Report of the Portfolio Committee on Mineral Resources and Energy on the 20022/23 Annual Performance Plan and Budget of the Department of Mineral Resources and Energy (Vote 34) and its entities, dated 17 May 2022.

The Portfolio Committee on Mineral Resources and Energy (hereafter, the PCMRE or Committee), having considered the 2022/23 Annual Performance Plan (APP) and Budget of the Department of Mineral Resources and Energy (DMRE) and its entities, reports as follows:

1. NTRODUCTION

The Parliament of the Republic of South Africa (Parliament) has a constitutional obligation to oversee the work and spending of public resources by the Executive as outlined in Section 55:2 [(a), (b)] of the Constitution of the Republic of South Africa, 1996. Furthermore, Section 77 (3) of the Constitution stipulates that an Act of Parliament must provide for a procedure to amend money Bills before Parliament. This Constitutional provision resulted in Parliament passing the *Money Bills Amendment Procedure and Related Matters (Act No. 9 of 2009)* (the Money Bills Act). The Money Bills Act sets out the process that allows Parliament to make recommendations to the Minister of Finance to approve, reject or amend the budget of a National Department.

Therefore, Parliament, through its Committees and other mechanisms, should be the guardian of the use of State resources, the overseer of fiscal discipline and cost-effectiveness for the common good of all the citizens. Therefore, Parliament should assess the plans and conduct regular performance reviews and annual performance assessments of the DMRE and its entities. The Department's APP forms part of the Medium-Term Strategic Framework (MTSF) of government and provides a strategic direction to the Department, Provincial Departments, and entities, statutory bodies and the sector as a whole inclusive of the Department's social, and business partners. The APP is premised on governments priorities as espoused in the MTSF 2019-2024, and build towards attainment of the National Development Plan (NDP): Vision 2030 aspirations.

The purpose of this report is to report to the National Assembly (NA) on the Portfolio Committee on Mineral Resources and Energy's findings after evaluating and assessing the Annual Performance and Budget of the DMRE and its entities.

2. THE COMMITTEE PROCESS

The APP, Strategic Plans and Budgets of the Departments and their entities are due for tabling to Parliament at the end of the preceding financial year, such as 31 March 2022. The DMRE tabled its APP on 04 April 2022, whilst the entities tabled the same on 14 April 2022.

Subsequently, on 03 and 06 May 2022, the Committee was briefed by the Department and its entities on their Strategic Plans and Budget.

3. THE DEPARTMENT OF MINERAL RESOURCES AND ENERGY

The DMRE is mandated to ensure the transparent and efficient regulation of South Africa's mineral resources and minerals industry, and the secure and sustainable provision of energy in support of socio-economic development.[1] The mining, minerals and energy sector is regulated by several Acts. The key regulatory Acts, amongst others, include:

- The Mineral and Petroleum Resources Development Act (2002), which provides the regulatory framework for equitable access to and the sustainable development of mineral resources and related matters.
- The Mine Health and Safety Act (1996), which governs mine health and safety.
- The National Energy Act (2008), which empowers the Minister to plan for and ensure the security of supply for the energy sector.
- The Petroleum Products Act (1977), which regulates the petroleum industry at the manufacturing, wholesale and retail levels.
- The Electricity Regulation Act (2006), which establishes a national regulatory framework for the electricity supply industry, including registration and licensing.

[1] National Treasury, (2022)

In an endeavour to discharge its mandate effectively and efficiently, the Department is structured as follows:

- Programme 1: Administration;
- Programme 2: Minerals and Petroleum Regulation;
- Programme 3: Mining, Minerals and Energy Policy Development;
- Programme 4: Mine Health and Safety Inspectorate;
- Programme 5: Mineral and Energy Resources Programme and Projects; and
- Programme 6: Nuclear Energy Regulation and Management.

Additionally, eleven State Owned Entities (SOEs, or entities) are entrusted to assist in discharging the Departments mandate. The eleven entities reporting to the Department are the Council for Mineral Technology Research (MINTEK), Mine Health and Safety Council (MHSC), State Diamond Trader (SDT), South African Diamond and Precious Metals Regulator (SADPMR), Council for Geoscience (CGS), National Nuclear Regulator (NNR), National Radioactive Waste Disposal Institute (NRWDI), South African National Energy Development Institute (SANEDI), South African Nuclear Energy Corporation (NECSA), Central Energy Fund (CEF) Group of Companies (SOC) Ltd, and National Energy Regulator of South Africa (NERSA).

3.1 Annual Performance Plan of the Department for 2022/23 Financial Year

This section provides analysis of the overall budget allocation for the DMRE for the 2022/23 financial year, as well as the Annual Performance Plan (APP).

The key priorities of the Department for the 2022/23 financial year, as contained in the APP and presented by the Department on 3 May 2022 are to:

- Implement all legislation that was approved by Cabinet before end of March 2022;
- Develop and review existing legislation to encourage investment, growth and transformation in the mining and energy sectors;

- Promote the establishment of an independent transmission company under Eskom Holdings;
- Improve the turnaround time of licensing of mining permits, mining rights through the procurement of the new Information Communication technology (ICT) infrastructure and system;
- Finalise the Governance Framework for the coordination of Nuclear New Build Programme and Multi-Purpose Reactor (MPR);
- Improve nuclear safety, liabilities and emergency management by finalising pre-feasibility study for the procurement of a Centralised Interim Storage (CIS) Facility;
- Continue to implement various energy interventions in the IRP2019 to improve energy infrastructure and increase access to more affordable energy;
- Implement and monitor Occupational Health and Safety (OHS) Improvement Strategy to promote health and safety in the mining sector;
- Enable the rollout of Liquid Petroleum Gas (LPG) as an alternative energy source;
- Expedite the process of rationalisation of DMRE's State Owned Entities (SOEs) to ensure that they are aligned to achieve the developmental objectives and improve performance efficiency; and
- Strengthen governance structures and their effectiveness to achieve a clean audit outcome in the 2022/23 financial year.

Table 1: Overall Budget of the Department of Mineral Resources and Energy

Programmes	**Budget**		**Nominal Increase / Decrease in 2022/23**	**Real Increase / Decrease in 2022/23**	**Nominal Percent change in 2022/23**	**Real Percent change in 2022/23**
	(R million) 2021/22	**2022/23**				
Programme 1: Administration	625,9	729,6	103,7	72,3	16,57%	11,55%
Programme 2: Minerals & Petroleum Regulation	542,8	493,1	- 49,7	- 70,9	-9,16%	-13,07%
Programme 3: Mining, Minerals & Energy Policy Development	803.9	880.0	76.,1	38,2	9,47%	4,75 %
Programme 4: Mine Health & Safety Inspectorate	235,5	236.6	1,1	- 9,1	0,47%	-3,86%
Programme 5: Mineral & Energy Resources Programmes & Projects	5 922,1	6 840,4	918,3	623,7	15,51%	10,53%
Programme 6: Nuclear Energy Regulation & Management	1 111,2	1 166,0	54,8	4,6	4,93%	0,41%
TOTAL	**9 241,5**	**10**	**1 104,2**	**658,7**	**11,9%**	**7,13%**

		345,7				

Source: National Treasury, (2022)

NB: Explanatory note

Nominal Increase/Decrease	***Is when inflation is not taken into account***
Real Increase/Decrease	***Is when inflation is taken into account (the projected inflation rate is 4.5 per cent)***

As evident in the above table, the overall budget of the DMRE is R10.3 billion for the 2022/23 financial year. In the previous financial year (2021/22), the Department had a total adjusted budget of R9.2 billion. In nominal terms (without inflation), the Department's budget increases by 12 percent from the previous financial year, and it increases by 7 percent when one takes cognisance of inflation (real terms).

It is important to note that the bulk of the Department's budget is allocated for transfers and subsidies. In the current financial year (2022/23), subsidies and transfers amount to R8.2 billion of the total budget; the remainder of the budget is for departmental operations. The bulk of the R8.2 billion is allocated for the public corporations and private enterprises (R5.2 billion) and provinces and municipalities (R2.4 billion).

With regard to economic classification of expenditure, current payments amount to R2 billion for 2022/23, which is comprised of R1 037.1 billion for the compensations of employees and R1 031.2 billion for goods and services, which comprise catering for departmental activities, computer services, consultants, operating leases, travel and subsistence. In the previous financial year, the compensation of employees was the same as in the current financial year at R1 037.1 billion, whilst goods and services had received R631.4 million.[2]

As can be seen from table 2, the significant share of the budget, R6.8 billion, is in Programme 5: Mineral and Energy Resources Programmes and Projects, the largest programme of the Department. In real terms, the budget for the programme increased by 10.5 percent.

Programme 5 receives the biggest share (66 percent) of the total allocated Departmental budget for the 2022/23 financial year, followed by Programme 6 at 11 percent.

[2] Department of Resources and Energy, (2021)

Programme 3 receives 9 percent of the share, while Programme 1 receives 7 percent. Programme 4 receives the smallest share of the budget allocation, which is only 2 percent of the total budget allocation.

3.1.1 Programme Analysis

As indicated in the preceding section, the Department has six programme areas, namely: (1) Administration, (2) Minerals and Petroleum Regulation, (3) Mining, Minerals and Energy Policy Development, (4) Mine Health and Safety Inspectorate, (5) Mineral and Energy Resources Programmes and Projects, (6) Nuclear Energy Regulation and Management. It is also noteworthy that these departmental programmes have their respective sub-programmes as well. What follows below is an analysis of the budget allocation, as well as the key annual performance targets for each programme.

