

strategic plan
2006/2007 - 2010/2011



the dme

Department:
Minerals and Energy
REPUBLIC OF SOUTH AFRICA

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1. MANDATE, VISION, MISSION AND VALUES

MANDATE

'Provision of services for effectual transformation and governance of minerals and energy industries for economic growth and development, thereby improving the quality of life'

VISION

World-class minerals and energy sectors through sustainable development

MISSION

To regulate and promote the minerals and energy sectors for the benefit of all.

VALUES

Batho-Pele	Excellence
Professionalism	Integrity
Equity	Loyalty

PUBLIC ENTITIES REPORTING TO THE MINISTER OF MINERALS AND ENERGY

CEF (Pty) Ltd
EDI Holdings (Pty) Ltd
Council of Geoscience
National Nuclear Regulator
South African Diamond Board *
Mine Health and Safety Council
Council for Mineral Technology Research
National Energy Regulator of South Africa
South African Nuclear Energy Corporation

* The South African Diamond Board will soon be replaced by the SA Diamond and Precious Metals Regulator.

MINISTER'S STATEMENT

Our strategic planning session affords us an opportunity to premise and align our planning and implementation programmes to the overall programme of government. The main objective of our Strategic Planning session was to evaluate our vision, mission and strategies and to anchor them to the broad government imperatives of poverty eradication, transformation of our economy and society, social justice, reconstruction and development.

The Statement of the National Executive Committee of the African National Congress on the occasion of its 95th anniversary, declared this year, 2007, as the year “**to intensify the struggle against poverty**”. The State President in his 2007 State of the Nation Address duly stated that, “the struggle to eradicate poverty has been and will continue to be a central part of the national effort to build the new South Africa”.

It becomes imperative that the Department aligns its programmes and position itself to contribute meaningfully towards the realisation of this central task of government. Programmes geared towards the creation of jobs and poverty eradication should not find expression in our departmental activities only, but should take root in our associated public entities as well.

CAPACITY TO IMPLEMENT

Going forward, it will be critical for us to continuously improve on our capacity to implement and monitor the effect of our transformation strategies. The accuracy and veracity of our information and database cannot be overemphasised as a solid platform to pursue and effect transformation. The dearth of skills poses a major challenge in both the mining and energy sectors. It is important that as a government department, while we address our internal skills development, we also contribute towards skills development in the country as a whole.

Members of staff remain our most valuable asset and strategies to improve and retain skills must be implemented, to guarantee our success. Our performance should continue to be characterised by clean governance and zero tolerance towards corruption.

ENERGY

As a Department charged with the responsibility of ensuring the **security of energy supply** for the country, an Integrated Energy Plan that addresses all energy carriers is needed in the short to medium term.

The pursuit of **energy efficiency** is neither a choice nor an option for our country. We consequently have to reclaim leadership and champion vigorous implementation of the Energy Efficiency Accords we had signed with other energy stakeholders. Saving energy has to be our mantra and I know we can do it and the entire nation will certainly follow our inspirational leadership.

The commitment to **universal access of electricity** to all our people by 2012 remains at the centre of our efforts in contributing towards a better life and is equally central to our role in intensifying the struggle against poverty. We need to refine our policy on Free Basic Energy to introduce a common approach that targets the indigent and increase the number of FBE beneficiaries.

It makes strategic sense to take initiatives prioritising and targeting schools and clinics in rolling out the electrification programme. The quantum effect and tremendous benefits of prioritising schools and clinics would also make a huge difference in changing the lives of the beneficiaries for the better. The Department has to exercise leadership in this regard.

The **restructuring of electricity distribution** as encapsulated by Cabinet's decision to establish six wall-to-wall REDS has placed our Department in the spotlight once more. Recent experience with RED 1 has already taught us a cardinal lesson to finalise, as a matter of urgency, the EDI legislation to guide the electricity restructuring process. We cannot afford to delay the electricity restructuring process as its outcomes have bearings to affordable electricity pricing, especially for our rural communities and the 2010 FIFA Soccer World Cup, amongst others.

The imperative to diversify our energy mix cannot be overemphasised. The importance of **alternative energy sources** such as biofuels, has to feature prominently in our energy matrix. Consequently, the Interdepartmental Biofuels Strategy championed by our Department, has to be tabled to Cabinet this year. Given our favourable endowment with uranium and the need to diversify our energy mix, nuclear enrichment for peaceful purposes including electricity generation is a most viable option as exemplified by the Koeberg nuclear plant. To this end, policy on nuclear enrichment covering uranium mining and beneficiation strategy has to be tabled to the Cabinet before the end of the year.

Government's targets for economic development and socio-economic transformation to improve the quality of life of citizens could be compromised by lack of sound and integrated **infrastructure network**. The ageing electricity infrastructure, the inadequacies of the liquid fuel pipelines, the capacity constraints at depots and the paucity of refineries pose a serious challenge on infrastructure development. This presents an opportunity for targeted infrastructure planning intervention. As a developmental state, the capital investment of government would have to lay emphasis in growing the economy, in particular the second economy that facilitates the inclusion of the HDAs into the mainstream of the economy as well as contribute to skills development.

This year we plan to hold an **Energy Summit** to scan and optimise benefits and synergies from the entire energy landscape of our country. We will engage all stakeholders in reviewing the Energy White Paper of 1998, and assess the relevance of some of the policies in the context of the prevailing energy situation.

MINING

Mining in our country makes an important contribution to the national economy. The Department thus needs to vigorously **implement the MPRDA** in our efforts to grow the economy and ensure that all South Africans share equitably in the mineral heritage of our country. Community upliftment and development underpinned by mining operations and local government involvement in **Social and Labour Plans** has to be paramount to making a break with the past. We also have a challenge to identify areas that need refinement in the implementation of the law and pilot those through for amendment of the law. In all this, we need to make it clear that certain pillars of the Act are sacrosanct and therefore will not change.

I am also committing the Department to encourage and accelerate the implementation of **Small Scale Mining** as a vehicle and our contribution to Broad Based Black Economic Empowerment. Small Scale Mining presents the Department with an ideal platform to intervene positively in the second economy thus redressing the imbalances of our painful past as well as broadening the base of beneficiaries. Small Scale Mining should also encompass youth development and women empowerment to give content to government's **ASGISA** and **JIPSA** initiatives.

Beneficiation of our minerals as envisaged for example in our Diamond and Precious Metals Act poses a challenge and a golden opportunity to build capacity and harness the developmental potential of all our people. As we develop these skills, we need to think about placing those trained in relevant industries. The importance of the establishment and viability of the State Diamond Trader and the Diamond and Precious Metals Regulator in this regard, cannot be overemphasised.



Accidents that result in injury and loss of lives in the mines continue to blight the **occupational health and safety** record of our mining industry. Whilst mining continues to be the bedrock for the sustenance and growth of our economy, the spectre of accidents at the altar of unbridled profits and disregard for the sanctity of life and safety of miners, is unacceptable. It is imperative that we should boost our capacity in monitoring compliance with health and safety prescripts in the industry. The plan this year to conduct targeted inspections and audits at problematic sites, is a step in the right direction. Together with other stakeholders, we also have to sharpen our knowledge and acumen in dealing with seismicity in the mines.

GENDER EMPOWERMENT

The mining and energy sectors have a common and notorious character of patriarchy and discrimination on the basis of gender. This unholy alliance of the two sectors has to change to allow meaningful and increased participation of women in these sectors to harness the developmental potential of all our people. Consolidation of our gender empowerment programme and rolling it out to the provinces has to take centre-stage in our agenda of development this year. The Department will continue to focus on the empowerment of rural women through the Social and Labour Plan with respect to sustainable projects, ownership and procurement. Another area of focus will be that of **mine rehabilitation** with emphasis on derelict and ownerless mines in our country. Meaningful participation of women in these projects is non-negotiable. Our women empowerment programmes should reach out to broaden the base of beneficiaries from our minerals and energy resources to empower. Our leadership and interventions in ensuring that formations of women in our portfolio are assisted and placed on sound footing to broaden the base of beneficiaries from our natural resources rather than enriching a few elites, would go a long way to strengthen our democracy.

AFRICAN AGENDA

The re-awakening of Africa as exemplified by the steady progress recorded by the African Union and various NEPAD initiatives presents the Department with a golden opportunity to lend a hand in the consolidation and advancement of the African agenda of peace and development and the creation of a better world. Our role in the minerals and energy sectors should advance Africa's renaissance and add impetus to the creation of a better world devoid of conflict and poverty

Ms B P Sonjica
MINISTER OF MINERALS AND ENERGY

ACCOUNTING OFFICER'S OVERVIEW

Two years ago we embarked on a process of shifting our focus from policy development to ensuring the implementation of our policies. As a result the last two years have seen the development of various computerised and non-computerised implementation systems, processes and procedures. The challenge for us going forward is to strengthen our capacity to *monitor* (utilising reliable and accurate data) – monitor the impact of our policies on the lives of South Africans, monitor the effectiveness of our transformation processes, monitor how the Department and other government structures (like the State Owned Entities) are participating in the implementation of government policy.

To achieve the above, we are going to ensure the alignment of our plans to the kind of skills and competencies required as well as to the budget provided. We will need to provide adequate resources both financial and human. Even more critical would be making critical choices in the things that we can and cannot do in the immediate future, however, providing sustainable plans for later implementation.

ENERGY

The same message has been echoed from both the private and public sectors that South Africa's energy demand is fast outpacing available supply. **Security of energy supply** is still a key issue for Government and all energy sources need be investigated fully. Fuel shortages and electricity blackouts of the past year indicated the need for South Africa to better plan for energy demand and provision. To address these challenges, we have adopted a two pronged strategy. Firstly, we will present an Energy Master Plan that will incorporate a detailed energy infrastructure plan covering the next five years (including 2010) by June 2007. In 2009 a modelling system to gather data that will enable the development of energy outlook for long term planning, will be in place. This modelling system will allow for the plan to be updated annually to take into account any changes at both policy and technological fronts.

The current energy supply dynamics have indicated the need for improving **energy efficiency** in both the production and use of energy. In setting targets for energy efficiency for the country, it has also become clear that international standards can never be achieved without the promotion of appropriate energy carriers for applications. In this regard, greater focus will be placed this year in the security and promotion of gas both natural and liquefied as a thermal energy of choice.

To support the **renewable energy drive**, energy planning and energy efficiency, we will be introducing a piece of legislation that will mandate the provision of energy data and the use of healthy, safe, energy efficient and environmentally-friendly energy appliances. The same piece of legislation will create entities that will promote energy efficiency, renewable energies, energy planning and environmental protection.

The **biofuels strategy** will be published this year. The final strategy will take into account all stakeholder comments received during the consultation process that took place at the beginning of the year. Introduction of biofuels is part of our response to the climate change challenge facing the world. This is but one of the many initiatives that are supported by our renewable energy subsidy programme that commenced in earnest this year with the signing of the first subsidy contract. Most of the renewable energy projects, because of the difficulty with moving them from an idea to a bankable project, have very long incubation periods. Most of these projects have also applied and have received our support for CDM credits. We are going to be pushing ahead with a drive to promote participation by a lot more people in these much needed renewable projects

Addressing energy poverty still remains a challenge for the Department.

Significant progress has been made within the implementation of the **Integrated National Electrification Programme**. Challenges of poor and the absence of infrastructure, especially in rural areas have put a strain on the performance of the programme. A total of R1,4 billion has been allocated in the 2007/8 financial year, for the electrification of 150 000 households, 700 schools and all clinics, and the building of 10 substations. We will prioritise schools and clinics, with the target of all clinics by the end of this financial year and all schools by 2010.

The problems afflicting the **electricity distribution** sector are acknowledged by all as being the fragmentation of the industry and poor regulation. This manifests as the blackouts and brownouts that are currently being experienced as we approach the winter. In 2007, we will focus on addressing these problems by advancing the RED creation process and by implementing the Electricity Regulation Act.

As per the Cabinet decision of October 2006, 6 REDS are to be formed as public entities. A roadmap has already been finalized to establish the processes for RED rollout. In a parallel process, the ED Restructuring Bill will be presented to parliament this year, providing the legislative framework for RED establishment. The biggest challenge to RED creation still remains the voluntary participation nature of the process due to Constitutional constraints.

Free Basic Electricity provision has further been augmented by the promulgation of the Free Basic Alternative Energy policy, to cover those qualifying households without access to grid electricity. In this way, the thermal needs of especially rural areas can be addressed.

The Department's role is limited to providing the policy framework and supporting municipalities and Eskom in the implementation of policy. As you might be aware, the challenge exists of blanket covering even to non-deserving households in FBE provision. Our policy framework provides for limited implementation of FBE to qualifying households only.

Government recognises the role that **nuclear energy** can play in ensuring security and diversity of energy supply. A major focus for the Department will be on the continuous improvement of skills within the nuclear sector commensurate with the expanding programmes such as the pebble bed modular reactor (PBMR) programme. There will also be more investment in the research and development capabilities of the nuclear sector public entities to support current and future programmes. Additional funding has been approved for the re-capitalisation of the South African Nuclear Energy Corporation (NECSA) as part of the reinvestment in the nuclear technology research and development initiatives.

A significant increase in financial expenditure within the Hydrocarbons and Energy Planning Branch (for restructuring purposes) is envisaged over the MTEF to cater for the development of an energy modelling system and the **implementation of the Petroleum Products Amendment Act (2005)** that includes licensing provisions for manufacturers, wholesalers and retailers of petroleum products and clean fuels specifications. A licensing system for all petroleum activities has been developed. In the first six months of operation, 12 040 licence applications were received, which therefore requires plans to capacitate the component(s) responsible for processing these applications.

MINING

The Mineral Policy and Promotion Branch will continue with its promotional activities of highlighting the **investment** potential South Africa has in the mining sector. Late last year there were discussions that the South African Mining Sector is not attracting any new investments during the commodity boom. In this regard an all stakeholder meeting is to be held shortly to finalise commodity strategies

highlighting issues that need to be implemented for the industry to continue attracting further investments. However, it should be noted that the industry has already started seeing a number of new investments due to huge investments the state has put in upgrading the infrastructure and the certainty in the outlook of the Industry due to the efficient way in which we process licenses.

This year we will be presenting the long awaited **Mineral and Petroleum Resources Development Amendment Bill**. These amendments are mainly of a technical nature and do not bring any fundamental changes. During the latter half of the financial year we will also be bringing amendments to the Geoscience Act which will seek to foster its alignment with the MPRD Amendment Bill

The department will continue to contribute towards **sustainable development** through mining by; managing and administering the committee of the Mineral and Mining Development Board that is responsible for sustainable development, developing a strategy for rehabilitation of derelict and ownerless mines, and developing a strategy for the water ingress programme in the different mining areas.

We will expedite the development of an overarching strategy to prioritise key interventions in mining and **mineral beneficiation**, broadening the base of beneficiaries. We will continue to engage and guide the provincial structures in the development of jewellery manufacturing precincts and relevant training institutions.

The Department has developed a database for **derelict and ownerless mines** and a ranking system to assist in the prioritisation of those mines that need urgent attention. More than 30% of the identified mines are ownerless and therefore become Government's responsibility to close and rehabilitate in the interest of neighbouring communities.

As part of our contribution to intensifying the struggle against poverty, we will continue to utilising **Small Scale Mining** projects as a vehicle for BEE. We will continue to monitor the implementation of the **Social and Labour Plans** as a tool to achieve the objectives of the Mining Charter, ensuring that projects introduced by the industry are sustainable and would contribute to the long-term strengthening of the community viability.

The challenges of **backlogs in the processing of mining applications** have been addressed. Measures have been put in place to ensure the non-occurrence of these backlogs.

Last year, the Department together with the DPSA conducted an investigation into the **capacity challenges of this Department**, with emphasis on the challenges brought about by the implementation of the MPRDA and the Petroleum licensing process. Recommendations to be implemented include management training programmes for the regional staff (to ensure greater understanding of the requirements of the Act and improve efficiency) and creating an environment for the sharing of best practice.

Within the Mineral Regulation Branch (responsible for the implementation of the MPRDA), we will be developing a systematic way **of monitoring industry compliance to the Charter** – a way of quantifying our output. A plan and budget will be provided this MTEF period to secure the services of experts that will assist in evaluating the economic and financial models as well as the sustainability of the BEEs deals.

