

Annual Report 2002/3



Department of Minerals and Energy

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Annual Report 2003



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1. General Information

vision

"Sustainable development through mineral and energy resources for the benefit of all South Africans."

mission

"To ensure responsible exploration, development, processing, utilisation and management of mineral and energy resources."

legislative mandate

"Provision of services for effective Governance of minerals and energy industries for economic growth and development, thereby improving the quality of life."

strategic objectives of the department

- To position the minerals and energy industry for global competitiveness.
 - To contribute towards effectual and sustainable development of mineral and energy resources.
 - To govern these industries to be safe and healthy working environments.
 - To address past imbalances to promote equitable redistribution of benefits from exploitation of minerals and energy resources.
 - To formulate and implement an overall minerals and energy policy to ensure optimum utilisation of mineral and energy resources
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Director-General's Overview

THE FUTURE OF OUR COUNTRY'S MINING INDUSTRY HAS BEEN RE-DEFINED

Minister, the Department's primary focus for the past year has been the translation of policy into legislation and implementable programmes.

Undoubtedly the major event for 2002/3 was the signing of the Mineral and Petroleum Resources Development Act (MRPDA) by the President. This Act makes provision for equitable access to, and sustainable development of, the nation's mineral and petroleum resources. It recognises the State's sovereignty and custodianship over the country's mineral and petroleum resources. To enhance the operation of the Act, the Broad Based Socio – Economic Empowerment (BBSEE) Charter was also signed by all stakeholders. The Charter focuses on Human Resource Development, Employment Equity, Community Upliftment, Improvement of Housing and Living Conditions, Procurement, Beneficiation and Ownership. The BBSEE is aimed at creating a globally competitive industry that will proudly reflect the promise of a non-racial South Africa that draws on the human and financial resources of all South Africans.

Alongside these developments, the Department continues with its objective of protecting employees and the public from the health and safety hazards associated with mining. This year we commissioned a Mine Health and Safety (MHS) Review



focusing on the implementation of the Mine Health and Safety Act of 1996 and subsequent Regulations. This process has assisted the Department in developing a transformation plan, improve service delivery and flag issues for the national initiative to integrate Occupational Health and Safety Inspectorates.

The fatality rate for the period (January to December 2002) was 0,74 per 1000 people at work per year and corresponds to 288 deaths during the year. These figures are a small improvement on last year's.

Due to the legacy of the living patterns and conditions, the mining industry continues to be hard hit by the impact of the HIV/AIDS epidemic. As part of the tripartite alliance, we have continued to share experiences and strengthened partnerships in the fight against HIV/AIDS in the mining industry.

During the year under review, the Petroleum, Oil and Gas Corporation of South Africa (PTY) Ltd, (PetroSA), a State owned Oil Company was officially launched by the President, to operate as a commercially profitable entity aimed at reducing South Africa's dependence on crude oil supply from the Middle East and to facilitate the security of supply through diversifying sources. PetroSA contributed R1.6 billion in addition to the once off restructuring payment made by CEF (Proprietary) Ltd. Whilst PetroSA has returned handsome dividends over the past two years, the market is however, changing. This requires PetroSA to reposition itself, in particular with regard to the retail sector, if it is to continue to be a player of any significance.

The Kimberley Process was initiated by Southern African diamond producing countries with a view to take action against the flow of conflict diamonds to the world markets, while at the same time protecting the legitimate diamond industry.

The United Nations General Assembly endorsed the Kimberley Process by adopting a resolution against trade in conflict diamonds in March 2002, where after the government of South Africa (Department of Minerals and Energy) was appointed as the first Chair of the Process. In pursuance of our mandate, we appointed the South African Diamond Board as administrator of the Conflict Diamond Kimberley Process.

The Department's electrification budget for this year was increased from R600m to R950m and was shared between the licensed Municipalities and Eskom.

The EDI Holdings Company that will oversee the restructuring of the electricity distribution industry has been formed and its board constituted. This will give impetus to the formation of the six Regional Electricity Distributors (REDs) as provided for in the government policy.

The long awaited *Renewable Energy White Paper*, Policy and Strategy and the Integrated Energy Plan have been endorsed by Cabinet and are out for public comment.

In terms of our 2002/3 Budget, the Department's adjusted appropriation was R1 872 618 000 with R968 475 000 allocated for the Integrated National Electrification Programme (INEP). The actual expenditure for 2002/03 was R1 853 208 000 which represents 98,9% of our allocation.

The Department has continued to identify partnership projects with our Associated Institutions that support the objectives of the Department. For example, this year saw the completion of a 25-year project by the Council for Geoscience, in which a metallogenic map of the African continent was produced under the auspices of the Commission for the Map of the World. This map is a significant South African offering to the NEPAD programme. In another NEPAD initiative, the National Electricity Regulator participated in the establishment of the Regional Electricity Regulators Association (RERA), a SADC regional regulator.

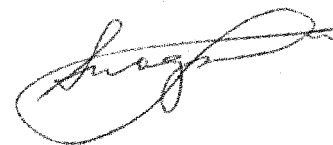
Our Department's participation in NEPAD has also seen the setting up of the African Mining Partnership (AMP). AMP has identified human resource

development, beneficiation, small/artisinal mining and harmonisation of mining policies as challenges to be addressed.

The framework in the form of legislation and policies has laid a solid foundation for a positive outlook for our industry. We now have to muster and buttress all resources at our disposal to ensure a successful implementation. The managerial review normally conducted by EXCO has indicated the need to refocus our efforts towards anchoring our programmes on sound administrative controls and implementation plans.

With your continuing commitment and that of our staff members, we are able to look at the future with confidence. This was the year that tested the calibre and commitment of everyone in the Department, and I am proud to say, we passed the test.

Your leadership and unwavering support is greatly appreciated.



Advocate Sandile Nogxina
Director-General

Departmental Publications and Key Documents Published

Directories

- Operating Mines and Quarries and Mineral Processing Plants in the Republic of South Africa, (2003)
- Operating and Developing Coal Mines in the Republic of South Africa, (2003)
- A Review of the South African Salt Industry in 2002
- South African Diamond Handbook and Operating Diamond Mines Directory, (2002)
- Ferrous Mineral Commodities Produced in the Republic of South Africa, (2002)
- Producers of Dimension Stone in South Africa, (2002)
- Producers of Industrial Mineral Commodities in South Africa, (2002)
- Operating and Developing Black Empowerment Mining Companies in the Republic of South Africa, (2002)

Reviews

- South Africa's Mineral Industry, 2001/2002
- South Africa – Invest in an Intense and Diverse Mineral Industry, (2002)
- Annual Report of the activities of the Mine, Health and Safety Inspectorate

Information Circulars

- MB Bulletin (Trimester)
- A brochure on the mining Charter for the Mining Industry
- Electrification for South Africa (Sesotho, Afrikaans, Xhosa, Venda, Tsonga and English)

Statistics

- Mineral Production and Sales Statistics (Monthly and Annually)
- A Statistical overview of the South African Liquid Fuels Industry, 2002

Bulletins

- Investment in South Africa's Mineral Sector, 2002
- Possible Financial Sources for Small –to- Junior Empowerment Mining Companies



Ministerial information

The Ministry has played a vital role in promoting the South African mining reforms abroad, as envisaged in the Mineral and Petroleum Resources Development Act No. 28 of 2002. These visits to the United Kingdom, Switzerland, United States of America, Canada and Australia represented Government, industry, labour, community and Junior Miners.

Visits abroad undertaken by Minister: Ms Phumzile Mlambo-Ngcuka

DATE	DESTINATION	REASON	DATE	DESTINATION	REASON
3-6 April 2002	Gabon	Bilateral visit	28 July-3 August	Botswana	SADC Mining Ministers Meeting
6-7 April 2002	Equatorial Guinea	Bilateral visit	18 – 26 October 2002	Algeria	Binational
16,17-18 April 2002	Botswana	State visit	28 Oct – 3 Nov 2002	London	Mining Reforms - Roadshows
23-24 April 2002	Mozambique	Official visit	4 – 6 November 2002	Switzerland, Interlaken	Launch of Kimberley Certification
11 – 16 May 2002	Toronto, Canada	Global Mining Initiative Conference	27 November 2002	New York	Harmony Gold Secondary Listing at Nasdaq
27-28 May 2002	East Timor	Co-operation	30 Nov – 5 Dec 2002	Angola	SA/Angola Co-operation
28 May – 2 June 2002	Indonesia, Jakaranta	Co-operation	5 – 6 December 2002	Victoria Falls	W K Kellog Foundation Strategic Planning Indaba
29 – 31 May 2002	India, New Delhi	Co-operation	9-12 March 2003	Toronto, Canada	PDAC
3-6 June 2002	Bali, Indonesia	WSSD –Prepcom IV Ministerial	23 – 25 March 2003	Belgium	EU Co-operation
2-6 July 2002	Berlin, Germany	Wind Energy Conference	25 –26 March 2003	London, UK	BEE Workshop
11-13 July 2002	Spain	Global Summit on Women			

Visits abroad undertaken by Deputy Minister: Ms Suzan Shabangu

DATE	DESTINATION	REASON
21 – 23 May 2002	London	Women Conference
29 May – 5 June 2002	Casablanca, Morocco	3rd US African Energy Ministerial Conference
10 – 14 June 2002	Libya	Presidential State Visit
11 – 12 July 2002	Lesotho	SADC Energy Minister's Meeting
13 – 21 Sept 2002	Vienna (Austria)	The 46th General Conference of the International Atomic Energy Agency
22 – 24 October 2002	Libya	South African/Libya Economic - Seminar
26 – 27 Nov2002	Zimbabwe	World Solar Personal Representatives Meeting
30 Nov – 8 Dec 2002	Australia	Australian Diamond Conference/ Popularising the Charter
13 – 15 January 2003	London	Launch of Admore Exhibition
7 – 11 March 2003	Iran	Iran – Africa Forum
25 – 28 March 2003	Kazakstan & Uzbekistan	Official visit

The Ministry also took part in the following Departmental initiatives during the year under review:

- The Additional Protocol on Safeguards, aimed at ensuring that nuclear material is not diverted from peaceful uses and applications, was concluded between the Republic of South Africa and the International Atomic Energy Agency (IAEA) and approved by the IAEA Board of Governors in June 2002. The Agreement was signed and took effect on 13 September 2002. The first obligation under the said Protocol was met when South Africa submitted its expanded declaration on time.
- The Integrated Energy Centres were launched in the Kgalagadi node and Eshane in the Umzinyathi District Municipality area during the year. These Centres are aimed at bringing energy solutions closer to poor communities and are intended to reduce income spent on energy in poor households. Plans are underway to establish additional Integrated Energy Centres in four other municipality areas in the course of next year.
- The Kgabane Jewellery and Crafts project was formally launched in October 2002 during the Mining Week. This Project was initiated to alleviate poverty and create jobs, through the creation of a vibrant and inclusive jewellery industry, taking advantage of existing mineral resources and skills.
- A new downstream gold beneficiation and manufacturing partnership centred on Harmony Gold Mining's Virginia refinery and using advanced technologies developed by Mintek, was opened at the end of March this year.
- The Ministry has employed various platforms to expose children to the mining and energy industries in conjunction with the office of the Deputy President. This initiative includes the awarding of scholarship by industry for studies at both high school and tertiary levels.

The Ministry in partnership with Bonesa and Eskom spearheaded the creation of public awareness in as far as energy saving through the efficient lighting method. In order to lead energy efficiency practises by example, all old light fittings at our Head Office have been replaced with new more efficient ones.

The Minister submitted the following legislation during the year under review:

- The Gas Levies Act (Act No. 75 of 2002) was assented to in December 2002.
- A White Paper on Renewable Energy was approved by Cabinet for public comment.
- The Electricity Distribution Restructuring Bill was approved by Cabinet for public comment.
- The Mineral and Petroleum Resources Development Act, Act No. 28 of 2002 was signed into law by the President on the 3rd of October 2002.

The following institutions fall under the Minister's control:

- South African Nuclear Energy Corporation Ltd (NECSA)
- CEF (Proprietary) Ltd, incorporating PetroSA and other subsidiaries
- Council for Geoscience (CGS)
- National Nuclear Regulator (NNR)
- Council for Mining and Technology Research (Mintek)
- National Electricity Regulator (NER)
- South African Diamond Board (SADB)
- Mine Health and Safety Council, (MHSC)
- Lebowa Mineral Trust (LMT)



2. Programme Performance

Voted Funds

To be appropriated by Vote	R1 872 618 000
Statutory appropriations	–
Responsible Minister	Minister of Minerals and Energy
Administering Department	Department of Minerals and Energy
Accounting Officer	Director-General of Minerals and Energy

Aim

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

Key objectives, programmes and achievements

The key objectives of the department are:

- To position the minerals and energy industries for global competitiveness.
- To contribute towards effectual and sustainable development of mineral and energy resources.
- To govern these industries to be safe and healthy working environments.
- To address past imbalances to promote equitable redistribution of benefits from exploitation of mineral and energy resources.
- To formulate and implement an overall mineral and energy policy to ensure optimum utilisation of mineral and energy resources.

Strategic overview, key policy developments and achievements: 2002-2003

The primary focus of the Department of Minerals and Energy for the year under review was to finalise the development of policies and legislation that would ensure equitable access to all South Africa's mineral and petroleum resources. These would further enable the Department to promote economic growth and development, thus advancing the economic welfare of all South Africans.

In addition, the Department focused on the areas of the restructuring of the Electricity Distribution Industry (EDI), the provisioning of the Basic Electricity Service, and the implementation of the Integrated National Electrification Programme (INEP).

In relation to the above, the Department made the following major achievements:

- The Mineral and Petroleum Resources Development Act was signed into law by the President of the Republic of South Africa in October 2002.
- A Broad-Based Socio-Economic Empowerment (BBSEE) Charter was developed and signed in October 2002.
- EDI Holdings Company was formed and its Board constituted.
- Cabinet approved that the Electricity Distribution Industry Restructuring Bill be published for public comment in February 2003.



Summary of Programmes

The activities of the Department of Minerals and Energy are organised in the following five programmes:

Programme 1 – Administration

Programme 2 – Promotion of Mine Health and Safety

Programme 3 – Mineral Development

Programme 4 – Energy Management

Programme 5 – Associated Institutions

PROGRAMME 1: Administration

The aim of this programme is to provide the overall management and support function to the Department.

It comprises of financial, logistical and information management, management services, audit services and communication as sub-programmes.

The *Financial Management sub-programme* ensures sound management of the Department's financial resources, compliance with the Public Finance Management Act and related legislation, as well as fair and reasonable presentation of the Department's financial records.

The *Information Management (IM) sub programme* affirms the Department's strategic objectives through the provisioning of appropriate information systems and ensures that the acquisition and use of IT complies with the relevant legislation.

The *Logistical Services sub programme* ensures that the procurement of goods and services is in accordance with the relevant procurement legislation and policies.

The *Management Services sub-programme* renders a professional management support service through the implementation of the new Regulatory Framework, the employment equity legislation, skills development legislation

and the Minimum Information and Security Standard (MISS). Legal Services advises both the Ministry and the Department.

The *Audit Services sub-programme* is an independent service within the Department that provides an objective assurance and consulting service that aims to improve, add value and promote the effective, efficient and economic use of the Department's resources.

The *Communication sub-programme* provides both internal and external communication strategies for the Department. As part of the programme, the International Co-ordination directorate co-ordinates international matters and serves as the Department's frontline in this regard.

PROGRAMME 2: Promotion of Mine Health and Safety

The aim of the Mine Health and Safety Inspectorate is to ensure that people working or affected by the mining industry are protected from health and safety hazards.

Programme Policy Developments

The programme comprises two sub-programmes:

- *Management* undertakes overall guidance, planning and control of the programme. It is also responsible for the policy process for the establishment and application of mine safety, equipment safety and mine health standards after mining operations.
- *Mine health and safety* is responsible for ensuring compliance with health and safety standards by mining operations through mine surveying and inspection services.

The development of policy and legislation, and the success of research activities, depends heavily on the proper functioning of a number of tripartite structures that have been established in terms of the Mine Health and Safety Act (MHSA). These structures include representatives from the State, organised

labour and employer organisations. The following legislative instruments and amendments were finalised and approved by the Mine Health and Safety Council:

- Fall of Ground Regulations - 12 July 2002
- Amendment of the Mine Health and Safety Council's Constitution – 2 July 2002
- Amendment of Safety Research Regulations – 2 July 2002
- Self-Contained Self-Rescuers Regulations - 17 May 2002
- Occupational Medicine Noise Regulations – 14 June 2002
- Fires and Explosions Regulations – 2 July 2002
- Mine Environmental Engineering and Occupational Hygiene Regulations – 2 July 2002
- Rescue, First Aid and Emergency Preparedness and Response Regulation – 2 July 2002
- Occupational Hygiene Regulations – 2 July 2002.

Outputs and service delivery trends

Since the introduction of the Mine Health and Safety Act of 1996, the fatality rate in 1995 of 1.02 (this figure represents the rate at which employees die in mine accidents per 1000 employees at work) has shown a general, although not consistent, decline to the current level of 0.74 at the end of 2002. These rates correspond to 533 deaths in 1995 and 288 in 2002. Similarly reportable injuries declined from 7 717 to 4 453, corresponding to rates per 1000 of 14.76 to 11.5 respectively for the corresponding period. Unfortunately, it must be noted that the industry's performance for 2002 is only slightly better than that of 2001 for which the corresponding fatality and injury rates are 0.75 and 12,34.

Against a backdrop of expansion in the gold, platinum and small mining areas, and particularly serious capacity problems in the platinum and small mining sectors, these results reflect considerable effort on the part of the Inspectorate and industry stakeholders to halt deterioration in safety performance. In May 2002, 50 per cent deterioration in accidents rates was anticipated if poor performance could not be

curbed. The inspectorate was compelled to take tough action, stopping work at shafts and in individual workplaces.

A number of regions turned in a very good safety performance. Western Cape and Eastern Cape both reached a zero fatality rate. The Free State has built on last year's improvement by taking huge leap from a fatality rate of 1.02 to 0.54. Notwithstanding the improvement on overall national performance, more work still needs to be done in the two biggest regions, Gauteng and the North West.

The MHSI handles large volumes of occupational health and safety data. Currently, this data is captured in two databases, SAMRASS and SAMODD, within the MHSI, and some data is shared with the minerals branch (employment and company data). Work to capture occupational hygiene data, is in progress. Clerks enter much of this data manually into the databases. Clearly a great deal can be done to improve the management of information and improve data analysis. An IT initiative is underway to integrate the existing databases and enable capture of data at one point only, at source. The outcome of this project will be a seamless system for capturing data; correlating data; disseminating information and health and safety statistics; and producing standard reports.

The table below reflects regional safety performance.

Regions	2001/2002				2002/2003				*Labour
	Injuries	Inj.rate	Fatalities	Fat.rate	Injuries	Inj.rate	Fatalities	Fat.rate	
RSA	4740	12.4	303	0.79	4453	11.5	288	0.74	387280
Western Cape	26	6.5	2	0.50	22	3.88	0	0.00	5669
Northern Cape	161	8.3	11	0.57	132	6.41	14	0.68	20583
Free State	1024	19.3	54	1.02	942	18.97	30	0.60	49650
Eastern Cape	12	12.6	2	2.10	5	5.04	0	0.00	993
KwaZulu-Natal	20	3.1	5	0.78	20	3.36	2	0.34	5959
Mpumalanga	311	5.5	24	0.42	357	6.78	23	0.44	52643
Limpopo	87	5.5	13	0.82	98	4.19	17	0.73	23396
Gauteng	1511	16.1	106	1.13	1382	13.68	93	0.92	101035
North West	1588	11.9	86	0.65	1495	11.74	109	0.86	127352

*Labour at work

Promotion of mine safety and health: Key outputs and indicators

Sub-programme	Outputs	Service delivery indicators (Target)	Actual
Mine health and safety	Safety and health standards:	3.5 %	6.1% improvement
	Improvement in reportable accidents		
	Reduction in fatal accidents	3.5 %	5.0% improvement
	Accident investigations	3000	2744
	Inspections	14000	15286
	Audits	3500	6552
	Issue Administrative fines where there is a breach of legislation		36
	Issue instructions where there are risky conditions.		3448

While occupational safety risks and the hot spots in the industry are generally well known, the same quality of data is not available in respect of occupational health as is the case for safety. Profiling of occupational health risks is in progress. However, compensation paid for occupational diseases gives an indication of the state of affairs as shown on the table below. The following table and graph reflects the compensation paid per mineral category for occupational lung diseases. These figures were obtained from the Compensation Commissioner for occupational diseases in Mines and Works.



MINERAL	YEAR (OCTOBER TO SEPTEMBER)					
	2002 Compensation Paid	2002 Number of Cases	2001 Compensation Paid	2001 Number of Cases	2000 Compensation Paid	2000 Number of Cases
Gold	R 54,471,353	2204	R 104,503,625	3895	R 82,688,962	3203
Platinum	R 2,013,757	51	R 2,503,997	117	R 2,677,702	86
Coal	R 2,154,813	58	R 3,291,205	124	R 1,933,049	65
Asbestos	R 4,089,912	167	R 24,182,501	1509	R 25,537,254	1528
Other Mines	R 4,221,994	119	R 8,115,003	317	R 9,069,765	281
Total	R 66,951,828	2599	R 142,596,331	5962	R 121,906,732	5163

The following table depicts the compensation paid out to employees who were diagnosed with Noise Induced Hearing Loss (NIHL):

Year	Number of Cases	Compensation Paid
1999	6106	R72 321 385
2000	4965	R65 004 865
2001	5654	R88 259 410
2002	14 457	R102 308 555

These statistics were received from Rand Mutual.