3.1.2 Programme 1: Administration

The aim of this programme is to provide strategic leadership, management and support services to the Department.

Table 2: Programme 1 Budget Allocation for 2022/23 Financial Year

Sub- Programmes	Budget (R- Million)		Nominal Increase / Decrease in 2022/23	Real Increase / Decrease in 2022/23	Nominal Percent change in 2022/23	Real Percent change in 2022/23
	2021/22	2022/23				
Ministry	39,0	37,0	- 2,0	- 3,6	-5,13%	-9,21%
Departmental Management	41,4	40,2	- 1,2	- 2,9	-2,90%	-7,08%
Audit Services	22,3	21,5	- 0,8	- 1,7	-3.,59%	-7,74%
Financial Administration	103,1	94,9	- 8,2	- 12,3	-7,95%	-11,92%
Corporate Services	306,9	378,7	71,8	55,5	23,40%	18,08%
Office Accommodation	113,3	157,2	43,9	37,1	38,75%	32,77%
TOTAL	**625,9**	**729,6**	**103,7**	**72,3**	**16,6%**	**11,55%**

Source: National Treasury, (2022)

The programme receives R729.6 million for the 2022/23 financial year, which translates into a nominal increase of 16.6 percent, and a real increase of 11.6 percent. As was the case in the previous financial year, the *Corporate Services* sub-programme receives the biggest share of the Administration allocation (R378.7 million), followed by *the Office Accommodation* sub-programme with an allocation of R157.2 million. All other sub-programmes have seen a decrease in budget allocation, the biggest decrease being in Financial Administration and the Ministry sub-programmes, a decrease of 12 percent and 9 percent, respectively.

For the 2022/23 financial year, in line with the above budget, the Administration programme has set itself nine (9) performance targets.[3] In the previous financial year (2021/22), the programme had fourteen (14) performance targets.[4] The key performance targets for this programme during the year under review are as follows:

1. One hundred percent (100%) reduction of Wasteful and fruitless expenditure compared to prior year.
2. One hundred percent (100%) reduction of irregular expenditure compared to prior year.
3. Unqualified audit opinion for year under review.
4. Ninety-five (95%) resolution of reported incidents of corruption.
5. Four (4) approved Shareholder compacts and Corporate Plans of Schedule 2 State Owned Entities (SOEs)
6. Seven (7) approved Schedule 3A SOE's Annual Performance Plans tabled in Parliament.
7. Forty-four (44) Quarterly Performance Reports produced
8. Eleven (11) State Owned (SOEs) annual reports tabled in Parliament.
9. One hundred percent (100%) approved invoices from service providers paid within 30 days of receipt

For the 2022/23 financial year, the Department's approved organisational structure comprises 1 630 posts, with a vacancy rate of 10.1 percent on active posts.[5]

[3] DMRE Annual Performance Plan, (2021)
[4] DMRE Annual Performance Plan, (2020)
[5] DMRE Annual Performance Plan, (2022)

3.1.3 Programme 2: Minerals and Petroleum Regulation

This programme regulates the mining, minerals and petroleum sectors to promote economic growth, employment, transformation and sustainable development.

Table 5: Programme 2 Budget Allocation for 2022/23 Financial Year

Programme	Budget		Nominal Increase / Decrease in 2022/23	Real Increase / Decrease in 2022/23	Nominal Percent change in 2022/23	Real Percent change in 2022/23
R million	2021/22	2022/23				
Minerals & Petroleum Management	16,8	14.8	- 2.0	- 2.,6	-11,90%	-15,70%
Mineral Regulation & Administration	411,2	366.2	- 45.0	- 60,8	-10,94%	-14,78%
Environmental Compliance & Enforcement	22,2	21,3	- 0,9	- 1,8	-4,05%	-8,19%
Petroleum Compliance Monitoring, Enforcement & Fuel Pricing	29,4	27,7	- 1,7	- 2,9	-5,78%	-9,84%
Petroleum Licensing & Fuel Supply	63,1	63,2	0,1	- 2,6	0,16%	-4,15%
TOTAL	**542,8**	**493,1**	**- 49,7**	**- 70,9**	**-9,2%**	**-13,107%**

Source: National Treasury, (2022)

The Programme receives an allocation of R493.1 million for the 2022/23 financial year. This reflects a decrease of 9 percent in nominal terms and a decrease of 13 percent in real terms. As can be seen in Table 5 above, budget allocation has decreased across the five sub-programmes. Programme budget allocations include transfer payments to the South African Diamond and Precious Metals Regulator (SADPMR), Petroleum Agency South Africa (PASA) and international membership fees.

The **Mineral Regulation and Administration sub-programme** once again receives the largest share of the programme's budget to the value of R366.2 million, which illustrates a decrease of 11 percent in nominal terms, and a decrease of 15 percent in real terms. This sub-programme administers and evaluates prospecting and mining rights and licensing.

Compared to the 12 targets that it had set itself in the previous financial year[6], for the 2022/23 financial year, the Minerals and Petroleum Regulation Programme has set itself 9 performance targets, and they are the following:[7]

1. About 4 000 jobs enabled through the issuing of mining rights and petroleum licences.
2. A total of 120 SLP development projects completed.
3. 212 SLP inspections conducted
4. 150 legal compliance inspections (mineral laws-MLA) conducted.
5. 500 Mining Economics (Mining Works Programme/Prospecting Work Programme (MWP)/PWP) inspections conducted.
6. 1 275 Environmental Inspections conducted.
7. 1 500 petroleum retail site compliance inspections conducted.
8. 1 080 fuel samples tested.
9. 120 mining rights and permits granted and/ or issued to Historically Disadvantaged South Africans (HDSA) controlled entities.

3.1.4 Programme 3: Mining, Minerals and Energy Policy Development

This programme formulates, maintains and implements integrated minerals and energy policies to promote and encourage investment in the mining and energy industry.

Table 6: Programme 3 Allocation for 2022/23 Financial Year

Programme	Budget		Nominal Increase / Decrease in 2022/23	Real Increase / Decrease in 2022/23	Nominal Percent change in 2022/23	Real Percent change in 2022/23
R million	2021/22	2022/23				
Mining, Minerals & Energy Policy Development Management	24,9	64,6	39,7	36,9	159,44%	148,27%
Minerals & Petroleum Policy	26,9	25,2	- 1,7	- 2,8	-6,32%	-10,35%
Nuclear, Electricity & Gas Policy	19,8	19,1	- 0,7	- 1,5	-3,54%	-7,69%
Economic Analysis & Statistics	50,8	49,3	- 1,5	- 3,6	-2,95%	-7,13%
Economic Growth, Promotion & Global Relations	665,4	705,5	40,1	9,7	6,03%	1,46%
Mineral & Energy Planning	16,2	16,3	0,1	- 0,6	0,62%	-3,72%
TOTAL	**803,9**	**880,0**	**76,1**	**38,2**	**9,5%**	**4,75%**

6 DMRE Annual Performance Plan (2021)

7 DMRE Annual Performance Plan, (2022)

Source: National Treasury, (2022)

For the 2022/23 financial year, the Mining, Minerals and Energy Policy Development programme receives a budget allocation of R880 million that reflects an increase of 9.5 percent in nominal terms and an increase of 4.7 percent in real terms.

As in the previous financial year, the **Economic Growth, Promotion and Global Relations sub-programme** receives the largest share of the budget to the value of R705.9 million, an increase of 1.4 percent in real terms. The sub-programme is responsible for promoting economic growth and investment in the sector. This sub-programme also makes transfers to the Council for Geoscience (CGS) and the Council for Mineral Technology and Research (Mintek).[8]

There is a signifcant budget increase in the **Mining, Minerals and Energy Policy Development Management sub-programme**. The programme provides overall management to Programme 3. For the current financial year, the programme receives R64.6 million, an increase of 159 percent in nominal terms and increase of 148 percent in real terms.

The **Economic Analysis and Statistics sub-programme** receives R49.3 million, a decrease of 3 percent in real terms. The aim of this sub-programme is to advise the Department on trends in the mining and energy industries in order to attract investment.[9]

The **Minerals and Petroleum Policy sub-programme** receives R25.2 million, a decrease of 6 percent in nominal terms and a decrease of 10 percent in real terms. This sub-programme develops and reviews policy and legislative frameworks for the mining, minerals and petroleum sectors. In addition, it conducts research; and monitors the impact of policy implementation.

Nuclear, Electricity and Gas Policy sub-programme receives R19.1 million, a decrease of 7.6 percent in real terms. This sub-programme develops and reviews policy

[8] Ibid
[9] Ibid

and legislative frameworks for the nuclear, electricity and gas sectors. Moreover, it conducts research; and monitors the impact of policy implementation.[10]

Minerals and Energy Planning sub-programme receives the smallest share of the budget, i.e. R16.3 million. This reflects a decrease of 3 percent in real terms. The sub-programme is entrusted with ensuring the security of supply of mineral and energy resources.

For the 2022/23 financial year, Mining, Minerals and Policy Development programme has set itself twenty (20) performance targets. This compares to 29 targets in the previous financial year. Performance targets for the current financial year are as follows:

1. Petroleum Products Bill submitted to Cabinet for approval to table in Parliament.
2. Mine Health and Safety (MHSA) Bill submitted to Parliament.
3. National Petroleum Company Bill submitted to Parliament for promulgation.
4. Precious Metals Bill Gazetted for public comments.
5. Diamonds Amendment Bill Gazetted for public comments.
6. Amended Regulations to section 75, 76 and 77 of the Mineral Resources and Petroleum Development Act (MPRDA) gazetted for implementation.
7. Report on economic viability of shale gas exploration in South Africa produced.
8. Jewelry and Battery Minerals Value Chain implementation plans approved by the Minister.
9. There (3) Investment Promotions hosted.
10. Six (6) investment promotion events participated in.
11. National Nuclear Regulator Bill submitted to Cabinet for tabling in Parliament.
12. Radioactive Waste Management Fund (RWMF) Bill submitted to Cabinet for tabling in Parliament.