The President announced the establishment of The State Diamond Trader with the assistance from De Beers. As the Department, we need to ensure that appropriate skills are transferred during the stipulated period as well as ensure that we do not loose the oversight and control of the process to the industry.

There is great urgency for the **Mine Health and Safety Inspectorate (MHSI)** to finalise the restructuring process and come up with a detailed and practical plan on how to address skills shortage.

The overall trend in the mining occupational related deaths has been decreasing, however the numbers still remain far too high and the burden of occupational illness and disease also remains a concern. The MHSI branch is currently developing a centralised information management system which will assist in quantifying the level of impact of the programme activities on the ground. The system will also assist with the prioritisation of planned inspections and audits of mines.

CORPORATE SERVICES

As of 1st March 2007, we will introduce the Corporate Services Branch within the Department. Priorities for this branch will include skills development, building the Department's corporate culture, turning DME into a learning organisation, enhancing the observance and implementation of the Batho Pele principles within the Department.

Skills challenges in both the mining and energy sectors continue to pose serious challenges for the Department. The Department will be focussing on the implementation of the January Cabinet Lekgotla decisions as well as the Vulindlela outcomes in relation to capacity building within the Mining and Petroleum licensing processes.

An Integrated Human Resource Plan will also be developed to enable the department to meet its strategic human resource needs, resulting from the strategic plan. Based on the aforementioned, the HR capacity of the core line-function components within the Department will be strengthened and the Human Resource Planning function will be repositioned and restructured in line with the new Human Resource Framework for the Public Service as issued by the Department of Public Service and Administration.

THE DEPARTMENT'S 2007/8 MTEF BUDGET

Over the MTEF period, overall spending for the Department is projected to grow from R2, 6 billion in 2006/07 to an estimated R4 billion in 2009/10, at an average rate of 16.3 per cent. R18 million; R22, 4 million and R24,8 million has been provided for unfunded posts and administrative expenditure relating to these posts over the MTEF. Other additional allocations have gone to the Integrated National Electrification Programme (INEP) with R285 million for the reduction of backlogs in schools and clinics. In 2007/8 an estimated 1 039 schools and 314 clinics will be electrified. The Council for Geoscience and the Nuclear Energy Corporation of South Africa will receive an additional R50 million and R145, 6 million, respectively. The new transfer payments to the Diamond and Precious Metals Regulator (R100 million) also contributes to the increase in transfer payments.

Over the MTEF period, we project to increase our procurement spent to above 80% of the total goods and services budget. We will be targeting mainly the areas of rehabilitation of ownerless and derelict mines, as well as other technical services that are required by the Department from time to time. We will continue to ensure meaningful participation of women in these projects.

The main sources of receipts for the Department are royalties and prospecting fees collected from mining companies. Projected revenue over the MTEF period is expected to increase from R120, 8 million in 2006/07 to an estimated R146, 8 million in 2008/09.



Together with other stakeholders, we will sharpen our knowledge and acumen in dealing with seismicity in the mines. The Mine Health and Safety Inspectorate's restructuring process will be completed soon. This process will not only address capacity but will intensely look at strategies and plans to address skills shortages within the sector.

Illegal and criminal miners remain one of the biggest threats to the employee' health and safety at the mines, as illegal miners access current operations through various means. The Department will, through the Mine Health and Safety Branch, be reviewing its policy on the handling of illegal mining.

2007/8 - BILLS FOR TABLING

The following Bills will be tabled during the year:

Electricity Distribution Industry Restructuring Bill – will in the main, provide the legislation framework for the establishment of the Regional Electricity Distributors (REDs).

Radioactive Waste Management Agency Bill – to create the Waste Management Agency responsible for the management of the radioactive waste on a national basis.

Energy Bill – addresses the renewable energy drive, energy planning and energy efficiency as well as the establishment of entities to promote the above.

Mineral and Petroleum Resources Development Amendment Bill – these amendments will be addressing technical errors in the Act

Geoscience Amendment Bill – the amendments will mainly focus on aligning the Council for Geoscience's mandate with the MPRDA

Adv Sandile Nogxina.
DIRECTOR GENERAL

STRATEGIC OVERVIEW AND POLICY DEVELOPMENT

ENERGY

The major electrification programme challenge over the next MTEF period is the building of the bulk infrastructure as approximately 80% of the households that do not yet have electricity are in the rural areas of Limpopo, Kwa-Zulu Natal and the Eastern Cape where there is no bulk infrastructure. Already in the 2006/7 financial year an amount of R282 million was channelled from electricity connections to bulk infrastructure, resulting in the reduction of household connections planned for the year.

Cabinet approved the final boundaries of regional electricity distributors (REDs) in November 2006. This is a significant milestone as it forms the basis for the **restructuring of the electricity distribution industry**. The business plan for the implementation of the six REDs that will cover the whole country geographically, is in the process of being finalised. A **National Electricity Pricing Policy** is being formulated and public comments will be invited soon.

The President's commitment to universal access to energy for all our people by 2012 remains at the centre of our efforts in contributing towards a better life and is equally central to our role in intensifying the struggle against poverty. We will refine our policy on **Free Basic Electricity (FBE)** to introduce a common approach that targets the indigent and increase the number of FBE beneficiaries.

The debate on climate change and security of supply is not complete without the discussion on nuclear energy. If we are to deal decisively with the challenges of greenhouse gas emissions and to reduce our over-reliance on coal for power generation, we have to seriously consider nuclear energy as part of the solution. We are accelerating our work to ensure greater reliance on nuclear power generation. It is in this context that we are developing a **nuclear energy policy** that responds to this challenge. The draft nuclear energy policy has already been submitted to Cabinet to enable consultation with other Government Departments. We are concomitantly addressing the issues of nuclear fuel supply. The proposed programme of **uranium beneficiation** is a response to this need. The development of a comprehensive nuclear energy industrial complex is inevitable given the envisaged scale of the nuclear programme. A strategy for the development of skills required to support this programme will be developed. Legislation emanating from the **Radioactive Waste Management Policy and Strategy** will also be finalised during this year.

MINING

The Diamond Amendment Act, the Second Diamond Amendment Act and the Precious Metals Act, will be implemented upon promulgation by the State President sometime this year. All preparations for implementation are up to date, namely, constituting the boards, listing of the State Diamond Trader and the Diamond and Precious Metals Regulator.

During the first quarter of the year we will be tabling amendments to the MPRDA as during the implementation phase a number of technical inconsistencies were realised. As a result certain provisions have to be amended as they have negative consequences that were never intended in the spirit of the act. These include definitions, sound environmental management principles, further protection of certain existing rights and issues negatively affecting the development of small-scale mining. These amendments will not be changing any of the fundamentals of the MPRDA.

It is imperative that we boost our capacity in monitoring compliance with health and safety prescripts in the industry. The plan going forward is to conduct targeted inspections and audits at problematic sites.

**RESOURCE PLAN
2007 EXPENDITURE ESTIMATES**

PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	117,862	112,437	131,436	151,106	147,743	175,252	187,604	200,031
2. Promotion of Mine Safety and Health	87,244	87,566	99,008	117,210	107,724	124,845	131,453	137,975
3. Mineral Regulation	85,872	126,131	84,019	139,944	126,951	151,847	171,705	179,883
4. Mineral Policy and Promotion	31,342	31,344	84,257	71,459	72,588	70,140	57,382	60,127
5. Hydrocarbons, Energy Planning and Clean Energy	16,291	17,355	31,362	43,289	41,079	52,600	60,861	63,903
6. Electricity and Nuclear	40,595	45,582	71,306	60,805	47,494	57,970	64,919	78,749
7. Associated Services	1,433,247	1,456,013	1,690,830	2,051,287	1,972,878	2,333,459	2,734,088	3,426,410
8. Theft and Losses	-	-	-	-	41	-	-	-
Departmental Total	1,812,453	1,876,428	2,192,218	2,635,100	2,516,498	2,966,113	3,408,012	4,147,078
Change to 2006 Budget Estimate				86,828	31,774	249,200	453,700	1,192,766

SUMMARY OF ECONOMIC CLASSIFICATION OF PAYMENTS

PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appro- priation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
CURRENT PAYMENTS								
Compensation of employees	176,742	190,783	217,070	289,389	252,662	323,503	348,882	375,089
Salaries and wages	153,068	164,895	189,814	252,547	215,820	282,776	304,938	327,935
Social contributions								
	23,674	25,888	27,256	36,842	36,842	40,727	43,944	47,154
Goods and services	144,007	152,600	201,389	231,563	234,538	250,627	279,591	297,470

SUMMARY OF ECONOMIC CLASSIFICATION OF PAYMENTS (CONTINUED)

PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Communication	8,145	8,395	11,027	11,359	11,982	12,039	12,641	13,399
Computer Services	1,933	7,018	5,895	6,046	7,365	6,407	6,728	7,132
Consultants, contractors and special services	54,886	58,484	70,395	120,233	119,220	104,899	123,416	130,821
Inventory	5,300	3,691	3,915	4,515	4,752	4,786	5,026	5,327
Maintenance repair and running cost	49	717	949	734	687	778	817	866
Operating leases	1,127	1,095	2,276	486	629	1,279	1,357	1,580
Travel and subsistence	30,833	33,444	53,551	49,969	51,705	52,968	55,615	58,952
Training & Staff Development	4,124	2,896	2,930	4,082	4,082	5,213	5,474	5,803
Property Management	13,455	15,550	17,376	17,983	17,983	19,491	21,029	23,241
Municipal services	2,105	2,210	2,385	2,794	2,794	3,033	3,224	3,545
Professional Bodies and membership fees	-	-	5,120	-	-	-	-	-
Other	22,050	19,101	25,570	13,362	13,339	39,734	44,264	46,804
Financial transactions in assets and liabilities	374	204	44	-	41	-	-	-
Total current payments	321,123	343,587	418,503	520,952	487,241	574,130	628,473	672,559

SUMMARY OF ECONOMIC CLASSIFICATION OF PAYMENTS (continued)

PROGRAMMES	2003/04 Audited Outcome R'000	2004/05 Audited Outcome R'000	2005/06 Audited Outcome R'000	2006/07 Adjusted appropriation R'000	2006/07 Revised estimate R'000	2007/08			2008/09			2009/10		
						Medium-term estimates			MTEF Baseline					
						R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TRANSFERS AND SUBSIDIES TO:														
Municipalities	245,704	196,671	298,153	391,524	355,265	467,827	595,637	897,008						
Departmental agencies and accounts	132,867	174,743	204,188	206,187	206,187	247,721	281,197	294,848						
Universities and technikons	-	-	100	-	-	-	-	-						
Public corporations	984,239	1,011,760	1,062,265	1,261,218	1,261,218	1,413,389	1,630,184	2,000,126						
Private enterprises	105,834	143,743	202,521	249,403	198,687	252,722	261,418	270,495						
Foreign governments and international organisations	-	-	-	-	-	-	-	-						
Nonprofit institutions	22	20	-	-	-	-	-	-						
Households	846	781	1,146	1,100	1,100	1,165	1,223	1,284						
Total transfers and subsidies	1,469,512	1,527,718	1,768,373	2,109,432	2,022,457	2,382,824	2,769,659	3,463,761						
PAYMENTS FOR CAPITAL ASSETS														
Machinery and equipment	21,818	4,333	4,266	4,716	6,686	7,659	8,380	9,258						
Transport equipment	354	-	937	249	249	261	274	290						
Other machinery and equipment	21,464	4,333	3,329	4,467	6,437	7,398	8,106	8,968						
Software and other intangible assets	-	790	1,076	-	-	1,500	1,500	1,500						
Total payments for capital assets	21,818	5,123	5,342	4,716	6,800	9,159	9,880	10,758						
TOTAL PAYMENTS	1,812,453	1,876,428	2,192,218	2,635,100	2,516,498	2,966,113	3,408,012	4,147,078						

Expenditure trends

Expenditure has increased from R1,8 billion in 2003/04 to R2,6 billion in 2006/07, at an average annual rate of 13,3 per cent. The restructuring and expansion of the department to align its resources with strategic objectives contributed to a significant increase in expenditure associated with the compensation of employees and related expenditure on goods and services. Spending on compensation of employees and goods and services increased from R176,7 million and R144 million in 2003/04 to R289,4 million and R231,6 million in 2006/07 at an average annual growth rate of 17,9 per cent and 17,2 per cent respectively.

DEPARTMENTAL RECEIPTS

Economic classification	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Medium-term expenditure estimate		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services produced by department	3,656	8,823	2,511	2,265	2,497	2,621	2,752
Administrative fees	3,359	8,789	2,247	2,227	2,455	2,577	2,706
Other sales	297	34	264	38	42	44	46
Sales of scrap, waste, arms and other used goods	4	-	2	-	1	1	1
Fines, penalties and forfeits	1,832	229	276	58	61	64	
Interest, dividends and rent on land	290,438	102,262	129,800	118,347	130,477	137,002	143,853
Interest	169	149	20	164	181	190	200
Dividends	189,221	-	10	-	-	-	-
Rent on land	101,048	102,113	129,770	118,183	130,296	136,812	143,653
Sales of capital assets	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	1,522	2,459	1,022	162	178	187	196
TOTAL RECEIPTS	297,452	113,773	133,611	120,832	133,214	139,875	146,802

The main sources of receipts for the department are royalties and prospecting fees collected from mining companies. During 2005/06 and 2006/07, royalties, surface rental and prospecting fees represented approximately 96 per cent of total departmental revenue. Projected revenue over the MTEF period is expected to increase from R120,8 million in 2006/07 to an estimated R146,8 million in 2009/10.

Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised support services.

EXPENDITURE ESTIMATES

Administration

PROGRAMME 1: ADMINISTRATION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appro- priation R'000	Revised estimate R'000	Medium-term estimates MTEF Baseline		
Minister 1	826	755	924	845		895	940	987
Deputy Minister 2	709	616	649	687		728	764	802
Management	6,697	7,757	10,234	12,643		14,919	16,765	19,071
Corporate Services	94,070	85,549	99,816	116,153		136,186	144,882	152,385
Property Management	15,560	17,760	19,813	20,778		22,524	24,253	26,786
Total of subprogrammes	117,862	112,437	131,436	151,106	-	175,252	187,604	200,031
Change to 2006 Budget Estimate				-		13,476	17,036	20,934

SUMMARY OF ECONOMIC CLASSIFICATION OF PAYMENTS (continued)

PROGRAMME 1: ADMINISTRATION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	36,038	39,841	45,592	64,131		71,912	75,508	78,905
Salaries and wages	31,077	34,326	39,957	55,677		62,535	65,662	68,565
Social contributions	4,961	5,515	5,635	8,454		9,377	9,846	10,340
Goods and services	60,278	67,535	79,324	81,430		93,430	101,427	109,540
Communication	5,073	5,665	5,567	5,412		5,736	6,023	6,384
Computer Services	1,923	6,640	5,879	6,014		6,374	6,693	7,095
Consultants, contractors and special services	8,434	6,669	7,128	7,186		7,617	9,098	9,644
Inventory	4,183	2,795	3,136	2,801		2,969	3,118	3,305
Maintenance repair and running cost	-	621	646	533		565	593	629
Operating leases	963	958	1,897	-		763	814	1,004
Travel and subsistence	13,620	15,194	19,938	16,994		18,014	18,914	20,049
Training & Staff Development	3,724	2,695	2,880	4,082		4,327	4,543	4,816
Property Management	13,455	15,550	17,376	17,983		19,491	21,029	23,241
Municipal services	2,105	2,210	2,385	2,794		3,033	3,224	3,545
Professional Bodies and membership fees	-	-	16	-		-	-	-
Other	6,798	8,538	12,476	17,631		24,541	27,378	29,828
Financial transactions in assets and liabilities	374	204	44	-		-	-	
Total current payments	96,690	107,580	124,960	145,561		165,342	176,935	188,445

SUMMARY OF ECONOMIC CLASSIFICATION OF PAYMENTS (continued)

PROGRAMME 1: ADMINISTRATION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appropriation R'000	Revised estimate R'000	Medium-term estimates MTEF Baseline		
TRANSFERS AND SUBSIDIES TO:						R'000	R'000	R'000
Provinces and municipalities	108	120	137	123		-	-	-
Private enterprises	90	115	100	-		-	-	-
Nonprofit institutions	22	20	-	-		-	-	-
Households	832	669	1,146	1,100		1,165	1,223	1,284
Total transfers and subsidies	1,052	924	1,383	1,223		1,165	1,223	1,284
PAYMENTS FOR CAPITAL ASSETS								
Machinery and equipment	20,120	3,382	4,017	4,322		7,245	7,946	8,802
Transport equipment	354	-	937	249		261	274	290
Other machinery and equipment	19,766	3,382	3,080	4,073		6,984	7,672	8,512
Software and other intangible assets				-				
	-	551	1,076			1,500	1,500	1,500
Total payments for capital assets	20,120	3,933	5,093	4,322		8,745	9,446	10,302
TOTAL PAYMENTS	117,862	112,437	131,436	151,106	-	175,252	187,604	200,031

Expenditure trends

Overall expenditure on the *Administration* programme increased from R117,9 million in 2003/04 to R151,1 million in 2006/07, at an average annual rate of 8,6 per cent. The programme's support functions were expanded in line with the department's restructuring. This resulted in more expenditure on compensation of employees and administrative services.

