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## **ELECTRICITY CHALLENGES DME BEYOND POLICY FORMULATION**

This document is a product of serious reflection occasioned both by our mandate and the evolving challenges – some externally driven – of our minerals and energy environment. The major strategic thrust reflected in this document is a result of deliberations which took place towards the end of the 2007.

Our mandate, as outlined in the Electricity Regulation Act, is to secure the country's electricity supply; develop relevant policy and draft appropriate regulations to govern the electricity industry. In January 2008, however, these responsibilities were effectively overshadowed by the advent of the electricity emergency caused mainly by insufficient generating capacity in our electricity infrastructure. We accordingly, with the support of Cabinet, had to readjust our priorities in order to take the new reality into account.

On the broader policy front we will stay the course as reflected in the document.

To respond to the exigencies of the moment, however, there shall be instances of some deviation, an example of which is the fact that we have had to form interdepartmental and multi-stakeholder task teams to deal with short-term challenges. Among those challenges is the reality of inadequate plants for the generation of electricity and, even where plants exist, the increased cost of electricity generation.

The response is both demand and supply related. On the demand side we will be accelerating energy efficiency measures to ensure that electricity savings are achieved. From a supply point of view we shall be focusing on increasing the efficiency of our programmes. For example, greater emphasis will be placed on the new build programme to try and shorten the time required to commission new generation capacity.

Key policies will also be brought forward and we have already begun prioritising legislation to mitigate the electricity emergency. The capacity of the state to conduct long-term planning will be bolstered through the National Energy Act, and the relevant bill has been submitted to Parliament. A policy on the cost of electricity has also been approved by Cabinet, thus ensuring a framework the Regulator can use to determine electricity tariffs, taking into account such issues as the impact on inflation, investment cycles, and so on.

The Department will continue addressing energy saving initiatives such as the switching off of geysers during the day; the use of energy saving bulbs and educating people about basic energy saving practices.

**“SAVE ELECTRICITY AND MAKE A DIFFERENCE NOW”**

## 1. MINISTER'S STATEMENT OF POLICY AND COMMITMENT



Ms Buyelwa Sonjica, MP Minister of Minerals and Energy

The Strategic Plan of the Department for the 2008/9 year is most significant as it straddles the last year of our current Government's tenure in office and the beginning of a new term of government in the wake of our impending fourth democratic polls scheduled for next year. Our Strategic Plan has to sustain our Department in contributing constructively towards the completion of the current Government's term and a smooth transition to the next one in 2009.

Our unwavering commitment to service delivery remains anchored in the reconstruction and development of our economy and society to fight poverty and underdevelopment. Under the prevailing circumstances of what President Mbeki has termed "business unusual", occasioned by the urgency to contribute to a better life which is compounded by energy shortages, the Department has to rise to the challenges of leadership in the minerals and energy sectors.

### MINING

The growth of the mining industry is historically intertwined with the growth of our economy. Mining has and will continue to be the mainstay of our economy. The imperative for shared growth and sustainable development through mining demands close collaboration between the Department, industry and labour in embracing particularly Youth and Women Empowerment into the mainstream of mining and all its facets.

The buck for health and safety in the mines has to stop with top management of the mining companies. Health and safety in the mines cannot be compromised by the expediency of profits. The sanctity of life is not merely a moral issue but is also a human right and a constitutional imperative. The safety audits conducted by our Inspectorate in the mines, following the instructions of President Mbeki, attest to the importance of a culture of safety that should prevail without fail in the industry.

It is high time that sharper meaning and greater impetus be infused into youth and women empowerment through purposeful small-scale mining in breaking the backbone of poverty and sustaining rural development. Small-scale mining has the invaluable benefits of broadening the base of beneficiaries from the mineral resources of the land and intervening positively in our second economy where millions of our people are still trapped in poverty.

The dearth of skills in the minerals sector warrants special attention by all stakeholders. Skills development targeting youth and women in the entire value chain of the mining industry, would serve to harness the full potential of our people and sharpen our country's competitive and comparative advantage. In the same vein, the need to fast track our beneficiation strategy to optimise benefits from our mineral resources cannot be overemphasised. It is my pleasure to report that improvements to the regulatory framework aimed at enhancing policy certainty and promoting investments in mining are underscored by amendments to the Minerals and Petroleum Resources Development Act, 2002 (MPRDA).

### ENERGY

Energy is central to the development of our economy and society. We have a bitter history in which access to energy was influenced by race and class. In making a break with our past, the Department is mandated with the responsibility to champion universal access to electricity services without fail. Our mandate in providing this basic service is not only a social right; it is a human right dictated by our Constitution.

Energy efficiency is well articulated in our National Energy Response Plan in the wake of the energy supply challenges that confront our country. All efforts have to be expended in bolstering the National Energy Efficiency Agency to co-ordinate our national campaign of power conservation in all sectors of our economy and throughout our society.

We are geared to ensure the increased supply and use of cleaner energy sources through the provision of renewable energy, energy efficiency and the promotion of environmentally friendly energy policies and technologies, in line with the Department's sustainable development objectives.

As part of the diversification of energy sources, the Government plans to expand the use of nuclear energy for electricity generation. The state-owned utility Eskom has already initiated a process towards achieving this objective. The size of the planned nuclear programme necessitates increased security of nuclear fuel supply.

Feasibility studies on uranium beneficiation activities will be conducted. At the same time, more effort will go into the strengthening of the nuclear regulatory framework and improving efficiency of the Regulator.

The roll-out of the electrification programme, including the incorporation of free basic electricity by all competent authorities, has to be intensified. We need to ensure that the deadline of 2012 is met, to assist the country to attain the Millennium Development Goals to halve poverty by 2014. Energy poverty does exacerbate all other forms of poverty.

Finalisation of legislation related to the restructuring of the electricity distribution industry has to be speeded up soonest to allow for implementation of the Cabinet decision of six wall-to-wall Regional Electricity Distributors (Reds). I commit the Department to spare neither courage nor strength in supporting the fast tracking of the EDI restructuring process.

The diversification of the energy sector, more particularly attracting new investments in power supply, remains a

huge challenge for our fast-growing economy. The importance of Independent Power Producers and Biofuels cannot be overemphasised in this regard. The introduction of new players in the form of IPPs to deliver smaller projects quicker, including cogeneration, would thus facilitate better planning for mega-projects and provide short- to medium-term solutions to our power supply constraints. The merits of alternative clean forms of energy for the security of energy supply in our country, now and into the future, are beyond dispute.

We have to provide leadership in breathing life into the resolutions of the Energy Summit of 2007. There are fresh calls for another energy summit in the light of the current energy shortages. Whilst this should be appreciated, we must not lose sight of the achievements of the Energy Summit of 2007. We have an obligation to share with our stakeholders what we intend doing with all the inputs that we received in our collective efforts to find solutions to the energy challenges.

### TRANSFORMATION

Our mandate and quest for transformation of the minerals and energy sectors cannot be confined to race and gender but rather extends to services that we render. Batho pele remains our guiding compass as we navigate our way in serving our people. The imperative behind transformation of services implies improved quality of services and efficiency. The quest for improved services must find expression in quality assurance of services as well as efficient, responsive and clean governance that should define the entire DME family.

Our agenda of transformation also entails leveraging the resources of our entire continent to strengthen peace, promote development and create a better life for the masses of Africa. I exhort the entire staff and management of the Department, in tandem with our State-Owned Entities, to champion this noble cause. Charity should begin at home!

**Ms Buyelwa Sonjica, MP**  
**Minister of Minerals and Energy**

## 2. ACCOUNTING OFFICER'S OVERVIEW



Adv S Nogxina Director General

As we planned for the 2008/9 financial year, we were aware of the fact that 2008/9 would be a short year for both Cabinet and Parliament. The Minister has already alluded to some of the challenges facing the Department over the forthcoming MTEF period and for us, as the Department, we will in this plan outline how best we will introduce and implement plans to address these challenges. Our key focus areas for this year will include security of energy supply, energy efficiency, renewable energy, finalisation and reporting on the Mine Health and Safety Presidential Audits, capacitating the Department to deliver on its mandate and putting together the right skills, budgets and adequate systems to facilitate the implementation of our strategy.

For the first time this year the Department has introduced the Balanced Score Card approach in its strategic planning process. During this process we, firstly, reviewed our objectives with the aim of ensuring that they address what our customers (both internally and externally) expect of us; secondly, for us to deliver on those promises and commitments, what processes we need to excel in order to regulate the industries to achieve transformation, monitor the implementation of our legislation and measure the impact of our policies on the intended recipients; thirdly, as a learning organisation, how best we can capacitate our Department, invest in our people, technology and infrastructure to support our strategy, and how best to position the Department as an employer of choice. Finally, it is important that the Department manages its financial resources efficiently

and effectively, matching resources and priorities and maximising leverage.

### MINING

We have been implementing the MPRDA for some time now and during this period we identified a few challenges. These have over the past months been dealt with and the MPRD Amendment Bill introduced. This bill is among the seven proposed bills for 2008/9. During this period we will also continue to monitor compliance to the MPRDA with the aim of improving on its delivery.

We will be developing a strategy to inform our regulatory framework so that it responds effectively to national interest issues such as security of supply. The mining of strategic and energy minerals cannot be handled in the same manner as that of other minerals. The question of the national interest, including strategic stockpiling and beneficiation, will be taken into account.

The mine rehabilitation programme (for ownerless and derelict mines) has been slow. Challenges of capacity (both internally and externally), planning and overall management have been noted. As the Department we are committed to continue to accelerate the entry of women into mine environmental management and in the rehabilitation of these mines as part of our SMME Strategy. Small-scale mining is one of our contribution to broad-based black economic empowerment. It presents the Department with an ideal platform to intervene positively in the second economy to redress past imbalances. It serves as the entrance for newcomers in the industry with the hope of future participation on a bigger scale. Research is currently underway in the Policy Unit of the MHS Inspectorate, into small-scale mining and issues affecting women with a view to creating policy to improve working conditions at small-scale mines. Preliminary results are expected by the end of June 2008.

During the year we will also review of the Mining and Minerals Policy. This review will take into account the lessons learnt, review of government policy positions in the White Paper and the proposed remedial actions.

We plan to complete the review and hold a summit by the end of September 2008.

The Mine Health and Safety Inspectorate (MHSI) will be finalizing and submitting a report on the Presidential Health and Safety audit to The Presidency during the first quarter of the new financial year. This audit was requested by the President of South Africa in October 2007 after a series of major accidents in the mining industry. The report will cover the findings and recommendations from the audits of the 333 high-risk mines that were identified by the MHSI.

During the year, the Mine Health and Safety Enforcement Policy will be developed. This policy will guide, in a holistic manner, the entire value chain of the Inspectorate's work, flagging, amongst other things, resources needed to ensure an effective and efficient inspectorate service.

Over the past financial year, the MHSI has unfortunately continued to experience serious capacity challenges, impacting on the achievement of targets and plans for the year. Plans to address the ongoing challenge are discussed in more detail under 'Organisational Environment' later in this document.

### ENERGY

We have embarked on a high-level national communication and information dissemination campaign on energy efficiency. Adverts have been placed on national radio, TV and in print media. The Department is continuing with the programme of rolling out Compact Fluorescent Lights (CFLs) in households and plans to distribute a total of 10 million CFLs in this financial year. Furthermore the DME is leading the process of developing energy efficiency standards in collaboration with the South African Bureau of Standards (SABS) and industries.

There is growing interest in investing in clean energy projects through the Clean Development Mechanism (CDM) and as a Department we have embarked on a mass awareness campaign through provincial

and sectoral workshops to increase the number of CDM projects. We actively participate in international multilateral forums on issues pertaining to sustainable development, desertification and climate change, in relation to energy matters. Investments into clean energy projects through the Clean Development Mechanism (CDM) is increasing and to date the Department has reviewed 70 CDM projects, of which 13 have been registered with the CDM executive board; and one project (Lawley fuel switch) has started claiming carbon credits.

The DME continues to spearhead the process of electrification in South Africa with specific emphasis on rural electrification. Access to basic services by historically disadvantaged communities will continue to be high on the Department's agenda. Last year through the electrification programme, the Department electrified 163 153 households, (97 786 for 2007/8 and 65 367 as rollover projects for 2006/7), 700 schools and all the clinics. *(2007/8 figures unaudited at the time of going to print)*

Our electrification plans going forward include the construction of 10 additional bulk substations per year for the next three years, connecting 150 000 houses per year, and plans to electrify all schools by the end of the 2009/10 financial year.

The pending increase of the cost of electricity could have adverse impact on the poor if not mitigated. We will continue the implementation of the Free Basic Electricity Policy Framework with the hope that this will provide a safety net for those who cannot afford. We are also finalising the electricity industry pricing policy and strengthening the regulation of the quality of supply.

We have started a number of initiatives to increase the supply and the use of cleaner energy sources, through the provision of renewable energy, energy efficiency and the promotion of environmentally friendly energy policies and technologies in line with the Department's sustainable development objectives. A number of bilateral co-operation agreements will be concluded during this financial year in order to strengthen our

participation in multilateral nuclear organizations and establish strategic relationships for the benefit of our nuclear programme.

With the Biofuels Industrial Strategy approved by Cabinet in December 2007, the department is now in the process of developing the implementation plans which will clarify the licensing criteria and financing mechanism. We are accelerating the implementation of the Renewable Energy White Paper and as a result, before the end of the financial year, we will host a Renewable Energy Summit to review progress towards the 2013 RE target. The subsidy office within the Department (REFSO office) has achieved the target of subsidising 3 projects to the value of approximately R5 million in the past year. With the interventions that the Department has introduced, we expect that more projects will be subsidised during the 2008/09 financial year. The Department will be taking the lead in a programme to roll out solar water heating systems. The Darling Wind Farm power project, with a capacity of 5MW, will be launched before the end of this financial year and this will be the first commercial wind project in the country.

The extent of the liquid fuels supply constraints facing South Africa are evident, and the situation is becoming tighter by the day. Our main focus as we go forward is the implementation of both the outcomes of the energy summit of 2007 and programmes and projects arising from the Liquid Fuels Masterplan. With regard to infrastructure development in the liquid fuels sector, the Department has promulgated Petroleum Pipelines Regulations and Gas Regulations to provide regulatory certainty to potential investors.

With regard to clean fuels, the DME together with DEAT have agreed to start negotiations on fuel specifications. It is envisaged that the negotiation process will be completed by 2010 and new fuels specifications promulgated to enable companies to make investment decisions in line with recommended specifications.

The prices of petrol, diesel and paraffin are currently regulated and benchmarked according to the international pricing system. The challenge is that crude

price is determined by the international market in which South Africa has no influence and we are net importers as well. Both the country and the Department of Minerals and Energy are unable to influence these prices. With regard to household fuel prices like LPGas, the DME has realised that market-determined prices are far too high compared with those prevailing in other markets. Subsequently, the Department has embarked on a process to regulate LPGas prices. Draft regulations have been gazetted for public comment and it is envisaged that the regulations will be promulgated before the end of the financial year 2008/9.

The Department will commission the piloting of safe paraffin appliance stoves in selected areas, the results of which would feed into the South Africa National Standards (SANS 1243). Together with stakeholders, we shall embark on awareness campaigns to educate consumers on how to handle and use paraffin appliances safely. Furthermore, we shall engage with the DPLG and municipalities to discuss and finalise the inclusion of other household energy sources, such as ethanol gel, LPG etc. into the free basic energy service basket.

Looking at internal developments and plans, the establishment of the Corporate Services Branch at the beginning of last year has given us the opportunity to consolidate and improve our support service within the department as well as improve on the monitoring of our state owned entities. This branch's focus for this year will include: the implementation of the recently developed Integrated Human Resource Plan together with the Master Systems Plan (a process that informs and integrates human resources requirements with all systems (IT) required by the department to improve on service delivery).

**Adv S Nogxina**  
**Director General**

### 3. 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    |



## 4. SERVICE DELIVERY

### ENERGY

#### Security of energy supply

We have on a number of occasions assured South Africans that we will work hard to minimise the impact of the electricity emergency on investments. We have also indicated that 2010 projects are not under threat. We have treated the 2010 FIFA Soccer World Cup as a special project in terms of ensuring security of supply for hosting cities. We will continue to work hard and ensure that South Africa as a country has sufficient supply given that the international focus will be on us.

We have embarked on a study to identify South Africa's country needs to ensure security and continuity of supply of liquid fuels. We are currently implementing the recommendations of the studies as well as the outcomes emanating from the Liquid Fuels Master Plan. The project focuses on the entire value chain which includes storage and import facilities and all other logistical infrastructure such as the pipeline, etc.

The major electrification programme challenge over the next MTEF period is the building of the bulk infrastructure since approximately 80% of the households that do not yet have electricity are in the rural areas of Limpopo, KwaZulu Natal and the Eastern Cape where there is no bulk infrastructure. The President's commitment to universal access to energy for all our people by 2012 remains at the centre of our efforts to contribute 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.

As indicated in the Minister's statement above, we are accelerating work to ensure greater reliance on nuclear power generation. It is in this context that we have developed a nuclear energy policy that responds to this challenge. The review of comments from the public on the draft nuclear energy policy has been completed and the nuclear policy and strategy will be published early in the financial year. We are, at the same time,

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.

The implementation of the Nuclear Energy Policy and Strategy will be accelerated. Legislation on Radioactive Waste Management will be finalized this year. A number of new regulations on nuclear non-proliferation will be developed during this financial year. This is to strengthen the regulatory framework.

We will be distributing compact fluorescent light bulbs (CFL); the public will be asked to exchange their energy-inefficient bulbs for the energy-efficient ones. We will start with government, targeting civil servants and state-owned entities, including everybody in these institutions.

The broader programme will start in the Gauteng province, then rolled out to other provinces, to major metros and cities, covering all households and all energy users throughout the country. We also intend to launch the Schools' Energy Awareness Campaign in May this year. Going forward with the campaign and working with local government, we will supply indigent households with free energy-efficient bulbs until 2015. We will continue to work with local government and the South African Local Government Association (SALGA) to solicit the services of Community Development Workers (CDWs) and the National Youth Service (NYS) who will help us with the rollout.

The Eskom solar water heating programme is currently being implemented and the intention is to roll out about one million units in the next three years. These units will be subsidised, and the subsidy will be scaled depending on the size of the unit that is being installed. The Renewable Energy Finance and Subsidy Office (REFSO) in the Department will also subsidise the rollout of solar water

heating units and will provide a 20 percent subsidy for these units per household.

We will also implement the solar lighting project within government buildings. This will ensure that at least 10 percent of lighting and electricity provision in these buildings is provided through Solar Photovoltaic (PVs). This project will be completed at the end of the next financial year, 2008/09.

The project of Solar Traffic lights will be implemented jointly by the Department of Minerals and Energy, the National Energy Efficiency Agency (NEEA) and a number of municipalities which have pledged to invest in it. The DME, in partnership with the National Energy Efficiency Agency, will invest a total of R100 million in the first year to retrofit traffic lights in major intersections throughout the country, starting in Johannesburg. There have been financial pledges from a number of private sector companies to assist and fund some of the identified intersections. At the moment, a total of R500 million has been pledged from the private sector companies to assist in this programme and this will help us fast track the project throughout the country over the next three years.

### **MINING**

#### **Mine Health and Safety**

In spite of the growing capacity challenges in the Inspectorate, the core function of the Mine Health and Safety Inspectorate (MHSI) will continue i.e. the Regional Principal Inspectors of Mines will continue with the routine audits on the mines to ensure compliance with the Mine Health and Safety Act, 1996. During the past few months greater emphasis was placed on the Presidential Audits and, combined with the skills shortage, the performance on the routine audits was negatively affected. This will be addressed in this quarter as most of the high-risk mines identified for the Presidential Audits have been audited. A target of 700 routine audits (system audits) has been set for the 2008/9 financial year and will be achieved – depending on capacity.

We will continue to put extra effort into the recruitment and retention of skilled staff and building capacity for the MHSI. The Human Resources Development (HRD) plan is currently being implemented and at this time there are 23 learner inspectors in full time training and 8 bursary students that the MHSI has been able to recruit to ensure that there will be qualified inspectors to serve the needs of the MHSI in the future. The challenge, however, remains in the short term, i.e. the employment of already qualified and experienced inspectors.

The recently established support units (Technical Support, Policy Unit and Support Services Unit) within the Inspectorate will be engaged in activities to support the core functions of the MHSI, and activities planned in these units include:

1. Providing the services of the Medical Inspector to facilitate appeals in terms of section 20 of the Mine Health and Safety Act (Act 29 of 1996)
2. To collate and disseminate results from occupational health and safety research to improve the knowledge of the inspectors to enable better enforcement.
3. Analyse and benchmark occupational health and safety statistics and provide trends to inform enforcement and policy directions.
4. Development of internal enforcement guidelines for the MHSI.
5. Review legislation, e.g. the current review of the Mine Health and Safety Act, 1996.
6. Conduct regulatory impact assessments.
7. Support process arising from the Minerals and Petroleum Resources Development Act, 2002 such as processing parts of applications for mining rights and land use.

#### **Mineral Policy and Promotion**

During this year we will be assessing the impact of the Mining Charter and reviewing its implementation over the first five years. This will be done in consultation with all stakeholders. Holders of old order mining rights have until 30 April 2009 to apply for the conversion of their mining rights. The Department is preparing to cope with

the anticipated increase in the number of applications that will be lodged during the last months of the five year transition period. All such holders are urged to lodge their old order mining rights for conversion before 30 April 2009. Failure to do so will lead to loss of old order mining rights and therefore a need to lodge new applications.