[10] Ibid

13. In relation to the evisaged amended gas act, Gas Regulations gazetted for public comments.
14. Electricity Pricing Policy review submitted to Cabinet for final approval.
15. Electricity Regulation Amendment Bill submitted to Cabinet for tabling in Parliament.
16. Gas Master Plan submitted to Cabinet for approval.
17. The Just Energy Transition (JET) Socio-Economic Baseline Report approved by the Minister.
18. Report on the implementation of the greenhouse gas (GHG) Framework
19. Four (4) carbon offset projects approved.
20. Eight (8) quality mineral publications published.
21. Four (4) Annual Energy statistics reports published
22. Ten (10) progress reports on agreed areas of collaboration and cooperation implemented
23. One (1) new agreements Concluded
24. Ten (10) progress reports on multilateral strategic partnerships

3.1.5 Programme 4: Mine Health and Safety Inspectorate

The objective of this programme is to ensure the health and safety of employees in the mining sector.

Table 7: Programme 4 Budget Allocation for 2022/23 Financial Year

Programme	Budget		Nominal Increase / Decrease in 2022/23	Real Increase / Decrease in 2022/23	Nominal Percent change in 2022/23	Real Percent change in 2022/23
R million	2021/22	2022/23				
Mine Health & Safety Management	9,1	10.1	1,0	0,6	10,99%	6,21%
Mine Health & Safety Regions	211,4	212,5	1,1	- 8,1	0,52%	-3,81%
Occupational Health	14,2	14,1	- 0,1	- 0,7	-0,70%	-4,98%
TOTAL	**235,5**	**236,6**	**1,1**	**- 9,1**	**0,5%**	**-3,986%**

Source: National Treasury, (2022)

The Mine Health and Safety Inspectorate programme accounts for 2.29 percent of the total departmental budget allocation for the 2022/23 financial year. Programme budget allocations include transfer payments to the Mine Health and Safety Council (MHSC), which is tasked with promoting a culture of health and safety in the mining sector.[11] For the current financial year, this programme receives a total budget of R236.6 million, constituting a nominal increase of 0.5 percent and a real decrease of 4 percent.

As evident in the table above, the largest share of the budget is allocated to the **Mine Health and Safety Regions sub-programme**, receiving an amount of R212.5 million. This reflects a nominal increase of 0.5 percent and a real decrease of 3.8 percent. The sub-programme develops strategies to reduce occupational diseases and injuries in the mining sector and conducts audits and inspections.[12]

Occupational Health sub-programme receives R14.1 million, reflecting a decrease of 5 percent in real terms. This sub-programme is entrusted with establishing an occupational health centre to provide specialist services to the mine health and safety inspectorate, with particular focus on regional components.

In the current financial year, the Mine Health and Safety Inspectorate programme has set itself 12 performance targets. During the year under review, the programme seeks to:

1. Reduce by 10% occupational fatalities compared to the prior year.
2. Reduce occupational injuries by 5% compared to the prior year.
3. Reduce by 10% of occupational diseases (including tuberculosis) compared to the prior year.
4. Complete 80% of investigations (initiated vs completed).
5. Complete about 80% of inquiries (initiated vs completed).
6. Conduct a total 8 000 qualitative inspections (cumulative, including individual and group audits).
7. 1 MHS Annual Report submitted to parliament
8. About 100 percent of identified necessary SLAs entered into to improve health and safety in mining
9. 100 percent adherence to prescribed timeframes for Chief Inspector of Mines (CIOM) appeals.
10. 80 percent adherence to prescribed timeframes for medical appeals.

[11] Ibid
[12] Ibid

11. 80 percent adherence to prescribed timeframes for MPRDA applications.
12. 100 percent Administration of Government Certificate of Competency (GCC) exams policy.

3.1.6 Programme 5: Mineral and Energy Resources Programmes and Projects

The programme manages, coordinate and monitor programmes and projects focused on access to mineral and energy resources.

Table 8: Programme 5 Budget Allocation for 2022/23 Financial Year

Programme	Budget		Nominal Increase / Decrease in 2022/23	Real Increase / Decrease in 2022/23	Nominal Percent change in 2022/23	Real Percent change in 2022/23
R million	**2021/22**	**2022/23**				
Programmes & Projects Management	6,1	6,1	0,0	- 0,3	0,00%	-4,31%
Integrated National Electrification Programme	5 206,9	6 037,6	830,7	570,7	15,95%	10,96%
Programmes & Projects Management Office	67,8	67,2	- 0,6	- 3,5	-0,88%	-5,15%
Regional Programmes & Projects Management Office	-	-	-	-	-	-
Electricity Infrastructure & Industry Transformation	6.2	120.,2	114.0	108,8	1838,71%	1755,22%
Energy Efficiency Projects	254,2	250,5	- 3,7	- 14,5	-1,46%	-5,70%
Renewable Energy Projects	185,2	158,7	- 26,5	- 33,3	-14,31%	-18,00%
Environmental Management Projects	195,7	200,2	4,5	- 4.,1	2,30%	-2,11%
TOTAL	**5 922,1**	**6 840,4**	**918,3**	**623,7**	**15,5%**	**10,53%**

Source: National Treasury, (2022)

As stated above, this is the largest programme of the Department, thus, the Programme accounts for 66 percent of the total departmental budget allocation for the 2022/23 financial year. The programme receives R6.8 billion for the 2022/23 financial year. This reflects an increase of 10.5 percent in real terms. As is the case year-on-year, the bulk of the budget goes to the **Integrated National Electrification Programme** sub-programme – an allocation of R6 billion. This sub-programme oversees and manages the financing and implementation processes for the electrification programme; and makes transfers to Eskom, municipalities and private providers.[13] Another sub-programme that shows significant increase in budget allocation is the **Electricity Infrastructure and Industry Transformation** – an increase from R6.2 million in 2021/22 to R120.2 million in 2022/23. The sub-programme overseees

[13] Ibid

programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector, and independent power producers.

The remaining (6) sub-programmes of this programme, experience budget decreases in both nominal and in real terms. These include:

- **Environmental Management Projects sub-programme** receives R200.2 million, a decrease of 2 percent in real terms. The sub-programme provides strategic guidance on environmental management and climate change. It also assists mines to prevent the uncontrolled movement of water into and out of underground holdings and mine openings (acid mines).[14]
- **Regional Programmes and Projects Management Office sub-programme** receives zero budget allocation for the year under review. This sub-programme provides regional energy-related advisory services.
- **Renewable Energy Projects sub-programme** receives R158.7 million, a decrease of 18 percent in real terms.
- **Energy efficiency project sub-programme** receives R250.5 million, a decrease of 5.7 percent in real terms. This sub-programme advances energy efficiency in South Africa through planning and coordinating activities and interventions focused on energy efficiency market. The sub-programme also makes transfers for municipal energy efficiency programmes.
- **Programmes and Projects Management Office sub-programme** receives R67.2 million, a decrease of 5 percent in real terms.
- **Programmes and Projects Management sub-programme** receives R6.1 million, a decrease of 4 percent in real terms.

For the 2022/23 financial year, the Mineral and Energy Resources Programmes and Projects programme has twenty-one (21) planned performance targets. The annual performance targets for 2022/23 financial year include:

1. Issue Request for Proposals (RFP) for 513 MW from Storage.

[14] Ibid

2. Issue Request for Proposals (RFP) 2600 MW (BW 6) from renewable energy.
3. Request for Proposals (RFP) 1600 MW from renewable energy (BW 7) developed.
4. Issue Request for Proposals (RFP) for 1500 MW from coal
5. Issue Request for Proposals (RFP) for 3000 MW from gas
6. Issue for concurrence to NERSA Section 34 determination in line with Integrated Resource Plan (IRP) 2019.
7. Approved Renewable Energy Sector Master Plan
8. 15 000 additional households electrified through non - grid technology
9. 4 Reports on the monitoring and verification of the implementation of the grid electrification of additional 200 000 households by Eskom and contracted municipalities
10. INEP Masterplans developed for KwaZulu-Natal (KZN), Eastern Cape (EC), Gauteng (GP), Limpopo (LIM), Mpumalanga (MP) and North West (NW) provinces.
11. One (1) mine water management plan implemented
12. 3 derelict and ownerless mine sites rehabilitated
13. 0.5 TWh savings- Quarterly reports on the planning, implementation and monitoring of EEDSM projects in industry, buildings or residential sector to achieve
14. Quarterly reports on the planning, implementation, monitoring and achievement of 0.0196 TWh savings by EEDSM grant participating municipalities
15. Mining Sector Women Empowerment and Gender Equality Strategy and Implementation plan drafted
16. 4 Quarterly reports on implementation of Energy Sector Empowerment and Gender Equality Strategy and Gender Policies and Frameworks
17. 20 percent of preferential procurement to qualifying women, Youth and PWDs from allocated projects budgets of INEP, Energy Efficiency, Derelict and Ownerless Mines Programmes Ownerless Mines Programmes
18. 30 small scale miners
19. 10 women owned small scale miners
20. Draft Mining Sector Youth Strategy and Implementation Plan
21. Draft Youth in the energy Strategy and Implementation plan.