Information on Mine Health and Safety is currently available on the DME website, the SIMRAC website and the Chamber of Mines website. Updates on mine health and safety performance are also provided at meetings of the Mine Health and Safety Council.

The main challenges in health, safety and the environment have been identified, and the focus will now be on addressing these challenges and the legacy of the past. In the coming three years, this programme will focus on addressing hazards related to mine falls of ground, machinery and occupational health.

Work will also continue on supporting human resource development in the industry through the Mining Qualifications Authority - by developing Regulations that are expected to be completed by 2004/5.

PROGRAMME 3: Mineral Development

The aim of the programme is to effectively promote, manage, transform and regulate an integrated globally competitive mineral resource industry that would achieve an equitable and sustainable development for all South Africans:

Programme Policy Developments

This programme is divided into four sub-programmes:

- Management provides overall guidance, planning and control of the programme.
- Mineral Resource Management effectively manages and controls mineral resource utilisation in order to contribute to the sustainable socio-economic development of the country.
- Mineral Policy and Investment provide, through research, relevant information that will enhance global competitiveness and attract new investment into the RSA Mineral Industry.
- Mineral Development and Administration implements all relevant legislation and promotes integrated rural development, urban renewal and continental integration.

Performance of the Mineral Sector

The reform processes initiated by the branch were encouraged by the performance of the industry as indicated in the preliminary figures for 2002. These preliminary figures indicate that mining contributed R80.6 billion or 8.5% to gross value added which is the highest percentage since 1992. This contribution has improved by R13.86 Billion from that of the previous year. Despite this increase, the contribution as a percentage of the total has declined over the decades, largely due to the growth experienced in the secondary and tertiary sectors of the economy and the contraction in the gold mining industry. However, if one should add the gross value added contribution of processed minerals (presently included in the manufacturing sectors) to that of mining and quarrying, the impact on the national account will be significantly higher. This increase in gross value added also positively influenced the

employment patterns, which rose by 1.5% from 407.154 in 2001 to 413.087 in 2002. The first recorded increase since 1986.

Sub-programme Mineral Resource Management

This year this Sub-programme continued with the regulatory reform process, which culminated in the President signing the Mineral and Petroleum Resources Development Act (MPRDA) on 03 October 2002 after being passed by Parliament on 26 June 2002. The MPRDA, which gave effect to the principle of, the State's custodianship of the nation's mineral and petroleum resources is to be promulgated during the course of 2003.

The Mining Social and Labour Plan

The MPRDA includes a mining specific Social Plan process to manage downscaling and retrenchments. The Social Plan is particularly relevant to the mining industry because of the inevitable depletion of mineral deposits that are being exploited, such that we provide and anticipate, manage and ameliorate the shock of decline and closure much better. In the same way we provide for the rehabilitation of the environment.

Some of the objectives of the Social and Labour Plan are to:

- Secure education, training and development of employees in line with employment equity targets and train those who will be retrenched;
- Avoid job losses and a decline in employment and
- When there is a new mine, avoid the unnecessary establishment of settlements, which cannot be sustained after the closure of the mine.

The Mining Titles Registration Amendment Bill

The Mining Titles Registration Amendment Bill was delayed due to the involvement of key personnel in the finalisation of the Mineral and Petroleum Resources Development Act, and is to be finalised in the next financial year.

Minerals Beneficiation Bill

The Beneficiation Bill was also delayed due to preparations for the smooth implementation of the MPRDA and will be tabled in parliament during the latter part of the next financial year. The key objectives of this Bill amongst other things are to:

- Remove entry barriers;
- Increase access to unwrought precious metals such as gold, platinum and silver and rough diamonds;
- Encourage local design and manufacturing of jewellery;
- Increase participation of Blacks and Women in the mineral beneficiation and processing sector.

Mine Rehabilitation

With regard to Environmental management, the Phepafatso strategy was launched. It is aimed at strengthening enforcement, supporting site inspections, assessing the state of compliance, identifying pollution hotspot areas, developing strategies to address water ingress into mines, and establishing an inter-departmental working group to determine specific environmental norms and standards for hotspot areas.

In order to improve the economic sustainability of Witwatersrand Gold Mines, the Department in conjunction with the Council for Geoscience is developing a comprehensive strategy to address polluted underground water, which has been a problem for over 100 years. This strategy includes cost-effective preventative measures to reduce environmental impacts and also substantially lower gold mines costs of pumping out water in Gauteng. A work plan for the 2003/4 financial year, involving engineering interventions in the central and East-Rand mining basins is being finalised.

The Department spent R20 million during the current financial year on the rehabilitation of abandoned mines. R17 million was spent on rehabilitating asbestos mines alone. Rehabilitation work has been done at old Voorspoed Asbestos Mine, Koegas, Ncweng, and Whitebank Complex in the Northern Cape.

With regard to coal mines, the Department in co-operation with the Department of Water Affairs and Forestry and other Government Departments, has implemented urgent short-term rehabilitation measures at the burning Transvaal and Delagoa Bay (T&DB) Colliery near Witbank. These include:

- The construction of safety pathways over the T&DB site and access control; and
- The construction of a storm water diversion system to prevent storm water flowing through the site and becoming acidic.

Investigations regarding the methods of rehabilitating the T&DB Colliery were finalised. These methods included re-mining, blast and collapse, flooding and ashing. A "piece-meal" option, which includes a combination of the above methodologies, has been agreed to as the preferred rehabilitation option. Tenders are currently being approved for blast and collapse test work at the site. The rehabilitation work is focused on achieving a sustainable end land use on the site that includes small-scale community agriculture.

Sub-programme Mineral Policy and Investment

To satisfy some of the requirements of the MPRDA in ensuring the redress of the economic inequalities as stated in the constitution, a Broad Based Socio-Economic Empowerment (BBSEE) Charter was developed and completed in October 2002. The Chamber of Mines (representing Big Mining Companies), the junior mining companies (represented by the South African Mining Development Association), Organised labour (represented by the National Union of Mineworkers) and the Royal Bafokeng nation (representing communities where mining takes place), have to be commended for their insight when the BBSEE charter was developed. The Charter consists of seven pillars, namely, Human Resources Development, Employment Equity, Community Development, Housing and Living Conditions, Procurement, Beneficiation and Ownership.

The sub-programme continued with the promotion of the mining and minerals industry of South Africa by exhibiting and completion of publications that could be used for luring investments to South Africa. To reinforce an interest

in the sector, the sub-programme under the auspices of the Tripartite Sector Partnership Committee (SPC) in conjunction with Electra Mining, organised a Mining Show at Nasrec, Johannesburg from the 30th September to 4th October 2002 as per the resolution of the Mining Summit of February 2000. The Mining Week's goal was to focus public attention on the positive aspects of the Industry, its professional approach to mine health and safety, its expertise and technology on offer and its sensible approach to environmental protection. It was for the first time that the South African Mining Industry had organised such an event and due to its success is to be organised every second year.

National Mining Promotion System (NMPS)

To improve on the turn around time when processing applications the Branch has commenced with the development of a spatially electronic system termed the National Mining Promotion System (NMPS). This system will maintain the proper management and administration of mining, prospecting and petroleum rights and permits. The purpose of a spatial system is to ensure accurate data capturing to enable immediate information of spatial overlaps and existing mining or prospecting permits that may be in existence. A prototype demo is in place and minor refinements on the system are being implemented to finalise the Phase I which is a licensing stage.

Small-scale mining

Government has increased the annual funding allocation to support development of the small-scale mining sector from R 5.1 million to R15 million for the 2003/04 budget year.

During the financial year there were approximately 120 applications processed and about 13 projects at different stages of development. In these twenty projects, which are at different stages of development, we continue to provide assistance with resource evaluation, project development, business planning, training and financial guidance.

These projects employed no less than 740 people. Most of them, 593, are women. A total of R6.8 million was spent in developing these projects. Of note are the strides that have been made at the brick-making project in KwaZulu-Natal.

Sub-programme Mineral Development and Administration

The sub-programme was established during the financial year in order to manage the transformation of the mining industry and to contribute to the sustainable socio-economic development of the country through the successful implementation of the relevant laws, the co-ordination of services, and the effective facilitation of local regional, and continental integration.



Outputs and service delivery trends

Sub-programmes	Outputs	Output performance measures/ service delivery indicators	Actual performance against target	
Mineral Resources Management	Successful implementation of new legislative and regulatory regime	Mineral and Petroleum Resources Development Bill (MPRDA) introduced in Parliament	President assented to the Act on 3 October 2002	
		Finalised Mining Titles Registration Amendment Bill Draft Mineral Beneficiation Bill promulgation of the MPRDA	Bill not finalised due to involvement of key personnel in the drafting of the MPRDA Delayed due to preparation for the	
		Development of coherent strategies to address negative environmental impact	Developed environmental management strategy	Phepafatso strategy
Mineral Policy and Investment	Provide, through research, relevant information that will enhance global competitiveness and attract new investment in the South African minerals industry	Rehabilitated derelict and ownerless mines Taking part in promotional investment fora and producing relevant directories and promotion publications	All planned rehabilitation completed. All planned exhibitions attended and most publications and reports completed.	
		Developed National Mining Promotion System (NMPS)	Operational cadastral system with captured data	Prototype demo completed and populated
		Promotion of Black Economic Empowerment	Negotiated charter for BEE in the mining industry	A Broad-Based Socio-Economic Empowerment Charter was finalised in October 2002
Mineral Development and Administration	Administer the implementation of the legislative framework	Relevant assistance in the development of SMME's	Developed Small-scale mining project	13 projects are at different stages of development
		Restructured regional offices	Proper management of required systems	Ongoing process
			Rural Development And Urban Renewal	Social Plan initiatives implemented at two poverty node areas-Umzinyathi and Kgalagadi.
				A coalbelt Steering Committee established at KZN to address local economic regeneration of local economy.
				Three local economic regeneration feasibility studies conducted: <ul style="list-style-type: none"> • Free State (Matjabeng) • Namaqualand • KwaZulu-Natal (Durnacol)

PROGRAMME 4: Energy

The aim of this programme is to develop energy resources and ensure the optimal utilisation thereof. The programme activities are organised into four sub-programmes:

- *Electricity* is responsible for electricity policy, electricity supply and electrification.
- *Energy Planning* is responsible for Integrated Energy Planning, data, energy efficiency and renewable energy.
- *Hydrocarbons* is responsible for coal, gas and petroleum products and the regulation thereof.
- *Nuclear* is responsible for the governance of the nuclear sector.

Programme Policy Development

- The Gas Levies Act, Act 75 of 2002 was assented to in December 2002 and National Treasury is preparing for its implementation.
- A single Energy Regulator is in the process of being phased in.
- A White Paper on Renewable Energy was published for comment and is awaiting approval.
- Public comments on the Petroleum Pipelines Bill and the Petroleum Products Amendment Bill were considered, amendments made and the Bills certified by the State Law Advisors.
- Cabinet approved that the Electricity Distribution Restructuring Bill that will facilitate the establishment of REDs be published for public comment in February 2003.

Electricity sub-programme

During the past financial year, a total of 338 572 new households connections were made, while 915 schools and 49 clinics were electrified. The total number of households that are currently electrified in South Africa is 7 456 987.

A total amount of R86 million (16%) of the R600 million was spent in the Nodal Areas in 2001/2. The total spending in the nodal areas increased by 45,7% to (R413, 2 million) in 2002/3.

A first phase rollout programme on non-grid electrification was initiated in parts of Limpopo, KwaZulu-Natal and the Eastern Cape Provinces involving 5 private sector Non-Grid Service Providers. Up until the end of February 2003 a total of 5 321 Solar Home Systems have been installed as part of this programme. A grant of Euro 15.8 million by the German Government will allow the engagement of a 6th Non-Grid Service Provider in the Eastern Cape and North West Provinces towards the end of the 2003/04 financial year.

The free basic electricity programme is being rolled-out in selected nodal areas for qualifying consumers connected to both grid and non-grid electricity supply technologies. The programme will be rolled out nationally in July 2003, providing an equivalent of R20 per month of grid electricity connected households and R48 a month for non-grid households. This programme will be funded through the Equitable Share of municipalities.

Energy Planning sub-programme

The release of the White Paper on Renewable Energy for public comment coincided with the World Summit on Sustainable Development held from 26 August 2002 to 4 September 2002 in Johannesburg at which the Department participated.

A first Integrated Energy Plan was produced and circulated for comment within Government.

Hydrocarbons sub-programme

The implementation of the Liquid Fuel Empowerment Charter has seen most oil companies finalise their empowerment equity deals. According to the latest figures ownership is at 17.8%, turnover at 18.9% and share of operating profit at 19.5%.

As part of the on-going regulatory improvements a new Basic Fuel Price (BFP) determination methodology was finalised for implementation. It is to replace the In Bond Landed Cost (IBLC) price methodology. This new way of determining the petrol price is expected to bring lower prices and a possible saving of about R1 billion per annum to motorists.

A new single maximum retail price for illuminating paraffin throughout South Africa became effective on 2 April 2003. The regulation of paraffin prices forms a part of Government's poverty alleviation strategy by attempting to keep the prices of basic commodities as affordable as possible.

A Low-Smoke Fuels Strategy has been finalised and comprises three thrusts, namely; changing fire lighting practices to lower smoke emissions (*basa njengo magogo*), manufacture and distribution of low-smoke-fuels, and housing insulation to lower the amount of energy necessary to heat a dwelling. The implementation of the Strategy has commenced with a pilot study on the 'Basa Njengo Magogo' fire lighting technology in the greater Soweto area of Orange Farm. A draft National Standard for Low-smoke Fuels has been developed in collaboration with the SABS.

Nuclear sub-programme

In order to meet the Department's obligations under the Nuclear Energy Act, Act 46 of 1999 and the National Nuclear Regulator Act, Act 47 of 1999, the nuclear component was re-organised into three Directorates: Nuclear Technology, Nuclear Non – Proliferation and Nuclear Safety. This has improved the governance of the nuclear industry and good progress was made in the areas of policy development for radioactive waste, drafting of regulations, issuing of non- proliferation authorities and nuclear technology oversight.

In strengthening the governance of nuclear non – proliferation, the Protocol Additional to the Safeguards Agreement between the Republic of South Africa and the International Atomic Energy Agency (IAEA) was signed in Vienna on 13 September 2002 and entered into force upon signature. The Protocol is aimed at strengthening the IAEA's capability to detect undeclared nuclear material and activities in order to provide credible assurance of their absence.

In march 2003, South Africa submitted a declaration as required by the Protocol.

Two Regulations required in terms of the National Nuclear Regulator Act, Act 47 of 1999 were completed during the period under review. These regulations cover Co-operative Governance and fees in respect of Nuclear Authorisations.



Outputs and service delivery trends

Sub programme	Outputs	Service delivery indicators	Actual performance against targets	
			Quantity Target	Actual
Electricity Restructuring	Restructuring of the Electricity Distribution Industry	EDI Restructuring Bill	Drafting of the EDI Restructuring Bill	The Bill was approved for public comments in February 2003
		EDI Holdings Company establishment	EDI Holdings registration	EDI Holdings Company was registered on 11 March 2003
		Establishment of 6 Regional Electricity Distributors		
	Restructuring of Electricity Supply Industry	ESI Regulation Bill	Drafting of the ESI Regulation Bill	The Bill was published for public comments on 25 November 2002
		Drafting of market rules	Drafting of the functional design market rules	Phase 1 of the market design project completed
Integrated National Electrification Programme	Electricity connections to households, schools and clinics	Number of connections made	Households:	Households
			296 355	274 773
			Schools	Schools
			961	974
			Clinics	Clinics
			9	9
Free Basic Energy Policy	Free Basic Energy Policy	Provision of free basic electricity as a form of poverty alleviation	Finalise research on Free Basic Electricity was concluded for both targeted and broad based options to inform policy development.	Cabinet approved the policy in December 2002

Sub programme	Outputs	Service delivery indicators	Actual performance against targets	
			Quantity Target	Actual
Free Basic Electricity pilots	Free Basic Electricity in selected nodal zones	Piloting of the Free Basic Electricity	7 500 households in nodal zones benefit from Free Basic Electricity	8 880 grid connected and 1 000 non-grid connected households benefited from the Free Basic Electricity pilot projects.
Obligations in terms of the NNR Act.	Drafting of regulations under the National Nuclear Regulator Act.	Publishing of regulations at regular intervals.	Publishing of Regulations.	The Regulation on Cooperative Governance was published during this period. The Regulation on Fees in Respect of Nuclear Authorisations was published during this period.
Obligations in terms of the Nuclear Energy Act.	Issuing of Authorisations for export and import of nuclear material.	Authorisations for export and import of nuclear material.	Processing of all applications.	All the applications received during this period were processed and where applicable, approval was given.
Restructuring of NECSA.	Government decision on NECSA restructuring.	Approval of NECSA restructuring.	Approval of restructuring by end of financial year.	Approval was given on NECSA reorganisation during this period.
Pebble Bed Modular Reactor Project	Coordinated Government approach on the PBMR	Facilitation of the Government response on the PBMR	Continuous engagement with the PBMR process.	Reports on progress on the PBMR were prepared.

Sub programme	Outputs	Service delivery indicators	Actual performance against targets	
			Quantity Target	Actual
International Obligations in terms of Safeguards.	(a) Signing of the Additional Protocol on Safeguards.	(a) A Signed Additional Protocol on Safeguards	(a) Signing of the Protocol within the financial year.	(a) The signing of the Additional Protocol on Safeguards was done in Vienna, Austria in September 2002.
			Submission of the declaration in terms of the Additional Protocol within 6 months following signing	The declaration by South Africa was submitted in March 2003 as required in terms of the Additional Protocol.
	(b) Hosting of a Safeguards for African States with the IAEA.	(b) Successful hosting of Seminar.	(b) Hosting of Seminar during the financial year.	(b) The Seminar on Safeguards was hosted by the DME and the IAEA in Benoni during June 2002.

National Electricity Regulator (NER)-funded Electrification Programme for 2002/3:

Households:

Grid connections:	3 280 at a capital investment of R72.2 million
Non-Grid connections:	6 001 at a capital investment of R19.1 million

Eskom

Total funds transferred:	R 698.6 million
Total expenditure	R 692.3 million
Amount contracted out:	R 492.0 million
Amount contracted to BEE companies:	R 337.0 million

Municipalities

Total funds transferred:	R224.8 million
Total expenditure:	R216.8 million (Incl. own funds)
BEE expenditure reported:	R 57.8 million
Jobs reported:	
Permanent:	197
Temporary:	2 390

PROGRAMME 5: Associated Services

CEF (Proprietary) Ltd

CEF (Pty) Ltd was established in terms of the Central Energy Fund Act, 1977 (Act 38 of 1977) as amended. It oversees a diverse number of subsidiaries and manages the Equalisation Fund.

The purpose of CEF is to give effect to the objectives of the Act, which are to finance and promote:

- The acquisition of coal, the exploitation of coal deposits, the manufacture of liquid fuel, oil and other products from coal, the marketing of the said products and any matter connected with the said acquisition, exploitation, manufacture and marketing.
- The acquisition, generation, manufacture, marketing or distribution of any other forms of energy and research connected therewith.
- Any other object for which the Fund may be applied, and which has been designated or approved by the said Minister with the concurrence of the Minister of Finance."

CEF is currently reviewing its portfolio of activities with a view to broadening its range of interests from petroleum to interests such as natural gas, renewable energy, energy efficiency, low smoke coal and other developmental alenergy initiatives.

Council for Geoscience (CGS)

The Council for Geoscience was established in terms of the Geoscience Act of 1993 (Act 100 of 1993). The Council is responsible for:

- Systematic geoscientific mapping of South Africa, the interpretation and compilation of data, maps and map explanations.
- Geological research to improve the understanding of geological processes.

- Collecting and compiling all Geoscience data for South Africa in the National Geoscience Archives.
- Maintaining the National Borehole Core depository, the National Geoscience Library and the National Geoscience Museum.

During the past year the Council for Geoscience again completed a number of major projects successfully and published the results thereof:

Notable achievements:

- The completion of a 25 year project resulting in the production of the metallogenic map of the African Continent.
- The engineering-geological investigation of the planned Freedom Park Monument site in Pretoria.
- The development of the cadaster licensing system as part of the National Mining Promotion System in support of the implementation of the Minerals and Petroleum Resources Development Act.

Council for Mineral Technology Research (Mintek)

Mintek was established in terms of the Mineral and Technology Act, 1989 (Act 30 of 1989). It provides research, development and technology transfer that foster the development of businesses in the mineral and mineral product industries.

Mintek strives through innovative research and development, to be a global leader in the field of mineral and metallurgical research and development and technology transfer. Mintek enhances the well being of all South Africans through the best-practice implementation of technologies to recover and add value to mineral resources. Mintek achieves these objectives through the transfer of technology to the industry, the promotion of the optimal supply and efficient utilisation of mineral resources and by ensuring that its expertise and technology is world class and internationally competitive. Mintek, the national minerals processing research centre, fulfils a vital role in improving the international competitiveness of the country's mineral and metal industries and, at the same time, earns important revenue from international clients.

The initiative, Musuku Beneficiation Systems (Musuku means 'gold' in Venda), is an alliance between Harmony Gold, which took the pioneering step of establishing its own gold refinery in the small Free State town of Virginia in 1997, and Mintek, South Africa's national minerals research organisation.

The partnership combines Harmony's existing refinery and gold beneficiation business with Mintek's capabilities in advanced technology, and the design and construction of refining and manufacturing facilities. In support of South Africa's Mining Charter, a 20 per cent shareholding in Musuku has been reserved for a soon-to-be-named black economic empowerment organisation.