Expenditure on this programme is expected to continue to increase from R151,1 million in 2006/07 to an estimated R200 million in 2009/10 due to the continued restructuring of the department, which is driven by legislative and policy changes.

Programme 2: Promotion of Mine Safety and Health

The *Promotion of Mine Safety and Health* programme protects the safety and health of mine employees and people affected by the activities of mines. It develops policies to improve health and safety matters in the mining industry.

There are two subprogrammes:

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

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES

PROGRAMME 2: PROMOTION OF MINE HEALTH AND SAFETY SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07 Revised estimate	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appro- priation	R'000	Medium-term estimates MTEF Baseline		R'000
	R'000	R'000	R'000	R'000				
Governance Policy and Oversight	36,665	33,809	38,495	42,934		48,073	50,843	53,674
Mine Health and Safety (Regions)	50,579	53,757	60,513	74,276		76,772	80,610	84,301
Total of subprogrammes	87,244	87,566	99,008	117,210	-	124,845	131,453	137,975
Change to 2006 Budget Estimate				-		59	1,173	1,282

SUMMARY OF ECONOMIC CLASSIFICATION OF PAYMENTS (continued)

Promotion of Mine Health and Safety

PROGRAMME 2: PROMOTION OF MINE HEALTH AND SAFETY SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appro- piation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	64,287	66,972	75,346	89,810		95,372	100,141	104,648
Salaries and wages	55,602	57,624	65,890	79,050		84,063	88,267	92,179
Social contributions	8,685	9,348	9,456	10,760		11,309	11,874	12,469
Goods and services				22,460				
	17,826	16,211	18,985			24,385	25,969	27,717
Communication	1,026	1,204	1,118	1,123		1,190	1,249	1,324
Computer Services	10	-	-	11		11	12	13
Consultants, contractors and special services	6,743	3,235	4,791	4,331		4,591	4,820	5,109
Inventory	537	356	216	583		618	649	688
Maintenance repair and running cost	-	56	67	71		75	79	84
Operating leases	-	25	43	53		56	59	63
Travel and subsistence	8,252	9,707	10,831	12,615		13,372	14,040	14,882
Training & Staff Development	221	86	11	-		163	171	181
Professional Bodies and membership fees	-	-	32	-		-	-	-
Other	1,037	1,542	1,876	3,675		4,309	4,890	5,373
Total current payments	82,113	83,183	94,331	112,270		119,757	126,110	132,365

EXPENDITURE ESTIMATES (continued)

Promotion of Mine Health and Safety

PROGRAMME 2: PROMOTION OF MINE HEALTH AND SAFETY SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TOTAL TRANSFERS AND SUBSIDIES TO:								
Municipalities	181	200	228	94		-	-	-
Departmental agencies and accounts	4,238	3,816	4,200	4,452		4,674	4,909	5,154
Households	-	31	-	-		-	-	-
Total transfers and subsidies	4,419	4,047	4,428	4,546		4,674	4,909	5,154
PAYMENTS FOR CAPITAL ASSETS								
Machinery and equipment	712	293	249	394		414	434	456
Software and other intangible assets	-	43	-	-		-	-	-
Total payments for capital assets	712	336	249	394		414	434	456
TOTAL PAYMENTS	87,244	87,566	99,008	117,210	-	124,845	131,453	137,975

Expenditure trends

Overall spending on the *Promotion of Mine Safety and Health* programme increased from R87,2 million in 2003/04 to R117,2 million in 2006/07, at an average annual rate of 10,3 per cent. The increase is due to the expansion of support services.

Spending on the *Promotion of Mine Safety and Health* programme is expected to continue to increase in line with the restructuring of the health and safety inspectorate, from R117,2 million in 2006/07 to an estimated R138 million in 2009/10 at an average annual rate of 5,6 per cent. The inspectorate provides mine surveying, legal engineering expertise and inspection services and is driven by spending on compensation of employees, which takes up on average 76 per cent of total programme expenditure over the MTEF period.

Programme 3: Mineral Regulation

The *Mineral Regulation* programme regulates the minerals and mining sector in the regions under its jurisdiction, and ensures that regional offices are effectively and efficiently administered. Apart from *Management*, there is one subprogramme, *Mineral Regulation and Administration*.

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES

PROGRAMME 3: MINERAL REGULATION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates			
	R'000	R'000	R'000	R'000	R'000	MTEF Baseline			
Management	2,774	4,069	3,883	5,175		5,266	5,529		5,790
Mineral Regulation and Administration	83,098	122,062	80,136	134,769		146,581	166,176		174,093
Total of subprogrammes	85,872	126,131	84,019	139,944	-	151,847	171,705		179,883
Change to 2006 Budget Estimate				-20,100		18,077	8,905		9,758

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES

PROGRAMME 3: MINERAL REGULATION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	45,173	48,852	53,495	73,486		77,530	81,407	85,070
Salaries and wages	39,346	42,551	46,612	63,878		67,567	70,946	74,080
Social contributions	5,827	6,301	6,883	9,608		9,963	10,461	10,990
Goods and services	39,139	25,206	30,386	66,365		74,317	90,298	94,813
Communication	1,691	1,089	3,528	3,691		3,912	4,108	4,354
Computer Services	-	-	1	-		-	-	-

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES (continued)

Mineral Regulation

PROGRAMME 3: MINERAL REGULATION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Consultants, contractors and special services	32,611	21,002	8,629	71,207		58,989		74,110	78,557
Inventory	180	116	432	395		419		440	466
Maintenance repair and running cost	47	30	218	104		110		116	123
Operating leases	149	96	300	325		345		362	384
Travel and subsistence	3,750	2,415	11,380	8,190		8,681		9,115	9,662
Training & Staff Development	-	-	18	-		-		-	-
Professional Bodies and membership fees	-	-	71	-		-		-	-
Other	712	459	5,809	-17,547		1,861		2,047	1,267
Total current payments	84,312	74,058	83,881	139,851		151,847		171,705	179,883
TOTAL TRANSFERS AND SUBSIDIES TO:									
Municipalities	112	123	138	93		-		-	-
Departmental agencies and accounts	-	31,254	-	-		-		-	-
Public corporations	-	20,000	-	-		-		-	-
Private enterprises	1,000	-	-	-		-		-	-
Households	14	79	-	-		-		-	-
Total transfers and subsidies	1,126	51,456	138	93					

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES (continued)

Mineral Regulation

PROGRAMME 3: MINERAL REGULATION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000			
PAYMENTS FOR CAPITAL ASSETS								
Machinery and equipment	434	617	-	-		-	-	-
Total payments for capital assets	434	617	-	-		-	-	-
TOTAL PAYMENTS	85,872	126,131	84,019	139,944		151,847	171,705	179,883

Expenditure trends

Overall spending in the *Mineral Regulation* subprogramme increased from R85,9 million in 2003/04 to R139,9 million in 2006/07, at an average annual rate of 17,7 per cent. The increase is due to the expansion of administrative and regulatory services in the branch in order to fully implement the Minerals and Petroleum Resources Development Act (2002) (MPRDA).

Spending on this programme is expected to continue to increase over the medium term from R139,9 million in 2006/07 to an estimated R179,9 million in 2009/10, at an average annual rate of 8,7 per cent.

Programme 4: Mineral Policy and Promotion

The *Mineral Policy and Promotion* programme formulates and promotes mineral related policies that will encourage investment in the mining and minerals industry.

Apart from the *Management* subprogramme, there are two subprogrammes:

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

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES

PROGRAMME 4: MINERAL POLICY AND PROMOTION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TOTAL PAYMENTS				139,944	-	151,847	171,705	179,883
Management	3,045	3,060	4,779	5,990		5,102	5,357	5,609
Mineral Policy	3,146	3,161	47,495	24,256		21,134	5,926	6,203
Mineral Promotion	25,151	25,123	31,983	41,213		43,904	46,099	48,315
Total of subprogrammes	31,342	31,344	84,257	71,459	-	70,140	57,382	60,127
Change to 2006 Budget Estimate				20,100		15,629	240	128

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES (continued)

Mineral Policy and Promotion

PROGRAMME 4: MINERAL POLICY AND PROMOTION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appropriation R'000	Revised estimate R'000		Medium-term estimates MTEF Baseline R'000	
Compensation of employees	13,162	14,234	15,587	21,846		23,647	24,829	25,947
Salaries and wages	11,440	12,372	13,561	18,988		20,639	21,671	22,631
Social contributions	1,722	1,862	2,026	2,858		3,008	3,158	3,316
Goods and services	3,022	1,946	2,346	6,766		8,114	8,520	8,945
Communication	151	97	272	346		367	385	408
Computer Services	-	-	-	-		-	-	-
Consultants, contractors and special services	21	13	667	47		50	53	56
Inventory	113	73	33	258		274	288	305
Maintenance repair and running cost	2	2	17	5		6	6	6
Operating leases	15	10	23	34		36	38	40
Travel and subsistence	795	512	879	1,821		1,930	2,027	2,149
Training & Staff Development	94	61	2	-		229	241	255
Prpfessional Bodies and membership fees	-	-	5	-		-	-	-
Other	1,831	1,179	448	4,254		5,222	5,482	5,726
Total current payments	16,184	16,180	17,933	28,612		31,761	33,349	34,892

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES (continued)

Mineral Policy and Promotion

PROGRAMME 4: MINERAL POLICY AND PROMOTION SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline	R'000	R'000	R'000
	R'000	R'000	R'000	R'000	R'000				
TOTAL TRANSFERS AND SUBSIDIES TO:									
Municipalities	58	64	71	48			-	-	-
Departmental agencies and accounts	-	-	44,253	31,099			31,329	24,033	25,235
Universities and technikons	-	-	-	-			-	-	-
Public corporations	15,100	15,100	22,000	11,700			7,050	-	-
Private enterprises	-	-	-	-			-	-	-
Total transfers and subsidies	15,158	15,164	66,324	42,847			38,379	24,033	25,235
TOTAL PAYMENTS	31,342	31,344	84,257	71,459	-		70,140	57,382	60,127

Expenditure trends

Overall spending on the *Mineral Policy and Promotion* programme increased from R31,3 million in 2003/04 to R71,5 million in 2006/07 at an average annual rate of 31,6 per cent. The increase is due to the reclassification of funds under subprogramme 3 (*Mineral Promotion*) as transfer payments to several science councils for a mine environmental research and development projects. Transfer payments thus increased from R15,2 million in 2003/04 to R38,4 million in 2007/08, at an average annual rate of 26,1 per cent. Expenditure on this programme is expected to decrease from R71,5 million in 2006/07 to R60,1 million in 2009/10, at an average annual rate of 5,6 per cent due to the finalisation of the mine environmental research and development project in 2007/08.

Programme 5: Hydrocarbons, Energy Planning and Clean Energy

The main purpose of the *Hydrocarbons and Energy Planning* programme is to promote the sustainable use of energy resources through integrated energy planning and appropriate promotion including developing policy and regulations for petroleum products, coal, gas, renewable energy, carbon trading and energy efficiency.

The programme's activities are organised into three subprogrammes:

- *Hydrocarbons and Energy Planning Management* provides management and administrative support to the other two sub-programmes
- *Clean Energy* promotes the development of sustainable and environmentally friendly energy sources and technologies.
- *Hydrocarbons* develops policy and regulations to manage petroleum, coal, natural gas resources.
- *Energy Planning* promotes energy security coordination and planning for all energy resources and infrastructure.

EXPENDITURE ESTIMATES

Hydrocarbons, Energy Planning and Clean Energy

PROGRAMME 5: HYDROCARBONS, ENERGY PLANNING AND CLEAN ENERGY SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appro- piation	Revised estimate	Medium-term estimates MTEF Baseline	R'000	R'000
	R'000	R'000	R'000	R'000	R'000			
Hydrocarbons and Energy Planning Management	2,471	3,559	3,735	3,708		4,331	4,551	4,774
Energy Planning	6,536	7,903	16,532	26,866		25,257	26,520	27,846
Hydrocarbons	7,284	5,893	11,095	12,715		23,012	29,790	31,283
Total of subprogrammes	16,291	17,355	31,362	43,289	-	52,600	60,861	63,903
Change to 2006 Budget Estimate				5,814		13,267	14,499	15,223

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES (continued)

Hydrocarbons and Energy Planning

PROGRAMME 5: HYDROCARBONS AND ENERGY PLANNING SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appro- piation R'000	Revised estimate R'000	Medium-term estimates MTEF Baseline		
						R'000	R'000	R'000
Compensation of employees	8,694	9,969	13,285	19,047		32,830	39,900	41,893
Salaries and wages	7,450	8,576	11,654	16,591		28,490	34,625	36,255
Social contributions	1,244	1,393	1,631	2,456		4,340	5,275	5,638
Goods and services	7,371	7,102	17,937	14,825		14,623	15,555	16,332
Communication	118	134	151	340		360	378	401
Computer Services	-	378	15	21		22	23	24
Consultants, contractors and special services	2,916	2,137	8,995	8,863		9,395	9,865	10,457
Inventory	254	245	62	229		243	255	270
Maintenance repair and running cost	-	-	-	-		-	-	-
Operating leases	-	3	4	64		68	72	76
Travel and subsistence	2,092	2,763	4,164	3,421		3,627	3,808	4,036
Training & Staff Development	51	42	-	-		105	110	117
Prpfessional Bodies and membership fees	-	-	905	-		-	-	-
Other	1,940	1,400	3,641	1,886		803	1,044	951
Total current payments	16,065	17,071	31,222	33,872		47,453	55,455	58,225

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES (continued)

Hydrocarbons and Energy Planning

PROGRAMME 5: HYDROCARBONS AND ENERGY PLANNING SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appropriation R'000	Revised estimate R'000	Medium-term estimates MTEF Baseline R'000	Medium-term estimates MTEF Baseline R'000	Medium-term estimates MTEF Baseline R'000
TOTAL TRANSFERS AND SUBSIDIES TO:								
Municipalities	126	29	40	17		-	-	-
Municipal bank accounts	126	29	40	17		-	-	-
Universities and technikons	-	-	100	-		-	-	-
Private enterprises	-	50	-	9,400		5,147	5,406	5,678
Households	-	2	-	-		-	-	-
Total transfers and subsidies	126	81	140	9,417		5,147	5,406	5,678
PAYMENTS FOR CAPITAL ASSETS								
Machinery and equipment	100	24	-	-		-	-	-
Software and other intangible assets	-	179	-	-		-	-	-
Total payments for capital assets	100	203	-	-		-	-	-
TOTAL PAYMENTS	16,291	17,355	31,362	43,289	-	52,600	60,861	63,903

Expenditure trends

Overall spending increased sharply from R16,3 million in 2003/04 to R43,3 million in 2006/07 at an average annual rate of 38,5 per cent. This substantial increase is attributable to the restructuring of the branch and expenditure associated with the appointment of specialist consultants for various energy projects. Spending on this programme is expected to continue to increase over the MTEF period from R43,3 million in 2006/07 to an estimated R63,9 million in 2009/10 at an average annual rate of 13,9 per cent. The increase is partly due to the implementation of the Petroleum Products Amendment Act (2005) which includes licensing provisions for manufacturers, wholesalers and retailers of petroleum products and clean fuel specifications. The subsequent expansion of the petroleum and gas operations inspectorate will result in an increase in expenditure associated with the compensation of employees and related administrative expenditure over the MTEF period.