3.1.7 Programme 6: Nuclear Energy Regulation and Management

The aim of this programme is to manage the South African nuclear energy industry and control nuclear materials in terms of international obligations, nuclear legislation and policies to ensure the peaceful use of nuclear energy.

Table 9: Programme 6 Budget Allocation for 2022/23 Financial Year

Programme	**Budget**		**Nominal Increase / Decrease in 2022/23**	**Real Increase / Decrease in 2022/23**	**Nominal Percent change in 2022/23**	**Real Percent change in 2022/23**
R million	**2021/22**	**2022/23**				
Nuclear Energy Management	4,8	4,6	- 0,2	- 0,4	-4,17%	-8,29%
Nuclear Safety & Technology	1 094,6	1 149,6	55,0	5,5	5,02%	0,50%
Nuclear Non-Proliferation & Radiation Security	11,8	11,8	0,0	- 0,5	0,00%	-4,31%
TOTAL	**1 111,2**	**1 166,0**	**54,8**	**4,6**	**4,9%**	**0,41%**

Source: National Treasury, (2022)

This programme receives the second largest budget allocation, after Programme 5, an allocation of R1.1 billion. Nominally, the budget for this programme increases by 5 percent, and increases by 0.4 percent in real terms.

Nuclear Safety and Technology sub-programme receives the bulk of the budget, R1.06 billion, an increase of 3 percent in nominal terms and a decrease of 1 percent in real terms. This sub-programme manages and implements all matters related to nuclear safety and technology, as required by legislation and international agreements. It also implements nuclear energy policy, in line with the requirements of the Integrated Resource Plan (IRP). In addition, the sub-programme administers all matters pertaining to nuclear technology, safety, liability and emergency management with the aim of improving the governance of the nuclear sector. This sub-programme also makes transfers to the South African Nuclear Energy Corporation (Necsa), the National Nuclear Regulator (NNR) and the National Radioactive Waste Disposal Institute (NRWDI); and is responsible for paying membership fees to international organisations.[15]

[15] Ibid

Nuclear Energy Management sub-programme receives R4.8 million, reflecting an increase of 48.6 percent in real terms. This sub-programme provides overall management to Programme 6, and oversees the national liaison office of the International Atomic Energy Agency (IAEA); and is responsible for managing the African regional cooperative agreement for research, development and training related to nuclear science and technology.

Nuclear Non-proliferation and Radiation Security sub-programme receives R11.8 million, reflecting an increase of 15.5 percent in real terms. This sub-programme manages and implements all matters related to nuclear non-proliferation and radiation security, as required by legislation and international agreements. It also administers the use of nuclear material, related equipment and facilities, including nuclear technology, to ensure compliance with legislation and international agreements.

In the current financial year, the Nuclear Energy Regulation and Management Programme has set itself ten (10) performance targets, as opposed to the seven (7) planned targets for the previous financial year. The current targets include:

1. Request for Proposal for procurement of 2 500MW Nuclear Programme issued.
2. Four (4) quarterly monitoring reports on Koeberg Nuclear Power Plant life extension Programme through established Technical Oversight Committee meetings.
3. Feasibility study for Central Interim Storage Facility (CISF) completed and submitted to Cabinet for approval.
4. Draft Feasibility study on Multi-Purpose Reactor (MPR) completed and submitted for Gateway Review.
5. Seventy percent (70%) of authorisation applications processed within the 8-week time period.
6. Forty (40) Nuclear Safeguards compliance reports approved.
7. Twenty (20) Nuclear Security compliance reports approved.
8. International Atomic Energy Agency (IAEA) Draft Country Programme Framework 2024-2029 developed.
9. The IAEA Annual report on the Technical Cooperation Programme produced.
10. The AFRA Annual Report produced.

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4. ANNUAL PERFORMANCE PLANS AND BUDGETS OF THE ENTITIES REPORTING TO THE DEPARTMENT

As stated above, there are eleven entities that report to the Department. This section provides an overview of the APPs and Budget of the 11 entities.

According to the Department, of the R6.6 billion earmarked for transfer to entities that receive government grant, over the medium term, NECSA will receive R3 billion or 45.4 percent of which R2.3 billion will assist the entity with its operational and capital requirements, once-off allocation of R40 million in 2022/23 for preparatory work for the new multipurpose reactor project and the balance for Decommissioning and Decontamination of past strategic nuclear facilities. The CGS follows with R1.6 billion or 24.1 percent of the total entities' allocation mainly for its operations and for funding the geological mapping for mining exploration. MINTEK will receive R985.2 million or 14.9 percent for its operations inclusive of R8.6 million from the expanded public works incentive scheme. The remaining six (6) entities will receive 15.6 percent of the total entities' budget, all for operational requirements.

Table 10: MTEF Budget Share - Entities

Entity	SADPMR R'000	PASA R'000	Mintek R'000	CGS R'000	MHSC R'000	SANEDI R'000	NECSA R'000	NNR R'000	RWDI R'000	Total
MTEF Allocation	192 001	282 590	985 207	1,590 821	14 402	247 493	2 995 842	143 314	153 543	6,605 213

Source: DMRE, (2022)

4.1 Council for Geoscience (CGS)

For the 2022/23 financial year, CGS has a budget of about R482,5 million. Of this, R355,7 million is a government grant allocation. It is important to note that on 8 February 2022, the final 2022 MTEF allocation letter was received by CGS with confirmed additional funding allocations of R500 million (R0 in 2022/23; R200m in 2023/24 and R300m in 2024/25). The additional allocations are to be used for the geoscience activities which includes the onshore and offshore map coverage in support of the National Exploration Strategy. This means that the implementation of economic recovery onshore and offshore mapping projects in the CGS will be accelerated to augment contribution towards the South African Economic Reconstruction and Recovery Plan.

Moreover, CGS reported that technical adjustments were implemented on the MTEF projects where funding for the Rehabilitation of derelict and ownerless mines and the Water Ingress Solutions was moved to commercial revenue to align to the DMRE's budget classifications in compliance with the National Treasury budget classification circular. Therefore, the outsourcing of these MTEF projects will be based on either a contract between the DMRE and CGS or a normal open tender process.

The key programme areas for the CGS for the 2022/23 financial years are as follows:

4.1.1 Geoscience Technical Programme (GTP)

Key Outcomes of the 2022/2023 GTP are as follows:

- ✓ South Africa to become an attractive destination for investment in the minerals resources sector, resulting from Mineral delineation of at least Copper prospects, Nickel/cobalt prospects, Lithium prospects and Gold prospects.
- ✓ South Africa's water and environmental systems that are characterised and mapped in a nationally consistent way, resulting from Regional groundwater and environmental assessments (including climate change) in key basins, National map of groundwater systems that integrate available geoscience data and emerging technologies.
- ✓ Geohazards/land use/risk management: Products and services that deliver actionable information on community safety, land use and infrastructure development in collaboration with a range of sectors/entities.
- ✓ Development of a healthy pipeline of long-term innovative projects.
- ✓ Contribution towards accelerated economic reconstruction and recover

4.1.2 Geoscience for minerals and energy resources projects

The following are the key focus geoscience for minerals and energy resources projects for the 2022/23 financial year:

Onshore Geoscience Mapping Project: Focus areas include Namaqualand and Griqualand West, in the Northern Cape Province, Cedarberg region in the Western Cape Province, Mthatha in the Eastern Cape Province,Tugela region between the Free State and KwaZulu Natal Provinces, The Bushveld Complex region around Limpopo, Mpumalanga, and North West Provinces, Basin analyses across the Karoo and Cape Basins.

Offshore Geoscience Mapping Project: Activities in this project for the 2022/23 financial year include offshore geoscience mapping in the False Bay regions of the Western Cape Province and finalisation of the data processing of the Table Bay Geoscience Map.

The Just Transition Project: The key project areas include Geothermal energy potential of South Africa and Molteno coalfield.

Carbon Capture Utilisation and Storage (CCUS) Project: The project aims to research, develop, and implement CCUS technologies in South Africa as well as developing a revised CCUS potential map. In the 2021/22 financial year, CGS secured a state-owned piece of land to develop the proposed pilot plant (near Leandra, Mpumalanga, close to the major CO_2 emission sources (e.g. Coal-fired power stations, Secunda petro-chemical plant). **Karoo Deep Drilling (KDD) and Environmental Baseline Project:** The projects aim to develop a geo-environmental baseline model to inform regulations for possible shale gas exploration and exploitation in the southern Karoo. The 2021/22 financial year saw the completion of the KDD project, including the complete and successful site abandonment of the drilling site. A final drilling depth of 2,978 meters was reached in October 2021 in the lowermost sequence of the Karoo Supergroup. The core has been transported and largely scanned with the hyperspectral scanner at the National Core Library. Gas analysis have also been ascertained and highlight the occurrence of natural gas.

4.1.3 Geoscience for infrastructure and land-use projects

Infrastructure and land-use projects: The Projects are aimed to support safe and judicious development of land by assessing ground stability, evaluate appropriate land-use in line with development suitability prior to development, contribute towards the community safety (in terms of geohazards), and Pro-active distaste management and response readiness, and Assess building materials to support infrastructure development.

Seismic Hazard Analysis – Koeberg Nuclear Power Station: Koeberg Nuclear Power Station long term operation (LTO) license lapses mid-2024. CGS is undertaking work in support of renewal of LTO – meeting National Nuclear Regulator's requirements.