Harmony Gold has already created 800 jobs in the jewellery manufacturing industry in Virginia as a result of the production of jewellery-grade alloys on-site.

National Electricity Regulator (NER)

The National Electricity Regulator was established in terms of the Electricity Act, 1987 (Act 41 of 1987), as amended. The NER regulates the Electricity Supply Industry to ensure order in the generation and efficient supply of electricity. Its role is to ensure an efficient and effective industry, well placed to meet the need of existing and future customers. Its key functions are to approve the prices at which electricity is sold and to set and monitor quality of supply and service standards. The Regulator is currently funded through a levy on electricity, which is determined by the Minister in consultation with the Minister of Finance. The NER was mandated to facilitate and co-ordinate non-grid electrification for rural areas.

The Darling wind farm was licensed as a generator by the NER. This makes it the first Renewable Energy Independent Power Producer (IPP) in South Africa.

In another NEPAD project the NER has played a role in establishing the Regional Electricity Regulators Association (RERA) and regional regulation in SADC.

The South African Nuclear Energy Corporation (NECSA)

NECSA was established in terms of the Nuclear Energy Act, 1999 (Act 46 of 1999) to conduct research and development in nuclear technology. It is being restructured to pursue peaceful and commercially viable opportunities. It has commercialised the SAFARI-1 Research Reactor for medical and industrial applications, making South Africa one of four main suppliers of radioisotopes in the world.

Notable achievements and developments for NECSA during 2002/03 were that:

- In respect of export performance, Nuclear Technology Products, the division responsible for the radioisotope marketing and sales of NECSA, exported 86% of its sales of R131m to 40 countries on five continents.
- NTP was the winner of the prestigious Technology Top 100 award in its category for 2002 and also received a special award from MTN for its role in successfully commercialising key domestic nuclear technology.
- A chemical plant for the production of a specialised fluoromonometer used for state-of-the-art fluoropolymers was constructed and commissioned during the year.
- A chemical plant for the production of an advanced fluorine-based gas for use in the global semi-conductor industry has been established and commissioned on the Pelindaba site.

National Nuclear Regulator (NNR)

The NNR was established in terms of the National Nuclear Regulator Act, 1999 (Act 47 of 1999). It provides for the protection of persons, property and the environment against nuclear damage through the establishment of safety and regulatory practices for the following:

- The construction or use of a nuclear installation.
- Use, production, storage, processing, enriching, reprocessing, conveyance or disposal of radioactive materials.

- Discarding of radioactive waste and storage of irradiated nuclear fuel.

The NNR continues to ensure that an adequate level of safety is maintained through safety assessments, improvement and optimisation of the nuclear authorisation, and through implementation of an effective compliance assurance programme.

The South African Diamond Board (SADB)

The South African Diamond Board (SADB) was established in terms of the Diamonds Act of 1986 (Act 56 of 1986). Its objective is to provide a regulatory function including control for possession, the purchase and sale, the processing and the export of diamonds. The SADB is a non-government funded institution that derives its main income from levies imposed on the exploitation/importation of diamonds.

During the year under review the SADB managed a positive cash flow. This was mainly due to improved relations with the Industry and adherence to corporate governance and sound financial controls. In order to continue being more efficient, the Board has also opened an office in Kimberley thus enabling it to service its clients in that area.

Mine Health and Safety Council (MHSC)

The Mine Health and Safety Council was established in terms of section 42(1) of the Mine Health and Safety Act, 1996 (Act No. 29 of 1996). The Council (a Tripartite body) advises the Minister on health and safety at mines, promotes health and safety in the mining industry and performs duties imposed upon it by the Act.

Lebowa Minerals Trust (LMT)

The LMT, established in terms of the Lebowa Mineral Trust Act, 1987 (Act No. 9 of 1987), is in the process of abolition in terms of the Abolition of the Lebowa Mineral Trust Act, 2000 (Act No. 67 of 2000). The department and National Treasury have made significant progress towards winding up LMT, a process expected to be completed by March 2004.

3. Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2003.

Audit Committee Members and Attendance:

The audit committee consists of the Members listed hereunder and meets at least two times per year as per its approved terms of reference. During the current year five meetings were held.

During the fiscal year under review, the following were members of the Committee:

Name	Position	Number of
Name	Position	meetings attended
Sikkie Kajee	Chairperson	5
Ms Singi Titus	Member	5
Sicelo Sakawuli	Member (resigned)	4
Advocate Sandile Noxinga	Ex-officio member	1
	Director-General	

The Committee confirms that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also confirms that it has adopted appropriate formal terms of reference, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Committee is satisfied with the content and quality of monthly reports prepared and issued by the Accounting Officer and the Department during the year under review.

The effectiveness of internal controls


The Audit Committee has reviewed the Annual Financial Statements of the Departments, the Report of the Auditor-General and periodic reports submitted to the Audit Committee by the Head of Internal Audit of the Department.

The Committee has further

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report
- Reviewed the Auditor-General's management letter and management response
- Reviewed significant adjustments resulting from the audit.

Except for the matters highlighted in the Report of the Auditor-General (read together with the management letter issued by the Office of the Auditor-General), the Committee is satisfied that the major financial risks of the Department are appropriately managed and that the financial statements are a fair reflection of the Department's activities in the last fiscal year. This Committee will continue monitoring the progress made in addressing the issues raised by the Office of the Auditor-General especially those that relate to revenue collection and asset management.

This Committee is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



S A H KAJEE
CHAIRPERSON: AUDIT COMMITTEE
DEPARTMENT OF MINERAL AND ENERGY
31 JULY 2003

4. Annual Financial Statements



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4.1 Management Report for the year ended 31 March 2003

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa

1. General Review of the state of Financial Affairs

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

The Department of Minerals and Energy covers two sectors that are vital to both the economic and social well being of the country. The minerals sector is an integral part of the economy: it accounts for a significant proportion of economic output and employment, and attracts much needed foreign investment. The energy sector provides an important input to many industries. The sector is helping to attract investment and to overcome the social inequalities of the past.

The Department is working to fundamentally transform both these sectors, and to ensure that they continue to be sources of economic development, that all South Africans can benefit from and that participation in these sectors is representative of society. It is these transformation processes, in both mining and energy sectors, that have been the core work of the Department over the last three years, and will continue to be for several years to come. Details of significant events and major projects undertaken during the current year are discussed under Programme Performance.

Table 1.1 The Department was allocated a budget as follows:

	2002/2003	2001/2002
	R'000	R'000
Voted funds		
Total allocation	1 872 618	1 250 896
Less Expenditure	(1 853 208)	(1 233 396)
Total	19 410	17 500
Non Voted funds		
Opening balance	5 503	-
Donor funds	11 460	23 717
Less Expenditure	(15 068)	(18 229)
Net surplus for the year	1 895	5 503

Expenditure Trends

The Department's expenditure of voted funds was 98.9% of the approved budget (R1 872 618), in comparison with expenditure of 98.6% in the previous year. Expenditure on transfer payments increased from R1 008 115 in 2001/2 to R1 581 757 in 2003.

Table 1.2: Minerals and Energy under/(over) spending

Programme	Amount Voted 2002/03 R'000	Expenditure 2002/03 R'000	Saving R'000
1. Administration	73 780	70 760	3 020
2. Promotion of mine safety and health	85 561	81 255	4 306
3. Mineral development	91 719	89 294	2 425
4. Energy management	1 015 865	1 006 294	9 571
5. Associated services	605 201	605 113	88
Special functions	492	492	-
TOTAL	1 872 618	1 853 208	19 410

Details are discussed in the notes to the appropriation account.

2. Services Rendered by the Department

The core function of the Department is to govern the minerals and energy sectors by:

- Providing a safe and healthy working environment
- Ensuring security of energy supply and optimal management of energy resources, and
- Providing focused services for governance and development of the minerals industry.

Tariff policy

The Department's major source of income is from prospecting fees and royalties. The Minerals and Mining Policy for South Africa (1998) provides inter alia for predetermined standard items and conditions for all prospecting and mining licenses.

Tariffs are levied in terms of the Minerals Act, 1991 (Act 50 of 1991), for State-owned Mineral Rights. The tariffs are predetermined and approved by National Treasury. Prospecting fees and royalties are globally competitive and do not inhibit the initiation of new mining industry projects.

Exploration fees

Exploration fees are charged in respect of the Minerals Act, 1991 (Act 50 of 1991) where the State is the holder of the mineral rights.

Currently the approved rates as from 1 April 2000 start at R3,00/hectare for the first year and escalate at R1,00/hectare for the maximum period of 5 years determined by a prospecting lease. Any renewal period bears double the fee and escalate at R2,00/hectare/year. For offshore exploration the same rates apply but for square kilometres.

The above rates will apply up to the promulgation of the Mineral and Petroleum Resources Act, 2003, when new prescribed rates will apply on all prospecting rights granted including private owned land. This will significantly increase income from exploration to the State.

Exploitation fees (Royalties)

Royalties payable are between 1 and 5% of gross revenue (free on mine) for base minerals, 5% of gross revenue for diamonds, between 10 and 12% of taxable profits for all commodities. A lease formula for precious metals and standard unit rates for construction materials is also applied. The new Royalty Bill will set different gross revenue rates for different minerals.

Mining or removal of diamonds during prospecting

The current level of 5 per cent of gross revenue will remain in force.

Exploitation of all precious and base minerals (excluding all sand, stone and clay used for construction purposes)

A royalty of 1% of gross revenue/value free on mine of the mineral content in ore removed, or a saleable product, as determined by a "bona fide, arms length" transaction is payable.

In the absence of a bona fide arms length transaction (free on mine), the revenue/value of the mineral content in ore removed, or a saleable product, will be the market price as determined by the Minerals Bureau at the relevant time.

Exploitation of construction materials: sand, stone and clay

Where sand, stone or clay is being removed for commercial purposes, the following royalties are payable from 1 April 2000 until such time the new Royalty Bill becomes applicable:

In the case of a short-term (two year) permission, the royalties are:

Year 1 – R0-80 per cubic meter

Year 2 – R0-85 per cubic meter

In the case of longer-term permissions (five years) and mineral leases, the relevant royalty will start at R0-80 per cubic meter for the first year, escalating at the rate of R0-05 per hectare per year for a period of five years.

Where a local authority is removing material for road and general maintenance, or for upgrading townships, or for any purpose that may be considered as being "RDP", a token royalty will be payable to the amount of R100-00 per year. This amount will be reviewed on a five yearly basis.

Minimum royalties

Minimum royalties are payable, as a "deposit", in advance, so that if mining takes place or not in any specific year, the State will receive a measure of a return for any "mining permission" granted. Minimum royalties, as always, may be offset against actual royalties payable. The general formula for the determination of minimum royalties is "ten percent of the average annual royalties payable in terms of the business plan submitted".



3. Capacity Constraints

Since the previous approved organisation and post structure of the Department was inadequate to effectively address the above priorities and new Departmental specific legislation, it was revised and a total of 194 additional posts were approved. During the 2002/03 financial year an allocation of R10 million was received as part of the Department's MTEF allocation and an additional R11,588 million was made available by reprioritization giving a total of R21,588 million. This amount includes personnel, additional accommodation and support/administrative expenditure. A total of 87 new posts were funded during the 2002/03 financial year. For the 2003/04 financial year an amount of R22,742 million was requested from National Treasury of which R17,5 million was allocated. This was intended to address the previous capacity constraints and the implementation of Minerals and Petroleum Resources Development Act. Also due to the inadequate budget allocated by National Treasury and implementation of resolution 7 some of the savings from Personnel Expenditure were utilised for merit awards, severance packages, and employing consultants to undertake work that was meant to be performed by posts that could not be filled.

4. Utilisation of Funds

Electricity Capacity Building Programme

The Department entered into a Bi-National Co-operation with NORAD. NORAD committed funds to support the Capacity Building Programme of the Electricity Chief Directorate Personnel on matters of Electricity Policy, restructuring and oversight and implementation of the programme. The budget is also available for Ministerial support when the need arises. The Department has funded (with Norad Agreement) a study undertaken by ECON on Electricity Market options. The Department has also undertaken two training programmes in Norway during 2002. The 2002/03 balance incurred was a result of the late disbursement of the funds in 2002/03 by the Norwegian Government and the

need for available personnel to finalise Departmental outputs/ programmes. The funds have been used effectively thus far and will be used effectively till the end of the project, in line with the outcomes of the annual meeting held in April 2003 between the parties.

Petroleum Programme

All funds received by the DME for the NORAD Petroleum Project have been transferred to CEF. The capacity building components of the project were implemented as a priority in the first financial year. The utilisation of these funds was extremely efficient and added tremendous value to the Department. This has led to an under utilisation of funds related to policy research components. After discussions between the Department and the donors, the project has essentially had its first and second financial years combined from an operational perspective and all 2002/03 and 2003/04 funds should be committed by the end of the 2003/04 financial year.

Non-Grid Electrification Programme

The European Union signed a Financing Agreement with the South African Government for a grant towards non-grid electrification of schools in Eastern Cape and Limpopo Provinces. This project has been completed.

Details of donor funds received are included in the notes to the financial statements.

5. Public Entities

Public entities reporting to the Minister responsible for Minerals and Energy

All public entities accountable to the Minister of Minerals of Energy through their individual Boards of Directors are listed as part of Ministerial information under General information of this Annual Report. The Department is further represented on each of the boards. The financial statements of these entities will be tabled separately. As a general observation, some of our Public Entities are facing a financial challenge in respect of the post retirement medical aid liabilities.

Public entities to which funds have been transferred

For a detailed schedule of transfers to public entities refer to Annexure 1B of the Financial Statements

The South African Nuclear Energy Corporation Ltd (NECSA)

The Department has transferred just over R424,9m to implement some of the activities as required by the Nuclear Energy Act, 1999, of which R265,5m was strategic loans. Transfers to NECSA amounts to 22.93% of actual expenditure for the 2002/03 financial year. In terms of the Act, NECSA has to fulfil certain institutional obligations and these mainly involve:

- The decommissioning and decontamination of past strategic nuclear facilities.
- The management of nuclear waste disposal on a national basis.
- The application of radiation technology for medical or scientific purposes.
- The operation of the NECSA site and accompanying services.
- The implementation and execution of safeguards function with the International Atomic Energy Corporation, the Nuclear Non-Proliferation treaty, the African Co-operative Agreement, the treaty of Pelindaba or any other agreement or protocol.

Council for Mineral Technology Research (Mintek)

The department transferred R76,4m during the year under review, which is 6.14% of the department's budget. An amount of R1m was transferred to Mintek for beneficiation and community development projects.

The National Nuclear Regulator (NNR)

The main technical function of the NNR is to grant licences with attendant conditions for the above activities and to advise the Minister on any matter associated with these. NNR derives certain major portion of its income from levies it collects. The department transferred R7,2m for the year under review, which is 0.56% of the department's budget.

Council for Geoscience (CGS)

For the year under review the Department transferred R66,3m to the council which is 5.27% of the departmental budget and R28,9m to develop and implement various measures for the prevention of water ingress into underground workings of the Witwatersrand basins.

The CEF (Proprietary) Ltd

CEF made a once off restructuring payment of R2.5 billion. The State's strategic oil stocks procurement and management is being undertaken by PetroSA on behalf of Strategic Fuel Fund (SFF). The CEF group is being reorganised to accommodate a new "Energy for Development" initiative and possibly a future energy research facility. iGas has entered into a shareholders agreement with SASOL and CNH in respect of the Mozambique to South Africa natural gas pipeline.

The department does not transfer any funds to any of the companies in the CEF group. On instruction from the Minister, CEF makes transfers to the National Revenue Fund through the Department on an annual basis. An amount of R2 500 501 837-36 was received from CEF of which an amount of R290,501,837-36 was paid over to the revenue fund and R2 210 000 000-00 was transferred to the Exchequer during the year under review. Also the CEF Board took a decision to stop the funding of Enerkom as a research project which resulted to the closure of Enerkom.



The South African Diamond Board (SADB)

The Department transferred R3,4 million to the South African Diamond Board as the administrator of the Conflict Diamond Kimberley Process

Mine Health and Safety Council (MHSC)

The Mine Health and Safety Council was established in terms of the Mine Health and Safety Act 29 of 1996. In terms of section 41 of the Act certain tripartite committees are established to deal with various issues pertaining to health and safety in the mining industry. The State, Employers and Labour are represented on these bodies.

Some of the responsibilities of the Council are to:

- Advise the Minister of Minerals and Energy on health and safety on mines
- Co-ordinate the activities of its committees, and
- Promote a culture of health and safety in the mining industry.

The Mine Health and Safety Council was recently listed as a Schedule 3A Public Entity. A total amount of R3 154 013,08 was paid to the Council and its sub-committees for their administration during the 2002/03 Financial Year from Professional and Special Services. For the 2003/04 Financial Year, all moneys payable to the Council will be treated as transfer payments.

Electricity Distribution Industry Holdings (EDIH) (Proprietary) Limited

The EDIH was established in March 2003 and shall operate within the financial framework of Chapter 6 of the PFMA, as a Schedule 3A Public Entity.

The main object of the company is to restructure the electricity distribution industry into financially viable independent Regional Electricity Distributors (REDs) in South Africa in accordance with National Government policy in order to ensure a more effective and efficient electricity distribution industry capable of providing affordable and accessible electricity to consumers.

The fixed costs of the EDIH will initially be funded from the fiscus (MTEF allocation for the first three years). Extra costs incurred on top of these will be funded from borrowing by the EDIH with the debt being passed on to the REDs for payment.

The EDIH is subject to the condition that on achieving it's main objective, as decided by the Minister, shall be voluntarily wound up following a review process.



6. Other Organisations to whom Transfer Payments have been made

Name of Institution	Project	Amount transferred R'000
Solar Vision (Pty) Ltd	Electricity Basic Service Support Tariff	394
KwaZulu Energy Services Company	Electricity Basic Service Support Tariff	206
Nuon Raps Utility (Pty) Ltd	Electricity Basic Service Support Tariff	444
Eskom	National Electrification Programme	739 513
Various Municipalities	National Electrification Programme	224 763
Development Bank of Southern Africa Limited	Electricity Distribution Industry Restructuring	4 000
Industrial Development Corporation of South Africa Limited	Small-Scale Mining	4 100

Solar Vision (Pty) Ltd, KwaZulu Energy Services Company and Nuon Raps Utility (Pty) Ltd

Cabinet approved the development of a free basic electricity policy (Electricity Basic Service Support Tariff) (EBSST) and the proposed draft strategy during the first quarter of 2001. The funding of the policy development project was also tabled before Cabinet on 27 June 2001.

The above development was to consist of pilot projects in nodal and selected targeted urban areas. The envisaged funding was expected from the Equitable Share of Local Government, for non-grid systems and cross-subsidies within the Electricity Distribution Industry (EDI) for other grid electrified households.

The DME has initiated a programme of providing non-grid technologies to remote rural areas through non-grid concessionaires as an integral part of the Integrated National Electrification Programme (INEP). The current monthly maintenance and operational cost expected from the poor household is R58,00.

The lack of sufficient cash flow in many poor households hampers the roll out of the non-grid electrification programme, and thus limiting progression towards universal access to electricity services.

Eskom and various municipalities

From April 2001 the Department has been responsible for funding and managing the National Electrification Programme. Eskom has been appointed to manage the programme as well as the design and implementation of those electrification projects currently being implemented and those planned on behalf of the Department. A contract between Eskom and the Department was signed during August 2001 detailing and regulating the reporting and accounting responsibility.

As from the 2002/03 financial year, capital subsidies were also paid to various municipalities licensed as electricity distributors by the National Electricity Regulator (NER) to further address the electrification backlog of permanently occupied residential dwellings that are situated in rural and proclaimed urban areas in the furtherance of electrification in historically under-supplied areas. Details are given in the annexures to the financial statements.

Development Bank of Southern Africa Limited

Cabinet approved the Electricity Distribution Industry Restructuring. This includes the establishment of the EDI Holdings Company to ensure that a managed liberalisation process is followed. Funds were paid over to the Development Bank of Southern Africa (DBSA) as the project and fund manager of this project. A certificate of assurance regarding the implementation of effective, efficient and transparent financial management and internal control systems in terms of section 38(1)(j) of the Public Finance Management Act, 1999 (Act 1 of 1999) was issued by the DBSA to the Department. A contract between the DBSA and the Department was signed during June 2000 spelling out and regulating the reporting and accounting responsibilities.

Industrial Development Corporation of South Africa Limited

In order to alleviate the financial and technical constraints faced by the small-scale mining sector, the Department of Minerals and Energy has established the National Steering Committee (NSC) of Service Providers to the Small-Scale Mining Sector. The NSC, which is chaired by the Chief Director: Mineral Promotion aims to deliver services to small-scale mining operations in South Africa. In addition, the NSC aims to convert artisanal/illegal mining operations into environmentally and economically sustainable operations. It is estimated that there are approximately 3 000 mining operations of this kind in South Africa. Additionally, it is the objective of the NSC to extend assistance to aspirant small-scale mining entrepreneurs to start greenfield projects.

Thus, the NSC requires a substantial amount of funds to achieve its development objectives. This amount is transferred to the Industrial Development Corporation of South Africa (IDC) to be administered in terms of a Management Agreement signed on 13 March 1999 by the Director-General: Minerals and Energy.

In terms of the management agreement, all funds transferred by the Department of Minerals and Energy to the IDC will be administered exclusively for the objective of promoting small-scale mining as directed by the NSC from time to time, upon terms and conditions stipulated in the NSC Constitution.

The IDC is to provide statements from an independent auditor on the status of the fund every six months and a financial statement at every monthly meeting. Approval to spend the funds is obtained from the National Steering Committee at its monthly meeting and is then communicated in writing to the IDC.