We will also be looking at the approval of the beneficiation strategy for the beneficiation of strategic minerals such as gold, platinum group metals, chrome, iron ore, manganese and heavy minerals. This beneficiation intervention strategy seeks fundamentally to change the behaviour of business in order to facilitate a seamless and enabled beneficiation environment for affected minerals. The Mineral and Petroleum Resources Royalty Bill generated intense debate at its inception a few years ago. Significant progress has been made to date, in consultation with all stakeholders. In December of last year the draft Bill was released by the Minister of Finance, incorporating critical input from affected parties. Comments received to date on this draft Bill have been encouraging and we envisage that the Bill will be finalised before the end of the 2008/9 financial year.

## **PERFORMANCE REVIEWS**

### **Performance Management and Development System**

The Performance Management and Development System (PMDS) is considered a fundamental tool of ensuring service delivery by the Department to the citizens of the South Africa. Over the years the department has continuously investigated new ways of enhancing organizational and individual performance. The department has embarked on a process of automating some of the HR functions which include PMDS. The issue relating to departmental performance was also deliberated at length during the last Parliamentary Portfolio Committee meeting that was held in 2007/2008 financial year. During this meeting the department was requested to ensure that future reporting on organizational performance should

be presented using the Balanced Score Card (BSC) approach. The department has therefore during its 2008 planning session adopted the Balanced Score Card approach in line with the requested reporting format.

The new approach in planning and ultimately reporting calls for a change management intervention, as it requires that the planning and conclusion of performance agreements should be in line with the BSC perspectives. For the 2008/ 2009 financial year, the department will amongst others be focusing on the following;

- Continue with Change Management initiatives such as information sessions, consultations, including one on one sessions with all affected stakeholders;
- Assist managers and employees with the cascading of business plans and performance agreements from the Director General to the lowest level in the department. This cascading will ensure a clear and strong link between the Departmental Business plan , Director General's performance agreement and all employees within the DME;
- Enhancement of the HR system to cater for Balanced Scorecard planning and reporting requirements ; and
- System roll out which include the training of employees on the automated HR system with specific reference to the PMDS module.

## 5. ORGANISATIONAL ENVIRONMENT

The recruitment and retention of adequately skilled staff remains a key challenge for the Department, especially in the current commodity boom climate where competition for skills is high. Permission has been granted to the MHSI by the Minister of Minerals and Energy to investigate the possibility of merging the MHSI with the Mine Health and Safety Council (MHSC) to enable the MHSI to operate as a public entity. This will allow the MHSI the flexibility to develop and implement better skills recruitment and retention strategies than is currently available. The high vacancy rate and poor responses to advertisements for qualified inspectors of mines bears testimony to the plight of the MHSI. Such a merger will also allow for the streamlining of work and reporting processes.

The operations of the Mineral Economics branch needs to be properly resourced and elevated to strategic level. Although this component constitutes market intelligence and is being used externally as authoritative sources by journalists and Statistics SA, it appears not to be fully appreciated internally. Critical to the process of reviewing should be creating a strong link with international co-ordination around profiling the countries as well as assisting in marketing South Africa. The resourcing must include its being allowed to work better in marketing mining in SA, such as having better resources to prepare marketing stands, produce better materials, and retaining competent staff. It must also commission more studies, to assist in policy reviews including those dealing with how the regulatory framework fosters achieving the objectives of the policies we are implementing.

As required in terms of the Public Service Regulations, the Department has embarked on the development of

an Integrated Human Resource Plan. This process will ensure that DME continuously reviews and identifies its current and future Human Capital needs and we are able to meet our objectives and deliver a public service in line with our mandate. The plan addresses, amongst others, the following human resource gaps that exist within the Department:

- the shift from policy development focus to ensuring implementation of our policies,
- national and international responsibilities for the environment,
- the obligation to address global warming which has resulted in the new Biofuels Strategy and the need for alternative energy sources to address the demand for energy in South Africa,
- new systems and internal business process requirements,
- the accelerated implementation of the micro economic reform strategy,
- the reduction of fatalities in the minerals and energy industry,
- the reduction of incidence and impact of HIV and AIDS in the industry,
- security and quality of energy supply, affordability, universal access, diversity of energy resources,
- infrastructure development, economic growth and job creation in the minerals and energy sectors,
- attraction of foreign investment, and
- the international promotion of South African minerals and energy sectors.

The HR plan will seek to achieve the re-alignment and re-positioning of the HR function to meet the HR needs of the Department.

## 6. POLICY DEVELOPMENT

### 2008/9 Legislative Framework

During the 2008/9 financial year, the Department plans to table the following bills:

- **The Mineral and Petroleum Resources Development Amendment Bill** – During the first quarter of the year we will be tabling amendments to the MPRDA, to deal with technical inconsistencies that arose during the implementation phase. 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.
- **The Geoscience Amendment Bill** – The main purpose is to align the Geoscience Act with the MPRDA and expand the functions of the Council for Geoscience
- **The Mine Health and Safety Amendment Bill** – Also during the first quarter of the year, we will be tabling the Mine Health and Safety Amendment Bill. The purpose of this bill is to amend the Mine Health and Safety Act, 1996 (Act 29 of 1996), to review and strengthen enforcement provisions; simplify the fine system; reinforce offences and penalties; substitute, add and remove ambiguities in certain definitions and expressions; effect certain amendments necessary to ensure consistency with other laws, particularly the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), and to provide for matters connected therewith.
- **The Electricity Distribution Industry Restructuring Bill** – The bill will focus on the establishment, ownership and governance of the REDs, transfer of electricity distribution business from Eskom to the REDs and the participation of municipalities in the REDs.
- **The Energy Security Bill** – This will provide for the creation of a law to regulate energy security and sustainable development of the country's energy sector
- **The Radioactive Waste Management Agency Bill** – This will set a framework for the establishment of an agency that will be responsible for the disposal of radioactive waste in the country and also be responsible for all research and development work relating to radioactive waste management.
- **National Energy Regulator Amendment Bill** - To provide a legislative mandate for the National Energy Regulator over the whole energy sector.

## 7. DME STRATEGIC OBJECTIVES and RISKS

### (A) Key Strategic Objectives for the Department

1. Actively contribute towards sustainable development and growth – 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
2. Redress past imbalances - Through promoting broader participation in the minerals and energy sectors, direct intervention in communities, increased BEE and SMME participation inclusive of women, the youth and the disabled within the minerals and energy sectors.
3. Regulate 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 programmes that will sustain and improve the industries' health and safety standards.
4. Create an enabling environment for effective and efficient service delivery - Alignment of structures, appropriate skills, processes and systems to enable effective and efficient service delivery.

### (B) Top 10 Risks identified for the Department

1. Failure to attract and retain personnel with the right skills and knowledge.
2. Failure to ensure security of supply.
3. Unacceptable accident rates and occupational illness cases within the mining and energy industry.
4. Fronting by designated historically disadvantaged South Africans.
5. Unpredictable market forces and socio-economic factors that affect energy and mining industries
6. Over-emphasis on the environmental aspects of projects at the expense of socio and economic benefits
7. Lack of buy-in by the mining industry into Government efforts to address past imbalances
8. Weak regulators and lack of judicial support in concluding prosecution of transgressions successfully
9. Non-adherence to licensing requirements by the mining and energy industries
10. Failure by regulated industries to adhere to legislated time frames

8. RESOURCE PLAN

| MINERALS AND ENERGY PROGRAMME          | Audited Outcome | Adjusted Appropriation | Revised Estimate | Medium-term expenditure estimate | Revised Estimate | Medium-term expenditure estimate |           |           |
|--|-----------------|------------------------|------------------|----------------------------------|------------------|----------------------------------|-----------|-----------|
|  | 2004/05         | 2005/06                | 2006/07          | Adjusted Appropriation           | 2007/08          | 2008/09                          | 2009/10   | 2010/11   |
| R thousands                            |                 |                        |                  |                                  |                  |                                  |           |           |
| 1. Administration                      | 112,436         | 130,832                | 152,788          | 179,602                          | 179,477          | 209,498                          | 231,602   | 253,292   |
| 2. Promotion of Mine Safety and Health | 87,566          | 99,008                 | 105,130          | 121,845                          | 101,970          | 129,753                          | 135,407   | 146,254   |
| 3. Mineral Regulation                  | 126,131         | 84,019                 | 129,289          | 157,087                          | 127,087          | 167,161                          | 172,658   | 190,675   |
| 4. Mineral Policy and Promotion        | 31,344          | 84,256                 | 75,323           | 70,140                           | 70,140           | 57,535                           | 60,193    | 64,735    |
| 5. Hydrocarbons and Energy Planning    | 17,355          | 31,362                 | 40,365           | 52,334                           | 52,334           | 65,097                           | 72,915    | 79,057    |
| 6. Electricity and Nuclear             | 45,582          | 71,306                 | 55,866           | 60,470                           | 60,470           | 61,991                           | 64,040    | 83,474    |
| 7. Associated Services                 | 1,456,014       | 1,690,830              | 2,048,914        | 2,333,459                        | 2,333,459        | 2,904,388                        | 3,581,410 | 3,771,701 |
| TOTAL EXPENDITURE                      | 1,876,428       | 2,191,613              | 2,607,675        | 2,974,937                        | 2,924,937        | 3,595,423                        | 4,318,225 | 4,589,188 |
| Change to 2007 Budget Estimate         |                 |                        |                  | 8,824                            | (41,176)         | 187,411                          | 171,174   | 194,255   |

## ECONOMIC CLASSIFICATION

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



**Expenditure estimates  
Associated Services**

| Sub programme                                       | Audited outcome |           |           |           | Adjusted appropriation | Medium-term expenditure estimate |           |         |
|---|-----------------|-----------|-----------|-----------|------------------------|----------------------------------|-----------|---------|
|   | 2004/05         | 2005/06   | 2006/07   | 2007/08   |                        | 2008/09                          | 2009/10   | 2010/11 |
| R thousand  |                 |           |           |           |                        |                                  |           |         |
| Council for Mineral Technology Research             | 88 632          | 108 880   | 118 664   | 124 569   | 135 834                | 152 379                          | 159 248   |         |
| South African Nuclear Energy Corporation            | 179 901         | 256 796   | 356 353   | 388 256   | 554 726                | 569 356                          | 600 824   |         |
| National Nuclear Regulator                          | 8 067           | 5 417     | 14 742    | 18 029    | 20 333                 | 23 915                           | 25 111    |         |
| Council for Geoscience                              | 77 606          | 86 078    | 93 100    | 122 622   | 122 672                | 127 821                          | 134 212   |         |
| Electricity Distribution Industry Holdings          | 54 000          | 59 240    | 62 794    | 65 934    | 69 250                 | 72 723                           | 76 359    |         |
| National Electrification Programme                  | 1 015 278       | 1 139 194 | 1 365 922 | 1 569 910 | 1 920 395              | 2 551 778                        | 2 688 337 |         |
| Assistance to Mines                                 | 32 530          | 35 225    | 37 339    | 24 139    | 41 178                 | 43 438                           | 45 610    |         |
| South African Diamond and Precious Metals Regulator | -               | -         | -         | 20 000    | 40 000                 | 40 000                           | 42 000    |         |
| Total   | 1 456 014       | 1 690 830 | 2 048 914 | 2 333 459 | 2 904 388              | 3 581 410                        | 3 771 701 |         |
| Change to 2007 Budget estimate                      |                 |           |           | *-        | 170 300                | 155 000                          | 139 706   |         |

**PART B: PROGRAMME BUSINESS PLANS**

**PROGRAMME 1: CORPORATE SERVICES**

Purpose: To provide strategic management support to the Department and the Ministry

Measurable objective: Provision of effective management support to enable the department delivers on its mandate

Department and Corporate Services Strategic objectives

The Corporate Services strategic objectives address three of the department’s objectives as listed below. The branch’s objectives have been addressed at the level of providing support for to line function.

| DEPARTMENT STRATEGIC OBJECTIVES  | CORPORATE SERVICES STRATEGIC OBJECTIVES  |
|--|--|
| <ul style="list-style-type: none"> <li>Actively contribute towards sustainable development and growth</li> </ul>               | <ul style="list-style-type: none"> <li>To contribute towards minerals and energy sectoral transformation focusing on vulnerable groups</li> <li>To profile the department internally and externally</li> </ul>   |
| <ul style="list-style-type: none"> <li>Redress past imbalances</li> </ul>  | <ul style="list-style-type: none"> <li>(same as above)</li> </ul>  |
| <ul style="list-style-type: none"> <li>Regulate the minerals and energy sectors to be healthier, cleaner, safer and</li> </ul> | <ul style="list-style-type: none"> <li>N/A</li> </ul>  |
| <ul style="list-style-type: none"> <li>Create an enabling environment for effective and efficient service delivery</li> </ul>  | <ul style="list-style-type: none"> <li>To enable the department to deliver on its mandate</li> <li>To exercise effective oversight on the activities of State Owned Entities (SOEs)</li> <li>To oversee the effective functioning of the Ministry</li> </ul> |

**Corporate Services and the Balanced Scorecard**

**Customer and Stakeholder Perspective**

Our customers are both internal and external, however, more emphasis is on internal customers. Our understanding of what our customers expect from us is summarised below. This is influenced by discussions held during the strategic planning session.

**Internal:**

- Minister – communication of the department’s messages, profiling the department , gender and youth issues
- Director-General – communication, security and overall support service to the department
- Department line function – support to enable service delivery (HR, Legal services, Security, Communication, International Relations, Compliance, Special Programmes and Projects)

**External:**

- External customers include – State Owned Entities, the general public, other government departments,

**Internal processes perspective**

What internal processes, procedures, systems, etc do we need to implement – for us to deliver on our customer expectations. This would include – complying with relevant legislation and prescripts, implement policies to protect the interest of vulnerable groups, implement best practice management strategies, improve our planning process and align to the Government planning cycle, budget alignment,

**Learning and growth perspective**

For the department employees to deliver, what do they need to capacitate them. As an enabler, in terms of empowering them, training and development, and making DME an employer of choice.

## Financial perspective

Under this perspective, our key responsibilities are ensuring complying with the PFMA (and related legislation),

ensuring appropriate budgeting processes as well as the provision of adequate resources for priorities identified.

| Customer and Stakeholder (what)  | Branch Initiatives  |   |  |
|--|---|---|--|
|  | Internal Processes (how)  | Learning and Growth   | Financial Perspective  |
| <ul style="list-style-type: none"> <li>Market and communicate DME 'messages' effectively</li> <li>Meaningful engagement with the external public (national and international)</li> <li>Ensure streamlining of gender and youth (int/ext)</li> <li>Ensure safe and secure work environment for all DME employees</li> <li>Alignment of strategy, OD, risk management</li> <li>SOEs oversight</li> </ul> | <ul style="list-style-type: none"> <li>Develop and implement the Corporate Services' Operational Framework</li> <li>Develop and implement Strategic Integrated Planning Framework for DME</li> <li>Develop and implement an Integrated HR plan</li> <li>Develop and implement a marketing and communication strategy</li> <li>Develop and implement DME's International Relations and Engagement Framework</li> <li>Develop and implement a Framework on gender and youth empowerment in the DME</li> <li>Develop and Implement the DME Integrated Compliance and Monitoring Framework</li> <li>Facilitate the implementation of a Risk Management Strategy within the department</li> <li>Facilitate the development of the DME Knowledge Management Strategy</li> </ul> | <ul style="list-style-type: none"> <li>Implement the HRD strategy (training initiatives to capacitate DME employees)</li> </ul> | <ul style="list-style-type: none"> <li>Appropriate budgeting</li> <li>Align resource requirements with available budget</li> </ul> |

**PROGRAMME 1: CORPORATE SERVICES**

**Purpose: To enable the department to deliver on its mandate.**

| DME Strategic Objective   | DME Strategic Outcome                                       | Branch Outcome  | Branch Initiatives   | Measure   | Targets  |  |                   |
|---|---|---|--|---|--|--|-------------------|
|   |   |   |  |   | 2008/9   | 2009/10  | 2010/11           |
| Create an enabling environment for effective and efficient service delivery | DME planning cycle aligned to the Government's.             | Structured Planning cycle.<br>Improved performance review and reporting   | Develop and implement the Integrated Strategic Planning Framework for the Department | Adopted Departmental Plan<br>Plan implemented (start date)  | End May 2008<br>Quarterly reviews starting end June 2008                   | Quarterly reviews  | Quarterly reviews |
| Create an enabling environment for effective and efficient service delivery | Improved service delivery levels                            | Departmental structures aligned to strategy<br>HR requirements aligned to the Departmental strategy aligned<br>HRD Plan aligned to our strategy | Implementation of the HR Plan<br>Implementation of the HRD Strategy                  | A revised organisational structure for the department implemented<br>Approved integrated HR Plan implemented<br>Workplace skills plan implemented | Start October 2008<br>Start July 2008<br>Annual review to start March 2009 | Progress implementation review as indicated in the plan. |                   |
| Create an enabling environment for effective and efficient service delivery | Individual performance linked to organisational performance | Standardised and objective monitoring and evaluation of the department's activities   | Facilitate the implementation of the computerised PMDS system                        | Computerised PMDS system implemented.   | Start April 2008   |  |                   |

| DME Strategic Objective   | DME Strategic Outcome  | Branch Outcome  | Branch Initiatives   | Measure  | Targets  |         |         |
|---|--|---|--|--|--|---------|---------|
|   |  |   |  |  | 2008/9   | 2009/10 | 2010/11 |
| Create an enabling environment for effective and efficient service delivery | Individual performance linked to organisational performance  | Improved attraction and retention of skilled employees              | Develop and implement a Talent Management Strategy   | Reduction in staff turnover  | Annual review of the strategy - beginning March 2009 |         |         |
| Create an enabling environment for effective and efficient service delivery | Accessibility of critical information and improved decision making                                     | Centralised, structured and well documented institutional knowledge | Facilitate the co-ordination and development of the department's Knowledge Management Strategy | Approved strategy<br>Implementation of strategy                          | End June 2008<br>Start July 2008                     |         |         |
| Create an enabling environment for effective and efficient service delivery | Improved governance and performance of the department's corporate services                             | A well managed and effectively co-ordinated branch                  | Develop and implement the Corporate Services' Operational Framework                            | An integrated corporate services<br>Approved framework<br>Implementation | April 2008<br>Start May 2008                         |         |         |
| Create an enabling environment for effective and efficient service delivery | Improved monitoring and oversight of SOEs activities<br>Improved level of compliance by the department | Improved monitoring and oversight of SOEs activities                | Develop and implement the Integrated Compliance and Monitoring Framework                       | Unqualified audit reports<br>Improved shareholder activism               | March 2009<br>June                                   |         |         |
| Create an enabling environment for effective and efficient service delivery | Improved corporate governance  | Structured management of departmental risks.                        | Facilitate the implementation of the department's risk strategy                                | Improved mitigation and reporting on departmental risks                  | Quarterly reporting to EXCO.                         |         |         |

| DME Strategic Objective                                   | DME Strategic Outcome  | Branch Outcome  | Branch Initiatives   | Measure  | Targets  |               |               |
|---|--|---|--|--|--|---------------|---------------|
|   |  |   |  |  | 2008/9   | 2009/10       | 2010/11       |
| Redress past imbalances                                   | The department transformed in line with the demographics of the country  | Representative workforce  | Implementation and maintenance of the department's Employment Equity Policy and Plan   | Departmental Employment Equity targets met.  | Annual review November (starting November 2009 |               |               |
| Effective Financial Management                            | Funding in line with identified priorities   | Funds used for identified priorities  | Appropriate budgeting processes<br>Align resource requirements with budget   | % deviation from budget  | Less than 5 %                                  | Less than 5 % | Less than 4 % |
| Redress past imbalances                                   | Transformed M&E sectors for the benefit of the vulnerable groups<br>Creation of a platform for information sharing | Mainstreamed gender and youth within the department's policies and programmes | Co-ordinate and implement youth and gender programmes within the department  | Approved departmental framework on gender and youth empowerment<br>Implementation of framework |  |               |               |
| Actively contribute to sustainable development and growth | Improved relations with strategic countries and partners   | Improved knowledge of economic strategic partners and platforms               | Implementation of the strategy to market and communicate the department<br>Implement the International co-ordination engagement plan |  |  |               |               |

**PROGRAMME 1.1: CHIEF FINANCIAL OFFICE (insert this from page 31 onwards)**

**Purpose:** Provide administrative support to the Ministry and the Department with regard to Financial, System Development & Maintenance, Information and Supply Chain Management

**Chief Financial Office Strategic objectives:**

- To create conditions for sustainable growth and development for the benefit of all South Africans
- To create an enabling environment aimed at supporting the development and implementation of policies and legislation (NEW)

| DME Strategic Objective  | DME Strategic Outcome                               | Branch Outcome   | Branch Initiatives                                    | Measure   | Targets                            | 2009/10                             | 2010/11                             |
|--|---|--|---|---|------------------------------------|-------------------------------------|-------------------------------------|
| Create conditions for sustainable growth and development for the benefit of all South African                        | Sustainable BEE                                     | Sustainable SMME's   | Develop and Implement Preferential Procurement Policy | Increased participation by target groups in procurement   | 2008/9<br>60% of procurement spend | 2009/10<br>60% of procurement spend | 2010/11<br>60% of procurement spend |
| To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Healthier, Safer and accessible working environment | Integrated facilities management plan and provision of accommodation inline with departmental requirements<br><br>Provision of adequate office accommodation in line with the departmental needs | Develop and Implement Office accommodation Plan       | Integrated facilities management plan and provision of office accommodation inline with departmental requirements | 31 May                             | 31 May                              | 31 May                              |