4.1.4 Geoscience for health, groundwater and the environment

Mine Water and Legacy Mines Projects: The CGS is continuing to support the DMRE in developing mitigation strategies that will lead to the sustainable management of mine water and legacy mines in South Africa.

Groundwater assessment for future mining and water security: Artificial intelligence, hydrogeological modelling and other techniques have been used to assess the groundwater status for future mining and water security.

4.1.6 Geoscience diplomacy projects

African footprint of the CGS and Current Projects/Activities: During the year under review, activities in this project include Finalising the geological mapping project in Malawi, Processing and interpretation of the airborne geophysical data collected for the Ministry of Mines in the Kingdom of Eswatini as well as the finalisation of the integrated report, Expanding the geological mapping in Namibia (until 2022), and Engaging with Central African Republic and the Democratic Republic of Congo as part geoscientific collaborations.

4.2 National Nuclear Regulator (NNR)

For the 2022/23 financial year, the NNR has budget of R348 million of which 86 percent is generated from business operations while 14 percent is government grant. According to the NNR, this revenue mix is projected to prevail over the MTEF period. The entity projects to spend about 68 percent of its budget on Compensation of

Employees while 28 percent is allocated to Goods and Services. The government grant received for the year under review is R47.3 million.

In terms of non-financial performance, for the medium term, the NNR has set itself the following key focus areas or performance targets:

- Nuclear installation site licence (NISL)
- Long-term operation (LTO) of Koeberg Nuclear Power Station
- Regulatory engagements with NECSA regarding Thabana pipe store extension and new proposed Multi-Purpose Reactor (MPR)
- Steam generator replacement (SGR) project (Nuclear Power Plant)
- Cape Town site office construction project
- Regulatory concerns regardingNTP radiochemicals complex
- The regulation of additional storage for used fuel.

Moreover, the NNR is reviewing and assessing the following activities for Koeberg Nuclear Power Plant:

- Spent fuel storage
- Long Term Operation
- Reactor Pressure Vessel Head Replacement
- Transient Interim Storage Facility
- Radioactive waste Management, and
- Steam Generator Replacement

According to the NNR, the first round of hearings for Nuclear Installation Site License for Thyspunt site were conducted successfully during the 2nd quarter, and the 2nd and final round will be done during the 3rd quarter 2022/23.

Necsa activities under review by the Regulator for the period are as follows:

- SAFARI-1 Research Reactor Ageing Management Project
- Application for Nuclear Installation License

- Regulatory Nuclear Emergency Exercise
- Uranium Residue Projects
- Operational Safe-Mode: Molybdenum and Iodine Lines Operational Readiness Run.

4.3 National Radioactive Waste Disposal Institute (NRWDI)

According to NRWDI, the revenue over the MTEF will increase from R51.93 million in 2022/23 to R54.25 million in 2024/25. This is an increase of R2.32 million or 4.3 percent over the MTEF. The NRWDI will derive its revenue from transfer payments received from government allocations. This allocation is expected to increase below inflation from R50.30 million in 2022/23 to R52.75 million in 2024/25. On obtaining the Vaalputs Nuclear Installation Licence, NRWDI will also be able to generate revenue in the form of waste disposal fees from radioactive waste generators, in particular NECSA and Eskom. This will be used for the purpose of the Vaalputs low level waste disposal function. Funding to be used mainly for infrastructure projects will, over the long term, be obtained from the Radioactive Waste Management Fund, where-in fees will be raised and collected in line with the polluter-pays-principle.

In terms of the performance for the period under review, the NRWDI has set itself the following targets or focus areas:

- **Effective, Efficient and Responsive NRWDI:** Develop Financial sustainability plan. Payment of valid invoices paid within 30 days after relevant documents are received. Staff capacity building/talent management. Employment Equity (EE) plan implementation. Secure NRWDI Active Directory Domain in place. Develop and Maintain a National Radioactive Waste Database (RAWIS). Strategic Partnerships and collaborations Framework. Public Safety Information Forum (PSIF) meetings held with communities surrounding Vaalputs. Communications and stakeholder engagement plan. Improved efficiency and effectiveness of all governance structures. Unqualified Audit Opinion. Risk strategy implemented. Organisational Performance Framework developed.
- **Safe and secure disposal of all classes of radioactive waste**: Radioactive waste safely and securely disposed at Vaalputs. Preparation for physical security upgrades for Vaalputs to store or dispose other radioactive waste classes.

- **National Waste Inventory Report**: Preparation for the publication of a national waste inventory report.
- **Capability for new radioactive waste disposal facilities:** CISF project development
- **Established Research and Development (R&D) programme for long term radioactive waste management solutions**: R&D programme to be launched.
- **Ensure compliance with applicable statutory requirements:** Compliance assurance plan to be implemented.

4.4 South African National Energy Development Institute (SANEDI)

SANEDI has a budget of R125 million for the upcoming year, coming from the MTEF (65%) and other sources (35%). There is European (EU) funding of R13 million and a further R18 million from the Department of Sicience and Innovation's (DSI) Energy Secretariat in the form of admin fees. Based on the funding secured, SANEDI is satisfied that the APP, as approved, is fully funded.

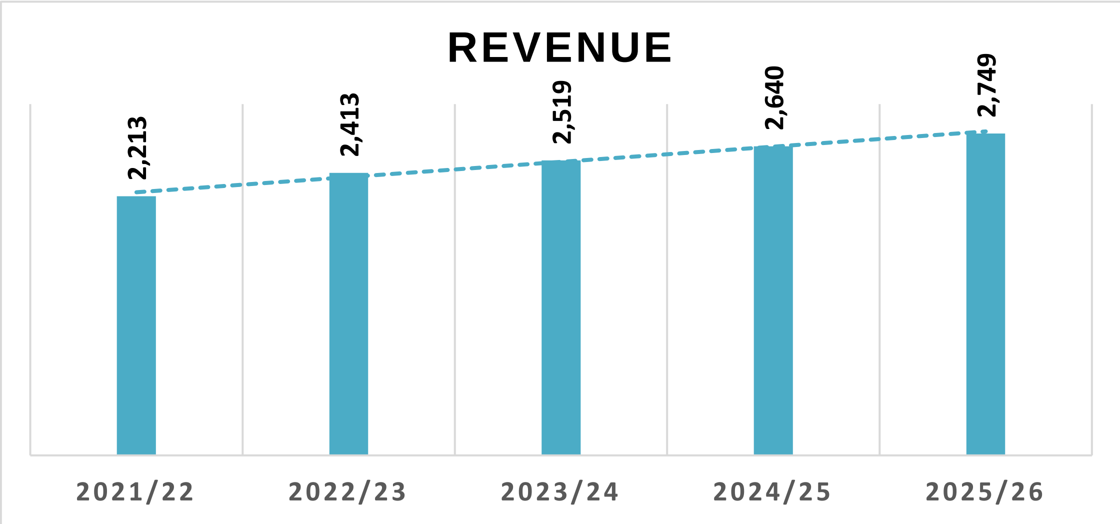
In terms of the performance for the period under review, the SANEDI has set itself the following targets or focus areas:

- **Cleaner Fossil Fuels:** Alternative low carbon energy and mitigation options to limit serious, negative and environmental impacts from conventional energy sources.
- **Renewable Energy:** Support the accelerated and informed development of South Africa's clean energy portfolio and renewable energy (RE) sector**.**
- **Smart Grids:** Demonstrate and assess intelligent energy systems infrastructure, as an enabler for municipal sustainability
- **Data and Knowledge Management:** Collation, development and utilisation of credible, objective and high-quality data and information relating to the areas of SANEDI's responsibility.
- **Cleaner Mobility:** Developing Cleaner Mobility solutions for public transportation**.**

4.5 South African Nuclear Energy Corporation (NECSA)

The South African Nuclear Energy Corporation, for a number of years, experienced governance and financial challenges. It has been running on a profit loss for the past three years. During the current financial year, it projects a profit loss of R23 million, which is expected to improve to a positive balance in the next financial year. During the year under review, the entity received a government grant of R1 008 192. The graph bellows show NECSA's financial performance plans, to ensure that the company is profitable.

Graph 1: NECSA Revenue Projections



Source: NECSA, (2022)

In terms of non-financial performance, NECSA has set itself five strategic pillars to turn the company around. The five strategic pillars are Financial Recovery and sustainability, Research and Innovation, Profitable Commercial Enterprises, Business continuity and efficiency, Talent excellence and high performance culture. In its strategic plans, NECSA set its performance targets according to the abovementioned strategic pillar or focus areas. Thus, for the 2020/23 financial year, NECSA has set itself the following targets:

Financial Recovery and sustainability: Under this focus area, NECSA had set itself two performance indicators, namely financial performance in which it aims Group Net Profit After Tax to be positive post the current financial year. The Group projects a R23 million loss in the 2022/23 financial year, expecting this to change to a profit from 2023/24 financial year. The second performance indicator is achieving an unqualified audit opinion for the 2020/23 financial year. For the past three years, the entity has been receiving a disclaimer opinion from the Auditor General of South Africa (AGSA).

Research and Innovation: Three performance indicators have been set for this performance area, namely, Increased revenue from Contract Research and Development, 23 peer-reviewed research publications, and 6 innovation disclosures.

Profitable Commercial Enterprises: The two performance indicators for this strategic focus area is improved financial performance of the NTP Group and Pelchem Net Profit After Tax of R19.7 million in 2022/23 financial year.

Business continuity and efficiency: In terms of this focus areas, NECSA aims that the Disabling Injury Incidence Rate (DIIR) be <1.8 in the 2022/23 financial year, Public dose impact limit (mSv per annum) of <0.25, SAFARI-1 Operational availability of 287 days in 2022/23 financial year, Replacement of SAFARI-1 Reactor, and the execution of Decontamination and Decommissioning (D&D) Programme (Stage 1).