7. Corporate Governance Arrangements

Risk management/Fraud Prevention Policies

The Department has appointed a consulting company through a tender process to review the risk assessment done by Internal Audit and help the Department

to review and integrate the risk assessment and the Fraud Prevention Plan. They will also build capacity within the Audit function and help the Department in developing the risk management plan.

Management processes to minimise conflict of interest

The following measures were implemented to minimise conflict of interest:

- a) All members of Senior Management are required to declare their financial interest (shares, directorships and partnerships, etc.) on an annual basis.
- b) In addition all members of staff are required to complete a Disclosure of Information Form on appointment.

Code of Conduct

On appointment, each employee is required to sign and accept the code of conduct as part of the conditions of employment. In addition, the Department's risk management committee will, with the implementation of the fraud prevention plan, develop the internal operational code of conduct.

8. NEW/PROPOSED ACTIVITIES

The Electricity and Nuclear Branch is responsible for a number of new activities, which have been legislated or will be legislated in the near future. These activities include the following:

- Electrification Regulation Monitoring and Evaluation.
- Electricity Generation and Transmission regulation.
- Electricity Distribution regulation.
- Nuclear Non-Proliferation.
- Nuclear Technology.
- Nuclear Safety.

The reasons for the above activities are the introduction of new legislation, and new technologies and energies becoming available as well as the restructuring of the electricity supply and distribution industries. The establishment of the National Electrification Management Unit in the Department also contributes. The National Electrification Business Planning Unit has been established as an integral technical unit for the Department. The unit is presently sitting within Eskom and will be ring-fenced and moved to the DME. The unit will assist the Department with the Integrated National Electrification planning processes and systems and also programme control.

The effect that the new activities will have on the operations of the Department include a significant increase in personnel numbers from 45 to 108.

In the Hydro-Carbons and Energy Planning Branch the implementation of a licensing dispensation for the petroleum sector in terms of the Petroleum's Products Amendment Act is a new activity that requires additional administrative capacity.

The financial implications of the new activities will increase the personnel budget of the Energy Management Programme from R12,307 million to R23,198 million and the provision of R49 million for the Electricity Distribution Industry Holdings Company who will be responsible for the restructuring of the electricity distribution industry.

9. Events After Reporting Date

A request for assistance with additional funds to cover a deficit on Mintek's budget pertaining to the African Minister's Forum, held in Cape Town during February 2003 was received from Mintek. Approval was given by the Accounting Officer on 31 March 2003 in terms of Treasury Regulation 21.1 for a donation to the amount of R100 000 to Mintek to assist with costs of the African Minister's Forum. The donation was however only paid during April 2003.

Salary claims to the amounts of R13 266,59, R20 008,70 and R10 641,55 included in Note 13 as amounts owing by other Departments were paid by the Departments of Justice, Health and the National Prosecuting Authority during April 2003.

10. Progress with Financial Management improvements

The Department embarked on a number of initiatives to improve and to inform employees of the contents of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) and Treasury Regulations (TR). The following training and improvement initiatives have already been conducted:

A number of managers attended workshops presented by the South African Institute of Government Auditors on the PFMA, Treasury Regulations and compiling of financial statements.

A number of workshops were held with line function managers of the Department during 2002 on the PFMA, Treasury Regulations and financial related issues.

11. Performance Information

The Department has the following accountability framework and processes designed to monitor progress and achieve desired targets:

The Executive Committee chaired by the Accounting Officer incorporating both the Ministry and Department continues to hold its weekly meetings where strategic and governance issues are discussed. The monthly Management Committee Meetings for report backs and peer performance reviews have also been continued. A Budget Committee chaired by the Accounting Officer also meets monthly where reviews of the Department's financial performance are undertaken.

All branches do have monthly management meetings aimed at monitoring progress as well as ensuring compliance with work plans and Key performance areas as determined in strategic plans of the Department.

In addition, the Department conducts performance reviews against the performance agreement for all Senior Managers twice a year.

The sub-committees of the Forum of Minerals and Energy Heads (FOMEH) were introduced this year to further enhance both formal and informal communication between Department and its Associated Institutions. These sub-committees include Finance, Human Resources, Security, Audit and Communication. Further processes will be put in place to investigate the formulation of a system to record the information required to measure performance against the approved objectives.

12. Other Activities

Royalties

A computerised Royalty System was implemented in June 2002 in order to replace the current manual system. In order to achieve total assurance of the efficiency of the computerised system both systems (manual and computerised) run in parallel.

In the process of implementing the computerised royalty system, it was established that alignment had to be effected between the manual records kept at Head Office and those in Regional Offices for both active and non-active mining authorisation holders. An action plan is in place to address these discrepancies with the final cut off date being 30 June 2003. This project is expected to improve the effectiveness of royalty collection within the Department.

Asset Management

The physical asset verification captured on MS Access could not be reconciled with information on Logis. Subsequently, a new project plan to clean up and update Logis has been developed. A reconciliation exercise to address the accuracy and completeness of information on MS Access is currently being done.

In addition to this the department is currently developing a comprehensive asset management procedure manual that will guide the department in effectively managing the assets.

Council for Geoscience: Transfer of Movable and Immovable Assets

The Geoscience Amendment Bill to address the transfer of the assets was tabled and approved by Cabinet on the 19 September 2001. The process post the approval of the Geoscience Amendment Bill to complete the transfer process, has been delayed because there were issues in the Mineral Petroleum and Resources Development Act that would have required redrafting of some parts of the said Bill. The Bill was redrafted for compliance with the Mineral and Petroleum Resources Development Act and is currently in the process of being tabled in Parliament. The Bill was published in Government Gazette No 24338 of 31 January 2003.

Contracts with public entities and other organisations to whom transfer payments have been made

To clarify possible misinterpretation of contracts with some of the Department's Public Entities and other organisations to whom transfer

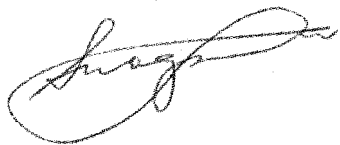
payments have been made and to make their intentions more clear, the Department is in the process of amending these contracts. Some of the issues that will be addressed are ownership of assets purchased with money transferred, referral to the appointment of the entity or organisation on behalf of the Department, and the holding of these monies in trust on behalf of the Department. The monies received by the IDC are currently being held as an amount owing to the Department whilst this amount was expensed by the Department.

Contracts with the following Public Entities and Organisations are currently being reviewed:

- Mintek.
- Council for Geoscience.
- Solar Vision (Pty) Ltd.
- KwaZulu Energy Services Company.
- Nuon Raps Utility (Pty) Ltd.
- Development Bank and Southern Africa Limited.
- Industrial Development Corporation of South Africa Limited.
- Diamond Board.

Approval

The annual financial statements set out on pages 40 to 86 have been approved by the Accounting Officer.



Advocate Sandile Nogxina

Director-General: Department of Minerals and Energy

31 March 2003





4.2 Report of the Auditor-General

to Parliament on the Annual Financial Statements of the Department of Minerals and Energy for the year ended 31 MARCH 2003

1. AUDIT ASSIGNMENT

The annual financial statements as set out on pages 40 to 86, for the year ended 31 March 2003, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. These standards require the audit to be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatements.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Minerals and Energy at 31 March 2003 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1. Revenue management

The internal control measures used for administering the collection of income were not effective and appropriate to ensure that all the money due to the department was collected.

4.2. Asset management

The fixed asset registers maintained by the department are not sufficiently accurate or complete to enable effective management and safeguarding of the assets.

4.3. Loan to the Portuguese Government

A loan of R35 000 000 was granted to the Portuguese government in 1969 for the purposes of a hydroelectric project. To date, no repayments of capital or interest have been received and the amount outstanding at year end is R315 717 000 (2002 R287 108 000). I have been informed that negotiations by the Department of Trade and Industry are continuing to explore the possibility of writing off the loan.

5. APPRECIATION

The assistance rendered by the staff of the Department of Minerals and Energy during the audit is sincerely appreciated.



J E van Heerden
For Auditor-General
Pretoria
31 July 2003

4.3 Statement of Accounting Policies and Related Matters

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The Department is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the modified cash basis of accounting transactions and other events are recognised when cash is received or paid and the books are held open for a specified period after year-end.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the National Revenue Fund.

3. Donor aid

Donor Aid is recognised in the income statement in accordance with the modified cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Irregular expenditure

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act,
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the income statement.

6. Debts written off

Debts are written-off when identified as irrecoverable in terms of Departmental Policy. No provision is made for irrecoverable amounts.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2003 to be consumed in the following financial year, is written off in full when they are received and are accounted for as expenditure in the income statement. Physical assets acquired are expensed i.e. written off in the income statement when the payment is made.

8. Investments

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the accounting officer, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

9. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a modified cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

10. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to the National Revenue Fund or another party.

11. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the modified cash basis of accounting, but are disclosed separately in the notes to enhance the usefulness of the financial statements.

12. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the modified cash basis of accounting.

13. Accruals

This amount represents goods/services that were delivered, but no invoice has been received from the supplier at year end, or where the goods/services have been delivered, and an invoice is on hand but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a modified cash basis of accounting, but are however disclosed.

14. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period that the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are not recognised until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

Retirement benefits

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the Government Employee Pension Fund and not in the financial statements of the employer department.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Post retirement medical benefits for retired civil servants are expensed when the payment is made to the fund.

15. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

16. Recoverable revenue

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years, which have now become recoverable from a debtor due to non-performance in accordance with an agreement. A debt is raised and recognised as a receivable in the balance sheet. Repayments are transferred to the Revenue Fund as and when the repayment is received.

17. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

4.4 Appropriation Statement for the year ended 31 March 2003

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1. Administration	72 963	817	73 780	70 760	3 020	95.91	57 519	54 734
Current	67 311	(473)	66 838	65 859	979	98.54	53 233	52 016
Capital	5 652	1 290	6 942	4 901	2 041	70.60	4 286	2 718
2. Promotion of Mine Health and Safety	86 361	(800)	85 561	81 255	4 306	94.97	75 127	69 229
Current	85 693	(1 272)	84 421	80 282	4 139	95.10	73 908	68 541
Capital	668	472	1 140	973	167	85.35	1 219	688
3. Mineral Development	94 219	(2 500)	91 719	89 294	2 425	97.36	79 500	77 826
Current	93 690	(2 585)	91 105	88 703	2 402	97.36	78 624	77 005
Capital	529	85	614	591	23	96.25	876	821
4. Energy Management	1 013 874	1 991	1 015 865	1 006 294	9 571	99.06	673 198	666 192
Current	66 469	(556)	65 913	60 716	5 197	92.12	72 670	65 847
Capital	947 405	2 547	949 952	945 578	4 374	99.54	600 528	600 345
5. Associated Services	605 201	-	605 201	605 113	88	99.99	365 487	365 350
Current	342 267	-	342 267	342 212	55	99.98	334 238	334 201
Capital	262 934	-	262 934	262 901	33	99.99	31 249	31 149
6. Special Functions	-	492	492	492	-	100.00	65	65
Current	-	492	492	492	-	100.00	65	65
Capital	-	-	-	-	-	0.00	-	-
Total	1 872 618	-	1 872 618	1 853 208	19 410	0	1 250 896	1 233 396

Detail per Programme 1 for the year ended 31 March 2003

Programme per subprogramme	2002/03				2001/02			
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
1.1 Minister	772	-	772	763	9	98.83	577	727
Current	772	-	772	763	9	98.83	577	727
1.2 Deputy Minister	606	-	606	653	(47)	107.76	469	621
Current	606	-	606	653	(47)	107.76	469	621
1.3 Management	5 937	-	5 957	5 922	35	99.41	5 807	6 050
Current	5 937	-	5 957	5 922	35	99.41	5 807	6 050
1.4 Corporate Services	65 648	817	66 445	63 422	3 023	95.45	50 666	47 336
Current	59 996	(473)	59 503	58 521	982	98.35	46 380	44 617
Capital	5 652	1 290	6 942	4 901	2 041	70.60	4 286	2 719
Total	72 963	817	73 780	70 760	3 020	95.91	57 519	54 734

Economic classification

Current	67 311	(473)	66 838	65 859	979	98.54	53 233	52 016
Personnel	30 457	(2 294)	28 163	28 078	85	99.70	23 366	22 982
Other	36 854	1 821	38 675	37 781	894	97.69	29 867	29 034
Capital	5 652	1 290	6 942	4 901	2 041	70.60	4 286	2 718
Acquisition of capital assets	56 52	1 290	6 942	4 901	2 041	70.60	4 286	2 718
Total	729 63	817	73 780	70 760	3 020	95.91	57 519	54 734

Standard item classification

Personnel	30 457	(2 294)	28 163	28 078	85	99.70	23 366	22 982
Administrative	19 377	(158)	19 219	18 703	516	97.32	15 046	14 849
Inventories	3 069	682	3 751	3 668	83	97.79	3 501	3 468
Equipment	7 774	4 213	11 987	9 917	2 070	82.73	6 981	5 318
Professional and Special Services	12 186	(1 675)	10 511	10 252	259	97.54	8 433	7 935
Miscellaneous	100	49	149	142	7	95.30	192	182
Total	72 963	817	73 780	70 760	3 020	95.91	57 519	54 734

Detail per Programme 2 for the year ended 31 March 2003

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Programme per subprogramme								
2.1 Management	3 550	279	3 829	3 467	362	90.55	3 295	3 204
Current	3 542	245	3 787	3 426	361	90.47	3 295	3 199
Capital	8	34	42	41	1	97.62	-	5
2.2 Mine Safety and Health	82 811	(1 079)	81 732	77 788	3 944	95.17	71 832	66 025
Current	82 151	(1 517)	80 634	76 856	3 778	95.31	70 613	65 342
Capital	660	438	1 098	932	166	84.88	1 219	683
Total	86 361	(800)	85 561	81 255	4 306	94.97	75 127	69 229

Economic Classification

Current	85 693	(1 272)	84 421	80 282	4 139	95.10	73 908	68 541
Personnel	56 733	(800)	55 933	55 519	414	99.26	50 989	50 328
Other	28 960	(472)	28 488	24 763	3 725	86.92	22 919	18 213
Capital	668	472	1 140	973	167	85.35	1 219	688
Acquisition of capital assets	668	472	1 140	973	167	85.35	1 219	688
Total	86 361	(800)	85 561	81 255	4 306	94.97	75 127	69 229

Standard item classification

Personnel	56 733	(800)	55 933	55 519	414	99.26	50 989	50 328
Administrative	15 620	(315)	15 305	14 267	1 038	93.22	12 378	12 260
Inventories	579	243	822	668	154	81.27	546	304
Equipment	716	466	1 182	1 001	181	84.69	1 262	713
Professional and Special Services	12 713	(394)	12 319	9 800	2 519	79.55	9 952	5 624
Total	86 361	(800)	85 561	81 255	4 306	94.97	75 127	69 229

Detail per Programme 3 for the year ended 3 March 2003

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Programme per subprogramme								
3.1 Management	4 044	340	4 384	3 908	476	89.14	2 982	3 080
Current	3 757	290	4 047	3 574	473	88.31	2 481	2 580
Capital	287	50	337	334	3	99.11	501	500
3.2 Mineral Regulation	31 151	(3 485)	27 666	26 765	901	96.74	26 535	25 782
Current	30 995	(3 485)	27 510	26 637	873	96.83	26 485	25 745
Capital	156	-	156	128	28	82.05	50	37
3.3 Mineral Promotion	25 481	(1 340)	24 141	23 330	811	96.64	17 609	17 382
Current	25 481	(1 375)	24 106	23 324	782	96.76	17 569	17 339
Capital	-	35	35	6	29	17.14	40	43
3.4 Regional Mineral Development	33 543	1 985	35 528	35 291	237	99.33	32 374	31 582
Current	33 457	1 985	35 442	35 226	216	99.39	32 089	31 342
Capital	86	-	86	65	21	75.58	285	240
Total	94 219	(2 500)	91 719	89 294	2 425	97.36	79 500	77 826

Economic Classification

Current	93 690	(2 585)	91 105	88 761	2 344	97.43	78 624	77 005
Personnel	51 948	(7 245)	44 703	44 692	11	99.98	39 999	39 085
Transfer payments	5 100	3 400	8 500	8 500	-	100.00	5 100	5 100
Other	36 642	1 260	37 902	35 569	2 333	93.84	33 525	32 820
Capital	529	85	614	533	81	86.81	876	821
Acquisition of capital assets	529	85	614	533	81	86.81	876	821
Total	94 219	(2 500)	91 719	89 294	2 425	97.36	79 500	77 826

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Standard item classification								
Personnel	51 948	(7 245)	44 703	44 692	11	99.98	39 999	39 085
Administrative	11 997	1 925	13 922	13 366	556	96.01	9 959	9 780
Inventories	967	5	972	715	257	73.56	908	717
Equipment	828	85	913	778	135	85.21	1 185	1 044
Land and buildings	1	-	1	-	1	0.00	1	-
Professional and Special Services	23 378	(670)	22 708	21 243	1 465	93.55	22 305	22 058
Transfer payments	5 100	3 400	8 500	8 500	-	100.00	5 100	5 100
Miscellaneous	-	-	-	-	-	0.00	43	42
Total	94 219	(2 500)	91 719	89 294	2 425	97.36	79 500	77 826

Detail per Programme 4 for the year ended 31 March 2003

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Programme per subprogramme								
4.1 Management and Environment	9 427	(775)	8 652	7 687	965	88.85	19 253	18 496
Current	8 947	(775)	8 172	7 372	800	90.21	18 725	18 151
Capital	480	-	480	315	165	65.63	528	345
4.2 Electricity	984 577	(522)	984 055	977 757	6 298	99.36	645 244	641 298
Current	37 652	(3 069)	34 583	32 495	2 088	93.96	45 244	41 298
Capital	946 925	2 547	949 472	945 262	4 210	99.56	600 000	600 000
4.3 Nuclear and Renewables	10 992	4 267	15 259	14 551	708	95.36	2 873	1 743
Current	10 992	4 267	15 259	14 551	708	95.36	2 873	1 743
4.4 Hydrocarbons	8 878	(979)	7 899	6 299	1 600	79.74	5 828	4 655
Current	8 878	(979)	7 899	6 299	1 600	79.74	5 828	4 655
Total	1 013 874	1 991	1 015 865	1 006 294	9 571	99.06	673 198	666 192

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Economic classification								
Current	66 469	(556)	65 913	60 716	5 197	92.12	72 670	65 847
Personnel	14 365	(1 595)	12 770	12 250	520	95.93	9 371	9 435
Transfer payments	27 000	(948)	26 052	24 095	1 957	92.49	41 000	38 000
Other	25 104	1 987	27 091	24 371	2 720	89.96	22 299	18 412
Capital	947 405	2 547	949 952	945 578	4 374	99.54	600 528	600 345
Transfer payments	946 895	2 528	949 423	945 225	4 198	99.56	600 000	600 000
Acquisition of capital assets	510	19	529	353	176	66.73	528	345
Total	1 013 874	1 991	1 015 865	1 006 294	9 571	99.06	673 198	666 192

Standard Item classification

Personnel	14 365	(1 595)	12 770	12 250	520	95.93	9 371	9 435
Administrative	9 573	6 233	15 806	15 691	115	99.27	10 312	9 980
Inventories	550	(369)	181	67	114	37.02	250	247
Equipment	510	19	529	353	176	66.73	528	345
Professional and Special Services	14 981	(3 902)	11 079	8 588	2 491	77.52	11 737	8 185
Transfer payments	973 895	1 580	975 475	969 320	6 155	99.37	641 000	638 000
Miscellaneous	-	25	25	25	-	100.00	-	-
Total	1 013 874	1 991	1 015 865	1 006 294	9 571	99.06	673 198	666 192

Detail per Programme 5 for the year ended 31 March 2003

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Programme per subprogramme								
5.1 Mineral Technology Research	76 410	-	76 410	76 410	-	100.00	76 872	76 872
Current	68 410	-	68 410	68 410	-	100.00	68 872	68 872
Capital	8 000	-	8 000	8 000	-	100.00	8 000	8 000
5.2 Nuclear Energy	424 947	-	424 947	424 947	-	100.00	180 256	180 256
Current	179 463	-	179 463	179 463	-	100.00	165 307	165 307
Capital	245 484	-	245 484	245 484	-	100.00	14 949	14 949
5.3 National Nuclear Regulator	7 282	-	7 282	7 282	-	100.00	7 002	7 002
Current	6 782	-	6 782	6 782	-	100.00	6 502	6 502
Capital	500	-	500	500	-	100.00	500	500
5.4 Geoscience	66 384	-	66 384	66 384	-	100.00	65 946	65 946
Current	58 384	-	58 384	58 384	-	100.00	58 346	58 346
Capital	8 000	-	8 000	8 000	-	100.00	7 600	7 600
5.5 Assistance to Mines	28 915	-	28 915	28 914	1	100.00	34 940	34 939
Current (Council for Geoscience)	28 915	-	28 915	28 914	1	100.00	34 940	34 939
5.6 Loans to Mines	1	-	1	-	1	0.00	1	-
Current	1	-	1	-	1	0.00	1	-
Capital	-	-	-	-	-	0.00	-	-
5.7 Energy Provision	312	-	312	259	53	83.01	270	235
Current	312	-	312	259	53	83.01	270	235
5.8 Government Motor Transport	950	-	950	917	33	96.53	200	100
Capital	950	-	950	917	33	96.53	200	100
Total	605 201	-	605 201	605 113	88	99.99	365 487	365 350

Programme	2002/03						2001/02	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Economic classification								
Current	342 267	-	342 267	342 212	55	99.98	334 238	334 201
Transfer payments	341 956	-	341 956	341 953	3	100.00	333 968	333 966
Other	311	-	311	259	52	83.28	270	235
Capital	262 934	-	262 934	262 901	33	99.99	31 249	31 149
Transfer payments	262 009	-	262 009	261 984	25	99.99	31 149	31 049
Acquisition of capital assets	925	-	925	917	8	99.14	100	100
Total	605 201	-	605 201	605 113	88	99.99	365 487	365 350

Standard item classification

Equipment	925	-	925	917	8	99.14	100	100
Professional and Special Services	311	-	311	259	52	83.28	270	235
Transfer payments	603 965	-	603 965	603 937	28	100.00	365 117	365 015
Total	605 201	-	605 201	605 113	88	99.99	365 487	365 350

Detail per Programme 6 for the year ended 31 March 2003

Programme	2002/03						2001/02	
Programme per subprogramme	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings/ Underspend (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
6.1 Theft and Losses	-	492	492	492	-	100.00	65	65
Current	-	492	492	492	-	100.00	65	65
Total	-	492	492	492	-	100.00	65	65
Economic classification								
Current	-	492	492	492	-	100.00	65	65
Total	-	492	492	492	-	100.00	65	65
Standard item classification								
Special functions	-	492	492	492	-	100.00	65	65
Total	-	492	492	492	-	100.00	65	65

4.5 Notes to the Appropriation Statement for the year ended 31 March 2003

1. Detail of current and capital transfers as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 8 (Transfer payments) to the annual financial statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Charge to National Revenue Fund) to the annual financial statements.