Programme 6: Electricity and Nuclear

The *Electricity and Nuclear* programme makes sure that development in the electricity and nuclear sectors is monitored, and that policies governing the sectors are improved and implemented. It supports the achievement of universal access to electricity, including overseeing the relevant state-controlled entities.

Apart from the *Management* component, there are two sub-programmes:

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

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES

Electricity and Nuclear

PROGRAMME 6: ELECTRICITY AND NUCLEAR SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appro- piation R'000	Revised estimate R'000	Medium-term estimates MTEF Baseline		
Electricity and Nuclear Management	2,472	3,444	3,886	3,749		4,666	4,899	5,127
Electricity	27,285	35,136	59,677	41,770		37,299	43,214	55,996
Nuclear	10,838	7,002	7,743	15,286		16,005	16,806	17,626
Total of subprogrammes	40,595	45,582	71,306	60,805	-	57,970	64,919	78,749
Change to 2006 Budget Estimate				5,715		146	4,203	14,997

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES

Electricity and Nuclear

PROGRAMME 6: ELECTRICITY AND NUCLEAR SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	9,388	10,915	13,765	21,069		22,212	27,097	38,626
Salaries and wages	8,153	9,446	12,140	18,363		19,482	23,767	34,225
Social contributions	1,235	1,469	1,625	2,706		2,730	3,330	4,401
Goods and services				39,717				
	16,371	34,600	52,411			35,758	37,822	40,123
Communication	86	206	391	447		474	498	528
Computer Services	-	-	-	-		-	-	-
Consultants, contractors and special services	4,162	25,428	40,185	28,599		24,257	25,470	26,998
Inventory	33	106	36	248		263	276	293
Maintenance repair and running cost	-	8	1	21		22	23	24
Operating leases	-	4	9	11		11	12	13
Travel and subsistence	2,324	2,853	6,359	6,928		7,344	7,711	8,174
Training & Staff Development	34	12	19	-		389	409	434
Prpfessional Bodies and membership fees	-	-	4,091	-		-	-	-
Other	9,732	5,983	1,320	3,463		2,998	3,423	3,659
Total current payments	25,759	45,515	66,176	60,786		57,970	64,919	78,749

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES (continued)

Electricity and Nuclear

PROGRAMME 6: ELECTRICITY AND NUCLEAR SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appro- priation R'000	Revised estimate R'000		Medium-term estimates MTEF Baseline R'000	R'000
TOTAL TRANSFERS AND SUBSIDIES TO:								
Municipalities	28	33	42	19				
Departmental agencies and accounts	-	-	5,000	-				
Public corporations	12,400	-	-	-				
Private enterprises	1,956	-	88	-				
Total transfers and subsidies	14,384	33	5,130	19				
PAYMENTS FOR CAPITAL ASSETS								
Other machinery and equipment	452	-	-	-				
Software and other intangible assets	-	17	-	-				
Total payments for capital assets	452	34	-	-				
TOTAL PAYMENTS	40,595	45,582	71,306	60,805	-	57,970	64,919	78,749

Expenditure trends

Spending on the *Electricity and Nuclear* programme increased from R40,6 million in 2003/04 to R60,8 million in 2006/07 at an average annual rate of 14,4 per cent. In line with the department's restructuring initiative to 2007 *Estimates of National Expenditure* fulfil its strategic objective, more staff were acquired under the programme. This explains the increase in expenditure evident in compensation of employees and administrative services in support of the department's strategic objectives. Another contributing factor is spending associated with the new generation capacity project.

Spending in this programme is expected to continue to increase over the MTEF period in line with the continued restructuring of the electricity and nuclear branch, from R60,8 million in 2006/07 to an estimated R78,7 million in 2009/10, at an average annual rate of 9 per cent.

Programme 7: Associated Services

The Associated Services programme provides services to support the department's mandate through funded and non-funded statutory bodies and organisations. The programme is responsible for all transfer payments to public entities and municipalities and subsidies to private enterprises. The programme comprises the following main subprogrammes:

- *Council for Mineral Technology Research* contributes core funding to the Council for Mineral Technology Research (Mintek). The council provides research, development and technology transfers that foster the development of businesses in the mineral and mineral products industries.
- The *South African Nuclear Energy Corporation (NECSA)* provides funding for NECSA activities, decommissioning projects, security of NECSA sites and the fuel conversion of the SAFARI reactor. NECSA maintains, develops and uses nuclear and related technology in terms of the Nuclear Energy Act (1999).
- The *National Nuclear Regulator (NNR)* provides for the protection of persons, property and the environment against nuclear damage, through the establishment of safety standards and regulatory practices.
- The *Council for Geosciences (CGS)* is primarily responsible for systematic geoscientific mapping of South Africa, and interpreting and compiling data, maps and map explanations.
- The *Electricity Distribution Industry Holdings (EDIH) Company* facilitates the restructuring of the electricity distribution industry and establishment of regional energy distributors (REDs).
- The *Integrated National Electrification Programme* is aimed at providing support in the form of transfer payments and conditional grants to achieve universal access to electricity. This programme consists of transfer payments to Eskom, municipalities and non-grid service providers for grid and non-grid electricity connections at schools, clinics and households.
- The *Assistance to Mines* subprogramme provides assistance to marginal mines for pumping extraneous water from underground holdings provides research and strategic solutions to address the ingress of water into underground holdings, in the Witwatersrand area.

TRANSFERS TO ASSOCIATED SERVICES

Expenditure Estimates

PROGRAMME 7: ASSOCIATED SERVICES SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appro- priation R'000	Revised estimate R'000		Medium-term estimates MTEF Baseline R'000	R'000
Council for Mineral Technology Research	82,439	88,632	108,880	118,664		124,569	130,834	137,379
South African Nuclear Energy Corporation	-	-	-	-		-	-	-
NECSA Activities	140,233	148,647	214,066	300,173		284,383	280,497	321,584

TRANSFERS TO ASSOCIATED SERVICES (continued)

Expenditure Estimates

PROGRAMME 7: ASSOCIATED SERVICES SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome	Audited Outcome	Audited Outcome	Adjusted appropriation	Revised estimate	Medium-term estimates MTEF Baseline		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
NECSA Decommissioning Projects	19,550	20,500	21,730	29,300		80,033	84,053	82,212
NECSA Strategic Loans	1,407	10,754	-	-		-	-	-
NECSA Security	-	-	9,000	11,520		10,217	10,659	10,951
NECSA SAFARI Reactor Conversion	-	-	12,000	15,360		13,623	14,217	14,609
National Nuclear Regulator	7,610	8,067	5,417	14,742		18,029	20,333	23,915
Council for Geoscience	72,019	77,606	86,078	93,100		107,755	122,672	127,821
Electricity Distribution Industry Holdings Company	49,000	54,000	59,240	62,794		65,934	69,250	72,723
National Electrification Programme	-	-	-	-		-	-	-
National Portion (Eskom)	795,549	796,759	783,469	893,165		1,018,083	1,240,758	1,570,770
Conditional Grants to Local Governments	245,091	196,102	297,497	391,130		467,827	595,637	897,008
Non-grid Electrification Service Providers	-	22,416	58,228	84,000		84,000	84,000	84,000
Assistance to Mines and Ingress of Water Projects	20,349	32,530	35,225	37,339		39,006	41,178	43,438
South African Diamond and Precious Metals Regulator	-	-	-	-		20,000	40,000	40,000
Total of subprogrammes	1,433,247	1,456,013	1,690,830	2,051,287	-	2,333,459	2,734,088	3,426,410
Change to 2006 Budget Estimate				75,299		224,700	427,800	1,004,807

SUMMARY OF PROGRAMME EXPENDITURE ESTIMATES

PROGRAMME 7: ASSOCIATED SERVICES SUB-PROGRAMMES	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
	Audited Outcome R'000	Audited Outcome R'000	Audited Outcome R'000	Adjusted appro- piation R'000	Revised estimate R'000	Medium-term estimates MTEF Baseline R'000		
TOTAL TRANSFERS AND SUBSIDIES TO:								
Municipalities	245,091	196,102	297,497	391,130		467,827	595,637	897,008
Departmental agencies and accounts	128,629	139,673	150,735	170,636		211,718	252,255	264,459
Public corporations	956,739	976,660	1,040,265	1,249,518		1,406,339	1,630,184	2,000,126
Private enterprises	102,788	143,578	202,333	240,003		247,575	256,012	264,817
Total transfers and subsidies	1,433,247	1,456,013	1,690,830	2,051,287		2,333,459	2,734,088	3,426,410
TOTAL PAYMENTS	1,433,247	1,456,013	1,690,830	2,051,287	-	2,333,459	2,734,088	3,426,410

Expenditure trends

Spending on the Associated Services programme increased from R1,4 billion in 2003/04 to R2,1 billion in 2006/07 at an average annual rate of 12,7 per cent. The increase is attributable to the additional allocation of funds transferred to public entities due to changes in VAT legislation and funding allocated towards the Integrated National Electrification Programme (INEP). The majority of transfer payments under this programme are made to municipalities, non-grid services providers and Eskom in terms of the INEP programme. Further funding has been allocated as a conditional grant to local government to reduce backlogs by accelerating the electrification of schools and clinics. Over the medium term, this additional funding will amount to R45 million in 2007/08, R90 million in 2008/09 and R150 million in 2009/10.

Spending on this programme continues to increase over the MTEF period from R2,1 billion in 2006/07 to an estimated R3,4 billion in 2009/10 at an average annual rate of 18,7 percent. Additional allocations made for the rehabilitation of electricity infrastructure. The establishment of the Diamond and Precious Metals Regulator with effect from 2007/08 also contributes the anticipated increase in spending over the MTEF period.

5. KEY STRATEGIC OBJECTIVES OF THE DEPARTMENT

Strategic Objective 1: Actively contribute to sustainable development: Contributing to infrastructure development and economic growth, increased investment in the minerals and energy sectors in South Africa, increasing beneficiation of minerals, increasing access to modern energy carriers and reducing the impact of mining and energy activities on the environment and public health.

Strategic Objective 2: Redress past imbalances and bridging the gap between the first and second economies: Through promoting broader participation in the minerals and energy sectors, direct intervention on communities, increased BEE and SMME participation and deracialising of and gender equity within the minerals and energy sectors.

Strategic Objective 3: Review and develop appropriate structures, processes, policies, systems and skills as well as the maintenance thereof: Alignment of structures, appropriate skills, processes, policies and systems to enable effective and efficient implementation and execution of policy and legislation that is aimed at achieving the key objectives of the Department.

Strategic Objective 4: Implement minerals and energy economic policies and legislation: Ensuring orderly and equitable exploitation of minerals and energy, promoting internationally competitive prices and security of energy supply

Strategic Objective 5: Govern the minerals and energy sectors to be healthier, cleaner and safer: Implementing monitoring and maintenance of effective policies and relevant legislation to mining and energy sectors by embarking on promotional and regulatory activities and programmers that will sustain and improve the industries health and safety standards

6. FIVE STRATEGIC RESIDUAL RISKS IDENTIFIED IN RELATION TO THE STRATEGIC OBJECTIVES

The following are Five Strategic Residual Risks identified that may impact on the achievement of the Department's Strategic Objectives.

- Failure to attract and retain personnel with right skills and knowledge;
- Failure to ensure security of supply;
- Lack of buy-in by 1st economy players;

- Fronting by designated historically disadvantaged South Africans; and
- Unpredictable market forces and socio-economic factors that affect energy and mining industries.

7. SUMMARY OF PROGRAMMES KEY FOCUS AREAS

Programme 1: Corporate Services

Purpose: “To provide a comprehensive corporate support service to the Department and the Ministry”.

Key Focus Areas:

- **Render an Effective and Efficient Special Projects and Compliance Office functions** - Effective and efficient functioning of the two offices, development and approval of implementation structure. Improve monitoring of state owned entities.
- **Promotion, Monitoring and Evaluation of DME procurement spent on Targeted Groups (e.g. BEE, SMMEs, Women, Youth and the Disabled)** - Inputs into the development and implementation of the Department strategy on BEE, SMMEs, promote, monitor and evaluate participation of BEE, SMME and women on procurement.
- **Render Effective and Efficient Human Resources Management and Development within DME** - Revised and implemented HR and HRD plans.
- **Render Effective Communication and Coordination of the Department's strategy** - Communicated, monitored and coordinated international and national commitments and strategy.

Sub-Programme 1: CFO Office

Purpose: “To provide a comprehensive financial, supply chain and information management service to the Department and the Ministry”.

Key Focus Areas:

- **Promotion, monitoring and evaluation of departmental procurement spent on Targeted Groups (e.g. BEE, SMMEs, Women, Youth and the Disabled)** - Inputs into the development and implementation of the Department strategy on BEE, SMMEs, promote, monitor and evaluate participation of BEE, SMME and women on procurement.
- **Develop and implement a Master Systems Plan (MSP)** - Provide effective and efficient IT Systems, Infrastructure capabilities & performance.

- **Effective and efficient Financial and Supply Chain Management** - Provision of an effective and efficient Financial and Supply Chain management system.

Programme 2: Promotion of Mine Health and Safety

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

Measurable Objective: Reduce mining related deaths, injuries and ill-health, through the formulation of national policy and legislation and the provision of advice and systems that monitor and audit compliance by the mining sector.

Key Focus Areas:

- **Reduce impact of mining on public health and environment** – Audit and inspection of rehabilitation sites.
- **Hazard emanating from mining which impacts on public health** – Address environmental impact of mining at source.
- **Fatalities, injuries and occupational diseases relating to mining** – Reduced number of fatalities, injuries and occupational health diseases through enforcement activities, audits and inspection of mines.

Programme 3: Mineral Regulation

Purpose: “To regulate the minerals and mining sector to achieve transformation and sustainable development in the country”.

Measurable Objective: To transform the minerals and mining sector into one that competitively contributes to the sustainable development in the country.

Key Focus Areas:

- **Regulate the industry to achieve transformation** - Increasing the number of Historical Disadvantaged South Africans (HDSA) participants in the mining sector, with biasness towards woman.
- **Improve administrative systems and controls for service delivery** - Effective and efficient administration through uniform administrative systems and controls throughout all the regions. Implement and monitor the necessary structures, systems and processes to ensure compliance.

- **Improve capacity to deliver on legislative mandate** - Improved turnaround time for applications, compliance to MPRDA timeframe and turnaround time.

Programme 4: Mineral Policy and Promotion

Purpose: To formulate mineral related policies and promote the mining and minerals industry of South Africa for the benefit of all.

Measurable Objective: Through research provide relevant information that will enhance global competitiveness, review policies and formulate legislation in order to achieve transformation and attract new investment into South Africa's minerals industry.

Key Focus Areas:

- **Promotion of investment and broadening participation in the economy** - Increasing the rate of investment through publications, promotions and exhibitions based on statistical information gathered.
- **Policy Review** - Review policies and amend legislation to achieve transformation and to attract new investment to the South African mineral industry.
- **Contribution towards sustainable development** - Finalisation of the National Strategy for rehabilitation of derelict and ownerless mines, and for the mine closure.

Programme 5: Hydrocarbons, Energy Planning and Clean Energy

Purpose: To promote the sustainable use of energy resources through integrated energy planning and the appropriate promotion, including policy and regulation development of petroleum products, coal, gas, renewable energy and energy efficiently.

Measurable Objective: Integrated energy planning, for the sustainable use of South Africa's energy resources. Internationally competitive energy prices. An increase in energy efficiency, through the development and implementation of appropriate energy policy and regulation.

Key Focus Areas:

- **Integrated energy planning** - Develop the second integrated Energy Plan by March 2007. This is a framework within which specific energy development decisions will be made, to balance the energy demand with supply resources in concert with safety, health and environmental considerations.

- **Increase access to affordable modern energy for low-income households** - Phase out use of paraffin and traditional biomass and introduce modern energy carries e.g. ethanol gel, LPG and low smoke fuel.
- **Implement energy economic policies and legislation** - Regulation and enforcement of certain elements of security of supply for liquid fuels.
- **Non-interruption of supply related to stock held** - Review commercial and strategic stocks policy crude and refined products.
- **Renewable energy** - Greater share of renewable energy through subsidies.