STRATEGIC PLAN

| DME Strategic Objective  | DME Strategic Outcome                              | Branch Outcome   | Branch Initiatives   | Measure  | Targets      |              |              |
|--|--|--|--|--|--------------|--------------|--------------|
|  |  |  |  |  | 2008/9       | 2009/10      | 2010/11      |
| To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Resources allocated and utilised on key priorities | Reduced under /overspending and/ or reduced virements                      | Align budget to departmental priorities                            | Approved Departmental resource allocation and utilisation plan | 31 March     | 31 March     | 31 March     |
|  |  | Departmental resource allocation and utilisation plan                      | Monitor compliance with relevant legislation and internal policies | Reduced under /overspending and/ or reduced virements          | 3% of budget | 3% of budget | 3% of budget |
| To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Resources allocated and utilised on key priorities | Clean Audit Report   | Proper Revenue and Expenditure                                     | Clean audit reports maintained                                 | Annually     | Annually     | Annually     |
|  |  | Compliance with the PFMA and Treasury Regulations                          | Management through the development and implementation of processes |  |              |              |              |
| To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Resources allocated and utilised on key priorities | Resources utilised within the legislative framework                        | Monitor compliance with relevant legislation and internal policies | Clean audit reports maintained                                 | Annually     | Annually     | Annually     |
|  |  | Approved revised policy on administration of provisions for rehabilitation | Streamlining the management of provisions for rehabilitation       |  |              |              |              |
| To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Resources allocated and utilised on key priorities | Resources managed inline with the newly revised trust deeds                |  |  |              |              |              |
|  |  |  |  |  |              |              |              |



| DME Strategic Objective  | DME Strategic Outcome   | Branch Outcome   | Branch Initiatives  | Measure  | Targets                           |                                   |                                   |
|--|---|--|---|--|-----------------------------------|-----------------------------------|-----------------------------------|
|  |   |  |   |  | 2008/9                            | 2009/10                           | 2010/11                           |
| To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Resources allocated and utilised on key priorities                                    | Improved Financial Management<br><br>No SCOPA Hearing on audit queries | Develop and implement policies and procedures   | Approved policies and clearly documented guidelines<br><br>Approved Communication strategy on policies and procedures<br><br>Clean Audit Report Maintained | May 2008                          | May 2009                          | May 2010                          |
|  |   |  |   |  | June 2008                         | June 2009                         | June 2010                         |
|  |   |  |   |  |                                   |                                   |                                   |
| To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Enabling Information Communication and Technology environment for DME Service Support | Enabling Information Communication and Technology Environment          | Plan and Provide ICT Infrastructure that will enable DME to achieve its legislative mandate | Approved IT infrastructure plan<br><br>Upgraded network and ICT infrastructure   | June 2008                         | June 2009                         | June 2010                         |
|  |   |  |   |  | Implemented in line with the plan | Implemented in line with the plan | Implemented in line with the plan |
|  |   |  |   |  |                                   |                                   |                                   |
| To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Enabling Information Communication and Technology environment for DME Service Support | Developed MSP  | Develop and maintain Information Systems  | MSP Recommendations Implemented  | Improved Decision making          | Improved Decision making          | Improved Decision making          |
|  |   |  |   |  |                                   |                                   |                                   |
|  |   |  |   |  |                                   |                                   |                                   |

| DME Strategic Objective               | DME Strategic Outcome                 | Branch Outcome                        | Branch Initiatives | Measure | Targets  |  |                                       |                             |   |                                       |                                       |                                       |
|---------------------------------------|---------------------------------------|---------------------------------------|--------------------|---------|--|--|---------------------------------------|-----------------------------|---|---------------------------------------|---------------------------------------|---------------------------------------|
|                                       |                                       |                                       |                    |         | 2008/9   | 2009/10  | 2010/11                               |                             |   |                                       |                                       |                                       |
|                                       |                                       |                                       |                    |         | To create an enabling environment aimed at supporting the development and implementation of policies and legislation | Resources allocated and utilised on key priorities | Increased Productivity and efficiency | Review and develop capacity | Structures aligned to the identified needs<br>Training needs Identified and addressed | Increased Productivity and efficiency | Increased Productivity and efficiency | Increased Productivity and efficiency |
|                                       |                                       |                                       |                    |         |  |  |                                       |                             |   | Increased Productivity and efficiency | Increased Productivity and efficiency | Increased Productivity and efficiency |
| Increased Productivity and efficiency | Increased Productivity and efficiency | Increased Productivity and efficiency |                    |         |  |  |                                       |                             |   |                                       |                                       |                                       |

SERVICE DELIVERY IMPROVEMENT PLAN 2008/09

BRANCH: CHIEF FINANCIAL OFFICE

1. Directorate: Expenditure Management

| PROCESS                       | CLIENTS   | KPI/OUTPUT  | INITIATIVE   | DESIRED OUTCOME  | REASON FOR CHANGE   | RESOURCES   | TIME FRAME     |
|-------------------------------|---|---|--|--|---|---|----------------|
| Invoice Management            | <ul style="list-style-type: none"> <li>Suppliers/ Creditors</li> <li>SCM</li> <li>Other Branches</li> </ul> | <ul style="list-style-type: none"> <li>Well informed clients</li> <li>Improved turnaround time</li> <li>Centralised point of invoices management</li> </ul> | <ul style="list-style-type: none"> <li>Re-define EM/SCM roles in payment processes</li> </ul>                        | <ul style="list-style-type: none"> <li>Established environment/home for invoices that will provide seamless channel of communication to all clients</li> </ul> | <ul style="list-style-type: none"> <li>To reduce the number of invoices sent back to suppliers</li> <li>To reduce miscommunication as a result of communicating from different areas</li> </ul> | Personnel   | June 2008      |
| List of Accruals/ Commitments | <ul style="list-style-type: none"> <li>Financial Planning</li> <li>National Treasury</li> </ul>             | <ul style="list-style-type: none"> <li>A single source of accruals/ commitments</li> </ul>  | <ul style="list-style-type: none"> <li>Re-define SCM and EM roles on outstanding invoices and commitments</li> </ul> | <ul style="list-style-type: none"> <li>A single list of accruals/ commitments at year end</li> </ul>   | <ul style="list-style-type: none"> <li>To eliminate duplication of duties and enhance reporting and integrity of information provided to FPMA at year end</li> </ul>                            | Same personnel currently dealing with commitments may suffice | March 2009     |
| Utilisation of SMS Facility   | <ul style="list-style-type: none"> <li>DME Travellers</li> </ul>  | <ul style="list-style-type: none"> <li>Content/ Happy clients</li> </ul>  | <ul style="list-style-type: none"> <li>Reconcile the messages sent with the (Mira) reports</li> </ul>                | <ul style="list-style-type: none"> <li>Reduced follow up queries</li> <li>Increased performance as a result of having satisfied clients</li> </ul>             | <ul style="list-style-type: none"> <li>To improve communication by ensuring that every client is updated on their S &amp; T status</li> </ul>   | Personnel (Additional resource will be required)              | September 2008 |

| PROCESS  | CLIENTS   | KPI/OUTPUT  | INITIATIVE  | SESIRED OUTCOME   | REASON FOR CHANGE   | RESOURCES   | TIME FRAME     |
|--|---|---|---|---|---|---|----------------|
| Processing of Claims                             | <ul style="list-style-type: none"> <li>DME Travellers</li> </ul>  | <ul style="list-style-type: none"> <li>Informed Clients</li> </ul>  | <ul style="list-style-type: none"> <li>Communicate reason for non processing of claim/s</li> </ul>  | <ul style="list-style-type: none"> <li>Reduced number of enquiries following up on unprocessed claims. This will eventually improve performance as more time will be spent on processing</li> </ul> | <ul style="list-style-type: none"> <li>To bridge the communication gap that currently exists and proactively communicate with clients thereby improving customer relations</li> </ul>                               | Current staff suffices                                      | May 2008       |
| Customer service management                      | <ul style="list-style-type: none"> <li>Travelers</li> <li>Travel Co-coordinators</li> <li>Administrators</li> </ul>                     | <ul style="list-style-type: none"> <li>S &amp; T Information Centre</li> </ul>  | <ul style="list-style-type: none"> <li>Establish an environment where clients' enquiries can be directed and attend to effectively</li> </ul>           | <ul style="list-style-type: none"> <li>To avail consistent information on S &amp; T to all clients and reduce the amount of incorrectly completed forms</li> </ul>                                  | <ul style="list-style-type: none"> <li>To enable clients to get better understanding of the revised S &amp; T Policy</li> </ul>   | Personnel (filling of AD at Travel Management is essential) | September 2008 |
| Resignation/ Termination of service or Transfers | <ul style="list-style-type: none"> <li>DME Employees</li> <li>Former Employees</li> <li>Pension Administration</li> <li>SARS</li> </ul> | <ul style="list-style-type: none"> <li>Improved turnaround time</li> <li>No finance charges levied as a result of late payment of proceeds</li> </ul> | <ul style="list-style-type: none"> <li>Fill Vacant position</li> <li>Train new staff</li> <li>Aggressive Monitoring of the book out register</li> </ul> | <ul style="list-style-type: none"> <li>Established staff complement</li> <li>Well trained and competent staff</li> <li>Smart supervising/ managing</li> </ul>                                       | <ul style="list-style-type: none"> <li>To reduce the current average turnaround time of 49 to 78 days to an acceptable 30 days</li> <li>To reduce the amount of complaints received from unhappy clients</li> </ul> | Personnel (Filling up of positions is required)             | July 2008      |

| PROCESS   | CLIENTS  | KPI/OUTPUT  | INITIATIVE   | DESIRED OUTCOME   | REASON FOR CHANGE   | RESOURCES   | TIME FRAME     |
|---|--|---|--|---|---|---|----------------|
| Clearing of suspense accounts                                   | <ul style="list-style-type: none"> <li>Financial Institutions</li> <li>Other departments</li> <li>FPMA</li> <li>National Treasury</li> </ul> | <ul style="list-style-type: none"> <li>Amounts not more than 2 months old in Suspense accounts</li> </ul> | <ul style="list-style-type: none"> <li>Changed approach in communicating/ following up on amounts in Suspense accounts (1- notification; 2-reminder and 3- final demand)</li> </ul>        | <ul style="list-style-type: none"> <li>Improved turnaround time</li> <li>Continuous Compliance with PFMA</li> <li>Reduced queries</li> </ul>  | <ul style="list-style-type: none"> <li>To maintain the Suspense (Clearing) accounts in the manner in which they are meant to be</li> </ul>  | Current resource suffice with close supervision to kick start the process       | June 2008      |
| Creation/ Changes of Structures                                 | <ul style="list-style-type: none"> <li>Human Resources</li> <li>FPMA</li> <li>Other Branches</li> </ul>                                      | <ul style="list-style-type: none"> <li>Structure that is aligned to budget</li> </ul>                     | <ul style="list-style-type: none"> <li>Formalize process of creating or amending the structure</li> <li>Timely effect the changes</li> </ul>   | <ul style="list-style-type: none"> <li>Improved cash flow management</li> <li>Sound management decision that are based on correct information</li> <li>Improved spending pattern</li> </ul> | <ul style="list-style-type: none"> <li>To prevent misinformation/ over spending or under spending resulting from distorted information that stems out of misallocation</li> </ul> | Personnel (revised structure will alleviate work load of the system controller) | September 2008 |
| Maintenance of Irregular and Fruitless and Wasteful expenditure | <ul style="list-style-type: none"> <li>FPMA</li> <li>National Treasury</li> <li>Auditors (internal and external)</li> </ul>                  | <ul style="list-style-type: none"> <li>Updated registers</li> <li>Good Cash Management</li> </ul>         | <ul style="list-style-type: none"> <li>Enhance the follow up approach on irregular expenditure</li> <li>Enforce compliance to departmental policy and participation of Branches</li> </ul> | <ul style="list-style-type: none"> <li>Compliance to PFMA</li> </ul>  | <ul style="list-style-type: none"> <li>To instill the culture of financial discipline within the department</li> </ul>  | Current staff suffices  | June 2008      |

STRATEGIC PLAN

| PROCESS | CLIENTS | KPI/OUTPUT | INITIATIVE   | SESIRED OUTCOME | REASON FOR CHANGE | RESOURCES | TIME FRAME |
|---------|---------|------------|--|-----------------|-------------------|-----------|------------|
|         |         |            | <ul style="list-style-type: none"> <li>Recover fruitless and wasteful expenditure in the year that they were raised/ incurred</li> </ul> |                 |                   |           |            |

2. Directorate: Financial Planning and Management Accounting

| PROCESS  | CLIENTS/<br>STRATEGIC<br>PARTNERS(SP)  | KPI/OUTPUT   | INITIATIVE  | EXPECTATION/<br>DESIRED STATE  | REASON FOR<br>CHANGE  | RESOURCE  | TIME FRAMES                             |
|--|--|--|---|--|---|---|---|
| MTEF, ENE,<br>Adjusted ENE,  | Accounting<br>Officer & DME<br>responsibility<br>Managers DME<br>Budget analysts<br>@ N T (SP) | Budgets aligned<br>to DME priorities                     | Detailed<br>spending plans<br>with precise<br>costing                                       | Reduction in<br>over / under<br>spending<br>and budget<br>adjustments                  | Production<br>of "winning"<br>Budget<br>proposals/bids                            | 2 Budget<br>Analysts<br>(SR12) @ R738<br>000/annum                                      | September<br>2008                       |
| Detail budgets<br>preparation &<br>On-line budget<br>and expenditure<br>reporting        | Accounting<br>Officer & DME<br>Responsibility<br>Managers                                      | Automated<br>budgeting and<br>reporting                  | Acquisition<br>of proper<br>budgeting and<br>reporting                                      | Systematic and<br>standardized<br>detail<br>budgets and<br>management<br>reports       | Reliable and<br>dash board<br>reporting   | Acquisition<br>and related<br>costs<br>including<br>R300k                               | September<br>2008                       |
| Co-ordination of<br>HQ and Regional<br>activities and<br>working relations<br>management | Permit holders,<br>Regional<br>Managers and<br>Heads of Admin:<br>Regions (SP)                 | Improved flow of<br>work and better<br>working relations | Info/review<br>sessions (HQ<br>& Regional<br>personnel)                                     | Better<br>understanding<br>and flow of<br>activities<br>Open lines of<br>communication | Bridging the<br>relations gap<br>between HQ<br>and Regional<br>offices            | Subsistence<br>and travel<br>costs<br>R150 000/<br>annum                                | June 2008 and<br>continues /<br>ongoing |
| Creation of<br>complete<br>rehabilitation<br>provision registers                         | Accounting<br>Officer, Trustees,<br>Regional<br>Managers<br>Head of Admin:<br>Regions (SP)     | Registers<br>reconciling with<br>cash provisions         | Appointment<br>of service<br>provider   | Clearance of<br>unidentified<br>credits  | Precise<br>financial<br>information<br>for correct<br>and improved<br>reporting   | Consultancy<br>fees and<br>travelling and<br>subsistence<br>costs<br>estimated @<br>R1m | Appointment<br>by May 2008              |
| Development<br>of investment<br>guidelines<br>for cash<br>rehabilitation<br>provisions   | Accounting<br>Officer and<br>Trustees  | Increased Return<br>of Investment<br>(ROI)               | Pre-determined<br>time lines and/<br>or values for<br>transfer of<br>investment<br>capitals | Increased<br>Return of<br>Investment<br>(ROI)  | Reduce cash<br>accumulating<br>at non-<br>performing<br>instruments<br>(deposits) | Existing<br>resources   | Guideline<br>approved by<br>May 2008    |

| PROCESS  | CLIENTS/<br>STRATEGIC<br>PARTNERS(SP)  | KPI/OUTPUT UT                 | INITIATIVE   | EXPECTATION/<br>DESIRED STATE                    | REASON FOR<br>CHANGE  | RESOURCE   | TIME FRAMES  |
|--|--|-------------------------------|--|--|---|--|--|
| Expansion of FPMA establishment  | HRM & EM (SP)<br>Accounting<br>Officer CFO DME   | Fully capacitated directorate | Instigate the job evaluation & approval process                                | Appointment of additional officials in new posts | Increase the structure to match the required support by DME   | 2x Budget Analyst (SR12)- R738 000<br>4x State Accountant (SR7)- R624 344<br>2x Senior Accounting Clerk (SR6)-R254 114 | March 2009<br>2x SA -March 2009 Rest is subject to funds availability<br>Subject to funds availability |
| DME Annual/Mid term Financial Statements - Statements preparations<br>Rehabilitation Trust AFS preparation | Accounting Officer and DME staff, Audit Committee<br>General public, National Treasury (SP) Auditor – General (SP) Trustees and Permit holders | Clean audit                   | Design user friendly data collection schedules for monthly collection of input | Clean audit                                      | Input collection schedules and monthly collections thereof certify coordination and completeness of information | Existing resources   | Immediately  |
|  |  |                               | Pre-auditing of payment batches  | Clean audit                                      | Detection and correction of non-compliance issues   | State Accountant: Pre-audit (cost included in the Expansion of Structure)  | March 2009<br>(Subject to approval and availability of funds)  |



3. Directorate: Information Technology

| ITEM | PROCESS                           | CLIENTS                        | KPI OUTPUT   | INITIATIVE   | EXPECTATION DESIRED & STATE   | REASON FOR CHANGE   | RESOURCE | TIME FRAME   |
|------|-----------------------------------|--------------------------------|--|--|---|---|----------|--------------|
| 1    | Define Roles and Responsibilities | IT Directorate                 | IT roles clearly defined                                       | <ol style="list-style-type: none"> <li>1. Define entire spectrum of functions in IT</li> <li>2. Assign functions to jobs</li> </ol>  | Existing gaps in functions need to be addressed to provide an improved service to Users   | Important functions are not being performed   | CIO      | 30 May 2008  |
| 2    | Resource Acquisition              | All DME Users                  | IT establishment populated                                     | <ol style="list-style-type: none"> <li>1. Finalize with HR</li> <li>2. Job evaluations performed</li> <li>3. Advertisements placed</li> <li>4. Shortlistings and Interviews</li> <li>5. Resources appointed</li> </ol> | Enough resources to handle the workload and to ensure backup and effective Regional support   | IT Directorate is under-staffed   | CIO      | 30 Sept 2008 |
| 3    | Change Control                    | IT Directorate & All DME Users | Effective change control process implemented across IT and SDM | <ol style="list-style-type: none"> <li>1. Change control process redefined and documented across network, servers, applications, Users</li> <li>2. Implement prescripts</li> </ol>                                     | <ol style="list-style-type: none"> <li>1. All changes are correctly documented as to infrastructure impact</li> <li>2. Discipline established and understood</li> </ol> | <ol style="list-style-type: none"> <li>1. Lack of discipline</li> <li>2. Impact of change is not always assessed correctly</li> <li>3. Infrastructure change is not documented</li> </ol> | Dir. IT  | 30 May 2008  |

| ITEM | PROCESS                        | CLIENTS                        | KPI OUTPUT                      | INITIATIVE  | EXPECTATION DSIED & STATE  | REASON FOR CHANGE   | RESOURCE                | TIME FRAME   |
|------|--------------------------------|--------------------------------|---------------------------------|---|--|---|-------------------------|--------------|
| 4.   | Network Optimisation           | All DME Users                  | Upgraded network                | <ol style="list-style-type: none"> <li>Review and implement bandwidth recommendations</li> <li>Review and implement VPN recommendations</li> <li>Review and implement architecture recommendations</li> </ol> | End-User experience satisfied  | <ol style="list-style-type: none"> <li>Slow network response time</li> <li>Applications are failing across network</li> <li>The implementation of additional systems will fail if network is not responsive</li> </ol>  | Dir. IT                 | Sept 2008    |
| 5    | Systems Performance Management | IT Directorate & All DME Users | Daily infrastructure monitoring | <ol style="list-style-type: none"> <li>Setup daily checklist</li> <li>Implement corrective action immediately</li> </ol>  | <ol style="list-style-type: none"> <li>Pro-active system monitoring</li> <li>Identify problems immediately in reactive mode</li> </ol> | Systems are failing due to fundamental monitoring steps not being performed   | Manager Infra-structure | 30 May 2008  |
| 6    | "Fire Brigade"                 | DME Users                      | Core systems monitored          | <ol style="list-style-type: none"> <li>Skilled resource acquired / contracted</li> <li>Core systems and configurations checked to operational expectation</li> </ol>  | <ol style="list-style-type: none"> <li>AD, Exchange, DNS, backup, server monitoring checked</li> </ol>                                 | <ol style="list-style-type: none"> <li>Skilled resources are not available within DME</li> <li>The work schedule does not necessarily require a highly paid resource permanently on site</li> <li>Critical strategic and operational issues will be timeously resolved</li> </ol> | CIO                     | 30 June 2008 |

| ITEM | PROCESS                | CLIENTS                               | KPI OUTPUT                                       | INITIATIVE  | EXPECTATION DSIED & STATE                                   | REASON FOR CHANGE   | RESOURCE                | TIME FRAME  |
|------|------------------------|---------------------------------------|--|---|---|---|-------------------------|-------------|
| 7.   | Service Desk SLA       | All DME Users                         | Service Desk policies and procedures implemented | <ol style="list-style-type: none"> <li>1. Implement new policies and procedures</li> <li>2. Monitor performance</li> <li>3. Categorize fault reporting</li> <li>4. Train / re-train Service Desk operators</li> </ol> | All categories of problems effectively tracked and resolved | Users have complained that the Service Desk has slow / no response to certain categories of support needed  | Manager Service Desk    | 30 May 2008 |
| 8    | Regional Support Model | All DME Users                         | Regions serviced regularly by IT                 | <ol style="list-style-type: none"> <li>1. Rotate regular regional visits</li> <li>2. Review and implement on site technical assistance by DME resource or contractor</li> </ol>                                       | Regional Users have problems resolved immediately           | <ol style="list-style-type: none"> <li>1. Many categories of problems take too long to resolve</li> <li>2. Users are unable to offer DME clients an effective service</li> </ol>                                      | Manager Service Desk    | June 2008   |
| 9    | Regional Backup Model  | IT Directorate and Regional DME Users | Regional servers backed up as per Backup Plan    | <ol style="list-style-type: none"> <li>1. Define and build a backup software solution</li> <li>2. Acquire backup devices</li> <li>3. Test and implement the proposed solution in all regions</li> </ol>               | Regional User-data is backed up                             | <ol style="list-style-type: none"> <li>1. Server failures result in Users having to wait for resources to be restored</li> <li>2. There is a danger of user-data being lost if a total disk failure occurs</li> </ol> | Manager infra-structure | 30 May 2008 |