3. Detail of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note 10 (Details of special functions) to the annual financial statements.

4. Explanations of material variances from Amount Voted (after virement):

4.1 Details of material variances per programme can be viewed in note 1.2 to the annual financial statements.

4.2 Per standard item:

Personnel Savings to an amount of R1.029 million under the standard item Personnel expenditure can be attributed to a number of vacancies within the Department and the late filling of new posts associated with the expansion of

the Department's staff structure after the second quarter of the 2002/03 financial year. This resulted in a decrease in salary payments.

Administrative expenditure

Savings to an amount of R2.225 million under the standard item Administrative expenditure can be attributed to delays in official visits to regional offices, a number of vacancies within the Department and the late filling of new posts associated with the expansion of the Department's staff structure after the second quarter of the 2002/03 financial year resulting in an underspending in subsistence and transport costs associated with the functions of the new and vacant posts.

Inventories

An underspending of R608 246.85 under the standard item Inventories can be attributed to a number of vacancies within the Department and delays in the delivery of goods and subsequent late receipt of invoices resulting in the Department not being able to effect payments to suppliers before the closing of the 2002/03 financial year.

Equipment

Savings under the standard item Equipment is mainly due to delays in tender and procurement procedures, deliveries by suppliers that did not realise before the closing of the 2002/03 financial year and subsequent late receipt of invoices for payments.

Professional and Special Services

Savings to an amount of R2.519 million under the standard item Professional and Special Services of Programme 2: Promotion of Mine Health and Safety is due to the fact that Tripartite committee members did not claim remunerative allowances associated with the Tripartite Bodies during the 2002/03 financial

year as planned and several inquiries into mine accidents that were not finalised before 31 March 2003. Savings to an amount of R1.465 million under Programme 3: Mineral Development can be attributed to services in respect of the rehabilitation of derelict and ownerless mines that was not delivered before the closing of the 2002/03 financial year and subsequent late receipt of invoices. The saving of R2.491 million under Programme 4: Energy Management is mainly due to delays in the tender procedures, contracts in respect of energy projects that were not finalised before 31 March 2003, the subsequent extension of energy projects and late receipt of invoices for payments.

Transfer Payments

Savings to an amount of R6.155 million under the standard item Transfer Payments can be attributed to delays in the negotiation process and subsequent signing of contracts, Municipalities not being in a position to implement electrification programmes and expenditure relating to the INEP Business Planning Unit being less than anticipated.

5. Reconciliation of appropriation statement to income statement:

	2002/03	2001/02
	R'000	R'000
Total expenditure per income statement	1 868 276	1 251 625
Less: Local and foreign aid assistance (including RDP funds)	(15 068)	(18 229)
Actual expense per appropriation statement	1 853 208	1 233 396

4.6 Income Statement (Statement of Financial Performance) for the year ended 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
REVENUE			
Voted funds			
Charge to National Revenue Fund	1	1 872 618	1 250 896
Non voted funds			
Other revenue to be surrendered to the revenue fund	2	406 898	580 460
Local and foreign aid assistance (incl. RDP funds)	3	16 963	23 732
TOTAL REVENUE		2 296 479	1 855 088
EXPENDITURE			
Current			
Personnel	4	140 540	121 831
Administrative		62 028	46 869
Inventories	5	5 117	4 736
Machinery and Equipment	6	5 289	2 848
Professional and Special Services	7	50 142	44 035
Transfer payments	8	374 548	377 066
Miscellaneous	9	166	225
Special functions: authorised losses	10	492	65
Local and foreign aid assistance (incl. RDP funds)	3	15 068	18 229
Total Current Expenditure		653 390	615 904
Capital			
Machinery and Equipment	6	7 677	4 672
Transfer payments	8	1 207 209	631 049
Total Capital Expenditure		1 214 886	635 721
TOTAL EXPENDITURE		1 868 276	1 251 625
NET SURPLUS FOR THE YEAR	11	428 203	603 463

4.7 Balance Sheet (Statement of Financial Position) at 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
ASSETS			
Current assets		79 909	71 343
Irregular expenditure		263	263
Cash and cash equivalents	12	77 319	67 705
Receivables	13	2 324	3 197
Loans	14	3	178
Non-current assets		318 763	290 368
Loans	14	316 558	287 879
Investments	15	-	284
Investments in controlled entities	16	2 205	2 205
TOTAL ASSETS		398 672	361 711
LIABILITIES			
Current liabilities		78 010	65 662
Voted funds to be surrendered	17	19 410	17 500
Revenue funds to be surrendered	18	44 734	37 793
Payables	19	13 866	10 369
TOTAL LIABILITIES		78 010	65 662
NET ASSETS/LIABILITIES		320 662	296 049
EQUITY			
Capitalisation reserve		2 205	2 489
Recoverable revenue		316 562	288 057
Local and foreign aid assistance (including RDP funds) rolled over	3	1 895	5 503
TOTAL EQUITY		320 662	296 049

4.8 Statement of Changes in Net Assets/Equity for the year ended 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
Capitalisation reserve			
Opening balance		2 489	2 489
Transfers		(284)	
Closing balance		2 205	2 489
Recoverable revenue			
Opening balance		288 057	290 737
Transfer to Revenue Fund	18	(193)	(1 218)
Debts written off	10.2	-	(27 532)
Debts raised		28 698	26 070
Closing balance		316 562	288 057
Local and foreign aid assistance (including RDP funds) rolled over			
Opening balance	3	5 503	15
Transfers in	3	11 460	23 717
Transfers out	3	(15 068)	(18 229)
Closing balance		1 895	5 503
TOTAL EQUITY		320 662	296 049

4.9 Cashflow Statement for the year ended 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	20	435 687	606 917
Cash generated (utilised) to (increase)/decrease working capital	21	4 371	7 548
Voted funds and Revenue funds surrendered	22	(417 457)	(557 782)
Local and foreign aid assistance (including RDP funds)		(5 503)	(15)
Net cash flow available from operating activities		17 098	56 668
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(7 677)	(4 672)
Net cash flows from operating and investing activities		9 421	51 996
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		193	1 218
Net increase/(decrease) in cash and cash equivalents		9 614	53 214
Cash and cash equivalents at beginning of period		67 705	14 491
Cash and cash equivalents at end of period	12	77 319	67 705

4.10 Notes to the Annual Financial Statements for the year ended 31 March 2003

1. Charge to National Revenue Fund

1.1 Included in the above are funds specifically and exclusively appropriated for National Departments (Voted funds):

Programmes	Total Appropriation R'000	Actual R'000	Variance over/(under) R'000	Total Appropriation 2001/02 R'000
Administration	73 780	70 760	3 020	57 519
Promotion of Mine Health and Safety	85 561	81 255	4 306	75 127
Mineral Development	91 719	89 294	2 425	79 500
Energy Management	1 015 865	1 006 294	9 571	673 198
Associated Services	605 201	605 113	88	365 487
Mineral Technology Research	76 410	76 410	-	76 872
Nuclear Energy	424 947	424 947	-	180 256
National Nuclear Regulator	7 282	7 282	-	7 002
Geoscience	66 384	66 384	-	65 946
Assistance to Mines	28 914	28 914	-	34 940
Loans to Mines	1	-	1	1
Energy Provision	312	259	53	270
Government Motor Transport	950	917	33	200
Special Functions	492	492	-	65
TOTAL	1 872 618	1 853 208	19 410	1 250 896

1.2 Explanation of material variances including whether or not application will be made for a rollover.

Programme 1: Administration:

Savings to an amount of R2.070 million under the standard item Equipment: Capital of the Subprogramme: Corporate Services is due to delays in tender and procurement procedures, deliveries that did not realise before the closing of the 2002/03 financial year and subsequent late receipt of invoices. Savings to an amount of R775 000.00 under the standard items Administrative and Professional and Special Services can be attributed to delays in official visits to regional offices, outstanding subsistence and transport claims and the late receipt of invoices. An application was made to roll over current expenditure to an amount of R351 000.00 and capital expenditure to an amount of R2.179 million to finalise and provide funding for payments to suppliers and service providers during the 2003/04 financial year. An application was also made in terms of Treasury Regulation 6.4 to roll over an amount of R1.5 million for the finalisation of Information Technology projects during the 2003/2004 financial year.

Programmed 2: Promotion of Mine Safety and Health:

Savings to an amount of R414 000.00 and R1.038 million under the standard items Personnel and Administrative Expenditure respectively can be attributed to a number of vacancies within in the Inspectorate during the 2002/03 financial year. This resulted in a decrease in salary, subsistence and transport payments associated with the functions of an inspector. Savings under the standard items Inventories and Equipment: Capital is due to the late delivery by suppliers and subsequent late receipt of invoices after the closing of the 2002/03 financial year. Savings to an amount of R2.519 million under the standard item Professional and Special Services is due to the fact that Tripartite committee members did not claim remunerative allowances associated with the Tripartite Bodies during the 2002/03 financial year as planned and several inquiries into mine accidents that were not finalised before 31 March 2003. The Inspectorate made a request to roll over funds to an amount of R261 000.00 to finalise payments to suppliers during the 2003/04 financial year. The Inspectorate also made a request to roll over current expenditure to an amount of R3.025 million to the 2003/04 financial year to provide funding for:

- The alignment of the Mine Health and Safety Council (MHSC) with reporting and organisational requirements in terms of the PFMA. The MHSC was listed as a schedule 3A national public entity during the 2002/03 financial year.
- The finalisation of pending and current inquiries into mine accidents in terms of section 60 and 65 of the Mine Health and Safety Act, 1996 (Act 29 of 1996).
- The implementation of the findings and recommendations of the review of the Mine Health and Safety Inspectorate and Industry. The review forms part of the integration and co-ordination of health and safety competencies nationally once a substantive national Occupational Health and Safety (OHC) policy has been developed. The Occupational Health and Safety (OHS) policy is likely to encompass some of the outcomes of the review.

Programme 3: Mineral Development:

Savings to an amount of R556 000.00 under the standard item Administrative Expenditure is mainly due to the late receipt of invoices and claims from service providers in respect of subsistence and transport cost associated with the promotion of new legislation and participation in important forums associated with the mining industry. Savings under the standard items Inventories and equipment is mainly due to deliveries that did not realise before the closing of the 2002/03 financial year and subsequent late receipt of invoices. Savings to an amount of R1.465 million under the standard item Professional and Special Services can be attributed to services in respect of the rehabilitation of derelict and ownerless mines that was not delivered before the closing of the 2002/03 financial year and subsequent late receipt of invoices. The Mineral Development Branch made a request to roll over current expenditure to an amount of R2.213 million and capital expenditure to an amount of R14 000.00 to finalise and provide funding for payments to suppliers and service providers during the 2003/04 financial year. An application was also made in terms of Treasury Regulation 6.4 to roll over an amount of R2.5 million for the rehabilitation of derelict and ownerless mines.

Programme 4: Energy Management:

Savings under the standard items Inventories, Personnel and Administrative expenditure can be attributed to the late filling of new posts associated with the

expansion of the Department's staff structure after the second quarter of the 2002/03 financial year. This resulted in a decrease in salary, subsistence and transport payments associated with the functions of the new posts. The saving of R2.491 million under the standard item Professional and Special Services is mainly due to delays in the tender procedures, contracts in respect of energy projects that were not finalised before 31 March 2003, the subsequent extension of energy projects and late receipt of invoices for payments. Savings to an amount of R6.155 million under the standard item Transfer Payments can be attributed to delays in the negotiation process and subsequent signing of contracts, Municipalities not being in a position to implement electrification programmes and expenditure relating to the Integrated National Electrification Programme (INEP) Business Planning Unit being less than anticipated. The Energy Branch made a request to roll over current expenditure to an amount of R1.222 million to finalise and provide funding for payments to suppliers and service providers during the 2003/04 financial year. An application was also made to roll over transfer payments to an amount of R6.155 million to the 2003/04 financial year to finalise and provide funding during the 2003/04 financial year for the following:

- To finalise and implement the Free Basic Electricity (FBE) communication strategy in collaboration with the Government Communication and Information Services (GCIS), the Department of Provincial and Local Government (DPLG) and Eskom as an integral part of the approved FBE Programme.
- Electricity connections in the Albert Luthuli Municipal area to address a backlog of approximately 10 000 electricity household connections in the area.
- Electricity connections in the Alfred Nzo District Municipal area to reduce the backlog of electricity connections in the Eastern Cape.

Programme 5: Associated Services:

Audit Fees in respect of the Cahora Bassa project for the 2002/03 financial year was less than were expected. The old subsidised motor transport scheme was phased out during the 2002/03 financial year and resulted in expenditure associated with the scheme being less than originally expected.

2. Other revenue to be surrendered to revenue fund

Description	Note	2002/03 R'000	2001/02 R'000
Gifts, donations and sponsorships received	2.1	-	10
Interest received		164	241
Transfer to the State from CEF (Pty) Ltd		290 502	457 239
Mining lease rights and licences		115 427	121 025
Loans repaid		193	1 218
Sale of products		14	21
State property rights		90	95
Money prescribed by law		258	310
Money not prescribed by law		76	60
Miscellaneous income		174	241
		<u>406 898</u>	<u>580 460</u>

2.1 Gifts, donations and sponsorships received by the department

Nature of gift, donation and sponsorship	2002/03 R'000	2001/02 R'000
Sponsorship from De Beers Consolidated Mines Ltd for Departmental award function	-	10
	<u>-</u>	<u>10</u>

2.2 Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above)

Nature of gift, donation and sponsorship	2002/03 R'000	2001/02 R'000
Various entities		
SA/Australian Mineral		
Secto Synergies Symposium	-	38
Far West Rand		
Dolomitic Water		
Association of the aquifers	-	20
	<u>-</u>	<u>58</u>

3. Local and foreign aid assistance (including RDP)

3.1 Assistance received in cash

Name of Donor	Purpose	Opening Balance R'000	Revenue R'000	Expenditure Current R'000	Closing Balance R'000
Foreign					
European Union	Non-grid electrification of rural schools	-	678	678	-
Norwegian Government	Electricity capacity building programme	740	3 727	2 775	1 692
Norwegian Government	Petroleum policy, research and capacity building	4 763	6 852	11 615	-
Norwegian Government	SADC Regional Electricity Regulatory Support	-	203	-	203
		5 503	11 460	15 068	1 895

Analysis of balance	2002/03 R'000	2001/02 R'000
Assistance rolled over	1 895	5 503
	1 895	5 503

3.2 Assistance received in kind(Value not included in the income statement)

Name of donor and purpose	2002/03 R'000	2001/02 R'000
Foreign aid assistance		
Capacity building for local government on rural electrification	-	3
Danish Corporation for Environmental Development	-	3
Total Local and foreign aid assistance received in kind	-	3

4. Personnel

4.1 Current expenditure	2002/03 R'000	2001/02 R'000
Appropriation to Executive and Legislature	1 416	1 331
Basic salary costs	96 534	85 705
Pension contributions	14 504	12 907
Medical aid contributions	6 288	5 461
Other salary related costs	21 798	16 427
Total Personnel Costs	140 540	121 831
Average number of employees	815	792

5. Inventories

5.1 Current expenditure	2002/03 R'000	2001/02 R'000
Inventories purchased during the year		
Printing	767	898
Books and publications	785	445
Stationery	1 249	1 162
Uniforms and overalls	289	253
Computer consumer items	1 483	1 469
Other stock and supplies	544	509
Total cost of inventories	5 117	4 736

Inventories on hand at year end	Costing method used	2002/03 R'000
E-class inventories	Average price	
Printing		17
Books and Publications		6
Stationery		57
Computer consumer items		143
Other stock and supplies		5
		228

The value of inventory on hand disclosed is for main depots.

6. Equipment

	Note	2002/03 R'000	2001/02 R'000
Current (Rentals, maintenance and sundry)		5 289	2 848
Capital	6.1	7 677	4 672
Total capital and current expenditure		12 966	7 520
6.1 Capital equipment analysed as follows:			
Computer equipment		5 512	3 601
Furniture and office equipment		509	422
Other equipment		727	549
Transport		929	100
		7 677	4 672

7. Professional and special services

7.1 Current expenditure

	2002/03 R'000	2001/02 R'000
Tripartite bodies	3 183	2 352
Energy projects	4 735	5 178
Mine disasters	2 588	331
Rock burst commission	-	623
Consulting services	22 242	24 025
Legal services	113	622
Auditor's remuneration	1 493	999
Repair and servicing equipment	1 710	1 835
Director's fees refunded CEF (Pty) Ltd	654	326
Boards, Commissions and Committees	157	198
Remuneration other	1 454	1 027
Other professional services	11 813	6 519
Medical Examinations	49	54
Mine Health and Safety Research	1 319	1 202
Mine Health and Safety Review	1 511	-
Consulting Audit Fees	822	363
Development and Special Projects	575	-
Professional Computer Services	583	1 120
Consulting Legal Fees	254	-
Other Professional Services	6 700	3 780
	<u>50 142</u>	<u>44 035</u>

8. Transfer payments

	Note	2002/03 R'000	2001/02 R'000
Conditional grant transfers	Annexure 1A	224 763	-
Transfers to public entities and institutions	Annexure 1B	1 355 950	973 176
Other transfers	Annexure 1C	1 044	34 939
		<u>1 581 757</u>	<u>1 008 115</u>
Analysis of payments			
Current		374 548	377 066
Capital		1 207 209	631 049
		<u>1 581 757</u>	<u>1 008 115</u>

9. Miscellaneous

9.1 Current Expenditure

	Note	2002/03 R'000	2001/02 R'000
Remissions, refunds and payments made as an act of grace	9.2	130	2
Gifts, donations and sponsorships made	9.3	36	40
Claims against the Government		-	183
Total miscellaneous expenditure		<u>166</u>	<u>225</u>

9.2 Remissions, refunds and payments made as an act of grace

Nature of remissions, refunds and payments	2002/03 R'000	2001/02 R'000
Ex-gratia payment in respect of the loss of an official's personal belongings while on official duty	13	2
Ex-gratia payment in respect of a claim of a former employee for interest on pension benefits	17	-
Ex-gratia payment in respect of a compensation for service bonus for an advisor to the Minister	100	-
	<u>130</u>	<u>2</u>

9.3 Gifts, donations and sponsorships paid in cash by the department (items expensed during the current year)

Nature of gifts, donations and sponsorships	2002/03 R'000	2001/02 R'000
Donation towards the funeral costs of an employee	25	-
Sponsorship towards the netball and soccer teams of the Department	11	-
Donation to Contralesa Conference	-	40
Total paid from Miscellaneous expenditure	<u>36</u>	<u>40</u>
Donation to exhibit at the WSSD and paid from the standard item Professional and Special Services	95	-
Total donations paid in cash	<u>131</u>	<u>40</u>

9.4 Gifts, donations and sponsorships made in kind (items expensed in previous periods -Total value not included above)

Nature of gifts, donations and sponsorships	Current expenditure	Capital expenditure	2003/02 R'000	2001/02 R'000
Donation of solar powered equipment to Nkungwini Primary School (electrification programme)	-	-	-	7
HIV world day celebrations	-	-	-	12
Sponsorship of international symposium on rockbursts and seismicity in mines (SAIMN)	-	-	-	50
Sponsorship on extended meeting of the South African Nuclear Society	-	-	-	20
Sponsorship of gas conference hosted by Fossil Fuel Foundation	-	-	-	1
Function for Eskom secondees	-	-	-	2
Distribution of key rings at Mine Health and Safety Expo	5	-	5	10
Distribution of guidelines for codes of practice and other documents to mines in terms of Mine Health and Safety Act	135	-	135	110
Corporate gifts	29	-	29	28
Distribution of pamphlet on national electrification programme	-	-	-	85
Publications and documents distributed to promote South Africa's minerals and mining industry	94	-	94	109
Distribution of trophy replicas of the Mine Health and Safety Council award scheme	40	-	40	-
T-shirts to be worn by staff manning the Department's exhibition stand at the WSSD	5	-	5	-
Donation to Dumalisile Comprehensive High School	-	30	30	-
	308	30	338	434