Programme 6: Electricity and Nuclear.

Purpose: To govern the electricity and nuclear sector with special emphasis on ensuring sustainable security of supply, universal access and the development of the nuclear sector.

Measurable Objectives: To ensure a well managed efficient, safe and cost effective electricity and nuclear industry in South Africa through policy, legislation and regulations. Achieving increased access to electricity and globally competitive electricity prices within a safe, clean and healthy industry.

Key focus areas:

- **Security and Diversity of supply** - Effective energy planning and diversification of primary energy sources.
- **Effective electricity distribution** - Restructuring of Electricity Distribution Industry and the establishment of the Regional Electricity Distributors (REDs). Monitoring and evaluating the performance of the REDs.
- **Universal access to electricity** - Implement and oversee the Integrated National Electrification Programme. Monitoring the implementation of free Basic Electricity.
- **Implementation of Radioactive Waste Management Policy** - Establishment of structures and legislation to support the implementation of the Radioactive Waste Management Policy and strategy.

8. PUBLIC ENTITIES REPORTING TO THE MINISTER OF MINERALS AND ENERGY

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

Measurable Objective: Enhance the Department's objectives through policies and directives, promoting its legislative mandate and leading to the creation of an environment conducive to investment and the improvement of the quality of life of South Africans.

Governance Arrangements

The founding legislation requires the Minister to appoint members of the boards of all state owned entities reporting the Minister of Minerals and Energy. Board members, with the exclusion of CEOs, are non-executive. The department is represented on all of these boards. Boards are ultimately accountable and responsible for the performance of the entities. They give strategic directions to the entity in line with the mandate implementation by management.

Activities

The CEF group of companies operates in the energy sector and is made up of entities with commercial, strategic, licensing and development roles. The group consists of five operating subsidiaries – PetroSA, IGas, Petroleum Agency SA, OPCSA, and SFF.

CEF is involved in the search for appropriate energy solutions to meet the future energy needs of South Africa, SADC and the sub-Saharan Africa region, including oil, gas, electrical power, solar energy, low-smoke fuels, biomass, wind and renewable energy sources. CEF also manages the operation and development of the oil and gas assets and operations of the South African government.

CEF, through its integrated oil company subsidiary, PetroSA, is involved in the exploration for oil and gas onshore and offshore South Africa, as well as the rest of Africa; the production of environmentally friendly petroleum fuels and petrochemical products from gas and condensate at its synfuels refinery outside Mossel Bay; and the management of oil storage facilities. SFF manages South Africa's strategic reserves of crude oil.

CEF has established a new and exciting division, EDC (Energy Development Corporation). This division pursues commercially viable investments renewable energy (with the exception of natural oil and other already commercialized and developed energy technologies in Southern Africa.). This division focuses on a number of niche areas, commercial projects; developmental projects, which catalyze the renewable energy sector, and social projects, which benefit previously disadvantaged communities.



CEF subsidiary company, Oil Pollution Control SA, provides oil prevention, control, and clean-up services, mainly in South Africa ports and coastal areas, in terms of South Africa's National Environmental Management Act (NEMA).

CEF, through its subsidiary Petroleum Agency South Africa, manages the promotion and licensing of oil and gas exploration, development and production in South Africa and the coastal areas offshore South Africa as part of creating a viable upstream oil industry in the country.

CEF subsidiary iGas acts as the official agent of the South African Government for the development of the hydrocarbon gas industry, comprising natural gas (LNG) and petroleum gas (LPG), in South Africa.

Key priorities for the coming MTEF period:

- Develop a CEF brand that identifies CEF as the energy group in Africa.
- Ensure long term sustainability of the group.
- Ensure long term profitability of CEF (Pty) Ltd
- Assess and manage group risks.
- Develop group corporate governance strategy to ensure good governance and sustainability.
- EDC must promote BEE investments in alternative and clean renewable energy technologies that will improve the quality of life for low income households.
- Establish a strategy for project investment and obtain financing for group projects.
- Investigate carbon credit opportunities.

2. EDI HOLDINGS COMPANY (PTY) Ltd [EDIH]

Electricity Distribution Industry Holdings Company (Pty) Ltd was created for the sole purpose of executing the Government's strategic objectives of restructuring the Electricity Distribution Industry (EDI) as per the requirement of the Energy White paper of 1998, the EDI Restructuring Blueprint of 2001, and as amplified by subsequent cabinet decisions.

The objectives of the EDIH are to ensure:

- Plan, control and manage the process of the establishment and implementation of 6 financially viable REDs.
- Retain effective control over the REDs through special voting shares.
- Manage the provision of short term support by strong and electricity providers.
- Sustainable supply to low income consumers, regardless of location or affordable prices
- Future REDs to operate on a financially viable basis as independent businesses
- Future REDs to provide secure employment to their employees, provide skills development and training consistent with high technology modern distribution business
- Transition to be done within the context of a comprehensive human strategy and an agreed social plan.
- Prepare and implement an electricity distribution industry– wide social plan and other plans.

Key priorities for the coming MTEF period:

Key priorities for the MTEF period are reflected by the EDI Holdings mandate to restructure the existing Electricity Distribution Industry entities, into financially viable Regional Electricity Distribution companies, in accordance with National Government policy. As resolved by Cabinet on 25 October 2006, the EDI Restructuring approach must be revised as follows:

- By 31 July 2007, the EDI Restructuring Bill must be in place.
- By 30 April 2007, completed business case for the public entities' creation including a capital investment strategy.
- By 31 May 2007, a framework must be in place for the transfer of the Eskom assets, liabilities and staff.
- Develop EDI restructuring implementation roadmap to be approved by 31 May 2007.

The key consideration and implementation enablers for the Cabinet decision include:

- Governance of the REDs

- Infrastructure Investment Strategy
- Salary Harmonization Framework
- Surcharge principles (Municipal Fiscus and Finance Bill)
- Consolidation of RED 1 in the Western Cape to ensure that the pilot is a success. .

1. COUNCIL FOR GEOSCIENCE (CGS)

The Council for Geoscience (CGS) was established in terms of the Geoscience Act, Act 100 of 1993. The objectives underlying the establishment of the CGS are to develop and publish world-class Geoscience-knowledge products and to render Geoscience-related services to the South African public and industry.

The mandate of the CGS, as defined in the above Act includes:

- The systematic reconnaissance and documentation of the geology of the earth's surface and continental crust, including all offshore areas within the territorial boundaries of South Africa.
- The compilation of all Geoscience data and information, particularly the geological, geophysical, geochemical and engineering-geological data in the form of maps and documents, which are placed in the public domain.
- To manage a number of national Geoscience facilities on behalf of the state, these facilities include the National Geoscience Museum, the National Borehole library, the National Seismological network and the South African Infrasound Observatory etc.

Key priorities for the coming MTEF period:

- Promotion and the sustainable development of South Africa's mineral resources
- Provision of geosciences information for infrastructure development and environmental management
- To continue to provide key enabling data on which ground water exploration and the harnessing of surface water is based.
- To develop and implement a large multi year programme aimed at mitigating the diverse environmental and safety hazards, which are resulting from the 120 years old gold mining in the Witwatersrand.
- Assessment of remaining resources and predictive semi-quantitative assessment of undiscovered mineral deposits for selected mineral commodities of strategic importance to the South African economy
- Providing institutional support to the promotion of small scale mining
- Develop a staff retention strategy
- Increase the scientific and technical capacity by implementing a yearly recruitment drive at all major universities.
- Develop brand and marketing strategy for the CGS

1. NATIONAL NUCLEAR REGULATOR (NNR)

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

The regulator exercises safety regulatory control over the entire life cycle of nuclear installations and vessels propelled by or containing radioactive material. The regulator also fulfils national obligations related to international instruments concerning nuclear safety and ensures that provisions for nuclear emergency planning are in place.

Key priorities for the coming MTEF period:

- Enforce regulatory standards and practices to ensure that an acceptable level of safety and full compliance with conditions of nuclear authorisation and regulatory requirements is maintained by the regulated operating organisations,
- Implement innovative talent management strategy to achieve a high quality, diverse work force with the skills needed to achieve the NNR's vision
- Strengthening the NNR's regulatory research programs in support of the regulatory process
- Ensure that where emergency plans are required in terms of the NNR Act, effective emergency plans are developed, approved, implemented and managed
- Strengthen the regulatory enforcement regime
- Strengthen the analytical verification capability and capacity of the NNR Laboratory
- Implement a communications policy to improve public understanding of the issues relating to the nuclear sector regulation
- Implement Process-Based Licensing (PBL)

5. SOUTH AFRICAN DIAMOND BOARD (SADB)

The South African Diamond Board was established in terms of the Diamonds Act (1986) to regulate the diamond industry. Its main function is to exercise control over the possession and sale, the processing and the export of diamonds and for matters connected therewith.

The objectives of the Board shall be:

- To ensure that the diamond resources of the Republic are exploited and developed in the best interest of the country and
- To promote the sound development of diamond undertakings in the Republic.



Both the Diamond Amendment Act and the Precious Metals Act have ushered a new era in the regulation of the mineral industries in the country by creating an enabling environment for the beneficiation of the country's mineral resources by widening access to rough diamonds and precious metals. The South African Diamond and Precious Metals Regulator (SADPMR) is to replace the South African Diamond Board during the coming MTEF period.

The establishment of the Diamond and Precious Metals Regulator encompassing the regulation of the diamonds, platinum group metals and gold will result in the delisting of the South African Diamond Board. The South African Diamond and Precious Metals Regulator will be tasked with issuing licences and permits related with the trade of in diamonds, gold and platinum, including the monitoring of activities related to the trade in the said commodities.

6. MINE HEALTH AND SAFETY COUNCIL (MHSC)

The Mine Health Safety Council functions in terms of the Mine Health and Safety Act (No 29 of 1996), to advise the Minister of Minerals and Energy on OHS legislation and research outcomes focused on ameliorating and promoting occupational health and safety at South African mines.

The Council was constituted in 1996 on recommendations made by the Leon Commission of Inquiry into Health and Safety in the Mining Industry, and which resulted in the promulgation of the Mine Health and Safety Act (MHSA, Act 29 of 1996).

The Council as well as its three statutory tripartite Permanent Committees consists of 15 non-executive members representing the State, Employers and Employees under Chairmanship of State member. The Permanent Committees were established in terms of Section 44 (3) (a-e) and Section 44 (4) (a-d) of the Mine Health and Safety Act and comprises of the following:

- The Mining Regulations Advisory Committee (MRAC) is responsible for advising the council on proposed changes to legislation, Guidelines for codes of practice and for Standards approved by the South African National Standards (SANS).
- The Mining Occupational Health Advisory Committee (MOHAC) is responsible for advising the Council on health policies, regulations, research, the management of health risks and data management.
- The Safety in Mines Research Advisory Committee (SIMRAC) reviews OHS risks and solicit research projects, manage the conclusion of those projects and advice on the technology transfer of its results.

The key long-term objectives of the Council are to eliminate fatalities, reduce injuries (especially disabling injuries) and reduce occupational diseases in the mining sector.

Key priorities for the coming MTEF period:

- Support the achievement of the milestones set at the Summit, to promote the prevention of death, injury and disease within the mining industry,

- Promote and drive legislative review
- Advise the Minister on health and safety issues
- Promote and facilitate the development of a preventative culture to drive health and safety agenda
- Promote and facilitate the development of capacity to drive the health and safety agenda
- Ensure the effective and efficient operation of the Council
- Monitor and review SIMRAC project for the elimination of silicosis and proactively deal with the outcomes of the project
- Monitor and review SIMRAC project for the elimination of NIHL and proactively deal with the outcomes of the project
- Monitor and review the SIMRAC project on rocks bursts and rock falls
- Implement, monitor and evaluate SIMRAC research programme, to contribute to the achievements of industry milestones.

7. COUNCIL FOR MINERAL TECHNOLOGY RESEARCH (MINTEK)

Mintek, South Africa's national minerals research organisation is an autonomous statutory body established in terms of the Mineral Technology Act No.30 (1989) and reports to the Department of Minerals and Energy (DME).

Mintek's primary objectives are to research, develop and technology transfer to promote mineral technology and to foster the establishment and expansion of mineral and associated industries.

Mintek's strategic objectives arise out of its Mandate and are grouped into the following key areas:

- Provide greater and more efficient mineral beneficiation to minerals through technology development and transfer;
- Strengthen South Africa's position as a global supplier of mineral technologies, capital goods and services;
- Develop and implement regional strategies for the mineral beneficiation sector, concentrating on value addition, capacity building and broad-based development;
- Initiate poverty alleviation programmes and support the growth of small, medium and micro- enterprises (SMMEs) in the minerals sector;
- Transform Mintek's business practices and workforce profile to ensure alignment with socio-economic realities of South Africa;
- Develop the requisite human capital; and
- Comply with the appropriate quality environmental and safety legislation.

Key priorities for the forthcoming MTEF period

Research and Development

Mintek is growing its capacity to lead and support multiple initiatives in small-scale mining beneficiation, and it is well positioned to lead projects that will benefit the national economy and support government initiatives to create employment in mining, manufacturing and agriculture at the local level. Ongoing participation in the EU's BioMine project, which will continue until the end of 2008, is enabling Mintek to engage in capacity building and networking with South African Universities to promote research in bioleaching and related processes.

Mintek is expanding its activities in the field of advanced materials in order to fit in with the National Research and Development (R&D) Strategy and supposed national initiatives, such as the Advanced Metals initiative, the Advanced Manufacturing Technology Strategy, Hydrogen and Fuel Cell R&D Strategy, and Nanotechnology Strategy. Specific projects include project AuTEK (for new uses of industrial uses of gold), the Platinum Development initiative projects and support for the DST/NRF Centre of excellence for strong materials. Progress has been made with the DST and the major platinum producers towards increasing the level of funding for research into the new industrial uses for platinum and palladium.

The Parliamentary Grant is expected to account for 33% of Mintek's income, with research income constituting 39% of the total.

Commercial operations

As a result of the upswing in the uranium market, Mintek has re-established itself as one of the foremost uranium laboratories in the country, and further growth in processing test work for new projects is anticipated. Mintek has complied with all the permitting and regulations required by the National Nuclear Regulator (NNR).

Launching the first commercial product from Project AuTEK (new uses for gold) will be a priority. Test work will start in earnest to demonstrate the ConSmelt Process for high chromite PGM concentrates, which are not amenable to convectional treatment, as a result of the co-operation agreement with Independence Platinum. This work will form part of a US\$15 million work programme and feasibility study, scheduled for completion in 2009, on a proposed independent smelter and base metal to serve new entrants to the PGM sector.

Exceptional growth has been experienced in the piloting of copper, nickel and cobalt recovery circuits for projects in the DRC, Zambia and Botswana, and the current high level of work is expected to continue. Mintek's heap bioleaching technology for low – grade primary copper is expected to proceed to commercial implementation within the next two years.

Mintek is predicting a year – on – year 13% increase in its income from commercial sources for 2007/08.

Technology exports

Mintek remains a leader in the application of advanced control strategies for the metallurgical processes. The new Cynoprobe instrument for measuring cyanide concentrations in gold plant and environmental samples has been rapidly accepted by industry. A new system for monitoring the arc characteristics in submerged – arc furnaces was launched at the International Ferro Alloys Conference in India and the first commercial installation is expected in the second quarter of 2007. The first installation of the Minfurn carbon regeneration furnace in a potentially large new market, the water treatment industry, is also expected.

Regional Strategies

Market is frequently called upon to support strategy and policy issues at all levels in South Africa, including participation in the New Partnership for Africa's Development (NEPAD) and the African Mining Partnership (AMP), through research into broad – based economic development issues around mining and minerals. A particular goal during 2007/08 will be setting up a facilitation centre to assist small and medium –scale mining companies to comply with the European Union's REACH legislation on the movement of chemicals, and to assist the DME and the DTI in understanding the impact. In this regard, a Mintek representative attended the first formal presentation workshop in Brussels in March. Other projects include a study of the social and economic contributions of mines to local communities and an environmental input –output model for the South African mining industry.