4. Directorate: Systems Development and Maintenance

| Process                              | Clients   | KPI / Output  | Initiative                        | Expectation / Desired & State  | Reason for change   | Resource                   | Time Frames |
|--------------------------------------|---|---------------|-----------------------------------|--|---|----------------------------|-------------|
| Pre Investigation of system requests | HR  | Business Case | Appoint 3 more business analysts. | To get a business case in 5 days after a request have been forwarded to SDM. | Complaints on the delivery time frame   | D:SDM and Business Analyst | Aug-08      |
|                                      | Communication<br>SCM Financial<br>Planning and<br>Expenditure Strategy<br>Risk and Monitoring<br>Legal Services<br>Electrification Policy<br>Development and<br>Management<br>Petroleum Controller<br>Mineral Economics<br>MRB: Mineral<br>Regulations Branch<br>(NMPS) MP&PB:<br>Mineral Policy and<br>Promotion Branch<br>(NMPS) H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch<br>(NIEMS) Electricity<br>and Nuclear Branch<br>(NIEMS) Audit<br>Services Fin, Info, and<br>Supp Management |               |                                   | To stop implementations of   | <ol style="list-style-type: none"> <li>1. Server failures result in Users having to wait for resources to be restored</li> <li>2. There is a danger of user-data being lost if a total disk failure occurs</li> </ol> | Manager infra-structure    | 30 May 2008 |

| Process                          | Clients  | KPI / Output                          | Initiative                           | Expectation / Desired & State   | Reason for change                             | Resource                         | Time Frames |
|----------------------------------|--|---------------------------------------|--------------------------------------|---|---|----------------------------------|-------------|
| Develop User system requirements | HR<br>Communication<br>SCM<br>Fin.Pla and<br>Expenditure<br>Strategy Risk and<br>Monitoring<br>Legal Services<br>Electrification Policy<br>Development and<br>Management<br>Petroleum Controller<br>Mineral Economics<br>MRB: Mineral<br>Regulations Branch<br>(NMPS)<br>MP&PB: Mineral<br>Policy and Promotion<br>Branch (NMPS)<br>H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch<br>(NIEMS)<br>Electricity and<br>Nuclear Branch<br>(NIEMS)<br>Audit Services<br>Fin, Info, and Supp<br>Management | User<br>Requirements<br>Specification | Appoint 3 more<br>business analysts. | To get a URS in<br>2-3 months (at<br>most) after a<br>request have<br>been forwarded<br>to SDM. | Huge work load,<br>Directorate not<br>coping. | D:SDM and<br>Business<br>Analyst | Aug-08      |

| Process                          | Clients                            | KPI / Output             | Initiative  | Expectation / Desired & State                                       | Reason for change  | Resource             | Time Frames |
|----------------------------------|------------------------------------|--------------------------|---|---|--|----------------------|-------------|
| Develop Functional Specification | Sub Directorate: Business Analysis | Functional Specification | Appoint more system analyst to assist with work load which impact on delivery time      | To deliver in 1 month (at most).                                    | To improve turn around times   | D:SDM and BA         | Aug-08      |
| Develop Technical Specification  | SDM/IT                             | Technical Specification  | Revisit Change Control Committee for evaluation of technical road maps for all systems  | To be on board about any technical recommendations (IT and SDM)     | Lack of communication between IT and SDM   | Dir: IT and Dir: SDM | Jun-08      |
| Development of systems           | SDM                                | Functioning System       | Appoint more system analyst to assist with work load which impact on delivery time      | To deliver in a reasonable time                                     | To improve turn around times   | D:SDM                | Aug-08      |
| Development of test packs        | Sub Directorate: Business Analysis | Test Packs               | Start to develop test packs as soon as URS are approved. Use URS to develop test packs. | To develop test packs using URS rather than the new system screens. | To improve turn around times and quality of systems                                    | System Analyst       | May-08      |
| System Testing                   | HR                                 | Test Reports             | Systems must be tested by officials who did not develop the system                      | Properly tested systems with no bugs.                               | To implement quality systems that are in line with the User Requirements Specification | D:SDM                | Aug-08      |

| Process             | Clients  | KPI / Output  | Initiative                      | Expectation / Desired & State                                       | Reason for change  | Resource       | Time Frames |
|---------------------|--|---------------|---------------------------------|---|--|----------------|-------------|
|                     | Communication  |               | Involve external testors        |   |  |                |             |
|                     | SCM<br>Financial Planning and Expenditure<br>Strategy Risk and Monitoring<br>Legal Services<br>Electrification Policy Development and Management<br>Petroleum Controller<br>Mineral Economics<br>MP&PB: Mineral<br>Policy and Promotion Branch (NMPS)<br>H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch (NIEMS)<br>Electricity and<br>Nuclear Branch (NIEMS)<br>Audit Services<br>Fin,Info, and Supp Management<br>SDM |               | Appoint system testors          |   |  |                |             |
| Training on systems | HR   | Trained Users | Develop manuals for the systems | To get training and manuals so as to be able to utilise the system. | Some users do not use systems because they don't know how to operate them. | System Analyst | May-08      |

STRATEGIC PLAN

| Process | Clients   | KPI / Output   | Initiative | Expectation / Desired & State | Reason for change | Resource         | Time Frames |
|---------|---|----------------|------------|-------------------------------|-------------------|------------------|-------------|
|         | Communication<br>SCM Fin. Pla and Expenditure<br>Strategy Risk and Monitoring<br>Legal Services<br>ELECTRIFICATION<br>POLICY DEVELOPMENT AND MAN<br>Petroleum Controller<br>Mineral Economics<br>MRB: Mineral<br>Regulations Branch (NMPS) MP&PB:<br>Mineral Policy and Promotion Branch (NMPS)<br>H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch (NIEMS)<br>Electricity and Nuclear Branch (NIEMS)<br>Audit Services<br>Fin,Info, and Supp Management<br>H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch<br>Electricity and Nuclear Branch<br>Audit Services<br>Fin,Info, and Supp Management<br>IT | System Manuals |            |                               |                   | Business Analyst |             |



| Process                 | Clients       | KPI / Output                  | Initiative                                     | Expectation / Desired & State                  | Reason for change                  | Resource | Time Frames |
|-------------------------|---------------|-------------------------------|--|--|------------------------------------|----------|-------------|
| Database Administration | HR            | Data management documentation | Appoint database administrator                 | To have databases that are not giving problems | Continuous problems with databases | D:SDM    | Aug-08      |
|                         | Communication | Data with integrity           | Proper management of transaction and log files |  |                                    |          |             |

STRATEGIC PLAN

| Process | Clients  | KPI / Output | Initiative                   | Expectation / Desired & State | Reason for change | Resource | Time Frames |
|---------|--|--------------|------------------------------|-------------------------------|-------------------|----------|-------------|
|         | SCM<br>Fin. Pla and Expenditure<br>Strategy Risk and Monitoring<br>Legal Services<br>ELECTRIFICATION<br>POLICY DEVELOPMENT AND MAN<br>Petroleum Controller<br>Mineral Economics<br>MRB: Mineral<br>Regulations Branch (NMPS)<br>MP&PB: Mineral<br>Policy and Promotion Branch (NMPS)<br>H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch (NIEMS)<br>Electricity and Nuclear Branch (NIEMS)<br>Audit Services<br>Fin,Info, and Supp Management<br>H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch<br>Electricity and Nuclear Branch<br>Audit Services<br>Fin,Info, and Supp Management<br>IT |              | Management of database space |                               |                   |          |             |

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| Process            | Clients   | KPI / Output  | Initiative                                       | Expectation / Desired & State                                    | Reason for change             | Resource | Time Frames |
|--------------------|---|---|--|--|-------------------------------|----------|-------------|
| Project Management | HR, Communication<br>SCM, Fin.Pla and<br>Expenditure<br>Strategy Risk and<br>Monitoring<br>Legal Services<br>ELECTRIFICATION<br>POLICY DEVELOP-<br>MENT AND MAN<br>Petroleum Controller<br>Mineral Economics<br>MRB: Mineral<br>Regulations Branch<br>(NMPS), MP&PB;<br>Mineral Policy and<br>Promotion Branch<br>(NMPS)<br>H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch<br>(NIEMS), Electricity<br>and Nuclear Branch<br>(NIEMS).<br>Audit Services<br>Fin,Info, and Supp<br>Management<br>H,EP&CEB:<br>Hydrocarbons,<br>Energy Planning and<br>Clean Energy Branch<br>Electricity and<br>Nuclear Branch<br>Audit Services<br>Fin,Info, and Supp<br>Management | Project<br>delivered on<br>time within<br>budget and<br>scope | Hand over all<br>projects to<br>Programme Office | Project that is<br>delivered in time<br>and within the<br>budget | To optimise<br>project output | D: SDM   | Sep-08      |

STRATEGIC PLAN

| Process | Clients  | KPI / Output                       | Initiative  | Expectation / Desired & State                                  | Reason for change   | Resource             | Time Frames |
|---------|--|------------------------------------|---|--|---|----------------------|-------------|
| GIS     | MRB: Mineral Regulations Branch (NMPS)<br>MP&PB: Mineral Policy and Promotion Branch (NMPS)<br>H,EP&CEB: Hydrocarbons, Energy Planning and Clean Energy Branch (NIEMS)<br>Electricity and Nuclear Branch (NIEMS) | GIS strategy in place and approved | Development of a GIS Strategy and approval thereafter | Well defined departmental GIS strategy and implementation plan | Currently there is not GIS Strategy for the department to ensure effective and efficient use of GIS technologies. | Deputy Director: GIS | Jun-08      |

5. Directorate: Supply (Main Management)

| PROCESS                         | CLIENTS             | DESIRED STATE   | CURRENT STATE                             | REASON FOR CHANGE/GAP                                     | INITIATIVE  | KPI  | TARGET/ TIME FRAME | RESOURCES                  |
|---------------------------------|---------------------|---|---|---|---|--|--------------------|----------------------------|
| DEMAND & ACQUISITION MANAGEMENT |                     |   |   |   |   |  |                    |                            |
| Demand Management               | All Managers in DME | Procurement plan developed and implemented            | Sporadic procurement requests             | Procurement seen as a bottle neck                         | Develop a procurement plan for DME  | Plan Approved                                  | 30 May 08          | DD: Acquisition and Demand |
|                                 |                     |   |   | Needs analysis for goods not performed on time            | Co-ordinate the needs analysis process with other directorates, e.g. IT, TFRM                   | Needs assessment report for goods completed    | 15 May 08          | DD: Acquisition and Demand |
|                                 |                     |   |   | Inability to plan and interrogate all procurement request | Appoint Bid Specification Committees for each branch  | Nomination request sent to Branches            | 25 April 08        | DD: Acquisition and Demand |
|                                 |                     |   |   |   |   | Approval granted for the Committees to operate | 15 May 08          | DD: Acquisition and Demand |
|                                 |                     | Strategic -Commodities identified for better sourcing | Register of procurement requests in place | The need to identify strategic commodities                | Analyze the list of procurement requests to identify commodities that are of a strategic nature | List of strategic Commodities                  | 30 April 08        | DD: Acquisition and Demand |

| PROCESS             | CLIENTS       | DESIRED STATE   | CURRENT STATE   | REASON FOR CHANGE/GAP  | INITIATIVE   | KPI   | TARGET/ TIME FRAME                                 | RESOURCES                  |
|---------------------|---------------|---|---|--|--|---|--|----------------------------|
|                     |               |   |   |  |  | Sourcing strategy developed and implemented             | 30 May 08  | DD: Acquisition and Demand |
| Supplier Management | All end users | Availability of reliable suppliers for each commodity and geographic areas                              | Suppliers not available for some commodities                              | Delays in issuing orders to non-registered suppliers   | Update the Commodity list with linkage to geographic location                          | Updated commodity list                                  | 25 April 08  | DD: Acquisition and Demand |
|                     |               | Reduction in the number of quotations that are not approved due to non-compliance to procurement policy | A high volume of requests are rejected by BAC due to incorrect quotations | Delays in obtaining approval for procurement which impacts negatively on projects and other activities   | Centralize the sourcing of quotations within SCM                                       | All quotations for head office sourced centrally at SCM |  | DD: Acquisition and Demand |
|                     | Suppliers     | Suppliers are given an opportunity to register on the database more frequently                          | Registration done once a year and on going for bids                       | <ul style="list-style-type: none"> <li>Changes in Supplier details not captured timely</li> <li>New suppliers not allowed to register</li> </ul> | Finalise the supplier registration plan to allow for 2 registration processes annually | Approved plan   | 30 April 08<br>Implementation as per approved plan | DD: Acquisition and Demand |

| PROCESS            | CLIENTS           | DESIRED STATE  | CURRENT STATE  | REASON FOR CHANGE/GAP  | INITIATIVE   | KPI  | TARGET/ TIME FRAME    | RESOURCES                  |
|--------------------|-------------------|--|--|--|--|--|-----------------------|----------------------------|
|                    | National Treasury | Service providers' banking details are verified prior to making payments | Approximately 60% of suppliers on database have verified banking details   | Delays in issuing orders/processing payments while waiting for banking details to be verified  | Improve turnaround time for conducting verifications                   | Banking details captured for verification within 2 days of receiving application to register | 01 May 08 and ongoing | DD: Acquisition and Demand |
|                    |                   |  |  | <ul style="list-style-type: none"> <li>Responsibility for verifications not correctly placed</li> <li>Rejections with no explanations</li> </ul> | Engage National Treasury and SARS for a better solution                | Meetings held with clear resolutions on way forward  | 30 July 08            | Director: SCM              |
| Bid administration | All end Users     | Procurement requests are approved within a short period                  | Difficult to measure due to lack of a proper monitoring and reporting tool | To bridge expectation gap and create awareness about the turnaround times for each process   | Implement a monitoring and reporting tool for all procurement requests | Approved monitoring tool   | 31 May 08             | DD: Demand & Acquisition   |
|                    |                   |  |  |  | Develop and publish brochures to communicate turnaround times          | Published brochures  | 30 June 08            | DD: Acquisition and Demand |

STRATEGIC PLAN

| PROCESS | CLIENTS                         | DESIRED STATE                             | CURRENT STATE                                | REASON FOR CHANGE/GAP   | INITIATIVE  | KPI  | TARGET/ TIME FRAME                           | RESOURCES                  |
|---------|---------------------------------|---|--|---|---|--|--|----------------------------|
|         |                                 |   |  | To maintain consistent turnaround times for processing requests | Process procurement requests within the set timeframe     | Turn-around time for processing procurement requests (measured up to final approval level)<br>Requests below R30 000 | 5 days of receipt of an RFQ                  | DD: Acquisition and Demand |
|         |                                 |   |  |   |   | R30 000 to R200 000  | 14 days of receipt of an RFQ                 | DD: Acquisition and Demand |
|         |                                 |   |  |   |   | Bids (above R200 000)  | 2 months from receipt of BSC recommended TOR | DD: Acquisition and Demand |
|         | National Treasury/BEE suppliers | 70% of procurement spent allocated to BEE | Approximately 45% of total spent went to BEE | Non-compliance with national BEE targets                        | Finalise the departmental preferential procurement policy | Approved policy  | 31 July 08                                   | DD: Acquisition and Demand |



| PROCESS | CLIENTS               | DESIRED STATE                            | CURRENT STATE                     | REASON FOR CHANGE/GAP   | INITIATIVE  | KPI   | TARGET/ TIME FRAME | RESOURCES                  |
|---------|-----------------------|--|-----------------------------------|---|---|---|--------------------|----------------------------|
|         |                       |  |                                   |   | Promote participation by target groups in procurement                                   | % of procurement spend allocated to BEE as defined in the departmental policy | 60% at year end    | DD: Acquisition and Demand |
|         | BAC /Director General | Adequate information for decision making | Voluminous files submitted to BAC | Members spending too much time preparing for meetings and at times focusing on non-procurement issues | Develop a checklist of minimum documents required by BAC for each request               | Checklist approved by BAC   | 24 April 08        | DD: Acquisition and Demand |
|         |                       |  |                                   | The need to improve on the secretarial support given to the Committee                                 | Training of BAC members   | All BAC members trained on the procurement policy                             | 15 May 08          | DD: Acquisition and Demand |
|         |                       |  |                                   |   | Ensure that BAC meetings are scheduled in advance and documents are distributed on time | Meeting request forwarded to all members                                      | 01 April 08        | DD: Acquisition and Demand |

| PROCESS             | CLIENTS                 | DESIRED STATE  | CURRENT STATE  | REASON FOR CHANGE/GAP  | INITIATIVE  | KPI   | TARGET/ TIME FRAME      | RESOURCES                  |
|---------------------|-------------------------|--|--|--|---|---|-------------------------|----------------------------|
|                     |                         |  |  |  |   | Notification of BAC meetings and closing dates published in notice boards and through e-mail. | 01 April 08             | DD: Acquisition and Demand |
|                     |                         |  |  |  |   | Files distributed 2 days before the meeting   | 01 April 08 and ongoing | DD: Acquisition and Demand |
| Contract Management | Suppliers               | Contracts prepared and signed within days after approval procurement | Contracts are not always finalized on time           | Time frames are often influenced by other factors such as delays in holding inception meetings |   |   |                         |                            |
|                     | Accounting Officer/ CFO | Updated contract register  | Contract register is not always updated with payment | Invoices that are not in line with the conditions of the contract could be processed           | Finalise and implement the contract management strategy | Strategy approved<br>Implementation in line with plan   | 31 May 2008             | DD: Acquisition and Demand |

| PROCESS                    | CLIENTS                          | DESIRED STATE   | CURRENT STATE  | REASON FOR CHANGE/GAP   | INITIATIVE   | KPI  | TARGET/ TIME FRAME          | RESOURCES     |
|----------------------------|----------------------------------|---|--|---|--|--|-----------------------------|---------------|
| LOGISTICS MANAGEMENT       |                                  |   |  |   |  |  |                             |               |
| Orders and expediting      | End users                        | Requests for orders processed within 2 days   | More than 2 days in some cases   | Delays in the delivery of goods/services impacting negatively on service delivery | Ensure that orders are processed and delivered upon within the agreed time frame | Number of days taken to capture and send an order to SP  | 2 days                      | DD: Logistics |
|                            |                                  |   |  |   |  | Number of days taken by the suppliers to deliver ordered goods                                 | As per agreed delivery date | DD: Logistics |
| Inventory and Distribution | All end users                    | Stationery requests finalized within 2 days for store items and 14 days for non store items | 3 days for store items and up to 30 days for non-store items                                 | Delays in issuing stationery negatively impacts on service delivery               | Improve the turnaround time for processing requests for stationery               | Number of days taken to issue store items<br><br>Number of days taken to issue non-store items | 2 days<br><br>14 days       | DD: Logistics |
| Transactions               | Suppliers Accounting Officer/CFO | Invoices processed within 30 days of receipt  | Slightly over 30 days on average. Concern is more on individual transactions which take long | Delays lead to non-compliance with PFMA and dents the name of the Department      | Centralise the receiving of invoice to SCM                                       | One register of invoice from start to end of the process                                       | 01 June 08                  | DD: Logistics |

| PROCESS                          | CLIENTS            | DESIRED STATE  | CURRENT STATE   | REASON FOR CHANGE/GAP                                    | INITIATIVE   | KPI  | TARGET/ TIME FRAME                      | RESOURCES                            |
|----------------------------------|--------------------|--|---|--|--|--|---|--------------------------------------|
| <b>ASSET MANAGEMENT</b>          |                    |  |   |  |  |  |   |                                      |
| Planning, Acquisition & Disposal | All end users      | All new employees are provided with office furniture and equipment on arrival at the DME | The process is re-active and depends on the manager submitting a requests | Too many movement of office furniture                    | Develop and implement an asset replacement, acquisition and disposal strategy        | Approved strategy                                    | 31 May 08                               | DD: Asset Management                 |
| Recording and Loss Control       | Accounting Officer | New assets are captured in the asset register within 2 days of receipt                   | More than 30 days   | Reconciliation gaps Delays in making payments            | Ensure that all requests for payment of assets are accompanied by a printout from AR | All new assets captured on the asset register timely | 2 days of receipt as from 01 April 2008 | DD: Asset Management + DD: Logistics |
|                                  |                    | Movement requests captured on the asset register within 1 day of approval                | Captured after the movement   | Unrecorded movements                                     | Implement a process of capturing requests for movements prior physical movement      | Number of days taken to capture a movement form      | 1 day                                   | DD: Asset Management                 |
|                                  |                    | Reduction in the amount and number of asset losses                                       | Noticeably increasing   | Asset losses lead to financial losses for the Department | Develop and implement a loss management strategy                                     | Approved strategy                                    | 31 July 2008                            | DD: Asset Management                 |

| PROCESS   | CLIENT  | KPI/OUTPUT  | EXPECTATIONS   | RESOURCE                | INITIATIVE                                      | REASONS FOR CHANGE                                     | TIME/TARGET                |
|---|---|---|--|-------------------------|---|--|----------------------------|
| Upgrading the Fleet   | GG vehicles users   | Less complaints about the conditions of the cars        | Safe and reliable vehicles   | Financial Resources     | Source the Service Provider.                    | The Current Fleet is not user friendly                 | September 2008             |
| Subsidised vehicles   | DME users   | Fully Utilized vehicles                                 | Suitable cars  | Existing staff          | Compiling a spreadsheet for shortfalls          | The need to identify the shortfalls on time.           | June 2008                  |
| Renewal of Petrol cards and licences                        | GG vehicles users<br>Government<br>Garage Traffic<br>Department | Roadworthy vehicles                                     | Roadworthy vehicles( less vehicles grounded awaiting renewed licences and petrol cards | Existing staff          | Develop Petrol Cards and license Register       | The current system is re-active                        | March and September Annual |
| Reporting irregularities                                    | GG vehicles users   | Minimise the misuse of the GG vehicles and petrol cards | Higher rate of successful prosecution  | 1 x clerk               | Compile a complaints register                   | To improve transport service to DME officials          | 2 months turn around time  |
| Management of leases  | DME officials<br>Landlords                                      | World class office accommodation                        | Safe and user friendly office accommodation  | Financial and 1 x clerk | Compile a reliable register of leased buildings | Avoid expiry of Lease agreement                        | October 2008               |
| Ensuring adherence to maintenance Plan for cleaning service | DME and cleaning contract                                       | Clean working environment                               | Offices in compliance to OHS Act   | 1x clerk                | Develop SLA                                     | To minimise complaints related to hygienic environment | June 2008                  |

| PROCESS               | CLIENT  | KPI/OUTPUT                                       | EXPECTATIONS                  | RESOURCE       | INITIATIVE  | REASONS FOR CHANGE                                 | TIME/TARGET   |
|-----------------------|---|--|-------------------------------|----------------|---|--|---------------|
| Conduct a File review | DME officials, members of the public and National Archive | Provide Flexible and user friendly filing system | Easy retrieval of documents   | Existing staff | File Audit  | To accommodate all business transactions of DME    | December 2008 |
| Mail Management       | DME users Post Office                                     | Minimise the loss of mail                        | Reach the destination on time | Existing staff | Monitor the register for incoming and outgoing mail | To avoid Delay in delivery and collection of mail. | Ongoing       |