10. Special functions: Authorised losses

	Note	2002/03 R'000	2001/02 R'000
Other material losses written off	10.1	417	-
Debts written off	10.3	75	65
		<u>492</u>	<u>65</u>

10.1 Other material losses written off in income statement in current period

Nature of losses	2002/03 R'000	2001/02 R'000
Emalahleni Local Municipality Council	417	-
Total	<u>417</u>	<u>-</u>

10.2 Other material losses of items expensed in previous periods (Total not included above)

Nature of losses	Current expenditure R'000	Capital expenditure R'000	2002/03 R'000	2001/02 R'000
Loan to East Rand Proprietary Mines Ltd	-	-	-	27 532
Instruments	-	88	88	-
Cell phone	-	122	122	-
Laptop	-	36	36	-
Video camera	-	4	4	-
	<u>-</u>	<u>250</u>	<u>250</u>	<u>27 532</u>

10.3 Debts written off

Nature of debts written off	2002/03 R'000	2001/02 R'000
Salary overpayments	-	2
Bursary	1	35
Telephone	3	-
State guarantee	-	4
Handling fees	1	-
Fraud case	38	2
Subsistence and Travel claims	1	7
Government Garage/Car rental accidents	28	14
Other debts	1	1
Medical aid	2	-
	<u>75</u>	<u>65</u>

10.4 Details of special functions (theft and losses)

Per programme	2002/03 R'000	2001/02 R'000
Special functions	492	65
	<u>492</u>	<u>65</u>

11. Analysis of surplus

	2002/03 R'000	2001/02 R'000
Voted funds to be surrendered to the Revenue Fund	19 410	17 500
Non voted funds	408 793	585 963
Other revenue to be surrendered to the Revenue Fund	406	580
Local and foreign aid assistance (incl. RDP funds)	898	460
Rolled over	1 895	5 503
Total	428 203	603 463

12. Cash and cash equivalents

	2002/03 R'000	2001/02 R'000
Paymaster General Account	77 298	67 689
Cash on hand	21	16
	77 319	67 705

13. Receivables - current

	Note	2002/03 R'000	2001/02 R'000
Amounts owing by other departments		82	-
Staff debtors	13.3	1 323	1 428
Other debtors	13.4	575	1 433
Advances	13.5	344	336
		2 324	3 197

13.1 Amount of R417 260-64 has been written-off in the income statement.

13.2 Age analysis - receivables current	2002/03 R'000	2001/02 R'000
Less than one year	1 508	1 897
Staff debtors	829	1 005
Other debtors	634	826
Advances	45	66
One to two years (List material amounts)	278	351
Staff debtors	201	189
Other debtors	20	152
Advances	57	10
More than two years (list material amounts)	538	949
Staff debtors	293	234
Other debtors	3	455
Advances	242	260
	2 324	3 197

13.3 Staff debtors	2002/03 R'000	2001/02 R'000
Various other staff debtors	299	308
Debtors	1 024	1 120
	1 323	1 428

13.4 Other debtors	2002/03 R'000	2001/02 R'000
SA Diamond Board	283	-
Lebowa Minerals Trust	143	-
Other debtors	149	277
Supersonic Tours	-	46
Emalahleni Local Municipality Council	-	417
CEF (Pty) Ltd	-	693
	<u>575</u>	<u>1 433</u>

13.5 Advances	2002/03 R'000	2001/02 R'000
Nature of advances		
Standing advances	344	336
	<u>344</u>	<u>336</u>

14. Loans

Granted to	Note	2002/03 R'000	2001/02 R'000
Officials	14.1	3	178
JC Gold Mining (Pty) Ltd	14.2	841	771
Portuguese Government	14.3	315 717	287 108
Less amount repayable within 12 months included in current assets		(3)	(178)
		<u>316 558</u>	<u>287 879</u>

14.1 This represents a loan to officials for the purpose of subsidised vehicles. This loan is secured by Stannic.

14.2 This represents a loan for the purchase of assets of Glencairn Gold Mining Co (Pty) Ltd trading as JC Gold Mining (Pty) Ltd. The interest rate is as stipulated in terms of the Public Finance Management Act.

14.3 This represents loans to the Portuguese Government towards the Hydro Electrica de Cahora Bassa scheme. The interest rate for the three loans are 9,25%, 10,6% and 9,5% respectively. The recovery of the loans are doubtful.

15. Investments

Investee	Nature of investment R'000	Note R'000	2002/03	2001/02
FSAF Investments (Pty) Ltd	6 ordinary shares of R0,01 each		-	-
East Rand Proprietary Mines Ltd	28 407 980 ordinary shares of R0,01 each	15.1	-	284
			-	284

The 28 407 980 shares in ERPM were sold to De Klerk, Vermaak and Partners for R28 407-98. An amount of R18 359-70 was paid to Deloitte and Touche for audit fees. The balance of R10 048-28 is being held by the Attorneys and will be used to settle all outstanding accounts. Any proceed or losses will be recognised when the transaction is completed.

16. Investments in controlled entities

	Note	2002/03 R'000	2001/02 R'000
Total investments in controlled entities	Annexure 2	2 205	2 205

17. Voted funds to be surrendered

	Note	2002/03 R'000	2001/02 R'000
Opening balance		17 500	11 632
Transfer from income statement		19 410	17 500
Paid during the year		(17 500)	(11 632)
Closing balance		19 410	17 500

18. Revenue funds to be surrendered

	2002/03 R'000	2001/02 R'000
Opening balance	37 793	3 483
Transfer from income statement for revenue to be surrendered	406 898	580 460
Other receipts	406 705	579 242
Transfer from recoverable revenue	193	1 218
Paid during the year	(399 957)	(546 150)
Closing balance	44 734	37 793

19. Payables - current

Description	Note	2002/03 R'000	2001/02 R'000
Other payables	19.1	13 866	10 369
		<u>13 866</u>	<u>10 369</u>
19.1 Other payables		2002/03 R'000	2001/02 R'000
Recoverable revenue		150	234
Other payables		176	237
Debt		11	291
Receivable interest		97	79
Guarantees for Rehabilitation		13 214	9 232
Mineral Rights Claim Licence		212	212
Persal deduction		6	84
		<u>13 866</u>	<u>10 369</u>

20. Net cash flow generated by operating activities

	2002/03 R'000	2001/02 R'000
Net surplus as per Income Statement	428 203	603 463
Adjusted for items separately disclosed	7 484	3 454
Capital expenditure	7 677	4 672
Proceeds on loans repaid	(193)	(1 218)
Net cash flow generated by operating activities	<u>435 687</u>	<u>606 917</u>

21. Cash generated (utilised) to (increase)/decrease working capital

	2002/03 R'000	2001/02 R'000
Decrease in receivables - current	874	5 480
Decrease in unauthorised, irregular, fruitless and wasteful expenditure	-	1
Increase in payables	3 497	2 067
	<u>4 371</u>	<u>7 548</u>

22. Voted funds and Revenue funds surrendered

	Note	2002/03 R'000	2001/02 R'000
Voted funds surrendered		17 500	11 632
Revenue funds surrendered		399 957	546 150
		<u>417 457</u>	<u>557 782</u>

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2002.

23. Contingent liabilities

23.1 Liability	Nature	Note	2002/03 R'000	2001/02 R'000
Motor vehicle guarantees	Employees	Annexure 3	358	358
Housing loan guarantees	Employees	Annexure 3	1 966	2 066
Guarantees: South African Nuclear Energy Corporation Ltd	Loans	Annexure 3	10 050	243 809
Guarantees: South African Nuclear Energy Corporation Ltd	Banking facilities	Annexure 3	20 000	20 000
Pending legal cases			200	135
SIMRAC contracts signed in the name of the Department	Research		29 011	31 767
Department of Foreign Affairs	Interdepart-mental claim		1 749	-
Department of Justice	Interdepart-mental claim		800	-
*Nuclear Energy Corporation Ltd	Employer's contribution: Medical Aid		215 519	167 740
*Nuclear Energy Corporation Ltd	Decontamination and Decommissioning of strategic plants		-	-
			<u>279 653</u>	<u>465 875</u>

NOTE: * Both entries subject to further discussion with National Treasury and NECSA. The values for the decontamination and decommissioning of certain strategic plants are unquantifiable.

23.2 Guarantees held for Rehabilitation may not be adequate and the amount is unquantifiable.

Regulation 5.16 of the Regulations promulgated in terms of the Minerals Act, 1991 (Act 20 of 1991) requires that the quantum of the financial provision (guarantee) be revised on an annual basis. Apart from this legal obligation that vests with all holders of prospecting permits or mining authorisations the guarantee amounts are also revised whenever a site inspection undertaken by officials from the Department reveals that the quantum is not sufficient to cover all rehabilitation liabilities.

Although the responsibility for revision of guarantees vests with all holders, the Department is also in the process of writing letters to all holders requesting them to verify the validity of the guarantees and to revise the estimates based on an itemized calculation of the quantum.

24. Funds held for Rehabilitation purposes

Accumulated figure of funds available to the Department for Rehabilitation purposes should mines be liquidated or become incapacitated.

	R'000
*Cash guarantees	13 214
Bank guarantees	583 934
Trusts	1 177 753
Total	1 774 901

*The Department is in a process of establishing a trust fund for all cash guarantees in order to comply with Treasury regulation 14.3.1. A number of reputable companies had been approached for proposals and presentations. Sanlam, the successful company, has been appointed. The details with regard to the Trust Deed is being finalised between Department of Minerals and Energy and Sanlam.

25. Commitments

	2002/03 R'000	2001/02 R'000
Current expenditure		
Approved and contracted/ordered	26 420	5 516
Approved but not yet contracted	384	1 072
	26 804	6 588
Capital expenditure		
Approved and contracted/ordered	-	1 390
	-	1 390
Total Commitments	26 804	7 978

26. Accruals

	2002/03 R'000	2001/02 R'000
Listed by standard Item		
Personnel expenditure	223	-
Administration expenditure	1 065	1 626
Inventories	356	74
Prof and Special Services	1 477	851
Equipment: Current	203	67
Equipment: Capital	439	448
	3 763	3 066

Listed by programme level

Administration	2 434	1 987
Mine Safety and Health	193	249
Mineral Development	760	311
Energy	376	519
	<u>3 763</u>	<u>3 066</u>

27. Employee benefits

	2002/03 R'000	2001/02 R'000
Leave entitlement	16 192	14 694
Thirteenth cheque	4 207	2 130
Performance bonus	2 671	875
	<u>23 070</u>	<u>17 699</u>

28. Leases

28.1 Operating leases	Equipment	Total 2002/03R'000	Total 2001/02R'000
Technologies Acceptances	Rent of switchboard (PABX)		
Not later than 1 year		38	-
Later than one year and not later than 3 years		78	-
Later than 3 years		78	-
		<u>194</u>	<u>-</u>

29. Irregular expenditure

29.1 Movement Schedule of irregular expenditure

	Note	2002/03 R'000	2001/02 R'000
Opening Balance		647	263
Irregular expenditure - current year		92	384
Expenditure condoned		(229)	-
Closing Balance		<u>510</u>	<u>647</u>
Analysis			
Current		21	384
Prior Years		489	263
		<u>510</u>	<u>647</u>

29.2 Not condoned expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2002/03 R'000	2001/02 R'000
Maintenance Agreement	Case not finalised	89	89
Upgrading of the Intergraphic Information system (GIS)	Case not finalised	174	174
People's Power Workshop	Case not finalised	151	151
Framing of Photographs	Case not finalised	16	16
*Mining Disaster Investigation at Kloof Gold Mine	Case not finalised	-	158
Risk Assessment Workshop	Case not finalised	59	59
Printing of calendars	Case not finalised	9	-
Energy Efficiency month	Case not finalised	6	-
CSIR Conference facilities	Case not finalised	6	-
		510	647

*Irregular expenditure in respect of the Mining Disaster Investigation at Kloof Gold Mine was condoned by National Treasury during the 2002/03 financial year.

30. Related party transactions

Entity	Nature of relationship	Type of transaction	Elements of transaction
CEF (Pty) Ltd	Associated institution under the control of the department	Refund of director's fees to an amount of R654 357-85 was paid during the 2002/03 financial year.	In terms of section 1(7) of the Central Energy Fund Act, 1977 (Act 38 of 1977) of a director (excluding a director in the full-time service of the State), and the cost of transport facilities or other benefits afforded to him in respect of his service as a director, shall be paid out of moneys appropriated by Parliament for such purposes.
CEF (Pty) Ltd	Associated institution under the control of the department	R2 500 501 837-36 was received from CEF for dividends of which R290 501 837-36 was transferred to the National Revenue Fund and an amount of R2 210 000 000-00 was transferred to the Exchequer.	Funds transferred in terms of a Ministerial directive that is annually issued on CEF (Pty) Ltd.
Mine Health and Safety Council	Associated institution under the control of the department	Payment to an amount of R3 154 013-08 for administrative research projects.	Funds paid in terms of the Mine Health and Safety Act (Act 29 of 1996).

31. Key management personnel

31.1 Remuneration

The aggregate remuneration of eleven management personnel that were identified as key members of management of the department is an amount of R6,068 million.

Major classes	Number of Individuals	2002/03 R'000
Minister	1	763
Deputy Minister	1	653
Director-General	1	698
Deputy Directors-General	4	2 168
Chief Directors	4	1 786
		<u>6 068</u>



4.11 annexures

ANNEXURE 1A

Statement of Conditional Grant Transfers to Municipalities by National Department as at 31 March 2003

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE					SPENT		
	Division of Revenue Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred R'000	Capital R'000	Current R'000	Actual Amount received R'000	Actual Amount spent R'000	% Transferred Spent R'000
Cape Town	13,052	3,900	-	16,952	16,952	-	100	16,952	-	16,952	18,228	100.00
Matzikama	405	-	-	405	405	-	100	405	-	405	422	100.00
Cederberg	81	-	-	81	80	-	100	80	-	80	80	100.00
Bergrivier	364	-	-	364	364	-	100	364	-	364	364	100.00
Saldanha Bay	364	-	-	364	364	-	100	364	-	364	364	100.00
Swartland	3,156	109	-	3,265	3,265	-	100	3,265	-	3,265	3,903	100.00
Witzenberg	2,289	-2,157	-	132	132	-	100	132	-	132	186	100.00
Drakenstein	1,040	1,037	-	2,077	2,077	-	100	2,077	-	2,077	2,720	100.00
Stellenbosch	-	1,659	-	1,659	1,659	-	100	1,659	-	1,659	1,052	63.41
Breede Valley	1,170	-	-	1,170	1,170	-	100	1,170	-	1,170	570	48.72
Breede River/Winelands	1,560	237	-	1,797	1,797	-	100	1,797	-	1,797	2,355	100.00
Theewaterskloof	31	-31	-	-	-	-	-	-	-	-	-	-
Overstrand	1,040	-	-	1,040	1,040	-	100	1,040	-	1,040	1,023	98.37
Cape Agulhas	268	-	-	268	268	-	100	268	-	268	268	100.00
Langeberg	463	-	-	463	463	-	100	463	-	463	463	100.00
Mossel Bay	2,340	-	-	2,340	2,340	-	100	2,340	-	2,340	3,574	100.00
George	780	-	-	780	780	-	100	780	-	780	780	100.00
Oudtshoorn	1,040	-	-	1,040	1,040	-	100	1,040	-	1,040	1,243	100.00
Knysna	1,169	-260	-	909	909	-	100	909	-	909	911	100.00

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE					SPENT		
	Division of Revenue Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred R'000	Capital R'000	Current R'000	Actual Amount received R'000	Actual Amount spent R'000	% Transferred Spent R'000
Beaufort West	650	-	-	650	650	-	100	650	-	650	168	25.85
Ga-Segonyana	1,046	-	-	1,046	1,046	-	100	1,046	-	1,046	1,046	100.00
Nama Khoi	130	-	-	130	130	-	100	130	-	130	135	100.00
Kamiesberg	780	-	-	780	780	-	100	780	-	780	3,165	100.00
Hantam	208	-	-	208	156	52	75	156	-	156	156	100.00
Ubuntu	75	-75	-	-	-	-	-	-	-	-	-	-
Renosterberg	424	-	-	424	424	-	100	424	-	424	424	100.00
Khara Hais	780	-	-	780	780	-	100	780	-	780	1,470	100.00
Tsantsabane	47	-	-	47	47	-	100	47	-	47	-	0.00
Kgatelopele	650	182	-	832	832	-	100	832	-	832	838	100.00
Sol Plaatjie	980	-	-	980	980	-	100	980	-	980	1,027	100.00
Magareng	180	-	-	180	180	-	100	180	-	180	97	53.89
Phokwane	341	-	-	341	341	-	100	341	-	341	130	38.12
Nelson Mandela	13,788	219	-	14,007	14,007	-	100	14,007	-	14,007	15,109	100.00
Camdeboo	628	7	-	635	635	-	100	635	-	635	641	100.00
Blue Crane Route	546	-	-	546	546	-	100	546	-	546	445	81.50
Makana	-	21	-	21	21	-	100	21	-	21	29	100.00
Baviaans	270	-	-	270	270	-	100	270	-	270	270	100.00
Kouga	221	-	-	221	221	-	100	221	-	221	324	100.00
Great Kei	650	-309	-	341	341	-	100	341	-	341	293	85.92
Buffalo City	5,460	418	-	5,878	5,878	-	100	5,878	-	5,878	5,879	100.00
Nkonkobe	1,425	-	-	1,425	1,425	-	100	1,425	-	1,425	1,260	88.42
Nxuba	2,743	-	-	2,743	2,743	-	100	2,743	-	2,743	2,743	100.00
Tsolwana	470	-	-	470	470	-	100	470	-	470	224	47.66

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE					SPENT		
	Division of Revenue Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred R'000	Capital R'000	Current R'000	Actual Amount received R'000	Actual Amount spent R'000	% Transferred Spent R'000
Emalahleni	3,648	-	-	3,648	3,648	-	100	3,648	-	3,648	2,857	78.32
Elundini	3,086	878	-	3,964	3,088	876	78	3,088	-	3,088	2,425	78.53
Maletswai	1,391	-593	-	798	798	-	100	798	-	798	678	84.96
King Sabata Dalindyebo	5,785	1,352	-	7,137	7,137	-	100	7,137	-	7,137	3,378	47.33
Mangaung	2,600	-520	-	2,080	2,080	-	100	2,080	-	2,080	1,873	90.05
Matjhabeng	1,380	-1,150	-	230	55	175	24	55	-	55	-	0.00
Nala	1,100	-	-	1,100	1,100	-	100	1,100	-	1,100	289	26.27
Dihlabeng	240	-	-	240	240	-	100	240	-	240	139	57.92
Maluti a Phofung	10,000	1,011	-	11,011	11,011	-	100	11,011	-	11,011	9,750	88.55
Phumelela	870	5	-	875	875	-	100	875	-	875	459	52.46
Moqhaka	1,040	-	-	1,040	1,040	-	100	1,040	-	1,040	805	77.40
Ngwathe	1,300	312	-	1,612	1,612	-	100	1,612	-	1,612	1,612	100.00
Metsimaholo	1,300	-	-	1,300	1,300	-	100	1,300	-	1,300	475	36.54
Durban	37,858	16	-	37,874	37,874	-	100	37,874	-	37,874	43,617	100.00
uMuziwabantu	1,320	910	-	2,230	2,230	-	100	2,230	-	2,230	2,764	100.00
Howick	951	-	-	951	951	-	100	951	-	951	951	100.00
Msunduzi	-	866	-	866	866	-	100	866	-	866	1,090	100.00
Emnambithi	-	327	-	327	327	-	100	327	-	327	467	100.00
Umtshezi	3,000	-	-	3,000	3,000	-	100	3,000	-	3,000	2,900	96.67
Newcastle	658	-	-	658	658	-	100	658	-	658	1,004	100.00
Utrecht	291	99	-	390	390	-	100	390	-	390	439	100.00
Abaqulusi	1,837	373	-	2,210	2,210	-	100	2,210	-	2,210	1,560	70.59
Ulundi	3,120	2,525	-	5,645	5,645	-	100	5,645	-	5,645	5,645	100.00
Kwadukuza	3,380	-416	-	2,964	2,964	-	100	2,964	-	2,964	3,378	100.00
Matatiele	1,040	-	-	1,040	1,040	-	100	1,040	-	1,040	-	0.00

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE					SPENT		
	Division of Revenue Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred R'000	Capital R'000	Current R'000	Actual Amount received R'000	Actual Amount spent R'000	% Transferred Spent R'000
Greater Kokstad	1,820		-	1,820	1,820	-	100	1,820	-	1,820	1,820	100.00
Albert Luthuli	479		-	479	479	-	100	479	-	479	372	77.66
Msukaligwa	1,040		-	1,040	1,040	-	100	1,040	-	1,040	70	6.73
Mkhondo	3,900	-3,011	-	889	889	-	100	889	-	889	663	74.58
Lekwa	3,900		-	3,900	3,900	-	100	3,900	-	3,900	4,742	100.00
Dipaleseng	2,782	-1,124	-	1,658	1,658	-	100	1,658	-	1,658	1,687	100.00
Highveld East	3,900		-	3,900	3,900	-	100	3,900	-	3,900	2,900	74.36
Delmas	1,040	169	-	1,209	1,209	-	100	1,209	-	1,209	1,247	100.00
Emalahleni	3,120		-	3,120	3,120	-	100	3,120	-	3,120	601	19.26
Middelburg	1,087	525	-	1,612	1,612	-	100	1,612	-	1,612	1,612-	100.00
Highlands	-	850	-	850	850	-	100	850	-	850	-	0.00
Mbombela	3,640	390	-	4,030	4,030	-	100	4,030	-	4,030	2,832	70.27
Polokwane	2,500	-	-	2,500	2,500	-	100	2,500	-	2,500	3,635	100.00
Madibeng	1,037	-746	-	291	291	-	100	291	-	291	250	85.91
Rustenburg	1,214	-	-	1,214	1,214	-	100	1,214	-	1,214	1,214	100.00
Tswaing	1,040	-	-	1,040	1,040	-	100	1,040	-	1,040	1,245	100.00
Lichtenburg	1,750	-	-	1,750	1,750	-	100	1,750	-	1,750	1,753	100.00
Greater Taung	1,560	-377	-	1,183	1,183	-	100	1,183	-	1,183	138	11.67
Lekwa-Teemane	790	-468	-	322	322	-	100	322	-	322	322	100.00
Ventersdorp	1,171	-353	-	818	818	-	100	818	-	818	818	100.00
Potchefstroom	2,340	1,482	-	3,822	3,822	-	100	3,822	-	3,822	5,057	100.00
Klerksdorp	520	-	-	520	520	-	100	520	-	520	612	100.00
East Rand	7,283	-1	-	7,282	7,282	-	100	7,282	-	7,282	456	6.26
Johannesburg	4,420	-	-	4,420	4,420	-	100	4,420	-	4,420	4,933	100.00
Tshwane	6,188	-	-	6,188	*4,041	2,147	65	*4,041	-	4,041	4,041	100.00

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE					SPENT		
	Division of Revenue Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred R'000	Capital R'000	Current R'000	Actual Amount received R'000	Actual Amount spent R'000	% Transferred Spent R'000
Nokeng Tsa Taemane	1,048	-788	-	260	260	-	100	260	-	260	97	37.31
Kungwini	3,380	-2,196	-	1,184	1,184	-	100	1,184	-	1,184	861	72.72
Lesedi	6,500	-4,108	-	2,392	2,392	-	100	2,392	-	2,392	910	38.04
Mogale City	2,070	-	-	2,070	2,070	-	100	2,070	-	2,070	2,070	100.00
Westonaria	4,636	-	-	4,636	4,636	-	100	4,636	-	4,636	6,321	100.00
Merafong	1,560	-1,196	-	364	364	-	100	364	-	364	364	100.00
Total	228,013	-	-	228,013	224,763	3,250	99	224,763	-	224,763	216,578	96.36

* An amount of R4,041,000 excludes the amount of R910,000 returned by Tshwane Municipality to the Department on 31 March 2003

Reasons for underspending by Municipalities:

1. Funds not transferred are due to projects that did not materialise
2. Transferred funds not spent by municipalities can be attributed to:
 - (i) Projects not materialising due to under delivery on housing
 - (ii) Financial year differences between National Government and municipalities delaying municipal decision making processes
 - (iii) Municipal procurement processes cause delays; and
 - (iv) Connections can only be counted when energised. Actual connections and energisation is only done when customers apply and pay the connection fee.