Governance

Mintek will co-ordinate the effective induction and operation of the new Board and CEO. We expect to receive an unqualified report from the Auditor General on the 2006/07 financials. Improved SAP training has also been instituted throughout Mintek.

Employee recruitment and retention

Mintek's growth in capacity is being constrained by the high turnover in experienced scientists and engineers, who are finding higher paying positions in the private sector due to the commodities boom. The salaries of this group are being adjusted in order to close the gap. Mintek has initiated a programme to recruit a small number of experienced engineers from abroad. Mintek aims to achieve a professional staff turnover of 16% or less in 2007/08.

Mintek aims to expand its undergraduate and postgraduate bursary programmes through strategic alliances with universities, the National Student Financial Aid Scheme, Mining Qualifications Authority, and other research organisations, allowing an increase in technician and engineer –in- training numbers.

8. NUCLEAR ENERGY CORPORATION OF SOUTH AFRICA (NECSA)

NECSA was established as a public company in terms of the Nuclear Energy Act, Act 46 of 1999 and is wholly owned by the state. Apart from several ancillary functions, the main functions of NECSA are to:

- undertake and promote research and development in the field of nuclear energy and radiation sciences and technology and subject to the Safeguards Agreement;
- to process source material, special nuclear material and restricted material;

- and to co-operate with persons in matters falling within these functions subject to the approval of the Minister. In addition to its research mandate, NECSA is also responsible for the following institutional obligations on behalf of the state:
- Decommissioning and decontamination of past strategic nuclear facilities
- Management of waste disposal on a national basis. Apart from its main operations at Pelindaba 30 km west of Pretoria; NECSA is also responsible for operating the Vaalputs national radioactive waste-disposal facility in the Northern Cape.
- Application of radiation technology for scientific and medical purposes
- Operation of the SAFARI – 1 nuclear reactor and;
- Execution of the safeguards function.

NECSA employs some 1400 people in diverse areas such as physics engineering, chemistry and electronics. The nuclear research reactor at Pelindaba, SAFARI-1, is now one of the most commercialized such reactor in the world with ISO 9001 accreditation and is earning South Africa significant foreign revenue.

NECSA develops and utilizes nuclear technology as part of the National System of Innovation. The Corporation also serves the State's nuclear institutional obligations. Its growth strategy, Vision 2010, is aimed at contributing to national and regional socio-economic development, in line with the New Partnership for Africa's Development.

Key priorities for the coming MTEF period:

- Upgrade the strategic monitoring of the nuclear R&D environment and be aware of the latest developments and opportunities.
- Attract the best talent to NECSA by creating imaginative and challenging research projects.
- Develop a formal system and capacity to access all R&D funding opportunities.
- Form JV with PBMR for establishment of the PBMR Pilot Fuel Plant
- Establish fuel cycle development capabilities in conversion, enrichment and fuel development.
- Develop an R&D plan for the bioscience field.
- Establish the National Nuclear Manufacturing Centre to provide engineering services for the nuclear industry.

9. NATIONAL ENERGY REGULATOR OF SOUTH AFRICA (NERSA)

NERSA is the regulatory authority established in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004) with the mandate to "regulate the electricity industry in terms of the Electricity Regulation Act, 2006 (Act no. 4 of 2006), undertake the functions of the Piped Gas Regulator as set out in the Gas Act, 2001 (Act No. 48 of 2001), undertake the functions of the Petroleum Pipelines Regulatory Authority as set out in the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003) and to perform such other functions as may assigned to it by or under these Acts".

NERSA came into being to:

- Effectively and efficiently regulate the electricity industry
- Establish appropriate processes, procedures and systems to implement the Gas Act and the Petroleum and Pipelines Act.
- Develop an appropriate regulatory framework for the reforming electricity industry
- Promote and advise on appropriate legislation to regulate the future electricity industry

NERSA's key functions are to:

- Handle license applications and issue licenses;
- Set tariffs and price structures;
- Set conditions of supply and standards;
- Monitor compliance with separate accounting provisions
- Monitor compliance with third party access and interconnection provisions
- Handle non-compliance and setting penalties and fines for non-compliance
- Investigate complains; mediate or arbitrate in disputes
- Gather and store industry information
- Ensure non-discrimination, promote BEE and competition in the three industries;
- Ensure compliance by licensees regarding safety, environmental, health and security standards;
- Promote the improvement of the efficiency of the energy industry;
- Consult with government departments with regard to industry development, and expropriate land as necessary to meet objectives of the relevant legislation.

Key priorities for the coming MTEF period:

The following strategic objectives will be NERSA's focus during the MTEF period:

- To regulate the energy industry effectively and efficiently
- To regulate in a manner that incentivises security and reliability of supply
- To ensure that regulatory decisions are consistent and predictable, providing certainty for all stakeholders.
- To attract, develop, motivate and retain requisite skills and competencies to ensure that NERSA carries out its mandate effectively and efficiently.
- To prepare for the establishment of the Regional Electricity Distributors and influence the restructuring process
- To monitor performance of the electricity industry and share the information with stakeholders
- To provide stability, certainty and predictability in regulating energy prices
- To establish future electricity capacity needs and least cost capacity plans for the energy industries to meet the future capacity needs and provide such information to stakeholders.
- To establish effective and efficient pricing mechanisms that balances the interests of consumers, suppliers and sustainability of the industry.



ANNEXURES

MEASURABLE OBJECTIVES, IMPACT/OUTCOME. KEY ACTIVITIES, MEASURES AND
TARGETS FOR THE 2007-2010 PERIOD

Programme 1:	Corporate Services
Programme 2:	Promotion of Mine Health and Safety
Programme 3:	Mineral Regulation
Programme 4:	Mineral Policy and Promotion
Programme 5:	Hydrocarbons, Energy Planning and Clean Energy
Programme 6:	Electricity and Nuclear

1. PROGRAMME 1: CORPORATE SERVICES

PURPOSE: “To provide a comprehensive corporate support service to the Department and the Ministry”

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Actively contribute to sustainable development	Full compliance with DME mandate	Ensure alignment of SOEs strategic plans to those of the DME	Realigned Strategic Plans of SOEs to the DMEs' Strategic Plan	By 30 June 2007	-	-
			Aligned Strategic Plans of SOEs to the DMEs	-	By 31 March 2008	By 31 March 2009
		Finalise and implement the SOE Monitoring Strategy	Approved SOE Monitoring Strategy	31 May 2007	-	-
	Improved image of DME	Implement a Communications Strategy	Reports reviewed and approved	Quarterly	Quarterly	Quarterly
			Updated & approved communication plan	From 01 April 2007	From 01 April 2008	From 01 April 2009

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	Improved Investment in the minerals and energy sectors	Develop and Implement International Relations Strategy and Plan	Completed client perception survey	-	By 01 May 2008	
			Approved International Relations Plan	By April 2007	-	-
			Implemented International Relations Strategy and Plan	By April 2007	-	-
			Monitored International Relations Plan	-	April 2008 Half yearly	Half yearly
Actively contribute to sustainable development	Improved employees' skills and competency levels	Review and update HRD strategy and plan	Approved HRD strategy and plan	1 April 2007	31 March 2008	31 March 2009
			Implemented HRD plan	1 April 2007	1 April 2008	1 April 2009
Actively contribute to sustainable	Improved participation of	Develop and implement a	Approved Strategy	31 September 2007	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
development and Redress past imbalances and bridging the gap between the first and second economies	targeted groups	DME strategy and policy for targeted groups	Implemented Strategy	-	31 December 2008	-
			Evaluated Strategy	-	31 March 2009	-
Redress past imbalances and bridging the gap between the first and second economies	Transformed workforce reflecting national demographics	Implementation of the Employment Equity Plan	Annual Targets met	31 October 2007	31 October 2008	31 October 2009
			Approved Strategy	31 September 2007	-	-
	Improved participation of targeted groups	Develop and implement a DME strategy and policy for targeted groups	Implemented Strategy	-	31 Dec 2008	-
			Evaluated Strategy	-	-	31 March 2009
Implement minerals and energy economic	Effective Knowledge	Develop and Implement a	Approved Knowledge	March 2008	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
policies and legislation	Management within DME	Knowledge Management Strategy	Management Strategy			
			Implemented Strategy	-	1 April 2008	1 April 2009
Review and develop appropriate structures, processes, policies, systems and skills as well as the maintenance thereof	Enhanced service delivery	Review and develop appropriate organisational structure that support the Strategy	Approved Implementation Plan	30 April 2007	31 March 2008	31 March 2009
			Implementation Plan executed	Identified Branches by April 2008	Identified Branches by April 2009	Identified Branches by April 2010
	DME capacitated to deliver on its mandate	Implement identified DME projects of the Vulindlela Capacity Assessment Outcomes	Approved Implementation Plan	March 2007	-	-
			Monthly Progress Reports (G&A and EXCO)	Monthly	-	-
	Adequate supply of skills to meet the	Formulate a National Nuclear Skills	Approved draft strategy for	31 July 2007	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	needs of the electricity and nuclear sector	Development Strategy for the expanded Nuclear Programme	Consultation			
			Approved Strategy	By 31 March 2007	-	-

1.1. SUB-PROGRAMME: CFO OFFICE

PURPOSE: "To provide a comprehensive financial, supply chain and information management service to the Department and the Ministry"

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Actively contribute to sustainable development		Effective and efficient Financial and Supply Chain Management System	- Business Plans aligned to budgets - Expenditure aligned to spending plans	80%	100%	100%
			Reduction in the level of under/over spending	Less than 4% under expenditure	Less than 2% under spending	Less than 2%
			A clean audit report Compliance with PFMA and PPPFA	Maximum of two areas of emphasis	No emphasis of matter	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
			Increased participation by target groups in procurement	70% maintained	70% maintained	70% maintained
		Effective and efficient Financial and Supply Chain management system	Safer working environment - Approved accommodation plan	June 2007		
			Implementation plan	July - Ongoing	Ongoing	Ongoing
Actively contribute to sustainable development		Provide an effective and efficient IT Systems, Infrastructure capabilities and performance.	Master System Plan (MSP) developed and implemented	Development – June 2007	Implementation – Phased Approach from July 2007	Implementation – Phased Approach from July 2007

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
			Annual review of MSP	Implementation – Phased Approach from July 2007	Review 31 March annually	Review 31 March annually
Redress past imbalances and bridging the gap between the first and second economies	Past economic imbalances redressed	Develop a BBEE and SMME internal policy	Approved policy	May 2007	-	-

2. PROGRAMME 2: MINE HEALTH AND SAFETY

PURPOSE: “Execute the Department’s statutory mandate to protect the health and safety of the mine employees and people affected by mining activities.”

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Actively contribute to sustainable development	Reducing the impact of mining and energy activities on the environment and public health	Conduct volumetric surveys on rehabilitation sites as requested by Mineral Regulation branch.	% of requests dealt with in specified time frame (4 weeks).	80% surveys	100% surveys	100% surveys
	Reducing the impact of mining and energy activities on the environment and public health	Investigate and address Health and Safety related complaints	% of cases investigated and resolved within a specified time frame (4weeks)	100%	100%	100%
	Reducing the impact	Processing of	% of request	100%	100%	100%

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	of mining and energy activities on the environment and public health	applications for mining/prospecting rights/permits applications	handled within specified time frame (4 weeks)			
Actively contribute to sustainable development	Reducing the impact of mining and energy activities on the environment and public health	Evaluation of Environmental Management Programmes	% of requests handled within specified time frame(4 weeks)	100%	100%	100%
		Evaluation of land use applications (township developments)	% of request handled in allotted time (4 weeks)	100%	100%	100%
Govern the minerals and energy sectors to be healthier, cleaner and safer	Sustain and improve health and safety standards in the mining industry	OHS policy formulation and development.	Number of OHS policy papers developed and fed into the tripartite process	100%	100%	100%

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
		Monitor compliance with MHSA and regulations- Routine Inspections	% of planned inspections conducted	100% as planned	100% as planned	100% as planned
		Monitor Compliance with MHSA and Regulations- Routine Audits	% of Planned Audits conducted	100%	100%	100%
		Conduct accident investigations	% of investigations completed in 4 weeks	100%	100%	100%
		Conduct Accident Inquiries	% of inquiries completed in 12 weeks	100%	100%	100%

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Govern the minerals and energy sectors to be healthier, cleaner and safer	Sustain and improve health and safety standards in the mining industry	Conduct examinations for Certificates of Competency	% of planned examination boards conducted	100%	100%	100%
		Promote the implementation of research results	Number of best practice documents developed and distributed	100%	100%	100%
		Participation in international forums and standard setting	Number of forums attended	20	20	20
		Collection and dissemination of OHS information.	Availability of accurate safety information.	Monthly/ Annually	Monthly/ Annually	Monthly/ Annually
		Promote health and	Number of	108 newsletters	108	108 newsletters

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
		safety	promotions held (workshops, seminars, expos and OHS summits)	and Bi-annual regional expos	newsletters and Bi-annual regional expos	and Bi-annual regional expos
Review and develop appropriate structures, processes, policies, systems and skills as well as the maintenance thereof	Aligned structures and appropriate skills, processes and systems to enable effective and efficient implementation and execution of policy and legislation that is aimed at achieving the key objectives of the department	Implement the HRD framework for MHS	Number studying towards addressing scar skills.	In line with budget received	In line with budget received	In line with budget received
			Number of Interns.			
			Number of Learnerships.			
			Employ	20% of	20% of	15% of
		short-term measures to address vacancies and skill gaps.	contractors	complement	complement	complement

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
		Develop operational policies and procedures and guidelines.	Key operational policies and procedures developed and implemented	50%	80%	100%
		Facilitate the Integration of all mining OHS systems and improve knowledge management.	% of operational system in place from identified needs..	50% done	80% done	100% done

3. PROGRAMME 3: MINERAL REGULATION

PURPOSE: “To regulate the minerals and mining sector to achieve transformation and sustainable development”

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Regulate the Industry to achieve Transformation	Increased number of HDSA & women participants	Process applications for prospecting and mining rights	Number of new rights granted to HDSAs	27 new HDSA entities licensed	27 new HDSA entities licensed	27 new HDSA entities licensed
			Number of women led companies licensed	18 women led entities licensed	18 women led entities licensed	18 women led entities licensed
	Improved level of compliance with all seven pillars of the Mining Charter	Hold workshops for HDSAs and women on compliance issues	Number of workshops held	9 workshops	9 workshops	9 workshops
		Conduct site inspection of rights granted	Number of charter compliance inspections conducted	160 inspections (Charter and SLP)	160 inspections (Charter and SLP)	160 inspections (Charter and SLP)
	Common understanding of transformation	Develop a BEE Assessment Tool	BEE Assessment Tool implemented	BEE Assessment Tool	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Contribute to sustainable development	agenda	Conduct training on assessment of tool	Number of training sessions	11 training sessions	11 training sessions	11 training sessions
		Hold industry workshops on compliance issues	Number of industry workshops held	1 workshop	1 workshop	1 workshop
	Sustainable development through mineral resources	Develop Guidelines to evaluate mining and prospecting work programmes	Guidelines developed	Guidelines Implemented	Guidelines Implemented	Guidelines Implemented
		Evaluate mining and prospecting work programmes	% of mining and prospecting work programmes evaluated	Not less than 90% work programmes evaluated	Not less than 90% work programmes evaluated	Not less than 90% work programmes evaluated
		Conduct inspections of prospecting and mining operations	Number of inspections conducted	302 inspections	302 inspections	302 inspections
	Reduction of poverty around mining and labour sending areas	Develop a Poverty Impact Assessment Tool	Poverty Impact Assessment Tool	Poverty Impact Assessment Tool	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
		Monitor compliance with the social and labour plans	Number of inspections conducted	160 inspections (Charter and SLP)	160 inspections (Charter and SLP)	160 inspections (Charter and SLP)
	Integrated local economic development	Align SLPs approval with IDPs/LEDs	% of SLPs aligned to IDPs/LEDs	Not less than 80% SLPs evaluated	Not less than 80% SLPs evaluated	Not less than 80% SLPs evaluated
	Sound environmental inspections	Conduct environmental inspections	Number of inspections conducted	1380 inspections	1380 inspections	1380 inspections
	Reduced Governmental environmental liability	Rehabilitation of ownerless and derelict mines Develop Guideline to Assess Financial Provision	Number of "ownerless and derelict mines" projects rehabilitated Assessment Guideline on Regulation 53(1)(d)	13 Projects Assessment Tool	11Projects	11Projects
	Effective and efficient administration	Implementation of approved administrative systems and controls	Internal audits reports	Unqualified IA and Auditor General reports in	Unqualified IA and Auditor General reports in	Unqualified IA and Auditor General reports in respect of all
Review, develop and align administrative systems, structure, processes and control for good Governance						

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Review, develop and align administrative systems, structure, process and control for good Governance				respect of all directorates	respect of all directorates	directorates
			AG Management Letter	-	-	-
		Monthly stock-taking	Monthly audit report	-	-	-
		Processing of applications within prescribed timeframes	100% of applications processed within the timeframes	No backlog	No backlog	No backlog
	Improved Security of tenure of rights and permits	Registration of rights	Number of days to effect registration	30 working days	30 working days	30 working days
		Recording of permits	Number of days to effect recording	14 working days	14 working days	14 working days
	Human Resources Development and capacity building	Review the structures and make recommendations	Reviewed structure	Regional offices finalised structures	Implementation of the structure	Implementation of the structure
		Submit report to Corporate Services	Report submitted to Human Resources	30-Apr-07	-	-
		Conduct staff training	Number of training	6 training	6 training	6 training

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
		workshops	workshops conducted	workshops	workshops	workshops

Regional Plans

	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Regions	HO	Total
HDSA entities	3	3	3	3	3	3	3	3	3	27	-	27
Women entities	2	2	2	2	2	2	2	2	2	18	-	18
BEE and Women Workshop	1	1	1	1	1	1	1	1	1	9	-	9
Charter (SLP) Inspections	20	15	15	20	15	15	20	20	20	160	-	160
Mine Economics inspections	30	30	30	30	30	30	32	60	30	302		302
MEM Inspections	120	120	120	240	150	120	300	150	60	1,380		1,380
BEE Assessment Training Sessions	1	1	1	1	1	1	1	1	1	9	2	11
Industry Workshop										-	2	2
Rehabilitation Projects							12	1		13		13
Training Workshops											6	6

4. PROGRAMME 4: MINERAL POLICY AND PROMOTION

PURPOSE: "To formulate mineral related policies and promote the mining and minerals industry of South Africa thus making it attractive to investors".