**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."

| DME Strategic Objective   | DME Strategic Outcome                               | Branch Initiatives  | Measures   | Targets           |                   |                   |
|---|---|---|--|-------------------|-------------------|-------------------|
|   |   |   |  | 2008/09           | 2009/10           | 2010/11           |
| Create an enabling environment for effective and efficient service delivery | Resources allocated and utilised on key priorities  | Compliance to PFMA Guidelines   | Follow prescripts  | Monthly           | Monthly           | Monthly           |
|   |   | Proper budgeting for the Programme Activities                                       | Activities optimally resourced and expenditure managed   | Annually          | Annually          | Annually          |
| Create an enabling environment for effective and efficient service delivery | Improved service delivery internally and externally | Develop and review Operational Policies and Procedures                              | Number of policies developed                             | 24                | 24                | 24                |
|   |   | URS Developed and Tenders advertised  | Integrated OHS Databases and better knowledge management | March 2009        | Maintenance       | Maintenance       |
| Create an enabling environment for effective and efficient service delivery | DME capacitated to deliver on its mandate           | Implementation of HRD Plan  | Percentage Compliance to EE Targets                      | 80%               | 80%               | 80%               |
|   |   | Regular meetings, MOU's and SLA's   | Meetings held  | Quarterly         | Quarterly         | Quarterly         |
| Create an enabling environment for effective and efficient service delivery | DME capacitated to deliver on its mandate           | Provide valid reliable data. Establish reliable database                            | Reliable Statistics Published                            | Monthly           | Monthly           | Monthly           |
|   |   | HRD Plan developed and implemented  | Number of Bursaries                                      | 16                | 24                | 24                |
| Create an enabling environment for effective and efficient service delivery | DME capacitated to deliver on its mandate           | HRD Plan developed and implemented  | Number of Learnerships                                   | 50                | 50                | 50                |
|   |   |   | Number of Internships                                    | 34                | 34                | 34                |
| Create an enabling environment for effective and efficient service delivery | DME capacitated to deliver on its mandate           | Collate and disseminate Research Information. Technical assistance. Medical advice. | Number of Training Courses attended                      | 90% of PDP Budget | 90% of PDP Budget | 90% of PDP Budget |
|   |   |   | Information Portal available to MHSI                     | 6 monthly         | 6 monthly         | 6 monthly         |

| DME Strategic Objective   | DME Strategic Outcome                                    | Branch Initiatives   | Measures   | Targets                |                        |                        |
|---|--|--|--|------------------------|------------------------|------------------------|
|   |  |  |  | 2008/09                | 2009/10                | 2010/11                |
| Regulate the minerals and energy sectors to be healthier, safer and cleaner | Healthier, safer and cleaner minerals and energy sectors | Participation in International Forum                                       | Internationally benchmarked OHS Approaches and Practices | 4 REPORTS PER ANNUM    | 4 REPORTS PER ANNUM    | 4 REPORTS PER ANNUM    |
|   |  | Review Legislation Consultation Process Parliamentary Process              | Reviewed MHSA  | June 2008              | Annually               | Annually               |
|   |  | Develop Guidelines   | Enforcement Guidelines                                   | June 2008              | Annually               | Annually               |
|   |  | Conduct Studies Regulatory Impact Assessments. Prepare Consultative Papers | Number of OHS Policies                                   | 24                     | 24                     | 24                     |
|   |  | System Audits at Mines   | Number of Audits   | 700                    | 100% based on capacity | 100% based on capacity |
|   |  | Follow-up Inspections  | Number of OHS Inspections                                | 100% based on capacity | 100% based on capacity | 100% based on capacity |
|   |  | Investigations   | Number of Accident Investigations                        | 100% based on capacity | 100% based on capacity | 100% based on capacity |
|   |  | In Loco Investigation Inquiries  | Number of Accident Inquiries                             | 100% based on capacity | 100% based on capacity | 100% based on capacity |
|   |  | Survey Inspections   | Number of Survey Inspections                             | 100% based on capacity | 100% based on capacity | 100% based on capacity |
|   |  | Surveys Conducted  | Conduct Volumetric Survey                                | 100% based on capacity | 100% based on capacity | 100% based on capacity |
|   |  | Investigations Conducted   | Investigated and settled Complaints                      | 95%                    | 95%                    | 95%                    |
|   |  | Process Applications   | Number of Processed Mining Applications                  | 95%                    | 95%                    | 95%                    |
|   |  | Process Applications   | Number of EMPs and Land use Applications Evaluated       | 95%                    | 95%                    | 95%                    |



**MINE HEALTH AND SAFETY  
SERVICE DELIVERY IMPROVEMENT PLANS**

| KEY SERVICE  | SERVICE BEN     | Target   | CURRENT STANDARD   |                                      | DESIRED STANDARD                                  |   |
|--|-----------------|--|--|--------------------------------------|---|---|
|  |                 |  | Planned  | Actual                               | Planned   | Comments  |
| Cleaner, healthier and safer sector.                               | Mining Industry | Reduce Occupational Health Incidences.                 | Data collection for benchmarking still being sorted out. | Through officials at the Head Office | All information captured on centralised database. | Collection and analysis of data as per centralised database |
| Monitor compliance and intervene to reduce accidents and injuries. | Mining Industry | Inspection: Monitoring of compliance to requirements.  | 100% of planned as per capacity.                         | 67 %                                 | 100% of planned as per capacity.                  | Compliance with Enforcement Policies and Procedures         |
|  | Mining Industry | Audits - assess effectiveness of systems.              | 100% of planned as per capacity.                         | 68%                                  | 100% of planned as per capacity.                  | Compliance with Enforcement Policies and Procedures         |
|  | Mining Industry | Investigations finalised within 1 month of occurrence. | 100%   | 79%                                  | 100% of planned as per capacity.                  | Compliance with Enforcement Policies and Procedures         |

**PROGRAMME 3: MINERAL REGULATION**

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

| DME Strategic Objective  | DME Strategic Outcome   | Branch Outcome  | Branch Initiatives  | Measures  | Timeframes/Targets 2008/09 | Timeframes/Targets 2009/10 | Timeframes/Targets 2010/11 |
|--|---|---|---|---|----------------------------|----------------------------|----------------------------|
| REDRESS PAST IMBALANCES  | Increased number of HDSA's and women participation.             | Increased number of HDSA's and women participation.<br>Improved level of compliance with all seven pillars of the mining charter. | Process application.<br>Evaluate empowerment transactions   | Number of rights granted to HDSA's<br>Number of women led companies licensed. | 27<br>18                   | 27<br>18                   | 27<br>18                   |
| Actively contribute towards sustainable development and growth | Increased number of jobs through enterprise development         | Increased number of jobs through enterprise development   | Conduct industry workshops  | Number of workshops conducted   | 1 industry workshop        | 1 industry workshop        | 1 Industry workshop        |
|  |   |   | Conduct workshops for HDSA and women compliance issues.   | Number of workshops conducted.  | 9 HDSA and women workshops | 9 HDSA and women workshops | 9 HDSA and women workshops |
|  | Reduced level of poverty around mining and labour sending areas | Reduced level of poverty around mining and labour sending areas   | Conduct compliance inspections.   | Number of charter inspections.  | 140                        | 140                        | 140                        |
|  |   |   | Identify enterprise development projects<br>Ensure identified projects are incorporated into the SLPs | Number of jobs created.   |                            |                            |                            |
|  |   | Promote creation of :<br>Sustainable human settlement.  | Extent of change in quality of life.  |   |                            |                            |                            |

# 2008/9 - 2010/11

| DME Strategic Objective | DME Strategic Outcome   | Branch Outcome  | Branch Initiatives   | Measures                           | Timeframes/ Targets 2008/09 | Timeframes/ Targets 2009/10 | Timeframes/ Targets 2010/11 |
|-------------------------|---|---|--|------------------------------------|-----------------------------|-----------------------------|-----------------------------|
|                         |   |   | Social infrastructure development and projects.<br>Income generating projects<br>Monitor implementation and compliance with approved Social and Labour Plans |                                    |                             |                             |                             |
|                         |   |   | Align SLP and IDP's  |                                    | -                           | -                           | -                           |
|                         | Integrated local economic development through social and labour plans | Integrated local economic development through social and labour plans |  |                                    | 1380                        | 1380                        | 1380                        |
|                         | Sound environmental management  | Sound environmental management  | Evaluate EMPs, monitor and ensure compliance   | Number of inspections              | 1380                        | 1380                        | 1380                        |
|                         | Sustainable development through mineral resources                     | Sustainable development through mineral resources                     | Evaluate PWP & MWP's, monitor and ensure compliance  | Number of inspections              | 302                         | 302                         | 302                         |
|                         | Reduced government environmental risk and liability                   | Reduced government environmental risk and liability                   | Implement rehabilitation of ownerless and derelict mines projects  | Number of rehabilitation projects. | 13                          | 11                          | 11                          |

| DME Strategic Objective   | DME Strategic Outcome     | Branch Outcome   | Branch Initiatives  | Measures   | Timeframes/ Targets 2008/09 | Timeframes/ Targets 2009/10 | Timeframes/ Targets 2010/11 |
|---|---------------------------|--|---|--|-----------------------------|-----------------------------|-----------------------------|
| Create an environment for effective and efficient service delivery        | Improved service delivery | Improved effective and efficient administration                | Implement approved administrative systems and controls<br>Conduct monthly self audits | Effective and efficient systems and controls   | Clean internal audit report | Clean internal audit report | Clean internal audit report |
|   |                           | A structure that is compatible with the mandate of the branch. | Review structure and make recommendations to CS                                       | Number of new posts created.<br>Number of vacancies filled.  | Unqualified AG report       | Unqualified AG report       | Unqualified AG report       |
| Govern the minerals and energy sectors to be healthier, cleaner and safer | Improved service delivery | Increased staff compliment of the branch                       | Recruit skilled staff   | Decrease the extent mismatch of personnel and posts  | 80% of vacancies filled.    |                             |                             |
|   |                           | Consistent turnaround time for processing applications.        | Conduct internal workshops and training.<br>Processing of applications.               | Number of training workshops conducted.<br>Number of applications processed within prescribed time frames. | 11                          | 11                          | 11                          |
|   |                           |  | Evaluate mining and prospecting work programmes.                                      |  | No backlog                  | No backlog                  | No backlog                  |

# 2008/9 - 2010/11

| DME Strategic Objective | DME Strategic Outcome        | Branch Outcome               | Branch Initiatives  | Measures                              | Timeframes/<br>Targets<br>2008/09 | Timeframes/<br>Targets<br>2009/10 | Timeframes/<br>Targets<br>2010/11 |
|-------------------------|------------------------------|------------------------------|---|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                         | Effective regulation         | Effective regulation         | Develop enforcement guidelines<br>Monitor and enforce compliance. | Number of guidelines developed        | 3 guidelines                      | -                                 | -                                 |
|                         |                              |                              |   | Number of inspections conducted.      | 302                               | 302                               | 302                               |
|                         | Improved security of tenure. | Improved security of tenure. | Registration of rights  | Number of days to effect registration | 30 days                           | 30 days                           | 30 days                           |
|                         |                              |                              | Recording of permits  | Number of days to record permits      | 14 days                           | 14 days                           | 14 days                           |

**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".

| DME STRATEGIC OBJECTIVES                                       | DME Strategic Outcome   | Branch Outcome  | Branch Initiatives   | Measures  | Timeframes / Targets |           |           |
|--|---|---|--|---|----------------------|-----------|-----------|
|  |   |   |  |   | 2008/09              | 2009/10   | 2010/11   |
| Actively contribute towards sustainable development and growth | Increased investment in the Minerals and Energy sectors in South Africa | Improved investment in mining and mineral beneficiation climate | Market RSA to be preferred investment destination for mining and mineral beneficiation through: conferencing, exhibitions and publications | Exhibitions and Conferences   | 13                   | 13        | 13        |
|  |   |   |  | Publications  | 22                   | 22        | 25        |
|  |   |   |  | Directories   | 11                   | 11        | 11        |
|  |   |   |  |   |                      |           |           |
|  |   |   | Engage in global dialogue, international and regional co-operation (AMP, PDAC, Partnership for Growth and Development, KPCS)               | Prepare the African Mining Partnership (AMP) mid-term review meeting          | Sept 2008            | Sept 2009 | Sept 2010 |
|  |   |   |  | Organize the African Mining Partnership (AMP) annual meeting                  | Feb 2009             | Feb 2010  | Feb 2011  |
|  |   |   |  | Participate in Kimberley Process Certification Scheme, Inter-sessional, India | 30 June 2008         | June 2009 | June 2010 |
|  |   |   |  | Participate in Kimberley Process Certification Scheme Plenary meeting, India  | 30 Nov 2008          | Nov 2009  | Nov 2010  |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome                  | Branch Outcome   | Branch Initiatives | Measures   | Timeframes / Targets         |          |          |
|--------------------------|--|--|--------------------|--|------------------------------|----------|----------|
|                          |  |  |                    |  | 2008/09                      | 2009/10  | 2010/11  |
|                          |  |  |                    | Participate and provide inputs for the Partnership for Growth and Development                                | Pilot with China 30 Mar 2009 |          |          |
|                          | Increased mineral beneficiation levels | Develop beneficiation implementation plan                                |                    | Publication of implementation plan for beneficiation   | Jun 2008                     | -        | -        |
|                          | Improved foreign investments           | Profile countries of strategic significance to RSA's minerals industries |                    | Stakeholder workshop to obtain inputs and consensus on strategy plan   | Aug 2008                     | -        | -        |
|                          |  |  |                    | Russia, China, Japan, India, Canada, Australia, Brazil, DRC, Angola, Korea, Germany, France, Belgium and USA | Mar 2009                     | Mar 2010 | Mar 2011 |

STRATEGIC PLAN

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome                                      | Branch Outcome                                      | Branch Initiatives   | Measures   | Timeframes / Targets                                 |  |  |
|--------------------------|--|---|--|--|--|--|--|
|                          |  |   |  |  | 2008/09  | 2009/10  | 2010/11  |
|                          | Improved planning capability for energy security of supply | Updated investment information for our stakeholders | Provide input commodity information/intelligence to the electricity, nuclear and hydro-carbons Units | Development in the economic contribution of hydrocarbons (coal and methane)                      | 31 Jan 2009  |  |  |
|                          |  |   |  | Economic Impact of uranium in nuclear power electricity  | 28 Feb 2009  |  |  |
|                          |  |   |  | The future role of the Waterberg coalfield in SA coal industry                                   | 31 Apr 2008  |  |  |
|                          |  |   |  | The Prospects of SA Coal exports growth and its effect on BEE [and power generation for SA]      | 31 Aug 2008  |  |  |
|                          |  |   |  | Updated investment information for investors   | Quarterly Reports                                    |  |  |
|                          |  |   |  | Up to date information for policy making   | Semi-annual reports                                  |  |  |
|                          |  |   |  | Facilitate the implementation of water management solutions for medium to long term              | [Finalise medium to long term solutions] 31 Mar 2009 | Implementation via industry and Mineral Regulation | Implementation via industry and Mineral Regulation |
|                          |  |   |  | Facilitate the implementation of water ingress and regional mine closure strategies (Wits basin) |  |  |  |
|                          |  |   |  | Reduced cumulative impact in mined areas   |  |  |  |
|                          |  |   |  | Stabilized and safe land for alternative use   |  |  |  |



| DME STRATEGIC OBJECTIVES | DME Strategic Outcome                             | Branch Outcome  | Branch Initiatives  | Measures   | Timeframes / Targets                      |  |   |
|--------------------------|---|-----------------|---|--|---|--|---|
|                          |   |                 |   |  | 2008/09                                   | 2009/10  | 2010/11   |
|                          |   |                 |   | Publish Mine Closure Strategies (Witwatersrand and KOSH) in Government Gazette.                                | Publish 30 Jul 2008                       | Implementation via industry and Mineral Regulation   | Implementation via industry and Mineral Regulation  |
|                          |   |                 | Facilitate the implementation of strategies for derelict and ownerless mines                                  | Implementation plan for the National Strategy for the rehabilitation of derelict and ownerless mines developed | Finalise implementation plan] 30 May 2008 | Implementation via industry and Mineral Regulation   | Implementation via industry and Mineral Regulation  |
|                          |   |                 | Coordinate the implementation of strategy for sustainable development and develop performance report to UNCSD | Develop guidelines on Women in Mining.   | 30 Nov 2008                               | -  | -   |
|                          | Optimized contribution to sustainable development | Approved policy |   | Develop SD in Mining Policy  | 31 March 2009                             | March 2009<br>Review amendments on MPRDA/ regulations to accommodate new SD policy directives. | March 2010<br>Monitor and assess application of policy and legislation and introduce corrective action. |
|                          |   |                 |   | Develop SDM Reporting document with all stakeholders and report on SDM performance to DEAT and UNCSD           | Draft Report 31 March 2009                | Final Report to UNCSD 31 March 2010  | Introduce SDM corrective measures 31 March 2011   |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome | Branch Initiatives | Measures   | Timeframes / Targets   |   |  |
|--------------------------|-----------------------|----------------|--------------------|--|--|---|--|
|                          |                       |                |                    |  | 2008/09  | 2009/10   | 2010/11  |
|                          |                       |                |                    | Participate in IGFMMSD and serve on SD committee reporting to UNCSD  | Sept 2008  | Sept 2009   | Sept 2010  |
|                          |                       |                |                    | Provide inputs within the National Strategy for Sustainable Development (NSSD) managed by DEAT.                  | 31 Mar 2009  | 31 March 2010   | 31 March 2011  |
|                          |                       |                |                    | Finalize Sustainable Development AMP Charter after AMP consultation and establish a Women in Mining Desk for AMP | 31 May 2008<br>[Complete doc for adoption by Ministers and dev policy statement on SDM for AMP via Global Mining Dialogue to UNCSD]. | 30 Feb 2009<br>SDM Policy Statement for AMP to Global Mining Dialogue and UNCSD | 30 Feb 2010<br>Monitor compliance on application of SDM Policy for AMP.  |
|                          |                       |                |                    |  | 31 May 2008<br>[establish WIM desk for AMP and adopt TOR for Desk by Ministers]  | 28 Feb 2009<br>AMP WIM Code of Practice.  | 28 Feb 2010<br>Initiate tertiary training projects WIM via AMP WIM Desk. |

| DME STRATEGIC OBJECTIVES                                       | DME Strategic Outcome  | Branch Outcome                    | Branch Initiatives  | Measures  | Timeframes / Targets    |  |  |
|--|--|-----------------------------------|---|---|-------------------------|--|--|
|  |  |                                   |   |   | 2008/09                 | 2009/10  | 2010/11  |
| Actively contribute towards sustainable development and growth | Broader participation in the Minerals and Energy (including women and youth) | New jobs created in these sectors | Establish sustainable SMME sectors in mining and mineral beneficiation  | Establishment of two sustainable beneficiation SMME's             | Mar 2009                | Mar 2010   | Mar 2011   |
|  |  |                                   |   | Implement 15 new Small Scale mining sustainable projects          | Mar 2009                | Implement 17 new Small Scale mining sustainable projects | Implement 17 new Small Scale mining sustainable projects |
|  |  |                                   |   | One Small Scale mining information sessions per region, per annum | Mar 2009                | Mar 2010   | Mar 2011   |
|  |  |                                   | Support and monitor small scale mining and beneficiation projects   | Support 33 existing projects                                      | Mar 2009                | Support 35 existing projects                             | Support 35 existing projects                             |
|  |  |                                   | Draft strategy for small scale mining   | Strategy document in place  | Mar 2009                | Implementation of strategy                               | Monitoring and implementation                            |
|  |  |                                   | Identify, develop and maintain high impact small scale mining and beneficiation partnerships to foster SMME development | Sustainable pilot project in place                                | 1 project in Free State | 1 project  | 1 project  |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome | Branch Initiatives  | Measures   | Timeframes / Targets           |                     |                     |
|--------------------------|-----------------------|----------------|---|--|--------------------------------|---------------------|---------------------|
|                          |                       |                |   |  | 2008/09                        | 2009/10             | 2010/11             |
|                          |                       |                |   | Implementation of partnerships for training and business development                 | 1 partnership project Mar 2009 | 1 Project June 2009 | 1 Project June 2010 |
|                          |                       |                | Conduct research on opportunities and constraints within the context of the current legislation | A report on critical skills required to grow the beneficiation industry              | June 2008                      | June 2009           | June 2010           |
|                          |                       |                |   | A report on business development initiatives in the beneficiation industry           | Sep 2008                       |                     |                     |
|                          |                       |                |   | Baseline study on BEE issues with regards to Mining Charter                          | Dec 2008                       |                     |                     |
|                          |                       |                |   | Study on ESOPS relating to the Mining Charter  | Mar 2009                       |                     |                     |
|                          |                       |                | Facilitate the development of required skills in the Beneficiation Sector                       | Facilitate the transfer of skills through international agreements, China and India. | 30 students Mar 2009           | 30 students         | 30 students         |