Remedial steps on Funds not being transferred:

Applied for roll-over to 2003/04 for additional allocation to Albert Luthuli municipality (pending National Treasury approval) due to large backlog from Transitional Electricity Distributor (Mpumalanga) to municipal transformation. Albert Luthuli now has a distribution license issued by the National Electricity Regulator.

Remedial steps on unspent funds:

Agreed with relevant municipalities that they will complete the outstanding projects before June 2003 and that no new funds will be transferred until old projects have been completed.

ANNEXURE 1B

Statement of Transfers to Public entities and Institutions by National Departments as at 31 March 2003

Public Entity / Institution	Appropriations Act R'000	Adjustments Estimate R'000	TRANSFER ALLOCATION					EXPENDITURE	
			Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Council for Mineral Technology Research	76,410	1,000	-	77,410	77,410	-	100	8,000	69,410
South African Nuclear Energy Corporation Limited	419,947	5,000	-	424,947	424,947	-	100	245,484	179,463
National Nuclear Regulator	7,282	-	-	7,282	7,282	-	100	500	6,782
Council for Geoscience	66,384	28,914	-	95,298	95,298	-	100	8,000	87,298
South African Diamond Board	-	3,400	-	3,400	3,400	-	100	-	3,400
Eskom	721,987	18,475	-	740,462	739,513	949	99.87	720,462	19,051
Industrial Development Corporation of South Africa Limited	5,100	-1,000	-	4,100	4,100	-	100	-	4,100
Development Bank of Southern Africa Limited	4,000	-	-	4,000	4,000	-	100	-	4,000
TOTAL	1,301,110	55,789	-	1,356,899	1,355,950	949		982,446	373,504

Expenditure associated with the Integrated National Electrification Programme (INEP) Business Planning Unit was less than originally anticipated. The Department however obtained approval from National Treasury to reclassify the amount as capital transfer payments to effect electricity connections in the Alfred Nzo District Municipal area to address the backlog of approximately 10 000 connection in the

area. The Department was however unable to effect a transfer payment before 31 March 2003 due to delays in the negotiation process and signing of contracts. A request to roll-over funds to an amount of R949 000-00 was subsequently submitted to National Treasury to finalise the electricity connection in 2003/04.

ANNEXURE 1C

Statement of Other Transfers by National Departments as at 31 March 2003

Public Entity / Institution	TRANSFER ALLOCATION							EXPENDITURE	
	Appropriations Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available (1) R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Electricity Basic Support Services Tariff	-	-1,044	3,000	1,956	-	1,956	0	-	-
KwaZulu Energy Services Company (Pty) Ltd	-	206	-	206	206	-	100	-	206
NUON RAPS Utility (Pty) Ltd	-	444	-	444	444	-	100	-	444
Solar Vision (Pty) Ltd	-	394	-	394	394	-	100	-	394
TOTAL	-	-	3,000	3,000	1,044	1,956		-	1,044

Due to delays in negotiations and subsequent signing of contracts the Department was unable to effect transfer payments in respect of the Free Basic Electricity (FBE) implementation. The Department submitted a request to National Treasury to roll over funds to an amount of R1,956 million to finalise the implementation of the FBE strategy as an integral part of the approved FBE programme. The Department in collaboration

with the Government Communication and Information Services (GCIS), the Department of Provincial and Local Government (DPLG) and Eskom will utilize the funds to implement the communication strategy as directed by Cabinet in line with the FBE Communication Strategy Business Plan.

ANNEXURE 2

Statement of Investments in and Amounts Owing by/to Controlled/Public entities as at 31 March 2003

	Public entity 1	Public Entity 2	Totals
Name of Public Entity	The South African Nuclear Energy Corporation Ltd	Central Energy Fund (Pty Ltd)	-
Nature of public entities business	Nuclear Technology Development	Oversee a diverse number of subsidiaries	-
Relevant Act	Nuclear Energy Act (Act 46 of 1999)	Central Energy Fund Act (Act 38 of 1977)	-
Entity's PFMA Schedule type	Schedule 2	Schedule 2	-
% Held	100	100	100
Number of shares held			
2002/03	2 205 000	1	2 205 001
2001/02	2 205 000	1	2 205 001
Cost of Investment			
2002/03	2 205 000	1	2 205 001
2001/02	2 205 000	1	2 205 001
Profit/(Loss) for the year			
2002/03	241 992	(3 332)	3 165 915
2001/02	#2 923 923	2 070 527	2 067 195
Are the losses guaranteed (Yes/No)	-	-	-
Amt o flosses guaranteed (R'000)	-	-	-
Amounts owing to			
2002/03	-	-	-
2001/02	-	-	-
Amounts owing by			
2002/03	-	-	-
2001/02	-	-	-
AO Value of Investment (R'000)	*236 338	*10 807 557	11 043 895
Audit Report Status	Unqualified (2002/2003)	Unqualified (2001/2002)	-

* Nett asset value
Unaudited

ANNEXURE 3

Statement of financial Guarantees Issued as at 31 March 2003

DOMESTIC

Guaranteed institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance as at 1 April 2002	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest outstanding as at 31 March 2003	Closing balance 31 March 2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Perm	Housing loan	1 821	280	58	2	-	336	-
ABSA	Housing loan	2 574	639	138	298	-	479	-
Standard	Housing loan	917	172	55	47	-	180	-
FNB	Housing loan	867	132	59	18	-	173	-
Nedbank	Housing loan	988	142	68	18	-	192	-
Saambou	Housing loan	1 676	399	-	103	-	296	-
Boe Bank Limited	Housing loan	284	-	50	-	-	50	-
Boe Bank (NBS Div)	Housing loan	599	131	-	18	-	113	-
Boe Bank (Boland Div)	Housing loan	225	45	-	-	-	45	-
VBS Mutual Bank	Housing loan	300	-	20	-	-	20	-
Cashbank	Housing loan	-	25	-	25	-	-	-
Peoples Bank/(FBC Fidelity Bank)	Housing loan	463	82	-	-	-	82	-
The African Bank Ltd	Housing loan	-	11	-	11	-	-	-
Unibank	Housing loan	-	8	-	8	-	-	-
Stannic	Subsidised vehicle	358	358	-	-	-	358	-
CMB Nominees (Pty) Ltd								
Central Depository Nominees								
Master of the Supreme Court	Loans (NECSA)	243 809	243 809	-	233 759	-	10 050	-
ABSA	Bank guarantee (NECSA)	20 000	20 000	-	-	-	20 000	-
Total		274 881	266 233	448	234 307	-	32 374	-

ANNEXURE 4

Physical Asset Movement schedule (Not including inventories)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers Out R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT						
Computer equipment	11 149	5 512	-	-	-	16 661
Furniture and office equipment	5 507	509	30	-	-	5 986
Other machinery and equipment	1 855	727	-	-	-	2 582
Transport assets	740	929	-	-	-	1 669
	19 251	7 677	30	-	-	26 898

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2001/02	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers Out R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT						
Computer equipment	7 548	3 601	-	-	-	11 149
Furniture and office equipment	5 085	422	-	-	-	5 507
Other machinery and equipment	1 313	549	7	-	-	1 855
Transport assets	640	100	-	-	-	740
	14 586	4 672	7	-	-	19 251



5. Human Resources

TABLE 1.1 - Personnel costs by Programme

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as percent of Total Expenditure	Average Personnel Cost per Employee (R'000)	Employment
Administration	70760	28078	1363	10252	39.7	147005	191
Associated services	605113	0	0	259	0	0	0
Energy management	1006294	12250	337	8588	1.2	197581	62
Mineral development	89294	44692	471	21243	50.1	138795	322
Prom mine safety & health	81255	55520	1087	9800	68.3	227541	244
Special functions	492	0	0	0	0	0	0
TOTAL	1853208	140540	3258	50142	7.6	171600	819

7 Secondment included at Mineral Development)

(Per BAS Financial System)

TABLE 1.2 - Personnel costs by Salary bands

Salary Bands	Personnel Expenditure (R'000) PERSAL	Percentage of Total Personnel Cost	Average Cost per Employee (PERSAL)	Number of Employees
Lower skilled (Levels 1-2)	2249	1.6	44973	50
Skilled (Levels 3-5)	8573	6.1	53918	159
Highly skilled production (Levels 6-8)	24876	17.7	114634	217
Highly skilled supervision (Levels 9-12)	76875	54.7	235093	327
Senior management (Levels 13-16)	26422	18.8	412836	64
Other	1546	1.1	772970	2
TOTAL	140540	100	171600	819

TABLE 1.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Costs (R'000)
Administration	17921	63.8	80	0.3	410	1.5	1295	4.6	28 078
Energy	8371	68.3	13	0.1	97	0.8	492	4	12 250
Mine safety & health	39391	70.9	0	0	1031	1.9	2303	4.1	55 520
Mineral development	30851	69	78	0.2	778	1.7	2193	4.9	44 692
Secondings recoverable	0	0	0	0	0	0	0	0	0
TOTAL	96534	68.7	171	0.1	2316	1.6	6283	4.5	140 540

TABLE 1.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band
(As indicated by PERSAL)

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost
Lower skilled (Levels 1-2)	1632	72.6	5	0.2	65	2.9	183	8.1
Skilled (Levels 3-5)	6271	73.2	70	0.8	226	2.6	801	9.3
Highly skilled production (Levels 6-8)	17973	72.3	37	0.1	608	2.4	1456	5.9
Highly skilled supervision (Levels 9-12)	53815	70	59	0.1	1267	1.6	2990	3.9
Senior management (Levels 13-16)	15866	60.1	0	0	50	0.2	819	3.1
Minister and Deputy Minister	977	63.2	0	0	0	0	28	1.8
TOTAL	96534	68.7	171	0.1	2216	1.6	6277	4.5

TABLE 2.1 - Employment and Vacancies by Programme at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administration	238	191	19.7	18
Energy	78	62	20.5	3
Mine Health and Safety	275	244	11.3	14
Mineral development	398	315	20.9	14
Secondings recoverable	7	7	0	7
TOTAL	996	819	17.8	*56

*(56 appointed additional to the fixed establishment as trainees/interns, are part of the 996 posts.)

TABLE 2.2 - Employment and Vacancies by Salary Band at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2)	63	50	20.6	3
Skilled (Levels 3-5)	176	159	9.7	17
Highly skilled production (Levels 6-8)	272	217	20.2	27
Highly skilled supervision (Levels 9-12)	409	327	20	7
Senior management (Levels 13-22)	76	66	13.2	2
TOTAL	996	819	17.8	56

TABLE 2.3 - Employment and Vacancies by Critical Occupation at end of period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	39	31	20.5	2
Auxiliary and related workers, Permanent	1	1	0	1
Biologists botanists zoologists & rel professional, Permanent	59	40	32.2	2
Cleaners in offices workshops hospitals etc	21	18	14.3	1
Client inform clerks(switch receipt inform clerks), Permanent	7	6	14.3	1
Communication and information related, Permanent	6	5	16.7	0
Computer programmers., Permanent	9	8	11.1	8
Economists, Permanent	27	15	44.4	0
Engineering sciences related	45	38	15.6	0
Finance and economics related	17	16	5.9	0
Financial and related professionals	6	4	33.3	0
Financial clerks and credit controllers, Permanent	15	14	6.7	0
Food services aids and waiters	11	10	9.1	2
General legal administration & rel. professionals	5	2	60	0
Human resources & related	34	28	17.6	2
Information technology related, Permanent	5	2	60	0
Language practitioners interpreters & other commun, Permanent	7	6	14.3	0
Legal related, Permanent	2	2	0	0
Librarians and related professionals, Permanent	4	2	50	0
Library mail and related clerks, Permanent	32	28	12.5	0

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Light vehicle drivers	6	6	0	1
Logistical support personnel, Permanent	5	5	0	0
Material-recording and transport clerks, Permanent	13	10	23.1	1
Messengers porters and deliverers, Permanent	18	18	0	0
Natural sciences related, Permanent	32	31	3.1	1
Other administrat & related clerks and organisers, Permanent	96	91	5.2	5
Other administrative policy and related officers, Permanent	70	45	35.7	4
Other information technology personnel., Permanent	1	1	0	1
Other machine operators, Permanent	5	5	0	0
Ministers	2	2	0	0
Risk management and security services, Permanent	29	17	41.4	0
Safety health and quality inspectors	188	163	13.3	20
Secretaries & other keyboard operating clerks, Permanent	90	72	20	2
Senior managers, Permanent	76	66	13.2	2
Trade/industry advisers and other related profession, Permanent	13	11	15.4	0
TOTAL	996	819	17.8	56

TABLE 3.1 - Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	63	2	3.2	2	100	0	0
Skilled (Levels 3-5)	176	22	12.5	4	18.2	0	0
Highly skilled production (Levels 6-8)	272	27	9.9	7	25.9	0	0
Highly skilled supervision (Levels 9-12)	409	106	25.9	5	4.7	0	0
Senior Management Service Band A	53	17	32.1	1	5.9	0	0
Senior Management Service Band B	18	4	22.2	0	0	0	0
Senior Management Service Band C	4	2	50	0	0	0	0
Senior Management Service Band D	1	1	100	0	0	0	0
TOTAL	996	181	18.2	19	10.5	0	0

TABLE 3.2 - Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	2	0	1	0	3
Male	2	1	0	1	4
Total	4	1	1	1	7
Employees with a Disability	0	0	0	0	0

TABLE 3.3 - Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
HEALTH AND SAFETY	1	10	11	Awarding of a higher salary notch for retention purposes.	819
Total	1				
Percentage of Total Employment					0.12%

TABLE 3.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	1
Total	1	0	0	0	1
Employees with a Disability	0	0	0	0	0

TABLE 4.1 - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period	Appointments, transfers to DME	Terminations and transfers from DME	Turnover Rate
Lower skilled (Levels 1-2)	56	1	6	10.7
Skilled (Levels 3-5)	143	28	7	4.9
Highly skilled production (Levels 6-8)	241	31	41	17
Highly skilled supervision (Levels 9-12)	270	43	46	17
Senior Management Service Band A	70	10	5	7.1
Senior Management Service Band B	28	1	2	7.1
Senior Management Service Band C	4	0	1	25
Senior Management Service Band D	1	0	0	0
TOTAL	813	114	108	13.3

TABLE 4.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period	Appointments, transfers to DME	Terminations and transfers from DME	Turnover Rate
Administrative related, Permanent	21	6	13	61.9
Administrative related, Temporary	1	0	1	100
Auxiliary and related workers, Permanent	1	0	0	0
Biologists botanists zoologists & rel professional, Permanent	35	15	9	25.7
Biologists botanists zoologists & rel professional, Temporary	6	0	7	116.7
Cartographic surveying and related technicians, Permanent	1	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	22	1	5	22.7
Client inform clerks (switchboard reception inform clerks), Permanent	6	1	0	0
Communication and information related, Permanent	6	1	3	50
Computer programmers., Permanent	0	8	0	0
Economists, Permanent	16	5	1	6.3
Economists, Temporary	1	0	1	100
Engineering sciences related, Permanent	42	1	3	7.1
Finance and economics related, Permanent	12	1	2	16.7
Finance and economics related, Temporary	0	0	1	0
Financial and related professionals, Permanent	5	2	1	20
Financial and related professionals, Temporary	2	0	2	100
Financial clerks and credit controllers, Permanent	13	2	1	7.7
Food services aids and waiters, Permanent	10	0	1	10
General legal administration & rel. professionals, Permanent	4	0	1	25

Occupation	Employment at Beginning of Period	Appointments, transfers to DME	Terminations and transfers from DME	Turnover Rate
Geologists geophysicists hydrologists & relat prof, Permanent	1	0	0	0
Head of department/chief executive officer, Permanent	1	0	0	0
Human resources & organisat developm & relate prof, Permanent	10	3	0	0
Human resources clerks, Permanent	11	0	2	18.2
Human resources related, Permanent	5	4	3	60
Information technology related, Permanent	1	1	0	0
Language practitioners interpreters & other commun, Permanent	6	1	0	0
Legal related, Permanent	2	0	2	100
Librarians and related professionals, Permanent	4	0	1	25
Library mail and related clerks, Permanent	31	2	1	3.2
Light vehicle drivers, Permanent	5	0	0	0
Light vehicle drivers, Temporary	1	0	0	0
Logistical support personnel, Permanent	4	0	0	0
Material-recording and transport clerks, Permanent	9	0	0	0
Messengers porters and deliverers, Permanent	18	0	0	0
Natural sciences related, Permanent	29	9	3	10.3
Other administrat & related clerks and organisers, Permanent	90	6	4	4.4
Other administrative policy and related officers, Permanent	56	4	3	5.4
Other administrative policy and related officers, Temporary	4	0	3	75
Other information technology personnel., Permanent	1	0	0	0
Other machine operators, Permanent	6	0	0	0
Other occupations, Permanent	2	2	0	0

Occupation	Employment at Beginning of Period	Appointments, transfers to DME	Terminations and transfers from DME	Turnover Rate
Rank: 00000, Permanent	6	0	0	0
Safety health and quality inspectors, Permanent	172	13	18	10.5
Safety health and quality inspectors, Temporary	1	1	1	100
Secretaries & other keyboard operating clerks, Permanent	73	8	6	8.2
Secretaries & other keyboard operating clerks, Temporary	1	0	1	100
Security officers, Permanent	12	5	1	8.3
Senior managers, Permanent	46	12	6	13
Senior managers, Temporary	1	0	1	100
TOTAL	813	114	108	13.3

TABLE 4.3 - Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment at Beginning of Period
Death, Permanent	4	4.6	0.5	87	813
Resignation, Permanent	52	59.8	6.4	87	813
Resignation, Temporary	2	2.3	0.2	87	813
Expiry of contract, Temporary	6	6.9	0.7	87	813
Discharged due to ill health, Permanent	1	1.1	0.1	87	813
Dismissal-misconduct, Temporary	1	1.1	0.1	87	813
Retirement, Permanent	12	13.8	1.5	87	813
Other, Temporary	9	10.3	1.1	87	813
TOTAL	87	100	10.7	87	813
 Resignations as % of Employment	 10.8				

TABLE 4.4 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	22	6	27.3	1	4.5
Auxiliary and related workers	1	0	0	0	0
Biologists botanists zoologists & rel professional	41	3	7.3	0	0
Cartographic surveying and related technicians	1	0	0	0	0
Cleaners in offices workshops hospitals etc.	22	0	0	0	0
Client inform clerks(switchb receipt inform clerks)	6	0	0	0	0
Communication and information related	6	2	33.3	1	16.7
Economists	17	8	47.1	4	23.5
Engineering sciences related	42	1	2.4	3	7.1
Finance and economics related	12	4	33.3	3	25
Financial and related professionals	7	6	85.7	0	0
Financial clerks and credit controllers	13	0	0	4	30.8
Food services aids and waiters	10	0	0	0	0
General legal administration & rel. professionals	4	1	25	0	0
Geologists geophysicists hydrologists & relat prof	1	0	0	0	0
Head of department/chief executive officer	1	0	0	0	0
Human resources & organisat developm & relate prof	10	2	20	3	30
Human resources clerks	11	4	36.4	0	0
Human resources related	5	1	20	2	40