Talent excellence and high performance culture: Three performance targets have been set in this regard, namely Staff productivity at 48 percent (Group HR Basic Salary cost as percentage of Group Revenue), 100 percent improvement of performance culture and maintaining core skills, and 67 percent of Black Professionals in Middle Management and Higher.

4.6 MINTEK

Mintek reported that its planning process for the 2023/2025 MTEF period was conducted during Quarter 4 of the 2021/2022 financial year. Most of Mintek's models, assumptions and projections were based on current information regarding the market amidst the Covid19-pandemic. The industry in general is under severe financial strain due to the pandemic. The restrictions on local and international movements affects Mintek's ability to receive samples for analysis, offer piloting services and visit sites/facilities to service operations. Mintek's ability to earn local and foreign income is thus significantly hampered.

Cash locked up in working capital is a continuous focus area for Mintek. The current ratio improved to 1.8:1 The ratio indicates that Mintek's short term obligations were adequately covered by current assets. Estimated surplus of R25.7 million predicted for 2022 with a decreased surplus planned for 2023.Achievement of 2023 revenue target will be dependent on recovery of market.

It should be noted that single largest contributor to costs is staff cost. It has maintained around 54 percent. The inflationary increases for last few years only. There have been no incentives/bonuses paid to employees

Over the past 10 years Mintek has filed 123 invention disclosures and 46 provisional RSA patents applications. In 2021/22 Mintek filed 8 invention disclosures, these include:

- Platchem Technology, Continuum-armed bandit for optimising minerals processing operations
- Development of the SARS-CoV-2—Opt—Nano Silver photoluminescence nanobiosensor for the detection of SARS-Cov-2 viral particles
- Design and production of a recombinant HIV-1/HIV-2 fusion antigen Synthesis of Panni nanoframes via thermal reduction
- The Development of PtCo/C Electrocatalysts for Hydrogen Proton Exchange Membrane Fuel Cells at Commercial Scale
- The Scale-up of Pt/C Heat Stabilized Fuel Cell Catalysts
- Alginate-based nano-adsorbent resin for removal of heavy metals in aqueous solutions

In 2021/22 Mintek registered no new patents. New invention disclosures were reviewed for patentability, none of them currently meet the patenting criteria and are kept as trade secrets.

Key performance indicators for 2022/23 were identified as follows:

- Conduct relevant, applied research and technological innovation by setting a target of 40 journal papers, 40 conference papers, 5 book chapters and 1 book, 10 invention disclosures, 4 new patents, 5 new trademarks.

Mintek has set the following strategic programmes for the 2022/23 financial year:

- Establishing a Rare Earth (REE) Industry in South Africa
- Establishing Medical Diagnostic Manufacturing capability in South Africa
- Revival of the Ferroalloys Industry in South Africa
- Incubating Fuel Cell Manufacturing at Mintek
- Energy Storage as an Enabler of a Just Energy Transition
- Coal Gasification
- Revitalising South Africa's Iron Ore Industry
- Unlocking the Bushveld Complex's Titaniferous Magnetite

4.7 State Diamond Trader (SDT)

For the 2022/23 financial year, SDT has a revenue of 826 million. Revenue only consists of rough diamonds and the forecast is based on market conditions and the production level of the producers. According to SDT, the revenue is expected to increase marginally over the next five years. The Gross profit margin percentage will remain stable at 4 percent over the budget period. The Operating costs are expected to increase by at least 5 percent for the next five years. Finance expense relates to interest to be incurred on credit facility. SDT indicated that they will make a minimum profit over the next five years.

The state Diamond Trader has set itself 26 annual performance targets for this financial year categorised as follows:

Table 10: SDT Annual Performance Targets

Key Issues	**Annual Targets**
Core Functions (Trading(	To increase the current purchase of rough diamonds to 4,5%. To increase rough diamonds sold to Historically Disadvantaged South Africans (HDSA) to R67 million. To increase the supply of carats to

	clients to 148 carats To recruit 5 Enterprise Development Programme To improve internal security
Good Governance	Review Corporate Governance manual To review and strengthen the delegations register. To review and implement Fraud and Prevention policy and plan Compliance with legislative matters on Public Finance Management Act (PFMA) checklist, corporate Plan, Budget, Quarterly and annual reports and Risk Register.
Financial Management and sustainability	Improve financial stability by obtaining financial credit.
Institutional Capacity	To comply with the submission of WSP Training of employees and allocation of bursaries Enhance employees wellness programmes including Occupational Health and Safety (OHS)
Core function Trading	To improve the technology Collaborate with relevant stakeholders on research and development
Research and Development	To improve relationships with stakeholders. Marketing the entity Brand and Reputation management.
Stakeholder Management	

The SDT has faced challenges of funding on financial model for operations while growing local diamond beneficiation industry. An average of 15 percent of rough diamonds production is desired by clients. Clients do not receive suitable rough diamonds as a result of the run of mine provisions. There has been a lack of start-up funding and no funding from commercial banks. The inability to allocate required rough diamonds to all clients due to limited accessibility is also challenge.

SDT has faced the challenge of taxation alignment with other legislation. According to SDT, the Industry is experiencing a decline in production. This threatens level of supply and growth of the industry and lead to unstable and shrinking markets. With regards to Fair Market value it is not supportive of transformation agenda (mark-up). Producers always have upper hand over SDT. SDT has to make margins to sustain its operations.

4.8 South African Diamond and Precious Metals Regulator (SADPMR)

The SADPMR's compiled the budget based on the MTEF guidelines issued by National Treasury. The guidelines identified the Zero-Based Budgeting (ZBB) as more appropriate. Projected inflation as per MTEF guidelines applied to expenditure budget items where applicable. The capital expenditure is not budgeted for and funded from the reserves.Table 12 below illustrates SADPMR's preliminary budget for 2022 -2025 MTEF Budget:

Table 11: SADPMR MTEF Budget

	MTEF		
	2022/23	**2023/24**	**2024/25**
	R'000	**R'000**	**R'000**
Revenue			
Grant allocation	62,894	63,136	65,791
Internal general revenue	51,565	56,444	59,363
Total revenue	**114,459**	**119,580**	**125,154**
Expenditure			
Compansation of employees	85,450	88,440	91,536
Goods and services	27,359	28,741	30,400
Non cash	1,542	1,550	1,565
Total expenditure	**114,351**	**118,731**	**123,501**
Surplus	**108**	**849**	**1,653**

The entity has identified the challenges and strides to overcome those challenges and which intervention they require as follows:

Challenges	Intervention	Action required
VAT exemption on imports for industry on to free up much-needed cash.	• No VAT on import of diamonds destined to South Africa.	• Engagement with SARS
Export levy – Discourage exports in order to increase local beneficiation	• Introduce export levies and service fees on precious metals exports and imports	• Amendment of Diamonds Act, Precious Metals Act and Export Levy (Administration) Act
COVID-19 pandemic has brought uncertainty on future revenue generation	• Continuous monitoring of impact of revenue generation on the sustainability of the Regulator with regular feedback to the Oversight division at the DMRE • Implementation of Financial Sustainability Strategy and stakeholder engagement	• Regular meetings with DMRE Oversight division and National Treasury where relevant

With regards to regulatory compliance, the table below illustrates SADPMR output and indicators for 2022/23:

Output	**Output Indicators**	**APP Target 2022/23**	**MTEF target 2022/23 to 2024/25**
Transformation on the diamond and precious metals industries	No. of licensees assessed	160	610
	No. of enterprises developed/ partnerships created	6	27
	No. of enterprises developed/ partnerships monitored and maintained	7	30
Verified fair market value of diamonds	Percentage of diamond verified for fair market value	100%	100%
Detected undisclosed polished synthetic diamonds	Percentage of polished diamonds subjected for verification	100%	1001%
Ensured equitable access of diamonds in the DEEC	No. of Beneficiators and dealers accessing the DEEC for the first time	8	30
	No. of HDP Beneficiators accessing the DEEC	2	9

	for the first time		
Proper administration of KPCS	No. of quarterly imports, exports statistics reports and KP annual report submitted	5	15
	No. of Bilateral Engagements	3	15
	No. of Multilateral Engagements	5	15
Trained new entrants in diamond planning, marking, sorting, valuation and pricing	No. of trained new entrants	6	21
	No. of trained new entrants monitored and evaluated post-training	5	21

4.9 Central Energy Fund (CEF) Group of Companies (SOC) Ltd

The Group is expected to remain solvent over the planning period, with the average net asset value of R9.4 billion. Total Assets are expected to increase from R29 billion in the first year to R33 billion in the outer year of the planning period, due to the increase in the cash and cash equivalents as a result of incremental dividends received from 40 percent ROMPCO shares. External funding is expected to increase to R3.3 in 2022/23 financial year mostly due to the external loan of R3 billion to acquire additional 15 percent ROMPCO shares.