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Enhanced global competitiveness of South Africa's mining and mineral industry	Increased investment in the Mining Sector	Promotion through Exhibitions	Number of Exhibitions	6	7	6
		Promotion through Publications and Directories	Number of reports and directories	29	32	35
		Conduct general economic analyses	Number analyses completed	12	12	12
		Collect and distribute mineral statistics to Stats SA	Monthly Submission	12	12	12
		Engage in international obligations	Number of obligations (AMP, KPCS, Bilaterals, &	4	4	4

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Contribute towards sustainable development	Increase Beneficiation of Minerals		Global dialogue)			
		Define and gazette beneficiation baseline levels for commodities	Number of commodities defined	7	-	0
		Develop a beneficiation strategy	Strategy document	1	0	0
	Enable the mining industry to contribute optimally to SD	Develop, implement and monitor compliance SD strategy	Compliance to SD requirements as per WSSD outcomes	Complete implementation Plan	Monitor implementation plan	Report to the UN commission for SD
	Reduce negative impact of derelict and ownerless	Develop a strategy for rehabilitation of derelict and ownerless mines	Strategy document	Complete strategy	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	mines					
	Reduce cumulative impacts from mining	Develop mining & closure strategies	Completed strategy documents	5 mining basins	3 mining basins	0
	Reduce cumulative water impacts from mining	Develop strategies for the water ingress programme	Complete strategy	Medium term strategy	Medium term strategy complete	Long term strategy complete
Redress past imbalances and bridging the gap between the first and second economies	Partnerships between small and major players	Introduce SMME to majors	Number of successful partnerships	2	1	1
	Sustainable SMMEs	Establish sustainable SMMEs in SSM, jewellery fabrication and clay product manufacturing	Number of SMMEs supported	30	35	35
Develop and review policies to ensure transformation and attract investment	A mining industry that represents the demographics of the country by 2014	Develop/review or amend policies and legislations	Number of policies and legislations	3	2	2

5. PROGRAMME 5: HYDROCARBONS, ENERGY PLANNING AND CLEAN ENERGY

PURPOSE: “To promote the sustainable use of energy resources through integrated energy planning, energy efficiency and appropriate promotion, policy formulation and implementation and regulation of the coal, gas, renewable energy and petroleum products sectors”

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Actively contribute to sustainable development	Contributing to infrastructure development and economic growth, increased investment in the energy sector in South Africa, increasing access to modern energy carriers	Enable access to LPG	Appropriate regulatory framework	Appropriate Price Methodology _ March 2008	Promulgated Regulations - March 2009	-
		Promote energy efficiency awareness in identified sectors	Number of campaigns	1 sector campaign per annum + campaigns during energy efficiency month	1 sector campaign per annum + campaigns during energy efficiency month	1 sector campaign per annum + campaigns during energy efficiency month
		Promote carbon trading in RSA	Number of workshops	1 per province and sector	1 per province and sector	1 per province and sector
	Reducing the impact of energy activities	Outlaw energy inefficient appliances	Promulgated Regulations		Outlaw inefficient bulbs	

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Actively contribute to sustainable development	on the environment and public health					
		Subsidize renewable energy projects	Number of projects subsidized projects	3	10	10
	Contributing to infrastructure development and economic growth, increased investment in the energy sector in South Africa, increasing access to modern energy carriers	Finalise the Biofuels Industry Strategy	Approved Biofuels Industry Strategy	Approved Biofuels Industry Strategy	10	10
		Develop Biofuels Industry Regulations	Promulgated Biofuels Industry Regulations	-	Promulgated Regulations	10
		Develop interventions to increase renewable energy uptake	Feed-in tariffs	-	1 policy	-
		Develop interventions to increase renewable energy uptake	Tradeable RE certificates	2 Certificates	2 certificates	2 Certificates
		Participate in bi-lateral meetings.	Number of interactions.	10	10	10
		Develop petroleum procurement regulations	Promulgate Procurement Regulations	Promulgate Procurement Regulations	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Redress past imbalances and bridging the gap between the first and second economies	Through promoting broader participation in the energy sector, direct intervention on communities, increased BEE and SMME participation and deracialising of and gender equity within the energy sector	Implement appropriate measures to address identified energy needs	Number of Interventions	5	8	10
		Develop Pipeline Regulations	Promulgated Regulations	Promulgated regulations	-	-
		Develop Gas Regulations	Promulgated Regulations	Promulgated Regulations	-	-
Implement minerals and energy economic policies and legislation	Orderly and equitable exploitation of energy, promoting internationally competitive prices and security of energy supply	Finalize Energy Act	Promulgated Act	Promulgated Act	-	-
		Establish the entities created by Energy Act (NEEA, DNA, SANERI, NEPI, REFESO)	Fully operational the entities created by Energy Act	NEEA	National energy planning institute	REFSO, DNA & SANERI
		Develop Regulations pertaining to Energy Act	Draft Regulations	-	20% Completed	50% Completed
		Develop LFIP	Approved LFIP	Approved LFIP - July 2007	-	-
		Integrate LFIP and NIRP3	Approved Energy Infrastructure Master	Approved Energy	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Implement minerals and energy economic policies and legislation	Orderly and equitable exploitation of energy, promoting internationally competitive prices and security of energy supply		Plan	Infrastructure		
		Develop an integrated energy plan	Approved Integrated Energy Plan	-	-	Integrated Energy Plan
		Issuing and renewal of all licenses	Number of licenses issues	1,000 per month	1,000 per month	1,000 per month
		Capturing and processing of annual information	Number of submissions captured	1,000 per month	1,000 per month	1,000 per month
		Monitoring of licensing conditions	No. of licensee site inspection	30 sites per month (in total)	40 sites per month (in total)	40 sites per month (in total)
		Monitoring compliance of fuel specifications and standards	No. of sampled sites taken	5 samples sites per month	10 samples sites per month	15 samples sites per month
		Enforcement	% of cases successfully prosecuted	50%	50%	50%
		Set Monthly petroleum regulations	Monthly regulation submission	1 per month	1 per month	1 per month
		Implementation of Regulatory Accounting system	Fully functional regulatory accounting system	Fully functional regulatory system	-	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Govern the minerals and energy sectors to be healthier, cleaner and safer		Organize major energy industry promotional event.	Annual Energy Summit	1	1	1
		Align SOE's strategic objectives to those of DME	No of engagements	1 per month per SOE	1 per month per SOE	1 per month per SOE
		Review role of SOEs and	Revised and approved Mandate	PetroSA	CEF	NERSA
	Implementing, monitoring and maintenance of effective policies and relevant legislation in conjunction with SOEs to ensure a healthier, cleaner and safer energy sector	Conduct a paraffin appliances safety campaign.	Number of campaigns	1	1	-
		Conduct skills audit and requirements gap analysis	Skills Audit Report	One	-	-
		Implement Skills report recommendation	Successful completion of all	-	50%	100%
	Embarking on promotional and					

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	regulatory activities and programmes that will sustain and improve the industries health and safety standards		recommended training & development interventions			
Review and develop appropriate structures, processes, policies, systems and skills as well as the maintenance thereof	Alignment of structures, appropriate skills, processes, policies and systems to enable effective and efficient implementation and execution of policy and legislation that is aimed at achieving the key objectives of the Department	Enhance regional presence to promote service delivery	Approved & manned regional structure	Structure approved	50% filled	90% filled
		Review and develop an appropriate structure for HEPCE	Approved and manned HEPCE structure	Structure approved	60% filled	90% filled
		Develop NIEPS	Operational NIEPS	-	Operational system	-
		Develop a national energy database and information system	Operational NEDIS system	Operational NEDIS system	-	-

PROGRAMME 6: ELECTRICITY AND NUCLEAR

PURPOSE: “To govern the electricity and nuclear sector with special emphasis on ensuring sustainable security of supply, universal access and the development of the nuclear sector”

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Actively contribute to sustainable development	Universal access through increased access to modern Energy Carriers	Plan Implement and Oversee Integrated National Electrification Programme (INEP)	Number of Households, Schools and Clinics Electrified	150 000 Households, 700 Schools and all Clinics	150 000 households, 3000 schools	150 000 household 2300 schools
			Bulk substations (Sub-transmission)	10	10	10
			Preparation of integrated infrastructure planning			
Redressing past imbalances and bridging the gap between the first and second economies	Gender mainstreaming of the electricity and nuclear sector	Increase women participation	Percentage of females in the electricity and nuclear sector	20%	25%	30%

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	Broader participation within the electricity sector	Finalise a sector specific BEE policy aligned to the Statutory requirements	Sector specific BEE policy	Policy Completed	Implementation	implementation
	Poverty Alleviation through increased access to modern Energy Carriers	Evaluation of the Socio impact of INEP	Coverage Index	Baseline study	Increase by 5%	Increase by 5%
			Consumption Concentration	Baseline study	Increase by 1%	Increase by 1%
	Poverty Alleviation through increased access to modern Energy Carriers	Evaluation of the Socio impact of INEP	Monitor Reliability of Electricity	Baseline study	99% Plus uptime at key bulk supply point	99% Plus uptime at key bulk supply point
			Number of jobs created through provision of infrastructure	5000 new jobs Sustained	5000 new jobs Sustained	5000 new jobs Sustained
			Number of learners trained	800 learners	800 learners	800 learners

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	Well informed stakeholders	Development of a comprehensive capacity building and communication strategy on nuclear issues	Comprehensive strategy document	Strategy document completed	-	-
			Implementation Plan	Plan completed	Implementation of plan	Implementation of plan
		Develop long term plan to meet demand with least cost options and align plan with Liquid fuels plan	National Integrated Resource Plan	Plan completed	Revised plan	Revised plan
Implement minerals and energy economic policies and legislation	Security of Electricity Supply	Develop a contingency plan to deal with current generation challenges	Response Plan	Plan completed	Revised plan	Revised plan

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
		Develop regulations in terms of the Electricity Regulation Act No. 4 of 2006	Licensing, quality of supply, new generation capacity regulations in place. (incorporating new power stations, co-generation)	Regulation promulgated and operation	-	-
			Demand side management and energy efficiency	Regulation promulgated and operational		
	Security of supply	Development of national nuclear fuel supply strategy	Strategy document	Strategy completed	Implementation of strategy	Implementation of strategy
		Development of nuclear policy for the nuclear fuel cycle	Policy Document	Policy completed	Implementation of policy	Implementation of policy

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
		Conduct a techno-economic feasibility study on conversion and enrichment of natural uranium to low enriched uranium	Completed study	Completed	Implementation of findings	Implementation of findings
Implement minerals and energy economic policies and legislation	Effective nuclear non-proliferation framework	Develop and maintain a legal infrastructure that supports peaceful, safe and secure uses of nuclear energy	Number of Regulations promulgated under the Nuclear Energy Act.	Regulation completed	-	-
	Reduction of Nuclear liabilities	Implementation of the Nuclear Liabilities Management Plan	Annual Report on Liabilities discharged including expenditure.	Completion of the annual plan as agreed with NECSA.	Completion of the annual plan as agreed with NECSA.	Completion of the annual plan as agreed with NECSA.

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	Predictable electricity pricing regime	Review existing pricing practices	Overall Policy on Electricity prices	Policy completed	Implementation of policy	Implementation of policy
	Effective management of Radioactive waste	Implementation of the Radioactive Waste Management Policy and Strategy	Radioactive A Draft Bill on the National Radioactive Waste management Agency	Completed Draft submitted to Cabinet (June 2007)	Consultation process	Finalisation & Approval
			The National Committee on Radioactive Waste Management Draft Bill on the Waste management	Functional NCRWM	-	-
Implement minerals and energy economic policies and legislation	Effective management of Radioactive waste	Implementation of the Radioactive Waste Management Policy and Strategy	Draft Bill on the Radioactive waste management fund	Completed Draft (March 2008)	Consultation Process	Finalisation and Approval

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	Implementation of the NNR Act	- Regulations on annual fees for nuclear authorisations - Regulations on financial security for nuclear damage	Number of Regulations published	-	Prior to March 2008	Prior to March 2009
		Introduce the Design Basis Threat (DBT) into the regulatory framework.	Number of Regulations promulgated under the Nuclear Energy Act.	Regulations completed	Implementation of regulatory framework	Implementation of regulatory framework
	Secure nuclear material and installation	Revision of Physical Protection measures in line with DBT	Upgraded Physical Protection Systems of Nuclear Facilities	-	-	Completed
		Review of the DBT for continued relevance	Reviewed DBT	-	-	60%

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	Consolidation of the electricity distribution Industry	EDI restructuring legislation	Legislation	Legislation certified and in the parliamentary process	6 REDS to be formed by March 2009	-
		Facilitate the restructuring of the EDI	Number of REDs formed			
		Develop and maintain a legal infrastructure that supports peaceful, safe and secure uses of nuclear energy	Number of Regulations promulgated under the Nuclear Energy Act.	6 regulations promulgated	-	-
	Private sector participation in the electricity sector	Facilitate Private sector participation	30% of New generation from private sector.	1000MW OCGT in Kwa-Zulu Natal and Eastern Cape tender award	2000 MW Base load plant tender	2000 MW base load plant construction

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Govern the minerals and energy sectors to be healthier, cleaner and safer	Updated Act	Amendment of the Nuclear Energy Act, Act No. 6 of 1997.	Draft Amendment	Draft completed	Consultation	Finalisation and approval
	Service obligation	Nuclear Non-proliferation obligations under the Nuclear Energy Act, 1997.	Processed applications	100% processing of applications	100% processing of applications	100% processing of applications
	Safer electrical installations	Conduct Electricity Safety Audits on new households, schools and clinics Develop Information System for Safety related incidents	Audit Reports Database for safety related incidents	0% of all new projects audited	0% of all new projects audited	0% of all new projects audited
				Database completed March 2008	Updated database	Updated database