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Information technology related	1	1	100	0	0
Language practitioners interpreters & other commun	6	0	0	2	33.3
Legal related	2	1	50	0	0
Librarians and related professionals	4	0	0	2	50
Library mail and related clerks	31	1	3.2	4	12.9
Light vehicle drivers	6	0	0	0	0
Logistical support personnel	4	0	0	1	25
Material-recording and transport clerks	9	0	0	2	22.2
Messengers porters and deliverers	18	0	0	0	0
Natural sciences related	29	5	17.2	5	17.2
Other administrat & related clerks and organisers	90	4	4.4	16	17.8
Other administrative policy and related officers	60	4	6.7	13	21.7
Other information technology personnel.	1	0	0	0	0
Other machine operators	6	0	0	0	0
Other occupations	2	0	0	0	0
Rank: 00000	6	0	0	0	0
Safety health and quality inspectors	173	3	1.7	13	7.5
Secretaries & other keyboard operating clerks	74	2	2.7	12	16.2
Security officers	12	0	0	1	8.3
Senior managers	47	12	25.5	0	0
Trade/industry advisers & other related profession	0	2	0	0	0
TOTAL	813	73	9	92	11.3

TABLE 4.5 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2)	56	0	0	0	0
Skilled (Levels 3-5)	143	3	2.1	29	20.3
Highly skilled production (Levels 6-8)	241	16	6.6	32	13.3
Highly skilled supervision (Levels 9-12)	270	41	15.2	31	11.5
Senior Management	0	13	0	0	0
Senior management (Levels 13-16)	103	0	0	0	0
TOTAL	813	73	9	92	11.3

TABLE 5.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Categories	Male, African	Male Coloured	Male, Indian	Male, White	Female African	Female, Coloured	Female, Indian	Female, White	Total
Legislators, senior officials and managers	27	1	2	17	14	1	1	3	66
Professionals	145	10	7	151	78	2	1	42	436
Clerks	38	3	0	2	108	15	3	65	234
Service and sales workers	7	1	0	3	3	0	0	1	15
Plant and machine operators and assemblers	9	1	0	0	1	0	0	0	11
Elementary occupations	11	2	0	0	29	3	0	0	45
Other	7	1	0	0	4	0	0	0	12
TOTAL	244	19	9	173	237	21	5	111	819

	Male, African	Male Coloured	Male, Indian	Male, White	Female African	Female, Coloured	Female, Indian	Female, White	Total
Employees with disabilities	2	0	0	4	1	0	0	1	8

TABLE 5.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male Coloured	Male, Indian	Male, White	Female African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	2		0	1	3	1	0	0	7
Senior Management	25	1	2	16	11	0	1	3	59
Professionally qualified and experienced specialists and mid-management	97	7	4	143	46	0	1	25	323
Skilled technical and academically qualified workers, junior management, supervisors, foremen	60	6	3	11	62	6	1	69	218
Semi-skilled and discretionary decision making	40	1	0	2	81	11	2	14	151
Unskilled and defined decision making	20	4	0	0	34	3	0	0	61
TOTAL	244	19	9	173	237	21	5	111	819

TABLE 5.3 - Recruitment

Occupational Bands	Male, African	Male Coloured	Male, Indian	Male, White	Female African	Female, Coloured	Female, Indian	Female, White	Total
Senior Management	4	1	2	1	0	0	1	0	9
Professionally qualified and experienced specialists and mid-management	15	0	0	7	5	0	0	0	27
Skilled technical and academically qualified workers, junior management, supervisors, foremen	8	0	0	0	14	0	0	0	22
Semi-skilled and discretionary decision making	11	0	0	0	16	1	0	0	28
Unskilled and defined decision making	2	0	0	0	1	0	0	0	3
TOTAL	40	1	2	8	36	1	1	0	89

TABLE 5.4 - Promotions

Occupational Bands	Male, African	Male Coloured	Male, Indian	Male, White	Female African	Female, Coloured	Female, Indian	Female, White	Total
Top Management	0	0	0	1	1	0	0	0	2
Senior Management	5	0	0	1	5	0	0	0	11
Professionally qualified and experienced specialists and mid-management	27	0	1	12	17	0	0	11	68
Skilled technical and academically qualified workers, junior management, supervisors, foremen	18	1	1	2	14	2	0	10	48
Semi-skilled and discretionary decision making	7	0	0	0	21	1	2	5	36
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	57	1	2	16	58	3	2	26	165

TABLE 5.5 - Terminations

Occupational Bands	Male, African	Male Coloured	Male, Indian	Male, White	Female African	Female, Coloured	Female, Indian	Female, White	Total
Senior Management	5	0	0	1	0	0	0	0	6
Professionally qualified and experienced specialists and mid-management	10	1	0	17	6	1	1	1	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen	10	1	0	2	10	0	0	9	32
Semi-skilled and discretionary decision making	1	0	0	0	2	0	0	2	5
Unskilled and defined decision making	2	0	0	0	5	0	0	0	7
TOTAL	28	2	0	20	23	1	1	12	87

TABLE 5.6 - Disciplinary Action

Occupational Bands	Male, African	Male Coloured	Male, Indian	Male, White	Female African	Female, Coloured	Female, Indian	Female, White	Total
TOTAL	17	0		6	9	1	0	2	35

TABLE 5.7 - Skills Development

Occupational Bands	Male, African	Male Coloured	Male, Indian	Male, White	Female African	Female, Coloured	Female, Indian	Female, White	Total
Legislators, Senior Officials and Managers	21	0	1	15	9	0	0	1	47
Professionals	20	2	0	14	8	0	0	5	49
Technicians and Associate Professionals	2	1	1	6	17	1	0	6	34
Clerks	33	1	0	2	35	8	1	22	102
Service and Sales Workers	12	1	0	7	17	0	0	1	38
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	4	0	0	0	5	0	0	0	9
Elementary Occupations & Other	13	2	0	0	14	2	0	0	31
TOTAL	105	7	2	44	105	11	1	35	310
(Employees with disabilities)	2	0	4	1	0	0	0	1	8

TABLE 6.1 - Performance Rewards by Race, Gender and Disability

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	83	238	34.9	452	5,446
African, Male	72	244	29.5	468	6,500
Asian, Female	3	5	60	22	7,333
Asian, Male	5	9	55.6	69	13,800
Coloured, Female	12	21	57.1	54	4,500
Coloured, Male	13	18	72.2	73	5,615
White, Female	81	111	73	698	8,617
White, Male	138	173	79.8	1,659	12,022
Employees with a disability	4	8	50	26	6,500
TOTAL	411	827	49.7	3521	8567

TABLE 6.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	28	50	56	67	2,393
Skilled (Levels 3-5)	60	159	37.7	237	3,950
Highly skilled production (Levels 6-8)	112	217	51.6	793	7,080
Highly skilled supervision (Levels 9-12)	204	327	62.4	2,367	11,603
TOTAL	404	753	53.7	3464	8574

TABLE 6.3 - Performance Rewards by Critical Occupation

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	14	35	40	194	13,857
Biologists botanists zoologists & rel professional	10	40	25	113	11,300
Cleaners in offices workshops hospitals etc.	12	18	66.7	22	1,833
Client inform clerks(switchb receipt inform clerks)	4	6	66.7	19	4,750
Communication and information related	2	13	15.4	30	15,000
Economists	12	15	80	99	8,250
Engineering sciences related	34	38	89.5	322	9,471
Finance and economics related	7	16	43.8	76	10,857
Financial and related professionals	6	4	150	44	7,333
Financial clerks and credit controllers	5	14	35.7	37	7,400
Food services aids and waiters	5	10	50	11	2,200
Human resources & organisat developm & relate prof	4	14	28.6	44	11,000
Human resources clerks	5	15	33.3	29	5,800
Human resources related	5	13	38.5	70	14,000
Language practitioners interpreters & other commun	3	6	50	27	9,000
Legal related	1	2	50	10	10,000
Librarians and related professionals	1	2	50	9	9,000
Library mail and related clerks	13	28	46.4	46	3,538
Light vehicle drivers	1	6	16.7	3	3,000
Logistical support personnel	1	5	20	7	7,000

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Material-recording and transport clerks	1	10	10	7	7,000
Messengers porters and deliverers	9	18	50	29	3,222
Natural sciences related	15	31	48.4	127	8,467
Other administrat & related clerks and organisers	48	91	52.7	225	4,688
Other administrative policy and related officers	22	45	48.9	281	12,773
Other information technology personnel.	1	1	100	6	6,000
Other machine operators	4	5	80	13	3,250
Safety health and quality inspectors	109	163	66.9	1,263	11,587
Secretaries & other keyboard operating clerks	43	72	59.7	280	6,512
Security officers	8	17	47.1	22	2,750
Senior managers	3	66	4.5	30	10,000
TOTAL	408	819	49.8	3495	8566

TABLE 6.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	2	66	3	30	1,500	0.1	26,421
TOTAL	2	66	3	30	1,500	0.1	26,421

TABLE 7.1 - Foreign Workers by Salary Band

Salary Band	Employment at Beginning of Period	Percentage of total	Employment at End of Period	Percentage of Total	Change in of Total	Percentage of Period	Total Employment at Beginning of Period	Total Employment at End of Employment	Total Change in Employment
Highly skilled supervision (Levels 9-12)	1	50	1	50	0	0	2	2	0
Other	1	50	1	50	0	0	2	2	0
TOTAL	2	100	2	100	0	0	2	2	0

TABLE 7.2 - Foreign Workers by Major Occupation

Salary Band	Employment at Beginning of Period	Percentage of total	Employment at End of Period	Percentage of Total	Change in of Total	Percentage of Period	Total Employment at Beginning of Period	Total Employment at End of Employment	Total Change in Employment
Other occupations	1	50	1	100	0	0	2	2	0
Professionals and managers	0	0		0		0	2	2	0
Technicians and associated professionals	1	50	1	100	0	0	2	2	0
TOTAL	2	100	2	100	0	0	2	2	0

TABLE 8.1 - Sick Leave

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	272	96.7	38	7.2	7	34	525	263
Skilled (Levels 3-5)	868	96.7	117	22.3	7	148	525	839
Highly skilled production (Levels 6-8)	1345	96.7	181	34.5	7	407	525	1300
Highly skilled supervision (Levels 9-12)	1014	96.6	162	30.9	6	638	525	980
Senior management (Levels 13-16)	127	96.9	27	5.1	5	117	525	123
TOTAL	3626	96.7	525	100	7	1344	525	3505

TABLE 8.2 - Disability Leave (Temporary and Permanent)

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of employees using Disability Leave
TOTAL	62	100	2	100	31	14671.82	62	2

TABLE 8.3 - Annual Leave

Salary Band	Total Days Taken	Average per Employee	Employment
Lower skilled (Levels 1-2)	1184	22	54
Skilled (Levels 3-5)	2666	17	153
Highly skilled production (Levels 6-8)	4400	18	241
Highly skilled supervision (Levels 9-12)	6364	18	348
Senior management (Levels 13-16)	1113	17	64
TOTAL	15727	18	860

(this will vary as some employees have left and others have been appointed in the same post)

TABLE 8.4- Capped leave, 1 January 2002 to 31 December 2002

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 Dec 2002	Number of Employees	Total number of capped leave available at 31 Dec 2002	Number of Employees as at 31 Dec 2002
Lower skilled (Levels 1-2)	277	2	46	132	1855	40
Skilled (Levels 3-5)	62	0	24	132	2182	92
Highly skilled production (Levels 6-8)	469	4	30	132	4710	158
Highly skilled supervision (Levels 9-12)	810	6	42	132	11388	268
Senior management (Levels 13-16)	84	1	64	132	2960	46
TOTAL	1702	13	38	132	23095	604

This is the number of employees who have capped leave to their credit as at 31 December 2003. Confirmed with Vulindlela.

TABLE 8.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2002/03 due to non-utilisation of leave for the previous cycle	47	10	4700
Capped leave payouts on termination of service for 2002/03	478	17	28118
Current leave payout on termination of service for 2002/03	185	44	4205
TOTAL	710	71	10000

TABLE 9.1 - Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
	N/A
Employees are not at risk of contracting HIV/AIDS as a result of the nature of their work	

TABLE 9.2 - Details of Health Promotion and HIV/AIDS Programmes

Question	Yes / No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes	Lindiwe Makhanya Director
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes	2 employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes	<ul style="list-style-type: none"> • EAP counselling and referral • Awareness and education programmes • Wellness management • Distribution of supplements and condoms
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes	<ul style="list-style-type: none"> • Busi Chamane • Benny Thobejane • Coltrain Letswalo • Snoepie Mabusela • Nana Direko • Nathaniel Cutshwa • Zacharia Nare (NEHAWU) • Gloria Khoza • Zoleka Mvunge • Precious Hlanjwa • Lucky Magatle
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes	Recruitment Policy EE Policy

6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes	The department has an HIV/AIDS Policy, which addresses this.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes	Increase in the number of enquiries about VCT. Increase in the number of employees who go for pre-test counselling
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	No	There are indicators that the department has set, however we are considering acquiring a tool that would be utilised for monitoring the impact of programmes.

TABLE 10.1 - Collective Agreements

Subject Matter	Date
Allocation of Merit Awards	16/5/2002
Special Leave	27/6/2002
Interim Policy on Compensation of Overtime	2/9/2002
No Smoking (amended)	27/11/2002
Bursary Policy	27/11/2002
Allocation of 2nd and 3rd notches	3/12/2002
Employment Equity Policy	3/12/2002
Employment Equity Plan	3/12/2002
Total number of agreements	8

TABLE 10.2 - Misconduct and Discipline Hearings Finalised

Outcomes of disciplinary hearings	Number	Percentage of Total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	3	42.9
Final written warning	2	28.6
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	1	14.3
Not guilty	0	0
Case withdrawn	1	14.3
Total	7	100

TABLE 10.3 - Types of Misconduct Addressed and Disciplinary Hearings

Type of misconduct	Number	% of total
Absenteeism from work without authorisation	1	2.86%
Failure to carry out instructions without just reasonable cause	3	8.57%
Unauthorised use of GG vehicle	2	5.71%
Damage of GG vehicle	2	5.71%
Insubordination	12	34.29%
Forgery	4	11.43%
Absenteeism	6	17.14%
Under the influence of alcohol	3	8.57%
Negligence	2	5.71%
Total	35	100

TABLE 10.4 - Grievances Lodged

Number of grievances addressed	Number	% of total
Resolved	21	80.8
Not resolved	5	19.2
Total	26	

TABLE 10.5 - Disputes Lodged

Number of disputes addressed	Number	% of total
Upheld	2	66.7
Dismissed	1	33.3
Total	3	

TABLE 10.6 - Strike Actions

Strike Actions	
Total number of person working days lost	2
Total cost(R'000) of working days lost	229.81
Amount (R'000) recovered as a result of no work no pay	229.81

TABLE 10.7 - Precautionary Suspensions

Precautionary Suspensions	
Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	30
Cost (R'000) of suspensions	17977.53

TABLE 11.1 - Training Needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	15	10	9	6	25
	Male	41	21	57	12	90
Professionals	Female	130	11	15	26	52
	Male	322	45	65	7	117
Technicians and associate professionals	Female	0	10	35	40	85
	Male	0	15	45	50	110
Clerks	Female	187	15	34	47	96
	Male	43	25	32	55	112
Service and sales workers	Female	4	11	10	9	30
	Male	3	21	9	13	43
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	4	0	0	0	0
	Male	11	0	0	0	0
Elementary occupations	Female	30	5	5	9	19
	Male	12	10	7	7	24
Other	Female	3	0	0	0	0
	Male	8	0	0	0	0
Gender sub totals	Female	373	62	108	137	307
	Male	440	137	215	144	496
Total		813	199	323	281	803

TABLE 11.2 - Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	19	0	7	0	7
	Male	47	0	14	0	14
Professionals	Female	123	0	15	7	22
	Male	311	0	72	10	82
Technicians and associate professionals	Female	0	11	9	20	40
	Male	0	15	20	7	42
Clerks	Female	191	0	66	40	106
	Male	44	0	71	48	119
Service and sales workers	Female	4	0	11	21	32
	Male	11	0	9	3	12
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	1	3	1	0	4
	Male	10	3	2	0	5
Elementary occupations	Female	33	7	5	2	14
	Male	13	9	12	4	25
Other	Female	4	0	0	0	0
	Male	8	0	0	0	0
Gender sub totals	Female	375	21	114	90	225
	Male	444	27	200	72	299
Total		819	48	314	162	524

TABLE 12.1 - Injury on Duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	4	100
Permanent Disablement	0	0
Fatal	0	0
Total	4	

TABLE 13.1 - Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract Contract value in Rand
Rehabilitation of ownerless gold mines in Gauteng Province	5	252	R 245,049.72
Development of SA Gas Industry	1	63	R 14,512.02
Project management and secretarial service	1	168	R 393,881.93
Verification of fuel price adjustment	1	189	R 23,126.04
Employee assistant programme	–	252	R 100,766.90
Review of MHSI & its impact on mining Industry	6	105	R 3,177,930.99
Service differential of price structure of petrol, diesel and paraffin	1	105	R 114,250.00
Macro-control of national electrification programme	1	126	R 1,760,000.00
Revamping of DME Library	1	105	R 41,520.00
Rehabilitation of T&DB mine (Witbank)	5	252	R 1,385,457.29
Rehabilitation of T&DB mine (Witbank)	5	84	R 83,352.34
Establishment of the National Gas Regulator	1	126	R 96,486.02
Contract appointment for Auditors	7	105	R 490,000.00
Specialist to conduct Socio-Economic environment analysis	4	100	R 693,120.00
Entertaining the DME Staff at Christmas Party	1	1	R 150,000.00
Total number of projects: 15	15	2033	R8,769,453.25

Table 13.2 – Analysis of consultant appointments using appropriate funds i.t.o. HDI's

Project title	Percentage ownership by HDI group	Percentage Management by HDI groups	Number of consultants from HDI groups that work on the project
Project management and secretarial services	75%	75%	1
Entertaining the DME staff at Christmas Party	100%	100%	1
Contract appointment for Auditors	100%	100%	1
Rehabilitation of T&B Mine	75%	75%	5
Revamping of DME Library	100%	100%	1
Macro-control of National Electrification Programme	100%	100%	1

Table 13.3 – Report on Consultant appointments using Donor Funds

Project Title	Total Number of consultants that worked on the project	Duration working days	Donor	Contract value in Rand
Capacity building project in energy efficiency and renewable energy	18	252	DANIDA	R2,097,424
Petroleum project: capacity building and research in petroleum sector	1	252	NORAD	R5,400,00
Total number of projects: 2	19	504		R7,497, 424

Table 13.4 – Analysis of consultant appointments using Donor Funds, i.t.o. HDI's

Project Title	Percentage ownership by HID groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Capacity building project in energy and renewable energy	100%	100%	4

GLOSSARY OF ABBREVIATIONS

CEF	Central Energy Fund	NER	National Electricity Regulator
CGS	Council for Geoscience	NMPS	National Mining Promotion System
DFS	Detailed Feasibility Study	NNR	National Nuclear Regulator
DME	Department of Minerals and Energy	NSC	National Steering Committee of Service Providers to the Small-scale Mining Sector
EBSST	Electricity Basic Support Service Tariff	PBMR	Pebble Bed Modular Reactor
EDI	Electricity Distribution Industry	PFMA	Public Finance Management Act
EDIRC	Electricity Distribution Industry Restructuring Committee	PGMs	Platinum Group of Metals
EIA	Environmental Impact Assessment	PMDS	Performance Management and Development
EMEM	Excellence in Mine Environmental Management	RDP	Reconstruction and Development Programme
ERPM	East Rand Property Mines Limited	REds	Regional Electricity Distributors
ESI	Electricity Distribution Industry	RERA	Regional Electricity Regulators Association
ETQA	Education and Training Qualification Authority	SADB	South African Diamond Bond
EU	European Union	SADC	Southern Africa Development Community
FOMEH	Forum of Minerals and Energy Heads	SAMMOD	South African Mines Occupational Diseases Database
GIS	Geographic Information Systems	SAMRASS	System to Record and Monitor Mine Accidents
IAEA	International Atomic Energy Agency	SAQA	South African Qualifications Authority
IBLC	In-Bond-Landed-Cost	SARS	South African Revenue Services
IDC	Industrial Development Corporation of South Africa	SASWHA	South African Solar Water Heating Association
leC	Integrated Energy Centres	SAWIMA	South African Women in Mining Association
IEP	Integrated Energy Planning	SPC	Sector Partnership Committee
INEP	Integrated National Electrification Programme	SPID	Service Delivery Improvement Programme
ISRDS	Integrated Sustainable Rural Development Strategy	SEED	Sustainable Energy and Environmental Development
LMT	Lebowa Minerals Trust	SETA	Sector Education and Training Authority
LPG	Liquefied Petroleum Gas	SFF	Strategic Fuel Fund
MHSI	Mine Health and Safety Inspectorate	SMME's	Small Medium Macro Enterprises
MOA	Mining Qualifications Authority	TWIB	Technology for Women in Business
NECC	National Electricity Co-ordination Committee	UNGA	United Nations General Assembly
NECSA	South African Nuclear Energy Corporation	WOESA	Women in Oil and Energy - South Africa
NEMA	National Environmental Management	WSSD	World Summit on Sustainable Development
NEPAD	New Partnership for Africa's Development		

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