The Group records a net loss of R321 million in the first year (2022/23) due to: CEF SOC – planned investment in new energy assets; PetroSA – high operating expenses for Gas to Liquids (GTL) refinery (that is under care and maintenance) cross-subsidized by the Trade Supply & Logistics (TS&L) business; Strategic Fuel Fund (SFF) – low revenue generated from storage as result of loss of major client; Petroleum Agency of

South Africa (PASA) – self generated income and allocation from National Treasury (NT) not enough to cover operations
CEF Group is projected to generate an average net loss of R436M per annum for the first two years (2023 and 2024) of the planning period. Then an average net profit of R1.3BN per annum for last two years of the planning period, attributable to: Implementation of initiatives to turn-around PetroSA – improvements in the TS&L business model, revival of the refinery and increased dividends from ROMPCO transaction

The CEF has adopted 5 key strategic themes and these will be achieved through 15 Group plays, executed by all entities across the CEF Group, for the period under review:

Strategic Theme	**15 Group Plays**	
Consolidation & Turnaround	Reset & Consolidate	Reset the strategic direction of the group & consolidate to drive efficiencies and synergies
	PetroSA and AEMFC stabilisation	Extraordinary intervention to ensure financial stabilisation of subsidiaries
	SANPC Enablement	Implementation of the SANPC to drive efficiencies, commercial stabilization & integration
Commercial Sustainability	Improve Group Profitability	Optimisation & cost management of existing operating assets
	Strategic Capital & Portfolio Management	Strategic capital allocation and investment optimisation
Strategy & Long Term Growth	Expand Gas portfolio	Develop local gas economy through infrastructure investment, gas aggregation and sale
	Market expansion and diversification	Develop and expand new step-out opportunities along the value-chain to maximise long-term value creation
	Drive Upstream E&P development	Enable and promote investment in upstream exploration and production

		to drive beneficiation of sovereign reserves
	New Energy investment	Drive the just energy transition through profitable investment in alternative energy sources
Human Performance & Organisational Alignment	Human capital development & structure opt.	Drive an engaged and high-performing workforce empowered by a fit-for-purpose operating model
	Environmental and social development	Develop strong community relations and maintain a positive social impact
	Strategic partnerships & stakeholder management	Strengthen ties with partners and stakeholders to enable strategic opportunities
Operational Excellence	Process and systems optimisation	Process improvements to drive employee effectiveness
	Automation and digital solutions	Reduction in manual activities & standardisation
	Governance and risk management	Strengthening of controls, oversight & risk management

4.11 National Energy Regulator of South Africa (NERSA)

Projected revenue for the 2022/23 financial year amounts to R337 million, which is R2,4 million (0.7%) higher than the R335 million budget for 2021/22. There were no increases in levy rates to licensees and only a minimal increase in the license fee rate, however, volumes were anticipated to recover slightly as lockdown restrictions were relaxed hence the marginal increase in projected revenue. Budgeted operating expenditure for the 2022/23 financial year amounts to R397 million, which is R12,3 million (3.2%) higher than the R384 million budget for 2021/22. In order to refund the regulated industries and to reduce the impact of levy increases over the three-year MTEF period, NERSA is budgeting for deficit over this period. The projected deficit of R59,8 million for 2022/23 will be covered from NERSA's accumulated surpluses. Capital Expenditure for the 2022/23 financial year amounts to R13.6 million, which is 2.6 percent lower than the R14.0 million for 2021/22. The budget includes mainly the development of software licenses and replacement of motor vehicles used for travelling during compliance audits and other regulatory activities.

NERSA’s regulatory activities are grouped in the following programmes:

a) Programme 1: Regulatory Service Delivery

b) Programme 2: Advocacy And Engagement

PROGRAMME 1: REGULATORY SERVICE DELIVERY

b) Subprogramme: Electricity Industry Regulation

c) Subprogramme: Piped-Gas Industry Regulation

d) Subprogramme: Petroleum Pipelines Industry Regulation

<table>
<tr><th>Key regulatory activities</th><th>Envisaged Impact</th></tr>
<tr><td>1. Setting and/or approval of tariffs and prices
2. Licensing and registration
3. Compliance monitoring and enforcement
4. Dispute resolution, including mediation, arbitration and handling of complaints
5. Setting of rules, guidelines and codes for the regulation of the three energy industries</td><td rowspan="3">• Economic growth through affordable prices and tariffs;
• Fair balance between the needs of the customer (end user) and the regulated entities
• Increasing energy capacity in the country;
• Orderly development of the energy industry
• Access to more energy from new/alternative suppliers
• Transformation of the regulated industries, in line with the BBBEE Act
• Secure and reliable supply of energy
• Safe, efficient and environmentally friendly operation of regulated energy facilities to produce, handle, store and transport energy</td></tr>
<tr><td>Strategic Outcomes</td></tr>
<tr><td>• Efficiency in facilitating entry, setting prices and resolving disputes
• A stable and diverse energy sector system, and pricing regime which supports access through regulatory services that are delivered on time and to quality standards</td></tr>
</table>

PROGRAMME 2: ADVOCACY AND ENGAGEMENT

Subprogramme: Regulatory and Policy Advocacy

Key regulatory activities	**Envisaged Impact**
1. Regulatory advocacy aimed at improvement of the regulatory framework provided through legislation, regulation and government policies 2. Regulatory and Policy advocacy procedure	• Investor confidence and lessening the regulatory burden on licensees • Regulatory certainty
Strategic Outcomes	
• Energy industry regulatory framework is relevant for the effective regulation for the benefit of the customers and stakeholders • Innovation drives our response to the transition of the Industry	

PROGRAMME 2: ADVOCACY AND ENGAGEMENT

Subprogramme: Customer and Stakeholder Engagement

Key activities	**Envisaged Impact**

<table>
<tr>
<td>1. Stakeholder engagements for the regulated industries

2. Customer education programmes</td>
<td rowspan="3">• Effective and efficient regulation supported by appropriate systems, processes, procedures and resources

• Investor confidence and lessening the regulatory burden on licensees

• Regulatory certainty</td>
</tr>
<tr>
<td>Strategic Outcomes</td>
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<tr>
<td>• Integrated and value-added services to customers</td>
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</table>

ORGANISATIONAL ACTIVITIES

NERSA’s organisational activities are grouped in the following programmes:

a) Programme 2: Advocacy And Engagement

b) Programme 3: Innovation

c) Programme 4: Operational Efficiency and Quality Management

d) Programme 5: People and Organisational Culture

<table>
<tr>
<th>Programmes</th>
<th>Key activities</th>
<th>Envisaged Impact</th>
</tr>
<tr>
<td>2. Advocacy and engagement</td>
<td>1. Partnership creation to position NERSA as a recognised regulator nationally, regionally and internationally

2. Implementation of the stakeholder management plan</td>
<td rowspan="2">• Effective and efficient regulation supported by appropriate systems, processes, procedures and resources</td>
</tr>
<tr>
<td>3. Innovation</td>
<td>1. Information management framework developed

2. ICT Strategy implemented</td>
</tr>
</table>

4. Operational Efficiency and Quality Management	1. Revised NERSA operating model 2. Financial Sustainability Strategy and Plan 3. Revised organisational business processes 4. Implementation of gender mainstreaming initiatives	
5. People and Organisational Culture	1. Organisational Culture Assessment 2. Skills development (bursary programme, regulatory courses	

4.11 Mine Health and Safety Council (MHSC)

For the 2022/23 financial year, the MHSC has a budget of R20,7 million. The income is mainly derived from mine levies (R1 12 944 618), and State Grant (4 717 000). The remainder of the income is derived from exchange of transactions. As depicted in Table 10 above, over the MTEF period, MHSC will receive an estimated State Grant of R14.4 million. In terms of the performance for the period under review, the MHSC has set itself the following targets or focus areas:

Prevention of fall of ground: Through the Centre for Education and Training of Mineworkers, MHSC will continue to facilitate the training of Seismologists and Rock Engineers with partner institutions including the CGS, Mining Qualifications Authority (MQA), Wits University and the University of Pretoria. Guideline for the mitigation of geo-technical risks is to be completed by end of September 2022. Research project is currently underway to determine the appropriate Average Pillar Stress (APS) criterion for design of regional pillars in platinum reefs, gold reefs and other ore/minerals.

Prevention of Transport Accidents: Review of Guideline for the Compilation of a Mandatory Code of Practice for Trackless Mobile Machines. Implementation of collision avoidance technology in the mining sector for diesel powered machines.

Prevention of noise induced hearing loss: MHSC is disseminating the revised Guideline for the Compilation of a Mandatory Code of Practice for an Occupational Health Programme for Noise. A workshop on the guideline will be held on 4th and 5th of May 2022. In collaboration Acoustic laboratories at UP, MHSC is developing a camera which will assist the SA Mining Industry to: Achieve targeted silencing of machines, Increase the effectiveness of analysing moving noise sources, and to prevent unauthorized modifications of machines. According to the MHSC, quieter machines lead to elimination of Noise Induced Hearing Loss and associated compensation claims. Hence, by June 2022, MHSC will be in a position to promote the use of this camera in the mining industry.

Prevention of occupational lung diseases as well as TB and HIV/AIDS: A commemoration event will be convened in December 2022 on World TB Day. MHSC continues to disseminate guidance notes on TB and HIV. The MHSC is reviewing the Current Airborne Exposure Limits in Schedule 22.9 (A) of the MHSA to reduce exposure of employees to high level airborne pollutants and reduce chances of employees developing occupational lung diseases. The MHSC is disseminating the following documents within the Regional Tripartite Forum (RTF) Structures: Guidance note on HIV Self-Testing for the South African Mining Industry, Guidance note on strengthening the HIV Counselling and Testing (HCT) uptake in SA mining industry, and Guidance note on HIV management and control.

The use of Advanced Technology: Strategic Partnership with Wits University to develop Drone Technology focussing on the following areas – Research project to be completed in November 2023 for implementation in the South African mining industry. Review of regulations dealing with Rescue, First Aid, and Emergency Preparedness and Response (Including provisions for Missing Persons Locator Systems). To be completed by September 2023.