# 2008/9 - 2010/11

| DME STRATEGIC OBJECTIVES  | DME Strategic Outcome          | Branch Outcome                 | Branch Initiatives                                 | Measures  | Timeframes / Targets  |  |   |   |
|---|--------------------------------|--------------------------------|--|---|---|--|---|---|
|   |                                |                                |  |   | 2008/09   | 2009/10  | 2010/11   |   |
| Regulate the minerals and energy sectors to be healthier, safer and cleaner | Effective regulatory framework | Effective regulatory framework | Review the White paper on Mineral and Mining, 1998 | Release the draft review of the Minerals and Mining Policy for comments from stakeholders | 30 June 2008<br>Chapter 5 (Environment).                    | March 2009<br>Review MPRD amendment Bill and Regulations to accommodate new environmental policy directives. | March 2010<br>Monitor and assess application of environment policy and legislation and introduce corrective action. |   |
|   |                                |                                |  | Finalize amendments to the MPRDA  | Finalize the draft review of the Minerals and Mining Policy | September 2008   | Implementation of Minerals and mining policy April 2009   | Monitoring of implementation of policy April 2010 |
|   |                                |                                |  |   | Preparation for the NCOP debate                             | April 2008   | -   | -   |
|   |                                |                                |  |   | Finalize the draft MPRD Amendment Regulations               | May 2008   | -   | -   |
|   |                                |                                |  |   | Release the MPRD Amendment Regulation for public comments   | June 2008  | -   | -   |
|   |                                |                                |  |   |   |  |   |   |
|   |                                |                                |  |   |   |  |   |   |
|   |                                |                                |  |   |   |  |   |   |
|   |                                |                                |  |   |   |  |   |   |
|   |                                |                                |  |   |   |  |   |   |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome | Branch Initiatives                        | Measures  | Timeframes / Targets |          |   |
|--------------------------|-----------------------|----------------|---|---|----------------------|----------|---|
|                          |                       |                |   |   | 2008/09              | 2009/10  | 2010/11   |
|                          |                       |                |   | Consultation with the members of the PPC on Amended Regulations               | August 2008          | -        | -   |
|                          |                       |                |   | Preparation for the promulgation of the MPRD Amendment Bill and Regulations   | October 2008         | -        | -   |
|                          |                       |                |   | Finalized guidelines to support MPRD Amendment Act and Regulations            | November 2008        | -        | -   |
|                          |                       |                |   | Facilitate the implementation plan of the MPRD Amendment Act                  | February 2009        | Mar 2010 | Monitoring the implementation of the amendment Act Mar 2011 |
|                          |                       |                | Finalize amendments to the Geoscience Act | Consultation with State Law Advisors  | April 2008           | -        | -   |
|                          |                       |                |   | Preparation for the introduction of Geoscience Amendment Bill into Parliament | July 2008            | -        | -   |
|                          |                       |                |   | Preparation of the translation of Geoscience Amendment Bill                   | September 2008       | -        | -   |
|                          |                       |                |   | Preparation for the promulgation of Geoscience Amendment Bill and Regulations | February 2009        | -        | -   |

# 2008/9 - 2010/11

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome | Branch Initiatives                     | Measures   | Timeframes / Targets |            |         |  |
|--------------------------|-----------------------|----------------|--|--|----------------------|------------|---------|--|
|                          |                       |                |  |  | 2008/09              | 2009/10    | 2010/11 |  |
|                          |                       |                |  | Facilitate the implementation plan of the Geoscience Amendment Act             | March 2009           | Mar 2010   | 2010/11 | Monitoring the implementation Mar 2011 |
|                          |                       |                | Review of the impact of Mining Charter | Consultation with relevant stakeholders on the compliance indicators finalized | September 2008       | April 2009 | -       | -                                      |
|                          |                       |                |  | Compile discussion document for public comments                                | -                    | June 2009  | -       | -                                      |
|                          |                       |                |  | Finalize review of the draft   | -                    | Sep 2009   | -       | -                                      |
|                          |                       |                |  | Facilitate the implementation  | -                    | Mar 2010   | -       | Monitor implementation Mar 2011        |
|                          |                       |                | Develop policy on sugilite mineral     | Identify key elements towards the development of policy                        | May 2008             | -          | -       | -                                      |
|                          |                       |                |  | Consultation with relevant stakeholders on the formulation of policy           | July 2008            |            |         |  |
|                          |                       |                |  | Compile a draft policy document for discussion with relevant stakeholders      | October 2008         |            |         |  |
|                          |                       |                |  | Finalize the draft policy for comments   | March 2009           |            |         |  |

| DME STRATEGIC OBJECTIVES  | DME Strategic Outcome   | Branch Outcome                                    | Branch Initiatives  | Measures   | Timeframes / Targets            |                               |                               |
|---|---|---|---|--|---------------------------------|-------------------------------|-------------------------------|
|   |   |   |   |  | 2008/09                         | 2009/10                       | 2010/11                       |
| Create an enabling environment for effective and efficient service delivery | Aligned structures, appropriate skills, processes, policies and systems | Attainment of the Business plan milestones        | Streamline processes in order ensure proper management              | Document internal business processes eg. research methodologies  | Documents ready by October 2008 | -                             | -                             |
|   |   |   | Compliance to established prescripts                                | Adherence to the departmental processes and procedures           | 100% compliance to prescripts   | 100% compliance to prescripts | 100% compliance to prescripts |
| Create an enabling environment for effective and efficient service delivery | Aligned structures, appropriate skills, processes, policies and systems | Establish systems and internal business processes | Provide user requirements for applicable systems development to SDM | Phase 1: Normalisation of the table structures and relationships | 30 June 2008                    |                               |                               |
|   |   |   |   | Phase 2: Re-design of all input functions                        | 30 September 2008               |                               |                               |
|   |   |   |   | Phase 3: Incorporate automated error detection algorithms        | 30 December 2008                |                               |                               |
|   | Improved skills and competency base                                     | Develop and implement HRD plan                    | Financing of Professional band (x2) already approved                |  | June 2008                       | -                             | -                             |



# 2008/9 - 2010/11

| DME STRATEGIC OBJECTIVES       | DME Strategic Outcome                              | Branch Outcome   | Branch Initiatives                                  | Measures  | Timeframes / Targets |               |         |
|--------------------------------|--|--|---|---|----------------------|---------------|---------|
|                                |  |  |   |   | 2008/09              | 2009/10       | 2010/11 |
| Effective Financial Management |  |  |   | Identifying and Upgrading of scarce skills levels | March 2009           | -             | -       |
|                                | Improved utilization of equipment to achieve goals | Investment in printing and IT equipment                                    | Procurring of new printing machines and a CD Writer | March 2009  | -                    | -             |         |
|                                | Funds used for identified priorities               | Appropriate budgeting processes<br>Align resource requirements with budget | % deviation from budget                             | Less than 5%.                                     | Less than 5%.        | Less than 4%. |         |

MINERAL POLICY AND PROMOTION BRANCH:

SERVICE DELIVERY IMPROVEMENT PLANS

| KEY SERVICE   | SERVICE BENEFICIARY  | CURRENT STANDARD   | DESIRED STANDARD   |
|---|--|--|--|
| Promote Investment in the Minerals and Mining Industry of South Africa. | Prospective investors, Public, Government departments, DME, DME associated institutions, Mining industry, opinion formers. | Quantity:<br>28 publications<br>5 Exhibitions/conferences<br>1 Beneficiation strategy<br>SME establishment | Quantity:<br>33 publications<br>13 Exhibitions/conferences<br>Develop beneficiation implementation plan<br>20 new SMME established |
|   |  | Quality:<br>Relevant content in publications and Optimal Business development strategies                   | Quality:<br>Relevant content and Commodity value chain integration in publications and Optimal Business development strategies     |
|   |  | Consultation   | • Consultation   |
|   |  | Access   | • Access   |
|   |  | Courtesy   | • Courtesy   |
|   |  | Open & Transparency  | • Open & Transparency  |
|   |  | Information  | • Information  |
|   |  | Redress  | • Redress  |
|   |  | Value for Money  | • Value for Money  |
|   |  | Time:<br>Annually  | Time:<br>Annually  |
| Cost:<br>Within budget  | Cost:<br>Within budget   |  |  |
| Human Resources:  | Human Resources:<br>Current staff  |  |  |

**PROGRAMME 5: HYDROCARBONS AND ENERGY PLANNING**

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

| DME STRATEGIC OBJECTIVES                                       | DME Strategic Outcome              | Branch Outcome                                       | Branch Initiatives   | Measures   | Timeframes / Targets  |  |  |
|--|------------------------------------|--|--|--|---|--|--|
|  |                                    |  |  |  | 2008/09   | 2009/10                                    | 2010/11  |
| Actively contribute towards sustainable development and growth | Improved security of Energy supply | Continued availability of liquid fuels, coal and gas | Develop and implement energy security strategy.<br><br>Implement the Energy Master Plans | % of supply secured<br><br>No of oil and gas shortages | Strategy approved by Cabinet  | 20%  | 50%  |
|  |                                    |  |  |  | Rail, ports, pipelines, storage and back of port operations fully optimised | Commercial stocks policy fully implemented | New Multi product pipeline fully operational                                     |
|  |                                    | Well understood and shared policy framework          | Host Regional Energy Summit  | Appropriate energy policies                            | Energy summit Booklet<br>Consolidated stakeholder policy inputs             | Revised Energy White Paper                 | Regulatory framework amendment in line with the outputs of the whitepaper review |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome   | Branch Outcome   | Branch Initiatives   | Measures  | Timeframes / Targets   |   |   |
|--------------------------|---|--|--|---|--|---|---|
|                          |   |  |  |   | 2008/09  | 2009/10   | 2010/11   |
|                          | Secured and sustainable access to diversified and affordable energy resources (energy security) | Continued availability of affordable energy              | <p>Programme Management (Project Delta)</p> <p>Develop appropriate legal framework for energy security</p> | <p>Approved Energy Master Plans (EMSP)</p>  | <p>Promulgated Energy Bill</p> <p>Develop business cases for activities</p>                    | <p>Finalised governance &amp; operational structures</p>        | <p>Approved integrated energy masterplan</p>  |
|                          |   | Economically sound energy policies, strategies and plans | <p>Development of the National integrated energy modelling system</p>                                      | <p>Operational National Integrated Energy Modelling System</p>                                | <p>Consultants appointed</p> <p>Parameters for modelling in place</p>                          | <p>Energy supply, demand, production models fully developed</p> | <p>Fully operational Energy Modelling system</p>  |
|                          |   |  | <p>Develop an Integrated Household Energy Strategy</p>   | <p>An approved Integrated Household Energy Strategy</p>                                       | <p>Policy approved by Cabinet</p>  | <p>Plan fully implemented</p>                                   |   |
|                          |   |  | <p>Conduct energy needs assessments in targeted areas</p>  | <p>Energy Profile of the area and number of interventions to meet identified energy needs</p> | <p>Assessment reports</p>  | <p>Assessment reports</p>                                       | <p>Assessment reports</p>   |
|                          |   |  | <p>Develop and implement a regulatory accounting system to eliminate cross-subsidies</p>                   | <p>Predictable &amp; stable regulatory framework</p>  | <p>Reviewed petrol &amp; diesel pricing framework</p> <p>Reviewed paraffin price framework</p> | <p>Maximum petrol and diesel prices introduced</p>              | <p>Construct new financial data into the margin models and Regulatory Accounts to determine new margins and implement</p> |

| DME STRATEGIC OBJECTIVES  | DME Strategic Outcome  | Branch Outcome  | Branch Initiatives  | Measures   | Timeframes / Targets  |                               |   |
|---|--|---|---|--|---|-------------------------------|---|
|   |  |   |   |  | 2008/09   | 2009/10                       | 2010/11   |
| Regulate the minerals and energy sectors to be healthier, safer and cleaner |  |   | Set monthly petroleum regulations   | Monthly regulation submission                                | 1 per month   | 1 per month                   | 1 per month   |
|   |  | Secured liquid fuels supply                             | Increase local liquid fuels production  | % of locally produced liquid fuels                           | 2 Manufacturing licences granted                                    | 2 Biofuels plants operational | 2 Biofuels plants operational                           |
|   | Reduced minerals and energy environmental risk and liability | Reduction of negative impacts related to energy use     | Facilitate the introduction of energy efficient technologies and phasing out of inefficient technologies  | % Reduction in number of energy related fatal incidents      | Safe paraffin stove developed and tested, and a review of SANS 1243 | 50%                           | 80%   |
|   |  |   | Promote the production, handling and use of energy carriers that meet safety health and quality standards | Appropriate fuels and appliance specifications and standards | Stakeholder Engagement  | First draft and approval      | Promulgation of regulations                             |
|   |  |   | Facilitate the development of clean coal technologies   | Host the Carbon and Sequestration Leadership Forum (CSLF)    | Carbon Capture and Storage (CCS) Geographical Atlas                 | CCS technology Roadmap        | Feasibility study report for CCS deployment partnership |
|   | Elimination of fuel SHEQ-related negative impacts            | Monitor compliance of fuel specifications and standards | Monitor compliance of fuel specifications and standards   | Certificate of compliance quarterly audits                   | 1 audit per quarter   | 1 audit per quarter           | 1 audit per quarter                                     |

STRATEGIC PLAN

| DME STRATEGIC OBJECTIVES  | DME Strategic Outcome                               | Branch Outcome  | Branch Initiatives  | Measures                      | Timeframes / Targets  |                           |                           |
|---|---|---|---|-------------------------------|---|---------------------------|---------------------------|
|   |   |   |   |                               | 2008/09   | 2009/10                   | 2010/11                   |
| Create an enabling environment for effective and efficient service delivery | Improved service delivery internally and externally | Improved energy service delivery  | Administer the Petroleum Products Act through the licensing of operators in the Petroleum Sector, by increasing staff complement (Recruitment)  | % new licences issued on time | 80%   | 100%                      | 100%                      |
|   | DME capacitated to deliver on its mandate           | <ul style="list-style-type: none"> <li>Improved institutional memory</li> <li>Reduced reliance on consultants</li> <li>High performance team</li> </ul> | <ul style="list-style-type: none"> <li>Conduct a skills Audit</li> <li>Address identified skills gaps</li> <li>Retain regional staff</li> <li>Establish mentorship programmes</li> <li>Implement Outcomes based performance management</li> </ul> | Staff Productivity            | Skills audit conducted; identified skills gaps addressed; Regional staff trained; Mentorship programmes established; outcome based performance management implemented | Ongoing advanced training | Ongoing advanced training |
|   | Well capacitated branch to deliver on its mandate   | Appropriate structure   | Restructuring of the Energy Planning Directorate and skills acquisition   | Vacancy rate                  | 50%   | 20%                       | 5%                        |
|   |   | Improved service delivery   | Populate regional and head office structures  | Vacancy rate                  | 50%   | 20%                       | 5%                        |

**HYDROCARBONS AND ENERGY PLANNING BRANCH  
SERVICE DELIVERY IMPROVEMENT PLANS**

| KEY SERVICE                           | SERVICE BEN                                 | CURRENT STANDARD  | DESIRED STANDARD  |
|---------------------------------------|---|---|---|
| Issue licences for Petroleum Products | Petroleum Manufacturing and Retail Industry | Quantity<br>13 518 Licence applications captured and accepted on PPALS.<br>200 - licences refused<br>2 450 - licences Granted<br>900 - licences issued<br>3550 - licences processed | Quantity<br>12 000 must be issued by the end of the financial year 31/03/2008                               |
|                                       |   | Consultation<br>Communication to Associations, oil companies.<br>Local radio broadcasting.  | Consultation<br>Road shows, Advertisements and visual media.  |
|                                       |   | Access<br>DME Website<br>Fax on request<br>Post on request  | Access<br>Regional Representation   |
|                                       |   | Courtesy<br>Development of guidelines.<br>Help desk   | Courtesy<br>Help desk at regional offices   |
|                                       |   | Open and Transparent<br>Government Gazette.<br>Oil companies.<br>Publication of information   | Open and Transparent<br>More media publications, through adverts in newspapers, radio                       |
|                                       |   | Information<br>Information available on Request, via help desk, website   | Information<br>Regional representation.   |
|                                       |   | Redress<br>Redress past imbalances.<br>Improve BEE participation.   | Redress<br>Improve technology used to speed up the issuing process, more electronic services to government. |
|                                       |   | Time<br>Planning to issue 12 000 licenses by end of March 2008.   | Time<br>Advertising of posts pending the restructuring process.   |
|                                       |   | HR<br>Advertising of posts pending the restructuring process.   | HR<br>Need to employ more people at Head office and at the regions.   |

**Programme 6: Electricity, Nuclear and Clean Energy**

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.

| DME STRATEGIC OBJECTIVES   | DME Strategic Outcome   | Branch Outcome  | Branch Initiatives  | Measures  | Timeframes / Targets |                 |              |
|--|---|---|---|---|----------------------|-----------------|--------------|
|  |   |   |   |   | 2008/09              | 2009/10         | 2010/11      |
| Actively contributing towards sustainable development and growth | Secured and Sustainable access to diversified and affordable energy resources ( Energy Security | Increased access to electricity   | Plan, implement and oversee Integrated National Electrification Programme (INEP)<br><br>Electrification Master Plan at regional level | Number of households, schools and number of substations built | 150 000              | 250 000         | 300 000      |
|  |   |   |   | 2 500   | 2 800                | 0               |              |
|  |   |   |   | 10  | 10                   | 10              |              |
|  |   | Improved electricity security of supply   | Investment in new generation capacity   | New power stations built                                      | March 2008           | Financial Close | Construction |
|  |   | Increased CDM project portfolio<br><br>Support CEF carbon trading system<br><br>Removal of barriers on CDM investment | Awareness raising workshops and meetings with potential developers  | Number of workshops   | Tender issued        | 15              | 15           |
|  |   |   |   |   | 10                   |                 |              |



| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome  | Branch Initiatives  | Measures  | Timeframes / Targets |                 |                 |
|--------------------------|-----------------------|---|---|---|----------------------|-----------------|-----------------|
|                          |                       |   |   |   | 2008/09              | 2009/10         | 2010/11         |
|                          |                       | Promote carbon trading investment in various sectors (provincial govt, Local govt, Municipalities and private sector)   | 10 Capacity building and awareness raising workshops;<br>1 national road show<br>1 international exhibition | Number of workshops<br><br>Number of road shows<br>Number of exhibitions        | 10<br>1<br>1         | 10<br>1<br>1    | 10              |
|                          |                       | CDM projects in line with relevant SA legislation and policies  | Regulate CDM project investment   | Review submitted project proposals and issue letters of approval / non-approval | 20                   | 30              | 40              |
|                          |                       | CDM projects contribution to sustainable development objectives<br>CDM projects in line with international requirements | 3. Monitor CDM project investment   | Annual Report on extent of contribution of projects to SD objectives            | 1 Annual report      | 1 Annual report | 1 Annual report |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome  | Branch Initiatives   | Measures  | Timeframes / Targets   |   |   |
|--------------------------|-----------------------|---|--|---|--|---|---|
|                          |                       |   |  |   | 2008/09  | 2009/10   | 2010/11   |
|                          |                       | Approved CDM position. SA issues submitted to UNFCCC and CDM Executive Board. | Ensure SA position on CDM issues are presented at UNFCCC, CSD and other international forums | Hold 2 Stakeholder workshops to get input on CDM issues for presentation at UNFCCC. | 1 CDM Position paper<br>2 stakeholder workshops                                    | 1 CDM Position paper<br>2 stakeholder workshops | 1 CDM Position paper<br>2 stakeholder workshops |
|                          |                       | Participation at UNFCCC negotiations and DNA forum                            |  | Report and recommendations on attendance and participation at international forums  | Attendance and participation at SBSTA, Carbon Expo, DNA forum, UNFCCC negotiations | 6 International Forums                          | 6 International Forums                          |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome                      | Branch Initiatives  | Measures   | Timeframes / Targets                                |   |                          |
|--------------------------|-----------------------|-------------------------------------|---|--|---|---|--------------------------|
|                          |                       |                                     |   |  | 2008/09   | 2009/10                                 | 2010/11                  |
|                          |                       | Increased uptake of RE technologies | Implement Renewable Energy Strategy to encourage the development to renewable energy projects | Sustainable development of renewable energy projects | Approved strategy                                   | Implement strategy                      | Implement strategy       |
|                          |                       |                                     | Implementation of Biofuels Strategy   | Production of Biofuels in the country                | Approved Licensing criteria and financial mechanism | Implementation                          | Implementation           |
|                          |                       |                                     | Develop and implement renewable energy production / cost reflective tariff                    | Renewable energy cost effective tariff               | Tariff structure set for all RE technologies        | Implement Tariff                        | Implement Tariff         |
|                          |                       |                                     | Provide subsidies to qualifying RE Projects   | Renewable Energy Subsidy spent                       | 80% of allocated funds                              | 80% of allocated funds                  | 100% of allocated funds  |
|                          |                       |                                     | Actively support the rollout of solar water heating programme                                 | Increased installation of Solar Water Heaters        | Approved rollout plan                               | 50 000 Systems installed                | 70 000 Systems installed |
|                          |                       |                                     | Implement South African Wind Energy Program   | Sustainable Development of Wind Farms                | 5 MW generated from the Darling Wind Project        | Updated Wind Measurements on 8-10 sites |                          |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome   | Branch Outcome  | Branch Initiatives   | Measures  | Timeframes / Targets   |   |   |
|--------------------------|---|---|--|---|--|---|---|
|                          |   |   |  |   | 2008/09  | 2009/10   | 2010/11   |
|                          |   |   | Implement Renewable Energy Market Transformation Programs  | Increase implementation of renewable energy projects                              | Guidelines for matching grants for grid connected technologies and guideline for performance grants for commercial SWH | Support to DME on developing legal and regulatory framework for RE technologies             | Approved Legal & Regulatory framework for RE technologies                                   |
|                          |   |   | Implement tradable renewable energy certificate system   | Trading of RE certificates  | Issuing body of RE certificates established  | 2 certificates  | 2 certificates  |
|                          |   | Position papers, Research reports and recommendations | Encourage energy sector contribution towards fulfilling multilateral obligations under the CCD, CSD, UNFCCC and others.            | Report recommendations on attendance and participations in international meetings | Attendance and participation at in all international meetings pertaining to these agreements                           | Influencing the decisions made pertaining to these agreements in all international meetings | Influencing the decisions made in all international meetings pertaining to these agreements |
|                          | Improved governance and alignment of energy sector objectives in other environmentally related projects |   | Ensure the alignment of the energy sector objectives to other environmentally related activities and projects in other departments | Number of intergovernmental meetings / workshops attended                         | Attendance and participation in other intergovernmental meetings to represent the energy sector.                       | Attendance and participation in intergovernmental meetings and give DME inputs              | Give DME inputs in all intergovernmental meetings pertaining to energy environment          |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome  | Branch Initiatives   | Measures  | Timeframes / Targets  |  |   |
|--------------------------|-----------------------|---|--|---|---|--|---|
|                          |                       |   |  |   | 2008/09   | 2009/10  | 2010/11   |
|                          |                       | Social Sustainability.<br>Environmental sustainability.<br>Economic sustainability  | Implement National Energy Efficiency Strategy                | Reductions in primary energy consumption by economic sector   | 45 Petajoules   | 75 PJ  | 129 PJ  |
|                          |                       | Electric motors<br>Non-utility boilers<br>Insulation for termal pipe work<br>Buildings CFL's<br>White, Appliances: Washing machines, turbo dryer and dishwasher | Develop energy efficiency standards and efficiency labelling | Electric motor standards<br>Non-utility boiler standards<br>Insulation for termal pipe work standard<br>Standard for Building CFL's<br>White appliance standard | Develop draft standards<br>Develop draft standards<br>Develop draft standards<br>Develop draft standards<br>Develop draft standards | Approved standards<br>Approved standards<br>Approved standards<br>Approved standards<br>Approved standards | Implementaion<br>Implementaion<br>Implementaion<br>Implementaion<br>Implementaion |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome  | Branch Initiatives   | Measures  | Timeframes / Targets   |  |                             |
|--------------------------|-----------------------|---|--|---|--|--|-----------------------------|
|                          |                       |   |  |   | 2008/09  | 2009/10  | 2010/11                     |
|                          |                       | Promotion of awareness, Capacity Building & Skills development of ESCOs, Funding of EE projects Monitoring of EE Strategy | National Energy Efficiency Agency  | Established with staff complement and legal mandate Nov 2008                              | Establish the EE Agency (Funding for staff and projects)                         | Fully operational Dec 2009                         |                             |
|                          |                       | Ministerial powers to regulate manufacture and importation of energy efficient products and processes                     | Energy Act   | Removal of trade barriers to EE   | Regulation   | Draft Regulations                                  | Promulgation of Regulations |
|                          |                       | Energy Efficiency Accord (removing need for timeous and expensive enforcement of regulations)                             | (Parallel) Engagement of Stakeholders in Business and other Government Departments / Parastatals | Voluntary adoption of standards and energy savings targets in Joint Govt/Business compact | -124 Petajoules  | -161 PJ  | -200 PJ                     |
|                          |                       | Enhanced awareness about the national nuclear policy and strategy   | Implementation of nuclear communication strategy 1   | Implementation plan   | Conduct a public survey on the understanding of nuclear issues. Evaluate outcome | Conduct communication campaigns. Evaluate outcome. | Review of the Strategy.     |
|                          |                       | Contribution to the development of SMMEs in the sector  | Increase BEE spending in electrification program   | Participation by SMMEs in electrification   | 50% of INEP funds  | 70% of INEP funds                                  | 70% of INEP funds           |

| DME STRATEGIC OBJECTIVES  | DME Strategic Outcome                                   | Branch Outcome  | Branch Initiatives  | Measures                           | Timeframes / Targets  |   |   |
|---|---|---|---|------------------------------------|---|---|---|
|   |   |   |   |                                    | 2008/09   | 2009/10   | 2010/11   |
|   |   | Improved impact of electrification as measured through socio-economic indicators      | Socio-economic indices to track impact of electrification | Socio-economic indicators          | 5000 Jobs<br>800 learners<br>5% coverage<br>increase HH impact study report | 5000 Jobs<br>800 learners<br>5% coverage<br>increase HH impact study report | 5000 Jobs<br>800 learners<br>5% coverage<br>increase HH impact study report |
| Create an enabling environment for Effective and efficient service delivery | Improved service delivery internally and externally     | Optimised branch structure  | Restructuring of the Branch 3                             | New branch structure               | 100% funded structure   | 50% vacancies filled  | 100% vacancies filled   |
|   |   | Reduced vacancies   | Filling of vacant posts 3                                 | Number of vacancies                | 0%  | 0%  | 0%  |
|   |   | Predictable and standardised processes for doing business                             | Document policies and procedures 3                        | Documented policies and procedures | 100% documented processes and procedures                                    |   |   |
|   |   | Institutional memory of branch improved   | Develop knowledge management (KM) system 1                | Institutionalised system           | Develop System  | 100% implemented  | System evaluation   |
|   |   | Improved workforce skill and productivity   | Internal training and skills development 3                | Training programs                  |   |   |   |
| Regulate the Minerals and Energy Sector to be healthier ,safer and Cleaner  | Healthier ,Safer and Cleaner minerals and energy sector | Increased DSM interventions by municipalities and Eskom to improve security of supply | Implementation of DSM Policy 1                            | DSM savings                        | Publish policy<br>Policy implementation – 500MW savings                     | implementation of policy – 1000MW savings                                   | implementation of policy – 1500MW savings                                   |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome   | Branch Initiatives  | Measures  | Timeframes / Targets  |   |   |
|--------------------------|-----------------------|--|---|---|---|---|---|
|                          |                       |  |   |   | 2008/09   | 2009/10   | 2010/11   |
|                          |                       | Predictable and transparent electricity tariffs  | Electricity pricing policy implementation 1                 | Tariff structure                                | Publish policy<br>Policy implementation – All Tariffs aligned with the policy | Policy Monitoring                               | Policy Monitoring                               |
|                          |                       | Orderly development of the nuclear industry  | Implement Nuclear Energy Policy                             | Implementation plans                            | Establish structures as per policy  | Monitoring compliance of the policy             | Monitoring compliance of the policy             |
|                          |                       | Mitigation of risk relating to radioactive waste                                       | Implement Radio-Active waste management policy and strategy | Legislation                                     | Draft Agency Bill and Fund Bill Submitted to Cabinet                          | Enactment of the Agency Bill and Fund Bill      | Establishment of the Agency and the Fund        |
|                          |                       | Reduction of nuclear liabilities   | Implementation of the Nuclear Liability management plan     | Annual report on nuclear liabilities discharged | Approved Financial Report on the usage of Funds                               | Approved Financial Report on the usage of Funds | Approved Financial Report on the usage of Funds |
|                          |                       | Reduce the risk of diversion of nuclear materials                                      | Implement Nuclear non-proliferation obligations             | Number of applications processed                | Issued denials or authorities   | Issued denials or authorities                   | Issued denials or authorities                   |
|                          |                       | Regulations on annual fees nuclear authorisations<br>Regulations on financial security | Implementation of the NNR Act 2                             | Number of regulations published                 | Regulations published by 1st April  | Regulations published by 1st April              | Regulations published by 1st April              |



| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome   | Branch Initiatives  | Measures   | Timeframes / Targets   |   |   |
|--------------------------|-----------------------|--|---|--|--|---|---|
|                          |                       |  |   |  | 2008/09  | 2009/10   | 2010/11   |
|                          |                       | Reliable electricity supply  | Regulate quality of electricity supply including for 2010 Host Cities | Number of blackouts<br>Number of customer complaints | Regulations on quality of electricity supply approved  | Host cities implementing interventions on quality of supply | Host cities implementing interventions on quality of supply |
|                          |                       | Reduction of acts involving unauthorised access to nuclear technology equipment, material and facilities | Regulate security of nuclear material and facilities 1                | Number of unauthorised access                        | Regulations Published  | Reviewed reports  | Reviewed reports  |
|                          |                       | Improved governance and alignment of SOE activities with the government program                          | Strengthening oversight capacity on SOEs 2                            | Business plans, budgets, quarterly reports           |  |   |   |
|                          |                       | Consolidated EDI   | EDI restructuring 1   | REDs   | Policy issues resolved<br>Draft Legislation resubmitted to Cabinet<br>Legislation approved by the President<br>Legislation Published by 31 July 2008 |   |   |

| DME STRATEGIC OBJECTIVES | DME Strategic Outcome | Branch Outcome  | Branch Initiatives   | Measures                                    | Timeframes / Targets                                 |  |  |
|--------------------------|-----------------------|---|--|---|--|--|--|
|                          |                       |   |  |   | 2008/09  | 2009/10  | 2010/11  |
|                          |                       | Improved implementation of FBE / FBAE Policies                            | Monitoring FBE / FBAE policies   | Level of access                             | Monitoring   | Policy Monitoring                                    | Policy Monitoring                                    |
|                          |                       | Increased security of nuclear fuel supply                                 | Development of the National Nuclear Fuel strategy  | Strategy document                           | Strategy approved                                    | Monitor implementation of strategy by Eskom          | Monitor implementation of strategy by Eskom          |
|                          |                       | Improved ability of municipalities to execute the electrification program | Support to Municipalities  | Number of projects implemented              | Appoint 50 technicians to municipalities             | Appoint 25 technicians to municipalities             | Appoint 25 technicians to municipalities             |
|                          |                       | Emergency preparedness  | Implementation of the nuclear disaster management plan in terms of the Disaster Management Act | Number of oversight meetings and procedures | Approved Minutes and identified procedures developed | Approved Minutes and identified procedures developed | Approved Minutes and identified procedures developed |

**SERVICE DELIVERY IMPROVEMENT PLAN (SDIP) 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"

**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"

| KEY SERVICE  | SERVICE BENEFICIARY             | CURRENT STANDARD    | DESIRED STANDARD    |
|--|---------------------------------|---------------------|---------------------|
| Alleviate poverty through increased access to modern Energy Carriers | Households, schools and clinics | Quantity:           | Quantity:           |
|  |                                 | Quality:            | Quality:            |
|  |                                 | Consultation        | Consultation        |
|  |                                 | Access              | Access              |
|  |                                 | Courtesy            | Courtesy            |
|  |                                 | Open & Transparency | Open & transparency |
|  |                                 | Information         | Information         |
|  |                                 | Redress             | Redress             |
|  |                                 | Value for Money     | Value for Money     |
|  |                                 | Time:               | Time:               |
|  |                                 | Cost:               | Cost:               |
|  |                                 | Human Resources:    | Human Resources:    |
|  |                                 |                     |                     |

| KEY SERVICE   | SERVICE BENEFICIARY | CURRENT STANDARD  | DESIRED STANDARD   |
|---|---------------------|---|--|
| Facilitate Private Sector participation in the electricity sector | South Africa        | Quantity: 1 000MW   | Quantity: 1 000MW  |
|   |                     | Quality:  | Quality:   |
|   |                     | Consultation Eskom  | • Eskom  |
|   |                     | Access Email, telephone, Meeting  | • Email, telephone, meeting                                      |
|   |                     | Courtesy Ad hoc   | • Ad hoc   |
|   |                     | Open & Transparency Meetings  | • Meetings   |
|   |                     | Information Ad hoc  | • Ad hoc   |
|   |                     | Redress Ad hoc  | • Ad hoc   |
|   |                     | Value for Money   | •  |
|   |                     | Time: End March 2009  | Time: End March 2009   |
|   |                     | Cost:   | Cost:  |
|   |                     | Human Resources: 8  | Human Resources: 8   |
|   |                     | Quantity R 292 500.00   | Quantity Budget- R 975 000.00                                    |
|   |                     | Providing funding through (Renewable Energy Finance and Subsidy Office) REFSO to Entrepreneurs and BEEs | Entrepreneurs applying for funding for Renewable Energy Projects |

| KEY SERVICE | SERVICE BENEFICIARY | CURRENT STANDARD                 |   | DESIRED STANDARD                 |   |
|-------------|---------------------|----------------------------------|---|----------------------------------|---|
|             |                     |                                  |   |                                  |   |
|             |                     | 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 Information | Clear application procedure                 | Open and Transparent Information |   |
|             |                     |                                  | Project information dissemination.Help Desk |                                  |   |

## PART C

### STATE OWNED ENTITIES (SOE) 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.

The DME has oversight responsibilities over the following ten (10) State Owned Entities (SOE) which are either classified as schedule 2 or 3 in the PFMA. These include subsidiaries of these entities, which according to PFMA are taken as listed entities in their own right.

Annual strategy meetings/workshops chaired by the Minister of Minerals and Energy will be held around June/July of every year. These meetings, which are compulsory, will be attended by the Chairpersons and the Deputy Chairpersons of the boards, the CEOs of all SOEs, and EXCO members from the department. (The Minister will invite the chairpersons and CEOs of subsidiaries if deemed necessary.)

The main purpose of these meetings will be for the shareholder to address the strategic direction of the department and its entities. This process should provide absolute role clarity by key players (the shareholder and the board). There must be a clear mandate for the entities in terms of what needs to be delivered and what performance is expected.

Following these workshops, the SOEs Chairpersons will be responsible for ensuring that each entity undergoes its strategic planning session within the prescribed time, and provide the necessary information to the Department.

The representatives of the entities will be required to make presentations before the Department's strategic

plans review committee (made up of the following sections: Compliance Office, Finance, Internal Audit and responsible line function) on their strategic plans, business plans and budget proposals. The review committee, which will be chaired by the Deputy Director General for Corporate Services, will then make appropriate recommendations to the Director General and Executive Authority on the reviewed information. Depending on circumstances, further presentations to the Minister may be recommended.

The annual and quarterly performance reviews are performed by the Strategy Review Committee, which looks at all areas encompassing the operations of the SOE including finance, technical, research, etc and where necessary appropriate corrective action is recommended.

# 2008/9 - 2010/11

## Expenditure estimates State Owned Entities

| Sub programme   |                                 | Estimated Outcome | Medium-term estimate |                 |                |
|---|---------------------------------|-------------------|----------------------|-----------------|----------------|
| R thousand  |                                 | 2007/08<br>R000   | 2008/09<br>R000      | 2009/10<br>R000 | 2010/11<br>R00 |
| Council for Mineral Technology Research (MINTEK)          | Total Revenue                   |                   | 391 055              | 437982          | 490 539        |
|   | Sale of goods and services      |                   | 251502               | 278864          | 323870         |
|   | Transfers                       |                   | 139553               | 159118          | 166670         |
|   | Total expenses                  |                   | 381923               | 427442          | 478424         |
|   | Surplus / (Deficit)             |                   | 9132                 | 10540           | 12116          |
| South African Nuclear Energy Corporation (NECSA)          | Total Revenue                   | 608857            | 774314               | 754943          | 785430         |
|   | Sale of goods and services      | 282973            | 319975               | 285508          | 285391         |
|   | Transfers                       | 325884            | 454339               | 469435          | 500039         |
|   | Total expenses                  | 569432            | 770860               | 753083          | 785309         |
|   | Surplus / (Deficit)             | 39425             | 3454                 | 1860            | 121            |
| National Nuclear Regulator (NNR)                          | Total Revenue                   | 80 983            | 90295                | 97935           | 105868         |
|   | Sale of goods and services      | 62954             | 69962                | 74020           | 80518          |
|   | Transfers                       | 18029             | 20333                | 23915           | 25350          |
|   | Total expenses                  | 80983             | 90295                | 97935           | 105868         |
|   | Surplus / (Deficit)             | 0                 | 0                    | 0               | 0              |
| Council for Geoscience (CGS)                              | Total Revenue                   | 303947            | 272093               | 293887          | 287209         |
|   | Sale of goods and services      | 113200            | 123870               | 135607          | 145936         |
|   | Transfers & reserve withdrawals | 190747            | 148223               | 158280          | 141273         |
|   | Total expenses                  | 303947            | 272093               | 293887          | 287209         |
|   | Surplus / (Deficit)             | 0                 | 0                    | 0               | 0              |
| Electricity Distribution Industry Holdings Company (EDIH) | Total Revenue                   |                   | 610895               | 373658          | 334761         |
|   | Sale of goods and services      |                   | 0                    | 0               | 0              |
|   | Transfers                       |                   | 610895               | 373658          | 334761         |
|   | Total expenses                  |                   | 610895               | 373658          | 334761         |
|   | Surplus / (Deficit)             |                   | 0                    | 0               | 0              |

| Sub programme  |                            | Estimated Outcome | Medium-term estimate |                 |                |
|--|----------------------------|-------------------|----------------------|-----------------|----------------|
| R thousand   |                            | 2007/08<br>R000   | 2008/09<br>R000      | 2009/10<br>R000 | 2010/11<br>R00 |
| South African Diamond and Precious Metals Regulator (SADPMR) | Total Revenue              | 39744             | 58407                | 59587           | 57065          |
|  | Sale of goods and services | 0                 | 0                    | 0               | 0              |
|  | Transfers and income       | 39744             | 58407                | 59587           | 57065          |
|  | Total expenses             | 39744             | 58407                | 59587           | 57065          |
|  | Surplus / (Deficit)        | 0                 | 0                    | 0               | 0              |
| CEF Group  | Total Revenue              |                   | 13269221             | 12908177        | 17108489       |
|  | Sale of goods and services |                   | 10164181             | 9537540         | 10201701       |
|  | Transfers                  |                   | 31050040             | 3370637         | 6906788        |
|  | Total expenses             |                   | 12511431             | 13786147        | 13750129       |
|  | Surplus / (Deficit)        |                   | 757790               | (877970)        | 3358360        |
| National Energy Regulator of South Africa (NERSA)            | Total Revenue              | 157690            | 168468               | 170039          | 179880         |
|  | Sale of goods and services | 157690            | 168468               | 170039          | 179880         |
|  | Transfers                  | 0                 | 0                    | 0               | 0              |
|  | Total expenses             | 138761            | 149539               | 150153          | 158655         |
|  | Surplus / (Deficit)        | 18929             | 18929                | 19886           | 21225          |
| State Diamond Trader (SDT)                                   | Total Revenue              |                   | 448274               | 614117          | 632540         |
|  | Sale of goods and services |                   | 448274               | 614117          | 632540         |
|  | Transfers                  |                   | 0                    | 0               | 0              |
|  | Total expenses             |                   | 442916               | 607060          | 625152         |
|  | Surplus / (Deficit)        |                   | 5359                 | 7057            | 7388           |
| Mine Health and Safety Counsel (MHSC)                        | Total Revenue              | 53443             | 64811                | 68700           | 72822          |
|  | Sale of goods and services | 48769             | 59902                | 63496           | 67306          |
|  | Transfers                  | 4674              | 4909                 | 5204            | 5516           |
|  | Total expenses             | 53443             | 64811                | 68700           | 72822          |
|  | Surplus / (Deficit)        | 0                 | 0                    | 0               | 0              |

### Governance Arrangements

The enabling 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,

except for NERSA where there is representative of the Department. Boards are ultimately accountable and responsible for the performance of the entities. They give strategic directions to the entity in line with the mandate and this is in turn implemented by management.



## REGULATORS

### 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. With the focus of the Government now on alternative energy sources including nuclear, the work of the Nuclear Regulator is going to be more demanding moving forward.

The contract of the current Chief Executive Officer of the NNR expired on March 31, 2008. After consultation with the Chairperson of the NNR, the Minister has decided to reappointment the CEO of the NNR, Mr Maurice Magugumela in terms of section 15 of the National Nuclear Regulator Act. The reappointment was with effect from April 1, 2008 to March 31, 2011.

#### 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,
- Develop and Implement innovative talent management strategy to achieve a high quality, diverse work force with the skills needed to achieve the NNR's vision
- Develop, review and implement appropriate regulatory policies, practices and effective compliance monitoring that provide for the protection of persons, property and the environment against nuclear damage,
- Build stakeholder confidence in South Africa's nuclear

regulatory system,

- Fulfil international and regional obligations with respect to international instruments and other initiatives.
- Improve and strengthen internal business processes, aligned to best practice and responsive to environmental dynamics

#### Key focus areas for the 2008/9 financial year

The NNR will be focussing on the following key areas in the 2008/9 financial year:

- Develop a harmonised compliance assurance policy and programme for the regulatory oversight related to the protection of the environment.
- Establish new laboratory
- Develop and implement a regulatory research plan
- Implement process based licensing for authorisation holders
- Implement an effective communication policy to improve public awareness and understanding of issues related to nuclear and radiation safety
- Develop and implement a robust staff attraction and retention strategy

### 2. NATIONAL ENERGY REGULATOR OF SOUTH AFRICA (NERSA)

NERSA's mandate is anchored on four primary Acts namely the National Energy Regulator Act, 2004 (Act No. 40 of 2004); the Electricity Regulation Act, 2006 (Act No. 4 of 2006); the Gas Act, 2001 (Act No. 48 of 2001); and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

NERSA derives its revenues by, amongst others, imposing prescribed levies on the regulated industries following a prescribed transparent procedure. The imposition of such levies are governed by the Gas Regulator Levies Act, 2002 (Act No. 75 of 2002); the Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004); and Section 5B of the Electricity Act, 1987 (Act No. 41 of 1987). In terms of the National Energy Regulator Act, NERSA is funded through money appropriated by Parliament; levies imposed by or under separate legislation

In order to outline NERSA's overall strategy for 2008/09

– 2010/11, the Energy Regulator approved its Strategic Framework and Intent which provides a high level overview of the key strategic objectives of the Energy Regulator over the next three years at its Strategic Planning Session in June 2007.