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
	Cleaner safer and healthier electricity and nuclear sector and secure nuclear installations	Implementation of Nuclear Disaster Management Plan in terms of the Disaster Management Act Development of procedures and training of functionaries	Procedures and number of trainees	Procedures completed and functionaries trained	10 trainees	10 trainees
	Cleaner safer and healthier electricity and nuclear sector and secure nuclear installations	Oversight of nuclear disaster management at national level	All arrangements and plans to be in place	Arrangements 100% completed		
		Servicing of International Nuclear Safety Obligations	All reports submitted	Country reports to be submitted as required by conventions	Country reports to be submitted as required by conventions	Country reports to be submitted as required by conventions

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Review and develop appropriate structures, processes, policies, systems and skills as well as the maintenance thereof	Support municipalities to enhance capacity to deliver on the provision of electricity	Develop a skills plan to implement the mandate	Assistance Plan	Plan completed	Monitoring	Monitoring
			Number of staff seconded to municipalities	100 staff members		
	Adequate supply of skills to meet the needs of the electricity and nuclear sector	Formulate a National Nuclear Skills Development Strategy for the expanded Nuclear Programme	Strategy document in place	Completed	Implementation of the strategy	Implementation of strategy
	Adequate supply of skills to meet the needs of the electricity and nuclear sector	Implementation of the current Nuclear Skills Plan	Number of Trainees in the Sector	60 trainees	60 trainees	60 trainees
		Conduct a skills audit in the electricity sector	Skills Audit Report	Completed skills audit	-	-
			Strategy for skills development	-	Completed strategy	-

STRATEGIC OBJECTIVE	OUTCOMES/ IMPACT	KEY ACTIVITIES	MEASURES	TARGETS		
				2007/8	2008/9	2009/10
Review and develop appropriate structures, processes, policies, systems and skills as well as the maintenance thereof	Enhanced Corporate Governance in the Public Entities	Strengthening of Competencies within the Boards of Public Entities	Statutory requirements	Compliance with relevant legislation	Compliance with relevant legislation	Compliance with relevant legislation
	Compliance to Procedures and all other prescripts Governing the mandate of the Branch	Redefining and documenting of current work practices and processes	Work procedures	Procedures completed March 2008	Implementation	Implementation

DEPARTMENT OF MINERALS AND ENERGY
2007/8 SERVICE DELIVERY IMPROVEMENT PLANS (SDIP)

OFFICE OF THE CHIEF FINANCIAL OFFICER (CFO)

PURPOSE: “To provide a comprehensive financial, supply chain and information management service to the Department and the Ministry”

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	
		Quantity: 40 days Quality:	Quantity: Quality:	Quantity: Quality:	Within 30 days
Pay Creditors invoices within 30 days on receipt of invoice	External and internal stakeholders	• Consultation	Reactive: tel; e-mail	• Consultation	Questionnaire Survey
		• Access	e-mail; telephone	• Access	e-mail; telephone
		• Courtesy	Ad hoc	• Courtesy	Complaints “desk”
		• Open & Transparency	Explain delays	• Open & Transparency	Explain delays; Annual Report
		• Information	Ad hoc	• Information	Template for submissions
		• Redress	Ad hoc	• Redress	Via complaints “desk”
		• Value for Money	Within budget	• Value for Money	Better @ same cost
		Time:	End March 2007	Time:	End March 2008
		Cost:	Within budget	Cost:	Within budget
		Human Resources:		Human Resources:	

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	
<i>Pay BEE suppliers within 14 days on receipt of invoice</i>	External and internal stakeholders	Quantity:	30 days	Quantity:	Within 14 days
		Quality:		Quality:	
		• Consultation	Reactive: tel; e-mail	• Consultation	Survey
		• Access	e-mail; telephone	• Access	e-mail; telephone
		• Courtesy	Ad hoc	• Courtesy	Complaints "desk"
		• Open & Transparency	Explain delays	• Open & Transparency	Explain delays; Annual Report
		• Information	Ad hoc	• Information	Template for submissions
		• Redress	Ad hoc	• Redress	Via complaints "desk"
		• Value for Money	Within budget	• Value for Money	Better @ same cost
		Time:	End March 2007	Time:	End March 2008
<i>Effective follow-up of unauthorised, irregular, fruitless and wasteful expenditure and recover within the year of occurrence</i>	External and internal stakeholders	Cost:	Within budget	Cost:	Within budget
		Human Resources:		Human Resources:	
		Quantity:	> 1 year	Quantity:	Within 1 year
		Quality:		Quality:	
		• Consultation	Reactive: tel; e-mail	• Consultation	Survey
		• Access	e-mail; telephone	• Access	e-mail; telephone
		• Courtesy	Ad hoc	• Courtesy	Complaints "desk"
		• Open & Transparency	Explain delays	• Open & Transparency	Explain delays; Annual Report
		• Information	Ad hoc	• Information	Template for submissions
		• Redress	Ad hoc	• Redress	Via complaints "desk"
		• Value for Money	Within budget	• Value for Money	Better @ same cost
		Time:	End March 2007	Time:	End March 2008
		Cost:	Within budget	Cost:	Within budget
		Human Resources:		Human Resources:	

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	
Update IT Architecture Plan	Other units or components within the DME	Quantity:	IT PLAN with rollout in 9 regions	Quantity:	Monitor implementation as per strategy
		Quality:		Quality:	
		• Consultation	Workshops, Memos	• Consultation	As is plus Customer Satisfaction Survey
		• Access	Intranet; E-mails	• Access	Intranet; E-mails
		• Courtesy	Complaints @ mtgs	• Courtesy	Address complaints through structured help desk
		• Open & Transparency	Ad hoc	• Open & Transparency	Exco and Manco feedback
		• Information	Ad hoc	• Information	Full information
		• Redress	Ad hoc	• Redress	Via help desk and Ad hoc
		• Value for Money	Within budget	• Value for Money	Within budget
		Time:	Circulate docs 3 days before meetings	Time:	Circulate docs 6 days before meetings
		Cost:	Within budget	Cost:	Within budget
		Human Resources:		Human Resources:	

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	
		Quantity:	50% complete Reduce errors by 20%	Quantity:	100% complete Reduce errors by 40%
<i>Development of SDM policies, processes and procedures</i>	Directorates within DME	Quality:		Quality:	
		• Consultation	Meetings; one-on-ones	• Consultation	Workshops, Meetings; one-on-ones
		• Access	Meetings; telephone	• Access	Meetings; telephone
		• Courtesy	Complaints Desk	• Courtesy	Analyse complaints
		• Open & Transparency	Manco report	• Open & Transparency	Manco report
		• Information	Reports; Meetings; Briefing Sessions	• Information	Reports; Meetings; Briefing Sessions
		• Redress	Ad-hoc	• Redress	Analyse complaints
		• Value for Money	Within budget	• Value for Money	Faster delivery with fewer staff
		Time:	End March 2007	Time:	End March 2008
		Cost:	Within Budget	Cost:	Within Budget
<i>The management and development of new systems</i>	Directorates within DME	Human Resources:	13	Human Resources:	17
		Quantity:	2 systems developed	Quantity:	Completed all users requests and maintain systems
		Quality:		Quality:	
		• Consultation	Meetings, websites and SITA Forums	• Consultation	Meetings, websites and SITA Forums
		• Access	Visits, faxes, post and e-mail	• Access	Visits, faxes, post and e-mail
		• Courtesy	Ad hoc complaints	• Courtesy	Complaints and Help Desk
		• Open & Transparency	Manco report	• Open & Transparency	Manco report
		• Information	Intranet; information sessions and workshops	• Information	Intranet; information sessions and workshops

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	
<i>The management and development of new systems</i>	Directorates within DME	• Redress	Ad hoc	• Redress	Via structured complaints desk
		• Value for Money	Uncertain	• Value for Money	Enhanced services for same money
		Time:	No timeframe	Time:	By end March 2008
		Cost:	Within budget	Cost:	Within budget
		Human Resources:		Human Resources:	

ELECTRICITY AND NUCLEAR

Purpose: “To govern the electricity and nuclear sector with special emphasis on ensuring sustainable security of supply, universal access and the development of the nuclear sector”

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD(2007/8)		DESIRED STANDARD(2005/6)	
		Quantity:	160 000 households, 450 clinics and 30 clinics	Quantity:	200 000 households, 800 clinics and 50 clinics
<i>Alleviate poverty through increased access to modern Energy Carriers</i>	Households, schools and clinics	Quality:	Audited	Quality:	Audit
		• Consultation	IDP, Eskom, Municipalities	• Consultation	IDP, Eskom, Municipalities
		• Access	Email, telephone	• Access	Email, telephone
		• Courtesy	Ad hoc	• Courtesy	Ad hoc
		• Open & Transparency	Provincial workshops	• Open & Transparency	Provincial workshops
		• Information	Ad hoc	• Information	Ad hoc
		• Redress	Ad hoc	• Redress	Ad hoc
		• Value for Money	Unspent fund by Municipality	• Value for Money	Budgeted
		Time:	End March 2006	Time:	End March 2006
		Cost:	Unspent funds by Municipality	Cost:	Budgeted
		Human Resources:	50	Human Resources:	50

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD(2007/8)		DESIRED STANDARD(2007/8)	
		Quantity:	1 000MW	Quantity:	1 000MW
<i>Facilitate Private Sector participation in the electricity sector</i>	South Africa	Quality:		Quality:	
		• Consultation	Eskom	• Consultation	Eskom
		• Access	Email, telephone, Meeting	• Access	Email, telephone, meeting
		• Courtesy	Ad hoc	• Courtesy	Ad hoc
		• Open & Transparency	Meetings	• Open & Transparency	Meetings
		• Information	Ad hoc	• Information	Ad hoc
		• Redress	Ad hoc	• Redress	Ad hoc
		• Value for Money		• Value for Money	
		Time:	End March 2006	Time:	End March 2006
		Cost:		Cost:	
		Human Resources:	8	Human Resources:	8

HYDROCARBONS, ENERGY PLANNING AND CLEAN ENERGY BRANCH SERVICE DELIVERY IMPROVEMENT PLANS

PURPOSE: “To promote the sustainable use of energy resources through integrated energy planning, energy efficiency and appropriate promotion, policy formulation and implementation and the regulation of the coal, gas, renewable energy and petroleum products sectors”

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	
		Quantity		Quantity	
<i>Providing funding through (Renewable Energy Finance and Subsidy Office) REFSO to Entrepreneurs and BEEs</i>	Entrepreneurs applying for funding for Renewable Energy Projects		R 292 500.00		Budget- R 975 000.00
		• Consultation	Press release Website	• Consultation	Road shows to make more people aware; 9 road shows, 1 per province. To have a renewable energy month.
		• Access	Through Officials at the Head Office	• Access	Plan to have at least 2 regional offices as a start and involve municipalities
		• Courtesy	Telephonically Face to Face	• Courtesy	
		• Open and Transparent	Clear application procedure	• Open and Transparent	
		• Information	Project information dissemination. Help Desk	• Information	

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	
		• Redress	Past imbalances	• Redress	Projects must be aimed especially at people who did not have access to energy in rural area Need to work closely with INEP to ensure that people are provided with access to energy without delays. It is also important to interact with them to ensure that they understand that the DME is working hard to realise this goal
		• Value for Money	About 95 GW/H	• Value for Money	Increase electricity target mix by 10 000 GW/h. 10 000 GW/h is the National Target to be achieved in 2013. It is evident that the department needs to push hard to achieve this target. Only subsidised installed capacity. R 5.147 million is allocated to REFSO in 2007/08, R 5.406 million for 2008/09 and R 5.678 million for 2009/10.

Issue licences for Petroleum Products	Petroleum Manufacturing, Wholesale and Retail Industry	Quantity	12 000 Licence applications. 20 licences issued to date	Quantity	12 000 must be issued by the end of the financial year 31/03/2007
		• Consultation	Communication to Associations, oil companies. Local radio broadcasting.	• Consultation	Road shows, Advertisements and visual media.
		• Access	DME Website Fax on request Post on request	• Access	Regional Representation
		• Courtesy	Development of guidelines. Help desk	• Courtesy	Help desk at regional offices
		• Open and Transparent	Government Gazette. Oil companies. Publication of information	• Open and Transparent	More media publications, through adverts in newspapers, radio and TV.
		• Information	Information available on Request, via help desk, website	• Information	Regional representation.
		• Redress	Redress past imbalances. Improve BEE participation.	• Redress	Improve technology used to speed up the issuing process, more electronic services to government.
		• Time	Planning to issue 12 000 licenses by end of March 2008.	• Time	More personnel at the right levels and salaries with the right experience.
		• HR	Shortage of resources, understaffed.	• HR	Need to employ more people at Head office and at the regions.

MINERAL POLICY AND PROMOTION BRANCH

PURPOSE: "To formulate mineral related policies and promote the mining and minerals industry of South Africa thus making it attractive to investors"

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	
<i>Promote Investment in the Minerals and Mining Industry of South Africa.</i>	Prospective investors, Public, Government departments, DME, DME associated institutions, Mining industry, opinion formers.	Quantity:	28 publications 5 Exhibitions/conferences	Quantity:	28 publications 5 Exhibitions/conferences
			4 Beneficiation strategies 5 SME establishment (facilitation)		4 Beneficiation strategies 5 SME establishment (facilitation)
		Quality:	Relevant content in publications and Optimal Business development strategies	Quality:	Relevant content and Commodity value chain integration in publications and Optimal Business development strategies
			meetings/workshops, road-shows		meetings/workshops, road-shows
		• Consultation	Written, telephonic, visits, website, e-communication	• Consultation	Written, telephonic, visits, website, e-communication
		• Access		• Access	
		• Courtesy		• Courtesy	
		• Open & Transparency	Annual Report	• Open & Transparency	Annual Report
		• Information	Internet	• Information	Internet
		• Redress	As issues raised	• Redress	Increase involvement and coordination
		• Value for Money	Within budget	• Value for Money	Within budget
		Time:	Annually	Time:	Annually

<i>To Develop New Mineral Policies and review and amend existing policies and legislation in order to encourage investment into Mining and Mineral Industry of South Africa.</i>	Prospective investors, Public, Government departments, DME, DME associated institutions, Mining industry, opinion formers.	Cost:	Within budget	Cost:	Within budget
		Human Resources:	Current staff	Human Resources:	4 additional members to be appointed
		Quantity:	2 legislations	Quantity:	2 legislations
		Quality:		Quality:	
		• Consultation	Public comments Workshops, meetings and road-shows	• Consultation	Public comments Workshops, meetings and road-shows
		• Access	Written, telephonic, visits, website, e-communication	• Access	Written, telephonic, visits, website, e-communication
		• Courtesy		• Courtesy	
		• Open & Transparency	Annual Report	• Open & Transparency	Annual Report
		• Information	Internet, Acts and mining policies	• Information	Internet, Acts and mining policies
		• Redress	As issues raised	• Redress	Increase involvement and coordination
		• Value for Money	Within budget	• Value for Money	Within budget
		Time:	Annual	Time:	Annual
		Cost:	Within budget	Cost:	Within budget
		Human Resources:	Current staff	Human Resources:	2 additional members to be appointed

OTHER MINES, MINE HEALTH AND MINE SURVEYING

PURPOSE: “Execute the Department’s statutory mandate to protect the health and safety of the mine employees and people affected by mining activities”

KEY SERVICE	SERVICE BENEFICIARY	Target	CURRENT STANDARD		DESIRED STANDARD	
			Planned	Actual	Planned	Comments
Cleaner, healthier and safe sector.	Mining Industry	Improvement in fatality and injury frequency rates. 2013 Milestone: Levels equivalent to international benchmarks.	20% decrease in fatality rates per annum in the entire sector.	Number of Inspections	Zero harm	More focus in dealing with fall of ground accidents is yielding desired results and a 20% decrease fro that accident class was realised.
		Reduce Occupational Health Incidences.	Data collection for benchmarking still being sorted out	Through officials at the Head Office	No new infections	Collection and analysis of data are a problem and progress in achieving required results slowly.
Monitor compliance and intervene to reduce accidents and injuries		Inspection: Monitoring of compliance to requirements.	80% of planned as per capacity.	84 %		More effort being applied be various regions in monitoring and enforcing compliance
		Audits- assess effectiveness of systems	80% of planned as per capacity.	100%		More effort being applied by the various regions in monitoring of management systems, especially for the small scale miners
		Investigations finalised within 1 month of occurrence	80%	71%		Collection of evidence takes longer due to lack of proper facilities like “Hansard” service.

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