Prevention, Mitigation and Management of the COVID-19 Outbreak in the South African Mining Industry (SAMI): In the 2022/23, the MHSC will continue with initiatives to curb the spread of COVID-19. Women in Mining Initiatives (2022-23): Review of Personal Protective Equipment (PPE) Guideline Code of Practice for Women in Mining (WIM) by June 2022. Development of Gender Based Violence Framework

(GBVF) guideline document for the SAMI to assist with elimination of gender-based violence by August 2022. Host the Occupational Health and Safety Women in Mining Indaba in August 2022 to deal with aforementioned areas.

Mine Health and Safety Summit 2022: The 2022 Occupational Health and Safety (OHS) summit will seek to review progress towards achievement of the milestones which were agreed upon at the 2014 OHS summit by the stakeholders for implementation by 2024.

Communities affected by mining activities: Development of Guideline for Minimum Standards for protection of communities against Ground Vibration, Noise, Air-Blast and Fly rock when conducting blasting operations for explosive manufactures and mining companies to comply with.

5. OBSERVATIONS

The Committee noted with concern that time allocated to it to deal with the Budget and Strategic Plans is insufficient. The Committee had to deal with the Annual Performance Plans of the Department and 11 entities within two days.

The Portfolio Committee observed the following matters in relation to the performance plans and budget of the DMRE and entities reporting to it:

5.1 Department of Mineral Resources and Energy

- The Committee noted with concern the fact that budget for the Administration Programme has increased, as opposed to decrease post the merger process of the two Departments, although the Department explained that part of the increase was due to the former Department of Mineral Resources' leases that did not go through the Department of Public Works and Infrastructure, and the cost for private leases are much higher.
- The Committee was concerned about the licensing backlog and delays within the Department.

- The Committee observed with concern the fact that the South Africa was rated the 10th least country regarding attractiveness on mining investment.
- The Committee noted the positive reports with regards the gazetting of the Exploration Strategy for public comment.
- The Committee noted that the Annual Performance Plan (APP) did not reflect the targets for the Risk Mitigation Independent Power Producers Procurement Programme (RMIPPPP) and Bid Window 5, in as much as the Department indicated that the only outstanding phase in the process was the signing of the contracts by Eskom.
- The Committee raised a concern that, legislatively, the Integrated Resource Plan for electricity is supposed to be reviewed every two years, however, there seemed to be no plans from the Department to embark in this process, although the Department had cited capacity challenges as the main reason for the delays.
- The Committee was informed that the tender for the new cadastral system was issued and that the process now is with the State Information Technology Agency (SITA), from whom they are now awaiting confirmation regarding the evaluation of the bids.
- The Committee noted that the fuel price review is part of the DMRE’s plans. Apart from the APP, the DMRE also has an Operational Plan, within which the Regulatory Accounting System review sits, which is a priority for the DMRE during this financial year.
- The Committee noted that there was no clarity on the monitoring mechanisms relating to the Social and Labour Plans. Members highlighted that Social and Labour Plans remain key in addressing development initiatives in mining communities.
- The Committee was concerned about the lack of clarity in the annual performance plan regarding the National Solar Water Heater Programme.
- The Committee noted with concern delays in the finalisation of the RMIPPPP.
- The Committee is concerned that there are no further developments with the new oil refinery, which was envisaged to be built in Coega.
- Members pointed out that electrifying households in informal settlements and rural areas needed to be prioritised.

5.2 MHSC

- The Committee welcomed the appointment of Mr. David Mampitha as the Chief Executive Officer of the MHSC.
- The Committee welcomed the long overdue Mine Health and Safety Summit that entity plans to hold in 2022.
- The Committee notes the initiatives undertaken by the MHSC relating to women in the sector.
- The Committee noted that the reports did not reflect the number of inspectors, their skills and fields of specialisation in the respective regional offices.

5.3 MINTEK

- The Committee was concerned that, establishing a Rare Earth Industry in South Africa is slow.
- The Committee noted MINTEK's challenges regarding internal marketing and commercialisation.

5.4 SDT

- The Committee noted SDT concerns regarding delays in policy review by government impacting the delays in the amendments to the Diamonds Act.
- Members noted the absence of a clear strategy to deal with identification of strategic minerals.

5.5 SADPMR

- The Committee observed that SADPMR has no VAT included on diamonds imported to South Africa.
- Moreover, the Committee noted the challenge of export levies and service fees that are not built into the precious metals exports and imports, and the impact thereof on local beneficiation.

5.6 CGS

- The Committee was glad that CGS had received addition funding of R500 million for its mapping project, starting from the 2023/24 financial year.
- The Committee was impressed by the CGS projects, especially with the fact that the drilling project in the Karoo had been completed.

5.7 NNR

- The Committee was concerned about the commitment made by the NNR to build a R58 million office space in Cape Town, instead of utilising other government offices.

5.8 NRWDI

- The Committee noted the continued delays in the finalisation of the Radioactive Waste Management Fund Bill. The delays impact on NRWDI's effectiveness to execute its mandate.
- Moreover, the Committee was concerned about the slow progress of the NRWDI's Nuclear Installation Licence application process, aimed at NRWDI's takeover of the management and operation of Vaalputs from NECSA.

5.9 SANEDI

- The Committee was concerned about the location of SANEDI, stating that its mandate is confusing.

5.10 South African Nuclear Energy Corporation (NECSA)

- The Committee was impressed with NECSA's turnaround strategy, which showed that in the next financial year the entity will no longer be operating on a loss.

5.11 CEF Group of Companies (SOC) Ltd

- The Committee noted CEF's Group turnaround strategy, but the financial situation still remained dire.
- The Committee noted with concern the slow progress on the merger of the three entities within the Group, namely PetroSA, SFF and IGAS.
- The Committee noted statement made by the Chairperson of the CEF Board on their interventions as far as acts of sabotage, i.e. cable theft, fuel theft etc. The Committee supports and believes that such interventions will address issues of consequence management and energy stability, but continue to recognise that innocent until proven otherwise.

5.12 NERSA

- A concern was raised that the regulatory process for the IPPs, especially for the less than 100 MW projects, was onerous.
- It was also noted that the Electricity Regulation Act and Electricity Pricing Policy are outdated.

6. RECOMMENDATIONS

Having considered the planning documents and budgetary allocations for the 2022/23 financial year, the Committee recommends that the Minister of Mineral Resources and Energy, should:

1. Present the procedure followed with regard to the merger of the two departments and provide a report on the number of offices of the Department of Mineral Resources and Energy (DMRE), with its cost differences (i.e. owning and leasing).

2. Develop mechanisms and initiatives to clear the licensing backlogs and update the Committee on progress made in clearing the backlog, including a detailed report on the average number of licensing applications for mining and energy per day, respectively, and a detailed breakdown of the steps to be followed for each application.

3. Update the Committee on progress made in addressing issues raised by the Fraser Institute regarding South Africa and mining investment prospects.
4. Ensure that the Integrated Resource Plan (IRP), is reviewed every two years, as per the legislative requirements.
5. Develop mechanisms, with the National Energy Regulator of SA (NERSA) to ease the regulatory requirements for the Independent Power Producer (IPP) projects.
6. Expedite the finalisation of the Risk Mitigation Independent Power Producers Procurement Programme (RMIPPPP), and other IPP projects.
7. Update the Committee on all pieces of legislation due for submission to Parliament in the MTEF period.
8. Expedite the Amendment of Diamonds Act, Precious Metals Act and Export Levy (Administration) Act.
9. Submit and present to the Committee the Exploration Strategy.
10. Consider reviewing the mandate or location of South African National Energy Development Institute (SANEDI).
11. Ensure that the degradation of safety culture at Koeberg Nuclear Power Station is addressed as a matter of urgency.
12. In consultation with the Minister of Finance, ensure that the issue of VAT included on diamonds imported to South Africa is addressed as a matter of urgency.
13. Address the suspensive conditions for NERSA that delay the procurement framework for the 2 500MW Nuclear Programme.
14. Consider identifying alternative investor(s) for the new oil refinery.
15. Develop measures to mediate issues timeously between Eskom, IPP Office, and NERSA that delay the signing of contracts for the programmes already procured.
16. Ensure that the professional Service providers complete their studies within the set timeframe to expedite the drafting and implementation of the Electrification

Master Plan necessary to address the barriers to electrifying households in sparsely populated rural areas and informal settlements.

17. Fill the Department's funded vacant posts as well as align the training and development with its mandate to minimize dependence on consultants and service providers.
18. Implement the Social Contract for Mining as a platform to engage respective landowners to address the lack of access to land for exploration.
19. Engage with the National Treasury to increase South Africa's budget share in geoscience to diversify supply of minerals in support of the mining and energy industries.
20. Monitor social and labour plans to ensure that they address the challenges directly affecting the mining communities, particularly the triple challenges of poverty, inequality unemployment as well as inclusivity.
21. Provide a report on the cadastral system as per the outstanding reports for the following regional offices: Mpumalanga, Limpopo and the North West provinces.
22. Develop a monitoring and consequence management mechanism with regard to the Solar Water Heater Programme.
23. Present, with the Central Energy Fund Board (CEF), the consequence management processes as and when they have been finalised.

7. CONCLUSION

The Portfolio Committee on Mineral Resources and Energy will continue to fulfil its Constitutional mandate. It is guided by the Parliamentary rules in conducting the oversight on the functioning of the Department of Mineral Resources and Energy. This is done to ensure proper and effective functioning and compliance with the legislation and policy requirements.

Report to be considered.
