	–	–	–	–	197
Regional Services Council levies	197	–	–	–	–	–	197
Departmental agencies and accounts							
Public entities							
Current	4 199	–	–	–	–	–	4 199
Mine Health and Safety Council	4 199	–	–	–	–	–	4 199
3. Mineral Development	20 746	–	–	–	–	–	20 746
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	181	–	–	–	–	–	181
Regional Services Council levies	181	–	–	–	–	–	181
Departmental agencies and accounts							
Public entities							
Current	–	–	–	20 565	–	20 565	20 565
Council for Geoscience (Small Scale Mining)	–	–	–	20 565	–	20 565	20 565
Public corporations and private enterprises							
Public corporations							
Subsidies on production							
Current	20 565	–	–	(20 565)	–	(20 565)	–
Industrial Development Corporation of SA (Small Scale Mining)	20 565	–	–	(20 565)	–	(20 565)	–

2005/06							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
4. Hydrocarbons and Energy Planning	39	–	–	4 600	–	4 600	4 639
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	39	–	–	–	–	–	39
Regional Services Councils	39	–	–	–	–	–	39
Universities and technikons							
Current	–	–	–	100	–	100	100
Energy Research Centre (University of Cape Town)	–	–	–	100	–	100	100
Public corporations and private enterprises							
Private enterprises							
Subsidies on production							
Current	–	–	–	4 500	–	4 500	4 500
Renewable energy subsidy scheme	–	–	–	4 500	–	4 500	4 500
5. Electricity and Nuclear	43	–	–	5 000	–	5 000	5 043
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	43	–	–	–	–	–	43
Regional Services Council	43	–	–	–	–	–	43
Departmental agencies and accounts							
Public entities							
Current	–	–	–	5 000	–	5 000	5 000
EDI Holdings Company	–	–	–	5 000	–	5 000	5 000
6. Associated Services	1 621 405	55 132	56 500	(5 000)	–	106 632	1 728 037
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	258 000	–	–	(258 000)	–	(258 000)	–
Integrated National Electrification Programme	258 000	–	–	(258 000)	–	(258 000)	–
Capital	–	55 132	–	258 000	–	313 132	313 132
Integrated National Electrification Programme	–	55 132	–	258 000	–	313 132	313 132
Departmental agencies and accounts							
Public entities							
Current	140 222	–	–	–	–	–	140 222
National Nuclear Regulator	4 887	–	–	–	–	–	4 887
Electricity Distribution Industry Holdings Company	58 518	–	–	–	–	–	58 518
Council for Geoscience	76 817	–	–	–	–	–	76 817
Capital	10 513	–	–	–	–	–	10 513
National Nuclear Regulator	530	–	–	–	–	–	530
Council for Geoscience	9 261	–	–	–	–	–	9 261
Electricity Distribution Industry Holdings Company	722	–	–	–	–	–	722

2005/06							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
Public corporations and private enterprises							
Public corporations							
Subsidies on production							
Current	193 247	–	56 500	–	–	56 500	249 747
NECSA - Activities	152 107	–	56 500	–	–	56 500	208 607
NECSA - Decommissioning Projects	20 140	–	–	–	–	–	20 140
NECSA - Security	9 000	–	–	–	–	–	9 000
NECSA - SAFARI Reactor Conversion	12 000	–	–	–	–	–	12 000
Capital	790 518	–	–	–	–	–	790 518
NECSA - Activities	5 459	–	–	–	–	–	5 459
NECSA - Decommissioning Projects	1 590	–	–	–	–	–	1 590
ESKOM (National Electrification Programme)	783 469	–	–	–	–	–	783 469
Private enterprises							
Subsidies on production							
Current	133 505	–	–	–	–	–	133 505
Assistance to Mines	35 225	–	–	–	–	–	35 225
Council for Mineral Technology Research	98 280	–	–	–	–	–	98 280
Capital	10 600	–	–	–	–	–	10 600
Council for Mineral Technology Research	10 600	–	–	–	–	–	10 600
Other transfers							
Capital	84 800	–	–	(5 000)	–	(5 000)	79 800
Non-grid electrification service providers	84 800	–	–	(5 000)	–	(5 000)	79 800
Total	1 647 942	55 132	56 500	4 740	–	116 372	1 764 314

Table 30.5: Summary of conditional grants to local government (municipalities)¹

2005/06							
	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
6. Associated Services							
National Electrification Programme							
Electrification of households, schools and clinics	258 000	55 132	–	–	–	55 132	313 132
Total	258 000	55 132	–	–	–	55 132	313 132

¹ Main appropriation detail provided in the Division of Revenue Act, 2005