**The priorities from the Strategic Framework and Intent are:**

- 1 To implement relevant energy policy efficiently and effectively;
- 2 To implement relevant energy law efficiently and effectively;
- 3 To implement relevant energy regulations efficiently and effectively;
- 4 To identify, develop and implement relevant energy rules efficiently and effectively;
- 5 To establish the credibility, legitimacy and sustainability of NERSA as an independent and transparent energy regulator;
- 6 To create an effective organisation that delivers on its mandate and purpose; and
- 7 To evaluate the Energy Regulator’s effectiveness.

**Key focus areas for the 2008/9 financial year**

In accordance with or mandate, the key focus areas for NERSA for 2008/09 will be:

- 1 Issuing of licences with conditions;
- 2 Setting and/or approving tariffs and prices;
- 3 Monitoring and enforcing compliance with licence conditions;
- 4 Dispute resolution including mediation, arbitration and the handling of complaints

The associated key projects relating to these are:

**Electricity Industry:**

1. Monitor and review the Eskom Multi Year Price Determination (MYPD) on an annual basis – determine need for a reset and planning for the next Multi-Year Price Determination (MYPD) beyond 2009
2. Development and implementation of a multi-year tariff guideline for municipalities based on the Eskom MYPD and price path

3. Implement electricity licensing framework for:
  - construction of Gx /Tx/ Dx;
  - operation of Gx /Tx/ Dx;
  - import and export;
  - traders;
  - retailers; and
  - wires
4. Implement Compliance framework for electricity generation, transmission and distribution

**Piped-Gas Industry:**

1. Review and implement tariff methodology for the piped-gas industry
2. Benchmark and review licence conditions framework for piped-gas
3. Review and implement a compliance mechanism for transmission, distribution and trading in gas

**Petroleum Pipelines Industry:**

1. Review and implement a tariff methodology for the Petroleum Pipelines industry (including storage and marine loading facilities)
2. Benchmark and review licence conditions framework for Petroleum Pipelines
3. Develop and implement a compliance mechanism for petroleum pipelines, loading facilities and storage facilities

**3. SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR (SADPMR)**

The SA Diamond Board was established in terms of the Diamond Act, (Act No. 56 of 1986 as amended). Both the Diamond Amendment Act and the Precious Metals Act have ushered in a new era in the regulation of the mineral industry 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 Diamond and Precious Metals Regulator replaced the South African Diamond Board from 1 July 2007, which resulted in the delisting of the South African Diamond Board in terms of the PFMA.

The regulatory activities of the South African Diamond and Precious Metal Regulator will encompass diamonds,

platinum group metals and gold. Key outputs for the previous reporting period (2005/06 and 2006/07), include licensing and compliance in terms of the Act, the Kimberley Process Certification Scheme to eradicate the conflict diamond trade into legitimate markets and export and import clearance of rough (unpolished) and polished diamonds.

South Africa's competitive edge in the global mining industry relies on the presence of world class known deposits of gold, platinum, diamonds and other various mineral commodities which have been exploited by big mining companies and exported as raw materials, by so doing denying the local manufacturing industries an opportunity to participate in the value chain. The regulator will create opportunities of the expansion of his industry to include HDSA's and SMMEs.

#### Key priorities for the coming MTEF period:

- Regulate the diamond and precious metals industries for the benefit of all South Africans,
- To ensure efficient and cost effective administration at a minimum compliance cost to the regulated industries,
- To ensure that the precious metals and diamond resources of South Africa are exploited and developed in the best interest of the people of South Africa;
- To promote equitable access to, and local beneficiation of South Africa's precious metals and diamonds,
- To promote the sound development of precious metals and diamond enterprises in South Africa.

## RESEARCH AND DEVELOPMENT

### 4. 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 Infrasond Observatory etc.

#### Key priorities for the coming MTEF period:

- Growth of the CGS and development of the first economy (ensuring that the CGS grows as an organisation and also contributes to economic development – people, scientific and financial)
- Regulatory, systems and stakeholder (ensuring that the CGS compliance with legislative requirements, development of CGS regulatory systems and alignment with national mandates)
- Rural development and poverty eradication (ensuring that the CGS contributes to the development of the second economy)
- Innovation (development of products, systems and services)
- Africa development (CGS assistance in the development of Africa and its people by upgrading the continent's geosciences infrastructure)
- Skills development (building capacity in respect of scientific, administrative and managerial/leadership skills)
- Transformation (business and people).

#### Key focus areas for the 2008/9 financial year

- Investigations into the geologic and seismic hazard of sites for potential nuclear power plants for Eskom. This is a long term focus as Eskom's drive to double their electricity delivery capacity will largely depend

on finding sites for new nuclear power stations in South Africa.

- CO<sub>2</sub> technologies for carbon capture and sequestration (CCS). South Africa has a role to play in the global approach to CCS and the CGS is an important role player in identifying sites in South Africa for the geological storage of CO<sub>2</sub>.
- Mineral target generation. South Africa is largely under-surveyed at a national scale. The CGS is busy with a large project on combining geophysical and geochemical airborne survey techniques to improve the coverage of the country. So far 4 possible new targets have been identified.
- Geological field school. The emphasis is on expanding on the training of new CGS recruits in terms of geological mapping skills.
- Development of radar interferometry. To find coal related subsidence and ground displacements from seismic related movements.
- Small-scale mining programme. CGS is implementing and managing the projects identified by the small-scale mining board.

### Challenges

- Human Resources. The CGS is finding it challenging to attract certain levels of expertise. The boom in commodity prices has resulted in high salaries for geoscientists in the industry, making it very difficult for the CGS to compete.
- ISO accreditation of CGS functions.
- The CGS is rapidly outgrowing its office space. In Bellville and Polokwane no further staff appointments are possible as the office space is already over used.
- Release of information and data via the Internet. The CGS has a large volume of exploration data and information in hardcopy only. To convert these to electronic format will be a mammoth task.
- Commercial vs statutory balance. There is an ever increasing need to do commercial work at the expense of scientific research.
- The small-scale mining programme has led to an overwhelming number of projects being approved by the board. This is very demanding on the resources of the CGS.

## 5. COUNCIL FOR MINERAL TECHNOLOGY RESEARCH (MINTEK)

The mandate of MINTEK is set out in the Mineral Technology Act (Act No. 30 of 1989). The statutory mandate of Mintek is defined by the objects of the Act, which are research, development and technology transfer to promote mineral technology and to foster the establishment and expansion of industries in the field of minerals and products derived there from.

### The Key Strategic Objectives for the coming MTEF period are:

- A. Development of efficient mineral processing technologies and sustainable value added products & services, which includes:
  - Overcoming technical obstacles to exploiting mineral resources
  - Enhancing the competitiveness of metallurgical processes
  - Developing new applications or markets for minerals and metals
  - Sustainable development
  - Supporting the development of Junior Resource Companies (JRCs)
- B. Second Economy interventions
  - SMME business incubation (skills programmes, business process solutions, business commercialisation solutions, etc) and development of technologies relevant to SMME's.
- C. Support of Regional Interventions
  - Mineral strategies (mineral scans, spatial development programmes, mineral economics commodity analysis, support interventions, etc) and policy support.
- D. Human & Organisational Development, which includes:

- human capital development, transformation, talent leadership, safety and retention and succession planning.

E. Good Governance, which includes compliance and financial management

Mintek has identified the following critical areas that require urgent attention and increased investment for the coming MTEF period:

A. Improve investment in MINTEK's pipeline (undergraduate and graduate bursary programs) and the need to pursue aggressive human resource development. 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.

B. Uranium Research and Development

- the need for "Energy Security" catalysed the upswing in the uranium market. As results, Mintek has re-established itself as one of the foremost uranium laboratories in the country. Systematic research is carried out on the processing of different types of uranium mineralisation found in South Africa to provide enabling technology for the beneficiation of these deposits (e.g., Karoo and Springbok Flats deposits).

C. Titanium Research & Development

- there is a growing need and pressure to establish a South African titanium industry by developing key primary and downstream technologies that will enable establishment of a competitive world-scale titanium metal industry concurrently, and this will enable SA to capture the benefits of an emerging international light metals industry.

D. Research & Development of complex and low grade ore bodies

E. Development of new and improved mineralogical characterisation techniques (precious metals and gemstones)

F. PGMs research and development (expensive unit operation within the PGM process, the most complex)

G. Nanotechnology Research & Development

H. Addressing the falling Mintek baseline allocation (core funding) as a percentage of commercial income

5. Addressing MINTEK's ailing infrastructure

The contract of the previous CEO expired on August 31, 2007. The Minister appointed, Mr Abiel Mngomezulu as the new CEO with effect from September 1, 2007 to August 31, 2010.

### Key focus areas for the 2008/9 financial year

- Development of technologies that are relevant for the processing of low grade and/or complex ores with special attention to Platinum Group Metals, Uranium, Base Metals and Iron Ore.
- Development of Titanium Processing technologies
- Development of energy efficient mineral processing technologies by designing energy efficient flow sheets, development and/or enhancement of control systems for energy optimisation in arc furnaces which will assist in the future development of energy efficient furnaces, development of alternative energy sources, development and/or enhancement of technologies for energy optimisation, and energy efficient studies in the mining and mineral processing industries.
- Development of sustainable SMME's
- Development of the Human Resource Pipeline through bursary programmes; provision of in-service training and mentorship; job shadowing for high school learners; science, mining and minerals promotion at schools; and dedicated research professional development programmes for technicians, engineers and scientists.

### Current challenges

- The main challenge is financing of the necessary research and availability of infrastructure & human resources to undertake the research.
- A major constraint is knowledge sharing within government and SOE'S to enable the development of a common country strategy on Titanium Beneficiation
- Financial resources remain the major constraint in this regard.
- Finance is the major constraint
- Financial resources as well as mentorship capacity remain the major constraints in this regard

### 6. CENTRAL ENERGY FUND GROUP (CEF)

CEF is a private company, incorporated in terms of the Companies Act and is governed by the CEF Act, 1997 (Act No. 38 of 1997). The purpose of CEF in terms of the CEF Act is to give effect to the objectives of the Central Energy Fund which are to finance and promote:

The acquisition of coal, the exploitation of coal deposits, the manufacture of liquid fuel, and other products from coal, the marketing of the said products and any other matter connected with the said acquisition, exploitation, manufacture and marketing;

The acquisition, generation, manufacture, marketing or distribution of any other form of energy, and research connected therewith;

Any other object for which the said Central Energy Fund must be applied, and which has been designated or approved by the Minister of Mineral and Energy with the concurrence of the Minister of Finance.

### 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 in renewable energy sources (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. As already indicated above, Petroleum Agency SA's main business is to act as the agent of the Republic of South Africa in promoting exploration for and exploitation of natural oil in the Republic of South Africa. In essence, PASA performs regulatory and promotional functions in respect of oil and gas exploration and production.

The Department of Minerals and Energy has decided to review the relationship between Petroleum Agency SA and CEF Group. At the present moment, the CEF Group structure comprises both the DME implementing and regulating agents.

The review process is triggered by the perceived conflict of interest that exists within the CEF Group of companies. The conflict of interest manifest itself in that Petroleum Agency SA is part of CEF, and on the other hand it is a regulator. Consequently, Petroleum Agency SA directly regulates some of its sister companies within CEF Group, thereby effectively regulating its holding company and itself.

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.
- Transformation.
- Contribute towards South Africa's 2013 renewable energy target of 10 000 GWH

#### Key focus areas / projects for the 2008/9 financial year

- Drilling programme to meet the short-term feedstock requirements of the GTL plant till December 2010 – Jabulani

- The LNG project will complement current indigenous feedstock reserves which will be depleted during 2010
- PetroSA has entered into various joint exploration ventures in several African countries. These are geared towards acquiring, developing and securing hydrocarbon reserves
- Acquire a downstream retail opportunity in order to gain a retail market footprint
- Crude oil refinery located in the Coega ID zone with a capacity of 250-400k bbl/d. Project will include associated logistical infrastructure which will include tankage, pipelines etc.

#### Current challenges

- Human resources may not be available to execute project.
- Co-operation required of all relevant ministries wrt environmental approvals to prevent delays.
- PetroSA has no credit rating to enable external funding.
- Need for PetroSA to urgently ascertain whether shareholder (Government) can provide financial guarantees to enable PetroSA secure project finance.
- Rising oil and related industry cost inflation.
- Political risks in countries that we operate in.

#### 7. SOUTH AFRICAN NUCLEAR ENERGY CORPORATION (NECSA)

The Nuclear Energy Corporation of SA (Necsa) has been incorporated in terms of the Nuclear Energy Act no 46 of 1999. Its main functions 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 make these generally available; process source material, special nuclear material and restricted material and to reprocess and enrich source material and nuclear material; and co-operate with any person or institution 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 nuclear waste disposal on a national basis; application of radiation technology for scientific and medical purposes; operation of the SAFARI-1 nuclear reactor; operation of the Pelindaba site and accompanying services; and execution of the safeguards function.

At the heart of Necsa's activities lies the obligation to adhere to its nuclear R&D mandate as iterated in section 13 of the NEA. To initiate the regeneration of its nuclear R&D activities, the organisation was reconfigured according to best international practice. Necsa also expanded its portfolio of R&D activities by re-establishing a nuclear fuel cycle development group as well as a biosciences programme.

**NECSA's Key Priorities for the coming MTEF period are:**

- 1 grow NECSA's R& D outputs through the expansion of the skills base and R&D infrastructure in terms of the NECSA's primary nuclear research and development mandate (NEA 1999 Sec 13 (a))
- 2 The expansion of the NECSA's nuclear fuel cycle activities in support of the following programmes:
  - MTR fuel production including enriched uranium recover including development
  - PBMR fuel development programme
  - Re-establishing components of the PWR fuel production programme
- 3 To establish collaborative agreements and structures with local and foreign organisations to advance NECSA's nuclear R&D and fuel development programmes and to expand the neutron based production capacity for commercial production of isotopes and irradiated products.
- 4 To fulfill the institutional obligations delegated to NECSA in terms of the Nuclear Energy Act:
  - Decontamination & Decommissioning (D&D)
  - National Nuclear Waste Management
  - SAFARI-1 reactor

- Isotopes
- Pelindaba site management and utilities
- Nuclear Safeguard Management.

**Key focus areas for the 2008/9 financial year**

- SAFARI-1 LEU(low enriched uranium ) conversion project
- Establishment of facility to manufacture LEU fuel plates
- Refurbishment and upgrading of the Pelindaba site, infrastructure and security system
- To complete the pre-feasibility studies devise a programme for the reestablishment of a nuclear fuel manufacturing capability in SA
- Licensing of the PBMR Pilot Fuel Plant
- Establishment of the fluorine distillation facility

**Current challenges**

- Necsa's main challenge is to acquire resources to fully implement the above mentioned projects in terms of :
  - Recruitment and retention of core nuclear and technical staff ; and
  - Having adequate funding available to carry out the above projects.
- Licensing of facilities.

**8. MINE HEALTH AND SAFETY COUNCIL (MHSC)**

The Mine Health and Safety Council (MHSC) 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 the State. 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:

- Promote and facilitate the development of a preventative Occupational Health and Safety (OHS) culture (promote occupational health and safety in the mining industry);
- Support the achievement of 2013 milestones within the mining industry (mainly implement research outcomes and support the MHSI to drive OHS);
- Promote the understanding and implementation of legislation;
- Advise the Minister on health and safety issues;
- Promote the development of OHS capacity and
- Ensure the effective operation of the Council (setup and implement an effective and efficient governance structure).

#### Key focus areas for the 2008/9 financial year

- Implementation of the SIMRAC project on the elimination of silicosis
- I Implementation of the SIMRAC project on the elimination of Noise induced hearing loss
- Implement communication plan on the promotion of occupational health and safety in the mining sector
- Develop an occupational health and safety research programme
- Develop a human factor research programme

#### Current challenges

The Council received a qualified audit opinion last year as a result of poor internal control environment and governance structures and systems. The Council has put in action plans in line with the Auditor General's recommendations to correct the situation.

Mr Mthokozisi Zondi (Chief Director: Mine Health & Safety) has been seconded to the Council as an Acting GM charged with stabilising the organisation and putting in place the relevant systems, policies and procedures to ensure that all the issues raised in the Auditor General report for the 2006/7 financial year are adequately resolved.

#### Other

#### 9. EDI HOLDINGS

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.
- Ensure 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 as resolved by Cabinet on 25 October 2006, and in accordance with National Government policy which is to implement Affordable and Reliable Electricity Distribution to the Poorest of the Poor, improving Standard of living of the all South Africans, enhancing Universal Access to Electricity in the whole of South Africa by 2010 and beyond.

- Some of the key priorities for the EDI Restructuring approach for the planning period are as follows:
- The finalisation of the EDI Restructuring Bill
- Finalisation of a framework for the transfer of the Eskom assets, liabilities and staff.
- Finalisation of all amendments to the Local Government Legislative framework

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

- Governance of the REDs
- Promulgation of the Asset Transfer Framework to enable effective and orderly transfer of assets from local government and Eskom to the REDs

- National Tariff Harmonization Framework to ensure rationalization of tariffs nationally ;
- Infrastructure Investment Strategy
- Salary Harmonization Framework
- Surcharge principles (Municipal Fiscus and Finance Bill)

**10. STATE DIAMOND TRADER (SDT)**

It is Government's policy that South Africa learns ways and means of adding value to our minerals so that we can realise the same benefits that are enjoyed by the developed world. It is for this reason that the Department of Minerals and Energy saw the need to establish the State Diamond Trader with a view to ensuring that our rough diamonds are shared equitably and benefited locally.

The State Diamond Trader (SDT) is a statutory company established in terms of Schedule 3b of the Public Finance Management Act (PFMA). Its establishment is underpinned by the Diamonds Act, 56 of 1986 as amended. The Diamond Trader started its operations on September 1, 2007.

The objectives of the SDT are to promote equitable access to beneficiation of diamond resources. The main aim of the SDT is to address the distortions in the diamond industry and correct historical market failures to develop and grow South Africa's diamond cutting and polishing industry.

**The SDT strategic objectives are as follows:**

- To promote equitable access to and beneficiation of rough diamonds;
- To facilitate the development services to State Diamond Trader clients;
  - To facilitate research and development on the diamond trade,
  - To provide a clear strategic approach to the African diamond market.

## **Key priorities for the coming MTEF period:**

Key priorities for the MTEF period are reflected by the SDT vision and mandate to promote equitable access to the beneficiation of diamond resources. The following are the identified key priorities for the MTEF period:

- To build an effective diamond trading company that possesses a sound vision and strategy and a solid business case for implementation
- To create and establish a conducive environment for the South African cutting and polishing industry to grow by facilitating value-adding partnerships and networks among key stakeholders and thereby helping customers to achieve success in their own businesses.
- To define and adopt the strategic direction of the diamond industry that is aligned with new legislation, industry sectors, stakeholder interests and international markets and focussed on asset of initiatives that serve to provide a coherent framework of action for key stakeholders.
- Build adequate capacity of the SDT to fulfil its mandate based on knowledge, skills, resources and procedures that draw on its management and technical teams and value adding partnerships and collaborations
- Build a financially sound company with financial systems that are transparent, predictable, and accountable and institute prudent procurement practices.



# ENERGY SAVING TIPS

South Africa is currently experiencing an energy emergency which has manifested itself in the frequent outages that we have seen over the past few weeks. It is therefore, imperative that we all play our part to save energy.

Below are some of the tips on how to save energy.

If everyone responds to this call, South Africa could save approximately 5669MW of power – or just over 10% of the country's total electricity consumption. This will go a long way towards preventing the current load shedding, *so please do your part!*

|   |               |
|---|---------------|
| Switch off the geyser between 11:00 and 18:00 and between 21:00 and 5:00 (a time switch can be used)              | <b>900MW</b>  |
| Switch off all appliances at the wall (not the remote control)  | <b>40MW</b>   |
| Switch off all lights except security lights in the home when not in use.   | <b>68MW</b>   |
| Boil only as much water with a kettle that is needed (e.g. 2 cups)  | <b>6MW</b>    |
| Use the microwave oven rather than a stove  | <b>150MW</b>  |
| Use any other alternative energy source for heating and cooking rather than electricity e.g. gas, coal, wood, etc | <b>200MW</b>  |
| Take a short shower or a shallow bath.  | <b>150MW</b>  |
| Switch off lights in offices from 22:00 to 06:00 mandatory for government buildings except security lights        | <b>1080MW</b> |
| While working in your office use daylight instead of electric light as far as possible                            | <b>1200MW</b> |
| Open the windows rather than using the air conditioner  | <b>1875MW</b> |
| <b>Total</b>  | <b>5669MW</b> |

This advertisement is issued by the Department of Minerals and Energy; Private Bag X59 , Pretoria 001, Tel: 012- 317 8000, 012- 322 3416, [www.dme.go.za](http://www.dme.go.za)



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Minerals and Energy  
**REPUBLIC OF SOUTH AFRICA**